

2018 Neighborhood and Community Development Funds Application

May 4, 2018



ONE CITY
SCHOOLS

Submitted to: City of Madison, CDBG Office

Phone: (608) 268-8004 | Internet: www.onecityschools.org | info@onecityearlylearning.org



Company Profile

URL: www.onecityyearlylearning.org

Industry: Non-profit, Preschool

Employees: 17 (11 FTE/6 PTE)

Organization Founded: July 30, 2014

School Established: Sept 8, 2015

Contact Information

Kaleem Caire, Founder and CEO

2012 Fisher Street

Madison, WI 53713

(608) 268-8004

kcaire@onecityyearlylearning.org

Leadership

Kaleem Caire, Founder and CEO

Marlo Mielke, VP & Center Director

Marilyn Ruffin, Director of Family and

Community Initiatives

Board Members

Marcus Allen

Robert Beckman

Bethe Bonke

Gordon Derzon

Carola Gaines

Alex Gee, Jr., PhD, Chair

Donna Hurd

Torrey Jaeckle

Joseph Krupp

Lynn McDonald

Jodie Pope

Noble Wray

Organizational Mission

To prepare young children from birth to age 5 for success in school and life, and ensure they enter grade school reading-ready.

Vision

A Greater Madison community where all children are prepared to contribute and succeed as adults.

Need for Early Education

In 2017, 83% of Black children were reading below grade level in Madison's elementary schools (1,726 of 2,082 children), compared to 66% of White,

39% of Asian and 24% of Latino children. The same year, 93% of Black children in middle schools were reading below grade level as well (902 of 970 children). While racial disparities in reading rates are significant, reading rates are low for all children across Dane County. Ensuring children have access to and are enrolled in high quality preschools that emphasize school readiness can help effectively mitigate these challenges.

Current State of Early Education

In 2016, there were 142 group day cares and preschools in Dane County: 137 enrolled children ages birth to 2; 147 enrolled children ages 3 to 5. Sixty-six (66) of these centers are located in Madison and 76 are outside of Madison. Sixty-six (66) are also accredited centers, with 28 being accredited by the City of Madison and 38 by other accrediting agencies.

In 2016, the average weekly costs of accredited day cares and preschools in Dane County ranged from \$324 for infants (birth to 1 year old) to \$261 for children ages 3 to 5. State and local child care leaders agree that quality among early learning centers is lagging and the cost of high quality early learning is unaffordable to many families. More than 70% of low-income children in Dane County do not attend a full-time high quality early learning program.

Target Market

One City currently provides affordable, accessible, and high-quality preschool education for children ages 1 to 5 in Dane County. However, our school is intentionally designed to ensure children from the most economically and socially challenged families are prepared to succeed.

Business Model

One City takes a two-generation approach to ensuring children are succeeding. We provide a high quality early learning program for young children that directly responds to what research says children need to be healthy and successful. We also work directly with parents, helping them build strong bonds with their children, and access community resources and support that can help them move themselves and their children forward.

Five Core Values

1. A Great Looking School,
2. World Class Curriculum,
3. Happy and Prepared Children,
4. Friendly and Effective Team
5. Engaged and Supportive Families and Partners.

Growth Strategy

Given the size of the unmet need described earlier, One City is focused on expanding to serve 1,000 children over the next 7 years. We are presently assessing two options for growth: opening more centers and/or adding grades through elementary school.

Providers Serving Low-Income Families

There are only two accredited early learning centers in Dane County that serve a population with more 50% of children in poverty: Reach Dane and Animal Crackers of Madison. Presently, 70% of One City's children are low-income or require some level of a tuition scholarship in order to attend our preschool.

Competitive Advantage

Unlike the local childcare industry, which places a significant emphasis on play-based learning, One City has a deliberate focus on creative, culturally responsive and innovative learning guided by experienced, credentialed and diverse educators, a proven reading curriculum and an emphasis on parents and families. Additionally, One City offers a healthy meals program with a full-time chef and strong community partnerships. Our tuition rates are set below the industry average for our region and we offer tuition scholarships. We are also open year-round, and offer full-day care from 6:45am – 5:30pm Monday through Friday. We expect to receive our early childhood accreditation by June 2018.

Current Board Needs

One City is currently recruiting new board members who believe in the mission, vision and focus of the organization, and possess the following skills: fund development experience, financial literacy, strong personal/professional networks, public relations experience. A willingness to make a personal contribution to the organization and its school(s) is also key.

Application for Neighborhood and Community Development Funds

Applications should be submitted electronically to cdbg@cityofmadison.com by 12:00 p.m. on the first Friday of the month and will be reviewed by the CDBG Committee on the first Thursday of the following month.

Program Title:	<u>Acquiring 2012 Fisher Street Property</u>	Amount Requested:	<u>\$300,000.00</u>
Agency :	<u>One City Schools, Inc.</u>	Tax ID/EIN/FEIN:	<u>47-1490574</u>
Address:	<u>2012 Fisher Street, Madison WI 53713</u>	DUNS #	<u>00-424-5104</u>
Contact Person:	<u>Kaleem Caire, Founder and CEO</u>	Telephone:	<u>(608) 268-8004</u>
Email:	<u>kcaire@onecityearlylearning.org</u>	Fax:	<u></u>

1. **Program Abstract:** Provide an overview of the project. Identify the community need to be addressed. Summarize the program's major purpose in terms of need to be addressed, the goals, procedures to be utilized, and the expected outcomes. Limit response to 150 words.

One City Schools, Inc. (formerly One City Early Learning Centers), a South Madison-based nonprofit operator of public and nonpublic preschools and elementary schools is applying for community development funds to acquire/purchase the 2012 Fisher Street property from Forward Community Investments of Madison. One City has leased the facility from FCI since February 2015. In 2016, One City partnered with FCI to complete its phase one, \$1.5 million renovation of the facility prior to moving its students into the facility in June 2016. One City previously agreed to purchase the facility from FCI for \$401,877.23 by December 31, 2018. This includes the \$212,372.13 that FCI paid to purchase the building from Child Development Incorporated (CDI), and \$189,505.10 FCI invested in the renovation and maintenance of the property before One City moved in. One City will serve a maximum of 110 children in the facility in 2018-19 and employee 27 staff. **One City's mission is to prepare young children for success in school and life, and ensure they begin grade school ready to succeed educationally.**

2. **Target Population:** Identify the projected target population for this program in terms of age, residency, race, income eligibility criteria, and other unique characteristics or sub-groups.

unduplicated individuals estimated to be served by this project.

unduplicated households estimated to be served by this project.

Children – Projected (110 total)		Adults – Projected (220 total)	
Ages: 1 to 5 years old Race: African American: n = 48 White, Non-Hispanic: n = 20 Hispanic/Latino: n = 20 Asian/Pacific Islander: n = 5 Native American: 2 Multi-Racial: n = 15		Ages: 18 to 65+ Race: African American: n = 100 White, Non-Hispanic: n = 40 Hispanic/Latino: n = 44 Asian/Pacific Islander: n = 5 Native American: n = 2 Multi-Racial: n = 7	
Households	90 different households		

Continued on Next Page

One City Senior Preschool - Max Student Enrollment

Ages 4 and 5 Years Old (4K and Kindergarten)

Grade Level	2018-19	2019-20	2020-21	2021-22	2022-23
4K – Classroom 1	19	19	19	19	19
4K – Classroom 2	19	19	19	19	19
5K – Classroom 1	22	22	22	22	22
5K – Classroom 2	22	22	22	22	22
Total Enrollment	82	82	82	82	82

One City Junior Preschool - Max Student Enrollment

Ages 1 to 3 Years Old

Age Level	2018-19	2019-20	2020-21	2021-22	2022-23
1 Year Olds *	0	8	8	8	8
2 Year Olds	12	12	12	12	12
3 Year Olds	16	16	16	16	16
3 Year Olds	0	16	16	16	16
	28	52	52	52	52

Note: We will not enroll 1 year olds during the 2018-19 school year to ensure we have enough space for our charter school grades (4K and 5K). We will bring the 1 year old program back after we purchase the facility and renovate our lower level. We plan to complete the renovation (after purchase) between May - August 2019. This will add two new classrooms that can serve 16 children each.

Maximum Number of Children On-Site

Pre-2019 Renovation of 2012 Fisher Street School Facility

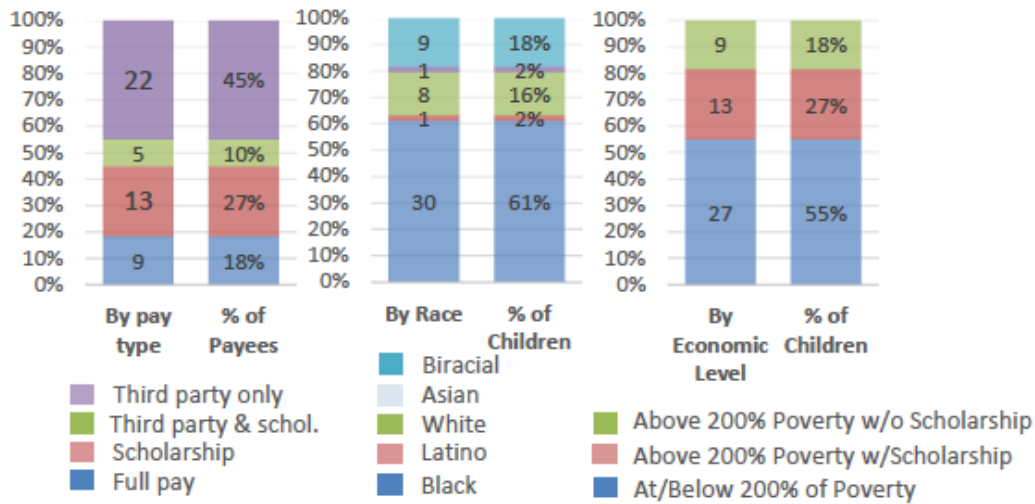
Grade/Age Level	2018-19	2019-20	2020-21	2021-22	2022-23
All Ages Levels	110	110	110	110	110

Maximum Number of Children On-Site

Post-2019 Renovation of 2012 Fisher Street School Facility

Grade/Age Level	2018-19	2019-20	2020-21	2021-22	2022-23
All Ages Levels	-	134	134	134	134

One City is focused on serving children residing in South Madison (53713 and parts of 53715 and 53711 zip codes), however, children from across Madison are welcomed to enroll. More than 55% of One City's children are currently at or below the 200% of poverty. This percentage has ranges from 55% to 75% during One City first three years of operation. All but one of our children currently resides in Madison. That child resides in Fitchburg.



3. Program Objectives: The 5-Year Plan lists 9 project objectives (A through N). Circle the one most applicable to your proposal and describe how this project addresses that objective.

- | | |
|--|---|
| ☐ A. Housing – Existing Owner-Occupied | ☐ G. Neighborhood Civic Places |
| ☐ B. Housing – For Buyers | ☒ K. Community-based Facilities |
| ☐ C. Housing – Rental Housing | ☐ L. Neighborhood Revitalization |
| ☐ E. Economic Dev. – Business Creating Jobs | ☐ N. Access to Housing Resources |
| ☐ F. Economic Dev. – Micro-enterprise | |

4. Fund Objectives: Check the fund program objective which this project meets. (Check all for which you seek funding.)

- | | | | |
|-----------------------|--|----------|---|
| Acquisition/
Rehab | ☒ New Construction, Acquisition,
Expansion of Existing Building | Futures | ☐ Prototype |
| | ☐ Accessibility | | ☐ Feasibility Study |
| | ☐ Maintenance/Rehab | | ☐ Revitalization Opportunity |
| | ☐ Other | | ☐ New Method or Approach |
| Housing | ☐ Rental Housing | Homeless | ☐ Housing |
| | ☐ Housing For Buyers | | ☐ Services |

5. **Budget:** Summarize your project budget by estimated costs, revenue, and fund source.

EXPENDITURES	TOTAL PROJECT COSTS	AMOUNT OF CD REVENUES	AMOUNT OF NON-CD REVENUES	SOURCE OF NON-CD FUNDED PORTION
A. Personnel Costs				
1. Salaries/Wages (attach detail)				
2. Fringe Benefits				
3. Payroll Taxes				
B. Non-Personnel Costs				
1. Office Supplies/Postage				
2. Telephone				
3. Rent/Utilities				
4. Professional Fees & Contract Services				
5. Work Supplies and Tools				
6. Other:				
C. Capital Budget Expenditures (Detail in attachment C)				
1. Capital Cost of Assistance to Individuals (Loans)	401,877.23	300,000.00	101,877.23	Fundraising
2. Other Capital Costs:				
D. TOTAL (A+B+C)				
	401,877.23	300,000.00	101,877.23	Fundraising

6. **Action Plan/Timetable**

Estimated Month of Completion
(If applicable) _____

Describe the major actors and activities, sequence, and service location, days and hours which will be used to achieve the outcomes listed in # 1.

Use the following format:
(Who) will do (what) to (whom and how many) (when) (where) (how often). A flowchart may be helpful.

One City Schools, Inc. will purchase the 2012 Fisher Street South Madison Child Care facility from Forward Community Investments of Madison by December 31, 2018. The major actors are One City Schools, Inc. and Forward Community Investments, Inc., a Community Development Financial Institution (CDFI) based in Madison, Wisconsin.

In September 2018, One City Schools, Inc. will launch its second capital campaign to raise funds to purchase and then renovate the 2012 Fisher Street property. One City's Board of Directors is meeting on Saturday, May 5, 2018 to discuss the scope and structure of the campaign. The organization will hold a meeting with its major donors and supporters to share its plans in May/June 2018 at CUNA Mutual, and will begin lead gifts for the campaign beginning in June 2018.

Forward Community Investments will sell the building to One City. One City will purchase the facility from FCI.

7. What was the response of the alderperson of the district to the project?

Alder Sherry Carter (District 14) shared her support for One City purchasing the property from FCI and opening its school in the facility when the facility was first secured by FCI/One City in February 2015.

8. Does agency seek funds for property acquisition and/or rehab? [If applicable, describe the amount of funds committed or proposed to be used to meet the 25% match requirements (HOME or ESG) with its qualifications.]

☐ No Complete Attachment A

☒ Yes Complete Attachment B and C and one of the following:

☐ D Facilities

☐ E Housing for Buyers

☐ F Rental Housing and Proforma

One City will meet the 25% match by raising the one-fourth (\$101,877.23) of the total funds needed (\$401,877.23) for the acquisition of the facility from Forward Community Investments.

9. Do you qualify as a Community Housing Development Organization (CHDO)? (See attachment G for qualifications.)

☒ No

☐ Yes - Complete Attachment G

10. Do you seek Scattered Site Acquisition Funds for acquisition of service-enriched housing?

☒ No

☐ Yes - Complete Attachment B, C, F, and H

11. Do you seek ESG funds for services to homeless persons?

☒ No

☐ Yes - Complete Attachment I

12. This proposal is hereby submitted with the approval of the Board of Directors/Department Head and with the knowledge of the agency executive director, and includes the following:

☐ Future Fund (Attachment A)

☐ Housing for Resale (Attachment E)

☐ Property Description (Attachment B)

☐ Rental Housing and Proforma (Attachment F)

☐ Capital Budget (Attachment C)

☐ CHDO (Attachment G)

☒ Community Service Facility (Attachment D)

☐ Scattered Site Funds Addendum (Attachment H)

☐ ESG Funding Addendum (Attachment I)

13. Affirmative Action: If funded, applicant hereby agrees to comply with City of Madison Ordinance 39.02(9) and file either an exemption or an affirmative action plan with the Department of Civil Rights. A Model Affirmative Action Plan and instructions are available at: <http://www.cityofmadison.com/dcr/aaForms.cfm>.

14. Non-Discrimination Based on Disability: Applicant shall comply with Section 39.05, Madison General Ordinances, Nondiscrimination Based on Disability in City-Assisted Programs and Activities. Under section 39.05(7) of the Madison General Ordinances, no City financial assistance shall be granted unless an Assurance of Compliance with Sec. 39.05 is provided by the applicant or recipient, prior to the granting of the City financial assistance. Applicant hereby makes the following assurances: Applicant assures and certifies that it will comply with section 39.05 of the Madison General Ordinances, entitled "Nondiscrimination Based on Disability in City Facilities and City-Assisted Programs and Activities," and agrees to ensure that any subcontractor who performs any part of this agreement complies with sec. 39.05, where applicable, including all actions prohibited under section 39.05(4), .MGO." <http://www.cityofmadison.com/dcr/aaForms.cfm>

15. Notice regarding lobbying ordinance: If you are seeking approval of a development that has over 40,000 gross square feet of non-residential space, or a residential development of over 10 dwelling units, or if you are seeking assistance from the City with a value of over \$10,000 (this includes grants, loans, TIF or similar assistance), then you likely are subject to Madison's lobbying ordinance, sec. 2.40, MGO. You are required to register and report your lobbying. Please consult the City Clerk for more information. Failure to comply with the lobbying ordinance may result in fines of \$1,000 to \$5,000.

Signature: We have not yet elected a chair of our Board. We will do so on May 5, 2018 at our annual retreat. Date:

President-Board of Directors/Department Head

Signature:  Date: May 4, 2018
Executive Director

For additional information or assistance in completing this application, please contact the Community Development Division at 266-6520.

COMPLETE IF PROJECT INVOLVES PURCHASE, REHAB, OR CONSTRUCTION OF ANY REAL PROPERTY:

INFORMATION CONCERNING PROPOSALS INVOLVING REAL PROPERTY

ADDRESS	ACTIVITY (Circle Each Applicable Phase)	NUMBER OF UNITS		Number of Units Currently Occupied	Number of Tenants To Be Displaced?	APPRAISED VALUE:		PURCHASE PRICE (If Applicable)	ACCESSIBLE TO INDIVIDUALS WITH PHYSICAL HANDICAPS?		PRIOR USE OF CD FUNDS IN BUILDING?
		Prior to Purchase	After Project			Current	After Rehab/ Construction		Currently?	Post-project?	
2012 Fisher Street	<u>Purchase</u> Rehab Construct	1	1	1	0	\$600.000	-	\$401,877.31			
	Purchase Rehab Construct										
	Purchase Rehab Construct										

CAPITAL BUDGET

TOTAL PROJECT/CAPITAL BUDGET (include all fund sources)							
Amount and Source of Funding: ***	TOTAL	Amount	Source/Terms**	Amount	Source/Terms**	Amount	Source/Terms**
Acquisition Costs:							
Acquisition	<u>\$401,877.23</u>	<u>\$300,000.00</u>	<u>CDBG</u>	<u>\$101,877.23</u>	<u>Fundraising</u>		
Title Insurance and Recording							
Appraisal							
*Predvlpmnt/feasibilty/market study							
Survey							
*Marketing/Affirmative Marketing							
Relocation							
Other: _____							
Construction:							
Construction Costs							
Soils/site preparation							
Construction management							
Landscaping, play lots, sign							
Const interest							
Permits; print plans/specs							
Other: _____							
Fees:							
Architect							
Engineering							
*Accounting							
*Legal							
*Development Fee							
*Leasing Fee							
Other: _____							
Project Contingency:							
Furnishings:							
Reserves Funded from Capital:							
Operating Reserve							
Replacement Reserve							
Maintenance Reserve							
Vacancy Reserve							
Lease Up Reserve							
Other							
(specify): _____							
Other							
(specify): _____							
TOTAL COSTS:							

* If CDBG funds are used for items with an *, the total cost of these items may not exceed 15% of the CDBG amount.

** Note: Each amount for each source must be listed separately, i.e. Acquisition: \$30,000 HOME, \$125,000 CRF.

*** Identify if grant or loan and terms.

FACILITIES

A. Recap: Funds would be applied to:

☒ acquisition only; ☐ rehab; ☐ new construction; ☐ acquisition and rehab or construction

B. State your rationale in acquiring or improving this space. (i.e., lower costs, collaborative effort, accessibility, etc.)

One City Schools, Inc. of Madison is acquiring/purchasing the facility from Forward Community Investments of Madison as part of an established lease agreement that requires One City to purchase the facility from FCI by December 31, 2018. Note that One City has successfully raised \$3.5 million towards the renovation and operation of its subsidized, nonprofit preschool since the organization was founded in July 2014 and began operating its first preschool in September 2015. More than 1,100 individual donors and 60 businesses have donated to One City to us advance our mission and vision of children who are ready to succeed in school and life as children and adults.

C. What are the current mortgages or payments on property (including outstanding CDBG loans)?

Amount

Name

One City does not have any outstanding CDBG loans.

One City does not have a mortgage and is not required to pay FCI monthly rent. One City is only required to pay FCI monthly interests on the construction loan FCI provided to One City for its 2016 renovation project. Each month, FCI pulls \$1,311 from One City's bank account to cover this interest payment.

D. If rented space:

1. Who is current owner?

Answer: Forward Community Investments of Madison is the current owner of the 2012 Fisher Street day care facility.

2. What is length of proposed or current lease?

Answer: December 31, 2018

3. What is proposed rental rate (\$/sq. ft. and terms) and how does this compare to other renters in building or in area?

Answer: N/A, One City does not pay rent. It is a rent-free lease arrangement, part of FCI's investment in helping One City open a high-quality preschool in South Madison.

E. If this is new space, what is the impact of owning or leasing this space compared to your current level of space costs?

Answer: One City is able to charge tuition to families in our preschool that are below the median tuition rate charged by other city accredited, high quality preschools in Madison, and provide higher wages and benefits to its teachers and employees, because One City does not have to pay a monthly mortgage or rent payment. By owning the facility, One City will be able to continue to charge low tuition rates for our 1 to 3 years old program during the 2018-19 school year, and beyond, while our 4 and 5 years old program transitions to become a tuition-free public charter school. We will also be able to pay our teachers and staff decent salaries, wages and offer comprehensive benefits, while also providing a high-quality education to young children in South Madison. Once accredited by the City of Madison, One City will be one of only two accredited preschools in 53713 South Madison zip code. Our emphasis on getting children ready for school success is also a unique and desired feature of our school by parents and the broader community.

F. Include:

1. A minimum of two estimates upon which the capital costs are based.
(Be sure to base your labor costs on enforcement of Fair Labor Standards and the payment of Federal Prevailing Wage Rate.)

Answer: N/A

2. A copy of the plans and specifications for the work, or a description of the design specifications you have in mind.

N/A. This is a purchase.

3. If you own the building: A copy of your long range building improvement plan and building maintenance plan.
(Include a narrative describing what the building needs and how you expect to maintain it over time.)

N/A