

# **Memorandum of Understanding**

## **Sales Surtax Funding for Qualified Charter Schools**

This Memorandum of Understanding (“MOU”) is dated \_\_\_\_\_ and by and between the School Board of Duval County, Florida (the “Board”) and \_\_\_\_\_ (the “Charter School”).

### **Background**

The Board approved a resolution directing a referendum be held regarding the levy of a discretionary one-half cent sales surtax pursuant to section 212.055(6), Florida Statutes. The Board’s resolution set forth a plan to authorize the revenues from said sales surtax to be used for capital outlay projects. The Board approved at its July 2, 2019 meeting a Master Facilities Plan that sets forth the projects to be funded for those schools under the governance of the Board.

It is the Board’s desire to make available to charter schools located in Duval County a portion of the proceeds from the sales surtax levy through a non-competitive “Sales Surtax Allocation” based on the guiding principles outlined in the Board’s Master Facilities Plan.

This MOU seeks to provide the criteria and conditions by which the Board shall allocate funds to eligible charter schools.

### **Purpose**

The Board will allocate a portion of the sales surtax revenue to a fund available for charter school capital projects based on the criteria set forth herein. Those funds will be made available to charter schools as a special allocation and shall not result in a reduction or adjustment of other allowable funding sources. Charter schools will have an opportunity to apply for the available funds annually.

### **Charter School Eligibility**

- Charter schools that have operated in Duval County will be eligible for funding once the charter school has operated for two fiscal years.
- Charter schools must meet all of the eligibility requirements for receipt of Charter School Capital Outlay Funding set forth in section 1013.62, Florida Statutes, as a condition of eligibility for receipt of the sales surtax revenue set forth in this MOU.

### **Safety and Security Allocation**

- Eligible charter schools will receive funding designated for “Safety and Security” based on an allocation of \$5/per square foot of the charter school’s facility that is used for operation of the school. Allowable square footage includes facility space used for the primary operation of the enclosed school facility such as classrooms, cafeteria, gymnasium and auxiliary administrative space. This allocation of Safety and Security funding to be provided to charter schools will be prorated and paid to the charter schools over a three (3) year period. Each charter school that receives the Safety and Security allocation shall provide a written quarterly report to the District evidencing the charter school’s proper expenditure of the funds. Improper expenditures, if any, will be offset by the District against subsequent District payment(s) to the charter school until the charter school cures the improper expenditure.

## **Facility Improvement Allocation**

- Funds will be allocated to charter schools at a rate comparable to District schools based on like age of District managed schools using the following formula<sup>1</sup>. An example of the proposed allocation is provided below.
  - Operator Owned Facilities - Charter schools operating in facilities owned by the charter school (“Operator Owned Facilities”) will receive an allocation of \$50,705.13 for each year the school has been in operation in Duval County. Funds will be prorated and allocated to the charter school annually over a fifteen year period.
  - Leased Facilities - Charter schools operating in leased facilities (“Leased Facilities”) will receive an allocation equal to half of the Operator Owned Facilities (equaling \$25,352.55) for each year the charter school has been in operation in Duval County. Funds will be prorated and allocated to the charter school annually over a fifteen year period.
  - Each charter school that receives Facility Improvement Allocation shall provide a written quarterly report to the District evidencing the charter school’s proper expenditure of the funds. Improper expenditures, if any, will be offset by the District against subsequent District payment(s) to the charter school until the charter school cures the improper expenditure.

### **Example:**

<b>Category</b>	<b>River City Science Academy Elementary (Owner Operated)</b>	<b>Global Outreach Charter Academy (Lease)</b>	<b>Waterleaf Elementary (District-Managed)</b>
Facility Age	9 years	10 years	8 years
FCI	\$456,346 <sup>2</sup>	\$253,525 <sup>3</sup>	\$405,641

## **Uses and Restrictions**

- Capital expenditures not related to Safety and Security funds will be restricted to maintaining existing facilities and capital outlay projects that are not fixed in nature, such as equipment and technology. Charter schools will be prohibited from purchasing or constructing new schools, additions to existing schools, major equipment or other non-removable assets. Charter schools cannot use funds for permanent structures.
- A charter school must submit its written application to the District no later than June 30 annually for funding the following school year. All applications will be reviewed and approved for conformity to the requirements for receiving funds by a committee established by the Superintendent for that purpose and by the Sales Surtax Oversight Committee for monitoring.

<sup>1</sup> The District has identified Waterleaf Elementary, an elementary school eight years old, as the comparative school. Based on the school’s size, the school is slated to receive approximately \$405,641 dollars to address the school’s FCI improvement needs. The FCI divided by the school’s age was used to calculate the annual amount to allocate to charter schools based on the formula provided.

<sup>2</sup> FCI estimates were projected based on the age of the facility in relation to Waterleaf’s FCI prorated annually by the age of the school ( $\$405,641/8 \text{ years} = \$ 50,705.13$  per year, multiplied by 9, the age of River City Science Academy Elementary.)

<sup>3</sup> FCI estimates were projected based on the age of the facility in relation to Waterleaf’s FCI prorated annually by the age of the school and multiplied by .5 ( $\$405,641/8 \text{ years} = \$ 50,705.13$  multiplied by .5 = \$25,352.55 per year multiplied by 10, the age of Global Outreach Charter Academy).



- Under no circumstances will sales surtax funds be used to support operations or any purpose not explicitly provided in the Board's approved resolution.
- Charter schools will be prohibited from selling or otherwise disposing of any assets acquired with sales tax funds without the express written consent of the District's Facilities and Operations Department. All approvals shall conform to state laws governing disposition of public assets. In the event the Charter School closes, all unspent Sales Surtax Funds and ownership and title to all assets purchased with such funds will revert to the District at the District's discretion.
- Any Sales Surtax Funds not awarded to charter schools in any particular year will be retained by the district. Likewise, any funds awarded to a charter school but not spent on approved projects will revert back to the District or the District may elect to offset and deduct such sum against any subsequent District payment(s) to the charter school.
- Charter schools that are awarded funding will be subject to the oversight requirements established by the Board for District sales tax projects and must report accordingly to the Board's Sales Surtax Oversight Committee.

### **Termination of Agreement**

The parties agree that if the amount of PECO funds the School Board is required to allocate to charter schools results in a decrease of funds to the School Board pursuant to s. 1013.62, Florida Statutes, this MOU shall automatically terminate and the District shall re-evaluate the terms of any subsequent Charter School Sales Surtax Allocation.

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School Board

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Charter School