

FAMILY FOUNDATIONS ACADEMY, INC.

APPLICATION FOR A MAJOR MODIFICATION TO ITS CHARTER

**SUBMITTED TO THE DELAWARE DEPARTMENT OF EDUCATION
JUNE 29, 2015**

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Section A Core Questions:

1. *What modification does the school's Board of Directors want to make to the term(s) of the charter? Identify the page number(s) on which the term(s) is/are stated in the currently approved charter. If the term(s) of the charter the school wants to modify is/are conditions placed on the charter by the Secretary of Education and members of the State Board of Education, state the condition(s) and the date(s) on which the condition(s) was/were placed on the school's charter.*

Family Foundations Academy, Inc. (FFA) respectfully requests the Department of Education and the State Board of Education to approve a modification to its charter to permit it to relocate its facilities as follows:

- (A) **For the 2015-2016 school year, relocate its Elementary School (K-4) from 1101 Delaware Street, New Castle to 170 Lukens Drive, New Castle, one of two buildings that has just been vacated by Reach Academy. The Elementary School may also occupy portions of 160 Lukens Drive, the second of the two buildings that have just been vacated by Reach Academy.**
- (B) **Also for the 2015-2016 school year, relocate its Middle School (5-8) from 1 Fallon Ave., Newport (former St. Matthews School Building) to the present FFA Elementary School Building at 1101 Delaware Street, New Castle.**
- (C) **For the 2016-2017 school year, relocate its Middle School (5-8) from 1101 Delaware Street, New Castle to 160 Lukens Drive, New Castle. As indicated below, if we sell the 1101 Delaware Street property before June 30, 2016 we will relocate the Middle School to 160 Lukens sooner to accommodate that earlier sale.**

The locations of FFA's facilities are not a result of any conditions placed on FFA's charter.

2. *What is the effective date of the proposed modification?*

The relocations stated in (A) and (B) above are requested to be effective for school year 2015-2016. The relocation stated in (C) above is requested to be effective for school year 2016-2017.

3. *The authorizer will review your most recent Performance Review Reports as part of your application. Discuss the school's academic performance, compliance with the terms of its charter, and financial viability as measured by the Performance Framework.*

For the most recent school year for which Performance Review Reports are available (2013-2014) FFA met standards on the Academic and Financial Frameworks but did not meet standards on the Organizational Framework. FFA's charter was renewed for a 5 year term commencing with the 2015-2016 school year but was placed on Formal Review because of various management issues raised during its charter renewal process. At the conclusion of the Formal Review process in March, 2015, FFA was placed on probation for an additional 6 months with monthly follow up reports being required. During the Formal Review process, FFA submitted detailed reports about steps that had been taken by the all new school leadership and all new Board of Directors since January 12, 2015 to address the issues that were the subject of the Formal Review. There do not

remain any such issues that can be addressed at this time. Reference is made to the detailed reports FFA has submitted during the Formal Review process and subsequent probation about its academic program, its financial management and its organizational compliance. FFA believes that its performance since the new management assumed control on January 12, 2015 would meet DOE's Performance Framework standards.

4. *Describe the rationale for the request(s). Discuss any relevant research base or evidence that supports this type of request. (Attachments may be provided)*

The reasons for the relocations are (1) to relocate the Middle School away from poor quality facilities in Newport to better facilities at 1101 Delaware Street and ultimately to even better facilities at 160 Lukens Drive, and (2) to combine the two campuses at one location. FFA loses many students because some families prefer to keep their elementary and middle school children on the same school campus and many families find the Newport facility to be less than appealing. Combining the two campuses at one location will promote positive interaction and collegiality between the Elementary and Middle School staffs and will greatly improve the efficiency of management of the two schools. Additionally, it will allow the school to save funds with regard to transportation, personnel, and supplies.

5. Describe how the proposed modification will impact the operation of the school. Include how student achievement, staffing, facilities, and financial viability of the school may be impacted in the current school year and for the remainder of the school's charter term.

As indicated above the relocations will greatly improve the professional interaction of the staffs from the two schools as well as the efficiency of management operations. We think this will have a positive impact on staff morale and therefore on the delivery of the academic program and on student achievement. The more appealing facilities are also expected to have a positive impact on enrollment and that will of course have a positive impact on the school's finances. As mentioned above, the school will be able to save on transportation costs by eliminating 1 or 2 bus routes. Also, specials teachers will be able to be shared between the elementary and middle school providing additional cost savings. See attached Schedule A for an itemization of Occupancy and Relocation Costs before and after the relocations.

The Newport facility is currently leased only through June 30, 2015 so we will not renew that lease and will therefore have no continuing costs related to it. The occupancy cost for all facilities will be approximately the same in 2015-2016 as in 2014-2015. Attached as Schedule B is a preliminary budget for 2015-2016 showing the affordability of the relocated facilities. We expect to sell 1101 Delaware Street by June 30, 2016 which will have a significant positive impact on the school's occupancy costs. See Schedule A. We expect to incur about \$220,000 in moving and fix up costs (painting, carpeting etc) which we will fund from our surplus funds (which exceed \$2 Million) if necessary.

FFA owns the improvements at 1101 Delaware Street (situated on land leased from the Trustees of New Castle Commons). That property is subject to a mortgage in the amount of approximately

\$3.5 million. The property was appraised in April, 2013 at \$4.4 million. We expect to sell that property by not later than June 30, 2016 and use the sale proceeds to retire that mortgage. We will use our carryover surplus funds to the extent necessary to cover any shortfall in sale proceeds or delay in sale of the property.

6. *Indicate the projected impact, if any, of the proposed modification on the school's present financial position, and its financial position going forward. If the modification promises to create financial challenges, indicate how those will be remedied.*

See response to item 5 above.

Section H Questions:

1. *Please describe any challenges that the current school facility presents. If the modification is approved, will it generate any new challenges and describe how you will address them.*

The current Middle School facility provides several challenges, some of which are as follows: Poor lighting, inefficient and inconsistent heating and cooling units, distance from desired New Castle community, insufficient classrooms, lack of office space on main floors of the school, and external walk to gymnasium facility. All of these challenges would be eliminated with a move to the new facility. We do not anticipate any challenges from the new school facility.

2. *Please describe the proposed location of the school. Include information about siting, space available, costs to the school (and how they differ from the current facilities arrangement), safety, any co-located programs sharing the same facility, the quality of the instructional and non-instructional space and any other significant factors impacting the attractiveness and viability of the proposed facility.*

Relocation facilities are 160 and 170 Lukens Drive in New Castle, the facilities recently vacated by Reach Academy. The new facilities are larger than our current facilities and will permit an expansion of enrollment from about 800 to about 1100. The new facilities have been operated as charter schools for a number of years and are more modern and attractive than our current Newport facilities.

3. *Describe the projected impact of the location modification on the school's program, mission, culture and offerings (both academic and non-academic).*

As stated above, we expect the relocation of the school facilities to a single campus to have significant benefits in terms of efficiency of management operations, increased professional interaction and collegiality among staff, and overall pride and morale of staff, students and families.

4. *Articulate a facility usage plan for the school going forward. Will the proposed location solve space needs for a limited amount of time or permanently? Will further modifications be required?*

The relocation facilities are already functioning as a charter school with proper cafeteria, gymnasium and bathroom facilities. Only minor renovations will be required. The new facilities will permit expanded enrollment from 800 to about 1100 and therefore will meet our space needs for some time into the future.

Schedule A				
Moving, Fix Up and Occupancy Costs Related To FFA Relocations for school years 2015-2016 through 2017-2018				
	2014-2015	2015-2016	2016-2017	2017-2018
1 Fallon Rd., Occupancy Costs (1)	537,500	0	0	0
1101 Delaware St., Occupancy Costs (2)	667,058	669,808	0	0
160/170 Lukens, Occupancy Costs (3)	0	570,421	989,945	1,108,539
Operating Savings from Combining to one campus			-50,000	-50,000
Total Occupancy Net Costs	1,204,558	1,240,229	939,945	1,058,539
Elem School Moving Costs to 170 Lukens		20,000		
MS Moving Costs to 1101 Del St		20,000		
170 Lukens, Fix up Costs		60,000		
MS Moving Costs to 160 Lukens			20,000	
160 Lukens, Fix up Costs			100,000	
Total Moving/Fix Up costs		100,000	120,000	
(1) Rent, utilities etc				
(2) Mortgage, ground rent, utilities etc., Assumes sale of 1101 by June 30, 2016				
(3) Rent, utilities etc.				

Schedule B

	Budgeted Receipts FY15	Projected Preliminary Budgeted Receipts FY16
Revenue:		
State - Carryover MCI Funds (50022)	\$ 170,730	\$ 102,000
State - Unit Formula (05213)	\$ 4,337,887	\$ 4,973,291
State - MCI FY16 (50023)	\$ 102,030	\$ 96,000
State - Technology Block Grant (05235)	\$ 11,466	\$ 11,465
State - Educ Account (05215)	\$ 2,433	\$ 2,500
State - Educational Sustainability Fund (05289)	\$ 140,256	\$ 140,000
State - Sequester Contingency (00254)		
State - Stipends (05225) - (Mentoring)	\$ 13,656	
State - High Performing Charter Fund (05221)		
Local - District Funding (98000)	\$ 2,586,269	\$ 2,716,493
Local - Food Service (91100) (95144)	\$ 441,039	\$ 516,010
Local - Uniform Fees (72222)		\$ 20,000
Local - Fundraising (98220)	\$ 49,000	\$ 35,000
Local - Interest (98000)	\$ 15,868	\$ 10,000
Local - Cost Recovery (98041)	\$ 1,403	\$ 5,000
Local - Foundation (98141) (98140) (98159)		
Local - E Rate (98029)		\$ 10,000
Local - Summer Camps (98206)	\$ 79,494	
Local - Before and After Care (98139)	\$ 27,925	\$ 30,000
Local - Carryover (98000) - Lukens Drive Fix Up		
Federal Funds	\$ 952,100	\$ 502,934
Total Receipts	\$ 9,365,900	\$ 9,173,793
	Budgeted Expenses FY15	Projected Budgeted Expenses FY16
Expenditures:		
Salaries - Admin		\$ 860,956
Salaries - Instructional		\$ 2,455,228
Salaries - Food Service		\$ 24,304
Total Salaries	\$ 3,811,015	\$ 3,370,488
Other Employment Costs - Admin		\$ 304,255
Other Employment Costs - Instructional		\$ 1,273,045
Other Employment Costs - Food Service		\$ 31,796
Total Other Employment Costs	\$ 1,609,981	\$ 1,669,095
Total Building		\$ 789,095
Maintenance, Utilities & Insurance		\$ 542,400
Central Office Transfer		\$ 690,158
TEF Transfer		\$ 9,240
Food Service		\$ 512,992
Transportation		\$ 585,780
Educational Services		\$ 195,000
Educational Supplies		\$ 175,000
Professional Services		\$ 45,000
Supplies and Equipment		\$ 135,000
Special Programs		\$ 72,000
Depreciation & Amortization		\$ 174,371
Contingency Reserve		\$ 153,796
Total Other Expenses	\$ 4,304,515	\$ 4,079,831
Total Expenditures	\$ 9,806,520	\$ 9,119,414
Surplus	\$ (440,620)	\$ 54,378