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Imagine Schools Findings 2008-2009 Charter School Application

- The financial plan submitted by the charter applicant Imagine Schools at Clay County does not meet the criteria, clarity or detail required by F.S.1002.33(7)(a)(9).
- The projected attendance base for fee-based pre-kindergarten, and before and after school care is unrealistic. Based on the current population of students served in pre-kindergarten and before and after school care, the revenues are conservatively overestimated by \$218,700 for the first year only. The overestimations of revenue are significantly increasing each year of the five year budget plan submitted by Imagine Schools, Clay County.
 - A survey of existing private and public vendors such as Episcopal Services, who operate fifty pre-kindergarten centers, and Clay school-based sites, which operate five centers revealed the following district average enrollments: Episcopal has an average of 33 students per site, and Clay County Schools has an average of 10-15 students per site.
 - This survey indicates that the proposed charter school enrollment is unlikely to meet 25% of the first year projected supplemental income and less than 15% of years two through five projection. This over projection would translate into a serious revenue shortfall. The high average number of students at any one site is 33; Imagine Schools at Clay County would need five times that many students to meet their income projections, a scenario which is highly unlikely.
 - Based on building projections set forth in their application, Imagine Schools Clay County facility cannot house the predicted numbers of pre-kindergarten students. The building/facility does not have that capability when you factor in all the elementary students.
 - This projected revenue and income derived from student enrollment clearly can not meet statutory requirements of F.S. 1002.33. (6)(b)(2).

- The Lease agreement is in excess of \$510,299 more than the highest rate of commercial leasing in the area. The terms of the lease have not been disclosed, the only detail given is that the lease will contain an escalation cost of 3.85% per year. This is in violation of F.S. 1002.33(6) (b) (2) and 1002.33(6) (9) (2).
 - The applicant indicates that the cost of their building lease for their school building will start at \$906,299 for year one. The highest cost of commercial leasing for the area is \$18.00 per square foot.
 - Based on the projections for year one enrollment of 486 students, Imagine Schools would need a minimum of 22,000 square feet to house their school as projected, as set forth in their application
 - In Clay County, the highest dollar amount for commercial leasing is \$18.00 per square foot which would give a reasonable financial projection. This lease would be more per square foot than the cost of the most expensive commercial leaser per square foot.
 - The projection for a year one lease in Imagine Schools Clay County's application is \$906,299. This lease would be more per square foot than then any other commercial lease in the County. This is a waste of taxpayer money in the amount of \$510,299 and shows a lack of financial and administrative management and responsibility F.S. 1002.33(6) (b) (2) and 1002.33 (7) (a) (9).
- Based on Imagine Schools Clay County application, Imagine Clay County Co. LLC (the charter school) will have one member on the governing board which will be Imagine Schools, non-profit, Inc, a Virginia based corporation (Imagine Schools Non-Profit Inc.). There is an obvious conflict of interest created by the series of LLC's and composition of Imagine Clay County LLC (I-CC) completely controlled in every aspect by Imagine Schools Non-Profit Inc., a Virginia Corporation (ISNP).
 - ISNP has not been granted 501(c) (3) non-profit status. Another wholly owned subsidiary or ISNP, School House Finance, Inc, finances the construction of the school. Imagine Schools Clay County leases the school space from School House Finance.
 - Dennis Bakke controls and profits from this whole process. His corporation (ISNP) sets up the school corporation (Imagine Clay County) with a \$250,000 start-up loan and then leases the charter school a school building from his subsidiary corporation, School House Finance.
 - Randy Spangler, a board member for Imagine Clay County, also has a conflict of interest. He works for Bouma Construction who profits in building schools for Imagine Schools (INSP). Bouma Construction directly contracts with School House Finance to build the schools. When asked about his role as a governing board member during the interview, Mr. Spangler responded as follows:
 - My role on the board will be strictly non-curriculum based. I am in construction and will be able to assist with facilities management and oversee equipment repairs.
 - He stated that his history in construction was "site work, getting the project on as far as that aspect goes, facilities management, dealing with subcontractors getting the facilities up and running, and repair. That would be my role."

- This practice violates F.S. 112.313(3) and other Florida Statutes (see F.S. 112 generally).
- The 12% indirect cost listed in the budget section is a management fee, but Imagine Schools says they are not using an education service provider. By the definition of an Education Service Provider (the management company), the provider must be a not-for-profit corporation. Imagine Schools, Virginia does not have that not-for-profit documentation. They only have a legal opinion given by their own legal counsel which is attached to the back of the application. This relationship violates F.S. 1002.00(12) (i), and 1002.33 (7). No contracts or arrangements were disclosed between the two parties at the time of application.
 - When asked in the interview, Cathi Cohen stated that the 12% is a management fee to Imagine Schools Virginia, LLC. The money goes to support the following:
 - Global Insurance
 - Human resources
 - Technology in the home office
 - Professional development
 - Curriculum
 - Managing personnel
- There were three serious budget concerns that will create a shortfall after year one in the amount of \$314,880.90.
 - The Staffing Model is not sufficient to serve the needs of Exceptional Education students. The charter has allocated one ESE position based on a 10% population of ESE students. At 10% of the projected enrollment, an extremely conservative estimate of the student population, that equates to 1 ESE teacher to 48 students.
 - Clay's average of ESE students across the district is 24%.
 - The Staffing model is short 3-4 teachers' salaries plus benefits (two positions on the conservative side) would amount to a shortfall of \$78,000 including benefits.
 - This under estimation of personnel would result in a negative cash balance at the end of the year.
 - During the interview the applicants were asked to share the salary range of teachers for their school. Cathi Cohen said that they were competitive with each district to give you a correct answer would not be accurate. She did state that the beginning teacher salary would range from \$34,500 to \$36,500.
 - Based on the budget and number of teachers, this line item has been underestimated. The salary for each teacher is allocated at \$31,000 in year one in their budget.
 - On the conservative end, each teacher unit is short \$3,500 times 25 teachers for a total deficit of \$87,500.00.
 - The charter application did not account for the 5% district administration fee. The fee for the first year of operation based on revenues would be \$149,380.90. This clearly does not meet the requirements of 1002.33 (6) (b) (2).

- Repayment of \$250,000 loan is scheduled at \$30,000 per year. Over a five year period only 150,000 is repaid. No financial agreement or terms of loan interest are disclosed. There is a balance of \$100,000 after five years plus any amount of unknown interest charged. 1002.33 (9) (1) (2).
- The charter application does not identify the reading curriculum, intervention core, or iii curriculum.
 - Differentiated strategies are not identified for students reading at grade level or higher or those reading at or below grade level.
 - The charter application listed three researched-based reading curriculum possibilities, but failed to describe the reading curriculum and differentiated strategies that will be used for student reading a grade level or higher and a separate curriculum and strategies for those students who are reading below grade level.
 - A sponsor shall deny a charter if the school does not propose a reading curriculum with effective teaching strategies that are grounded in scientifically based reading research. 1002.33(6) (a) (4). The application failed to describe the reading curriculum or strategies.
 - During the interview process the representatives were asked about the reading curriculum and what would drive their decisions for selecting the core and the intervention core?
 - Jennifer Fornes responded that this is the beauty of Imagine schools.
 - Imagine selects a principal in advance, that principal selects their leadership team, who then go through rigorous reviews of materials and makes the decision based on the needs of the community and what they feel is best.
 - This does not meet F.S. 1002.33(6) (a) (4).
 - The Imagine-Clay County charter application only addressed the inclusion model for exceptional education students.
 - The application stated that there would be an ESE resource teacher, but did not elaborate on the interaction of the models.
 - The application stated that all students in the district would be eligible for enrollment in the Imagine Schools, Clay County, but contradicted it by saying that students who could not be served by the school will be referred back to the district for services.
 - The application failed to identify students with disabilities who would be referred back to the school district if the students were not able to be served by Imagine Schools Clay County. This practice is in violation of 1002.33 (10) (6) (f) and 1000.05 (2) (a) (b).
- The English Language Learner Plan in the application failed to meet threshold requirements set forth by the Meta Consent Decree, F.S. 1003.56; Rule 6A-1-0503; Section 229.565, Florida Statutes (Educational Evaluation Procedures) and Section 228.2001, Florida Statutes (Florida Educational Equity Act). The threshold requirements are as

are as follows:

- LEP committee
- yearly assessments
- Monitoring procedures for LEP students.
- Professional development requirements set forth by the META Consent Decree