



**Department of Education
Charter School Accountability Meeting**

**May 30, 2013
Modification Application
Initial/Preliminary Meeting**

Reach Academy For Girls

Ms. McLaughlin called the meeting to order. For the purpose of the record, introductions were made:

Attending Committee Members

Mary Kate McLaughlin, Chairperson, Chief of Staff
Deb Hansen, Education Associate, Visual and Performing Arts, Charter Curriculum Review
April McCrae, Education Associate, Education Associate, Science Assessment and STEM
Paul Harrell, Director, Public & Private Partnerships
Karen Field Rogers, Associate Secretary, Financial Reform & Resource Management
Barbara Mazza, Education Associate Exceptional Children Resources

Support to the Committee

John Carwell, Director, Charter School Office
Catherine Hickey, Deputy Attorney General, Counsel to the Committee
Patricia Bigelow, Education Associate, Charter School Office
Chantel Janiszewski, Education Associate, Charter School Office
Brook Hughes, Education Associate, Finance/Charter School Office
Sheila Kay-Lawrence, Administrative Assistant, Charter School Office

Other

Kendall Massett, Executive Director, Delaware Charter School Network

Representatives of Charter School

Lloyd S. Casson, Board President
Duane Werb, Counsel to School
Tara Allen, School Leader
Maureen Thomas, Business Manager
Judith Gregory, Treasurer
Dorcell Spence, Contractor; Neely & Spence
Trisha Neely, Contractor; Neely & Spence

Ms. McLaughlin stated that the purpose of today's meeting is to make a preliminary recommendation on Reach Academy for Girls' application for a charter modification to relocate the school to a different site. She said today's meeting, a combination of the Initial and Preliminary meetings, is intended to provide an opportunity for the Committee to interact with the school. After the Initial Meeting discussion, the Committee will discuss the relevant approval criteria outlined in statute.

Ms. McLaughlin stated that the Committee's discussion today will focus on the following criteria which apply to this modification application:

- *Criterion 8 – Economical Viability*
- *Criterion 9 – Administrative and Financial Operation*
- *Criterion 10 - Insurance*
- *Criterion 12 – Health and Safety*

Ms. McLaughlin stated that at the conclusion of the Committee's discussion, John Carwell will provide the next steps. She said that she would like to give the representative of the school a chance to discuss their modification request with the Committee and then she will open it up for the Committee to ask any questions. She said afterwards they will go into the preliminary meeting where the applicant will not be able to participate while the Committee discusses their modification application request.

Mr. Casson thanked the Committee for having them here today and described how far they have come since the last time they were in front of the Committee. He said they appreciate the cooperation of the Delaware Department of Education (DDOE) in all aspects, and Reach Academy is farther ahead than where they have thought they would be. He said relocating to a new place would make it better for the school.

Ms. Allen said she would like to thank DDOE for all of the technical assistance that she has received on numerous occasions by them. She said as far as the relocation is concerned, at this time and place in their current location, for lack of a better term, they are "busting at the seams". She said it is a good problem to have and they welcome that. She said by being an all girls school in Delaware, they needed to make a shift in their current location right now, even if they are there for another year. She said they will have to put another modular at this location and then after this year. She said eventually they will continue to grow and their enrollment is looking pretty good at this time and since they are growing, they will eventually run out of space. She said teachers will have to push into classrooms again because of the limited space, and the year after that they will be out of space all together. She said it is a dilemma and they have already looked at this ahead of time. She said it is unfortunate for Pencader Business and Finance Charter High School located on Lukens Drive as they also faced a similar situation a couple of years ago and she does have compassion for them. Ms. Allen stated that they have answered the questions asked by the Committee, and the parents have backed their request to relocate. Ms. Allen also stated that 80 to 85% of the parents of current students plan to move with them, and about 95% of parents of new students are also willing to relocate with them. She said if the additional students did not relocate with them then it would be unnecessary for them to make this move right now.

Ms. McLaughlin asked if the Committee had any questions.

Ms. Massett said the rent at that location was the highest rent for all of their charter schools in Delaware. She said the landlord did reduce the rent significantly for Pencader, and asked the school if they were receiving a reduced rent as well or if they were trying to get the original rent being charged to Pencader.

Ms. Allen said that the landlord has reduced the rent significantly for Reach Academy as well. Ms. Massett asked if the school has this in writing. Mr. Werb said they are in the process of receiving a letter of interest.

Ms. Hansen asked from what area the school is drawing students. She asked whether they are from New Castle County, and what the school's plans are for making the adjustment from Philadelphia Pike to Lukens Drive.

Ms. Allen said they plan to draw their students from the entire New Castle County. She said the largest number is coming from Wilmington and New Castle, where most of the students come from. She said as far as making the transition, it would actually be easier for their students coming from Newark and Bear. She said these students were on the bus as early as 6:15 AM so this will lesson their ride to school. She said it will also decrease their transportation needs because they will not require as many buses to get to that location.

Mr. Carwell asked as a follow up to Ms. Massett's question regarding the rent as the rent listed in the budget goes from fiscal year 2013 for \$340,000 to fiscal year 2016 to \$833,000. He said that to Ms. Massett's point, the rent that Pencader was paying when they first started was \$1M a year. He said that percentage-wise, Pencader had the highest rent from all of the charter schools in Delaware. He said it was upward of 20 to 25% of their budget for the rental/facility costs. He asked if the school could speak about the increases from year to year, from fiscal year 2014 at \$504,000, to fiscal year 15 at \$793, and then fiscal year 2016 at \$833,000. He stated that it is beginning to get closer to a dangerous mark of one million, where Pencader was before.

Ms. Spence said that they based the funding on the increased student body and the expectation of growing student enrollment. She said that yes, Mr. Carwell is correct about it leading up to one million, but at this point it is still under investigation. She said it is a good point to make about the ratio and the concern that DDOE has had in the past about this particular building being one of the largest. She said that when you look at expenses and total revenue, it is a good point to use in the negotiation process.

Mr. Carwell said for the school's own reference, the last analysis he saw in terms of a charter school's budget was somewhere in the range of 10 to 15%. He said so anything beyond that is a reference point for the school and its negotiations so that more money can be dedicated to the educational program and classrooms versus real estate - this is critical.

Mr. Harrell asked about the number of students that are enrolled now, which is about 390, and if the school plans to increase that number to 475.

Ms. Allen said they are capped out at 475 and that as they are coming up for renewal, it is their plan to increase that enrollment since they will be in a new facility.

Mr. Harrell said that it is an estimation that the school is hoping to increase the enrollment to 475, and that they need to negotiate the rent lower for the 475 student enrollment.

Ms. Massett said that Pencader's enrollment was at 600 students and Reach might be able to reach that as well. She said one of the things they need to be careful about is the rent increases and the additional costs that need to be considered as well. She said because of this building's history, the school needs to be careful of what happened to the previous school financially with the rent increase.

Ms. Allen said they are well aware of this and they put together an updated sheet that speaks about what they didn't have previously.

Mr. Harrell asked if they are presently turning down students that are applying for the school. Ms. Allen said they are putting students on a waiting list until they are approved to move to a larger facility. Ms. Massett asked if they are currently at capacity. Ms. Allen replied by stating yes they are and she passed out an updated sheet to the Committee.

Mr. Werb gave a brief history about the current building that the school is using while the updated sheet was being passed out. He explained the building is basically a dungeon without air conditioning, and it was built in 1950 right after World War II.

Ms. Massett asked if they did an inspection of the new property yet and if they will be responsible for any cost for repairs if anything should happen.

Ms. Allen said the maintenance of the building is the responsibility of the landlord. Mr. Werb said the only thing they will be responsible for besides the rent is the utilities and no real estate taxes.

Ms. Massett asked if they did an inspection of the property and if the repair of the roof would be the landlord responsibilities.

Mr. Werb said the original building was built fourteen years ago and the second building was built four years ago. He said he has been inside and inspected it.

Ms. Massett said that they will need to get someone up there. She said she only saw pictures of things that were supposed to have been fixed.

Ms. Allen said that the landlord was up front with them about the roof. Ms. Massett said they had an exit sign that was lit in the ceiling.

Mr. Harrell asked if they calculated how many students they would lose when they move.

Ms. Allen said they did a survey and the 273 was the positive number they received back. She said fifty-eight of the students will not be coming with them when they move, so they plan to hit the floor running once they hear something from the Committee.

Ms. McLaughlin asked if there were any more questions and if not, the Committee would move into the Preliminary meeting.

Criterion 8: Economical Viability. Ms. Hughes said the applicant did provide balanced budgets for projected enrollment as well as a balanced contingency budget based on 80% of approved enrollment. She said the budget worksheets were accompanied by detailed narratives which supported the revenue and expenditure figures in the worksheets. She said the only outstanding issue relates to the allocation of custodial units. She said in consultation with Despina Wilson, it has been determined that a site visit will be required to perform new calculations for the allocation of custodial units. She said the applicant's budget reflects 8 custodial units, which may be slightly more than they will be entitled to if they are approved to move to the new location. She said even though the budget would be impacted by this potential revision, the current budgets show surpluses in excess of the difference. She said since the potential change would not create a deficit, she was comfortable moving forward with the budgets submitted.

Ms. Hughes' recommendation is that this criterion is considered met.

Ms. McLaughlin asked if there were any more questions or discussions under this section.

Criterion 9: Administrative and Financial Operation. Mr. Carwell said the application includes a list of staff identified for the Student Recruitment Committee and has teacher, parent and staff representation. He said the plan also includes a timeline and activities and the current enrollment is 390 (82% of authorized enrollment). He said the school surveyed current parents to determine the potential impact of the proposed relocation on retention. 335 responses out of 390 responses (85% response rate). 97% in favor of the relocation. He said the school has budgeted conservatively and anticipated a potential drop in enrollment and their fiscal year 2014 budget is based on 80% enrollment. He noted the new transportation routes can have an impact on retention early in the school year. He noted the copy of Board minutes provided evidence of parent engagement.

Mr. Carwell's recommendation is that this criterion is considered met.

Ms. McLaughlin asked if there were any more questions or discussions under this section.

Criterion 10: Insurance. Mr. Carwell said the applicant provided a quote for insurance from Turtley Insurance Agency, Inc. with revised premiums.

Mr. Carwell's recommendation is that this criterion is considered met.

Criterion 12: Health and Safety. Dr. Bigelow said this criterion was reviewed by several reviewers as follows;

Staff to Ensure a Safe and Healthy Environment. The reviewer's said the plans are appropriate and the reviewer commended the school nurse on staff.

Location of the School; Compliance with Building Codes, Maintenance Practices, Location and Facilities for Physical Education; Safety Concerns. The reviewer's said the head of school, Ms. Allen, has provided the requested new floor plan for the re-evaluation of the custodial count. Additionally, Ms. Allen expressed interest to DOE for a site visit to determine if any safety fences need to be placed around the building.

School Transportation. The reviewer said the modification request does not account for two impacts to school transportation: the changes in school transportation eligibility based upon the location of the residences around the school, and the changes in the level of service to be provided. The reviewer provided additional information and requested that the Applicant clarify its response relative to DOE regulation 1105. Appendix B contains the additional information.

Providing Meals to Students and Compliance with the Free/Reduced Lunch Program. The reviewer indicated that the response from the Applicant did not show an entirely accurate understanding of the operations of the Free/Reduced Lunch Program. Additional information is in Appendix C.

Dr. Bigelow's recommendation is that this criterion is considered partially met.

Ms. McLaughlin asked if there were any more questions or discussions under this section.

Ms. McLaughlin said for purposes of the Preliminary Report, her recommendation to the Committee is that the charter modification application for the Reach Academy for Girls Charter School be Approved. A vote was taken. Six ayes, none opposed, and none abstained.

Ms. McLaughlin asked Mr. Carwell to share next steps. Mr. Carwell reviewed the criteria before providing the next steps in the modification application process.

- *Criterion 8 – Economical Viability – Met*
- *Criterion 9 – Administrative and Financial Operation – Met*
- *Criterion 10 – Insurance – Met*
- *Criterion 12 – Health and Safety – Partially met*

➤ Final Meeting and Public Hearing will be determined at a later date.

Meeting adjourned.