



Petoskey Montessori and the Public Schools of Petoskey

February 15, 2024 School Board Meeting




Petoskey Montessori Children's House

- Established in 1973
- Management Agreement between PMCH and PSP began in the 1997-98 school year
 - My understanding is this was to assist PMCH with finances at that time
- Montessori is an independent, private, non-profit corporation run by a board of directors separate from PSP
- It is not a charter school
- It is not a public school academy



Funding Relationship Since 2000 (or earlier)

- Spreadsheet started in 00-01 school year
 - Every year is a new tab
 - [Montessori Payments PSP.xlsx](#)
 - [Montessori Historical Data.xlsx](#)
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PUBLIC SCHOOLS OF PETOSKEY

2022-23 BUDGET FOR MONTESSORI ELEMENTARY SCHOOL

INCOME (REVENUE):

February, 2022	35.00	Students X	10%	=	3.50	Blended Count	
October, 2022	28.00	Students X	90%	=	25.20		28.70
	28.70	FTE X	\$9,150	=		\$	262,605.00
	Less: State Funding pro-ration of				\$	-	\$ -
	Plus: ESSER III Equalization (One Time)				\$	-	\$ 13,835.00
	+ Non-Resident Student Adjustment (See Bottom of Page for Detail)=						<u>180.00</u>
	Total Income					\$	276,620.00



APPROPRIATIONS (EXPENSES):

1 Salary, Teacher	(a/c 11-1-111-1240-000-0000-08492)	\$	82,742.00
2 Salary, SPED Teacher	(a/c 11-1-122-1240-194-0000-08492)		-
3 Health Insurance	(a/c 11-1-111-2130-000-0000-08492)		2,520.00
4 Retirement	(a/c 11-1-111-2820-000-0000-08492)		37,131.00
5 FICA	(a/c 11-1-111-2830-000-0000-08492)		6,778.00
6 Workers Compensation	(a/c 11-1-111-2840-000-0000-08492)		178.00
7 Cash in lieu of insurance	(a/c 11-1-111-2920-000-0000-08492)		5,860.00
8 Audit Expense	(a/c 11-1-231-3180-000-0000-00000)		150.00
9 Administration	20% of Revenue		<u>55,324.00</u>
	Total Expense	\$	190,683.00
	Annual Distribution to Montessori	\$	<u>85,937.00</u>



Amount/Payment Date Schedule For 2022-23

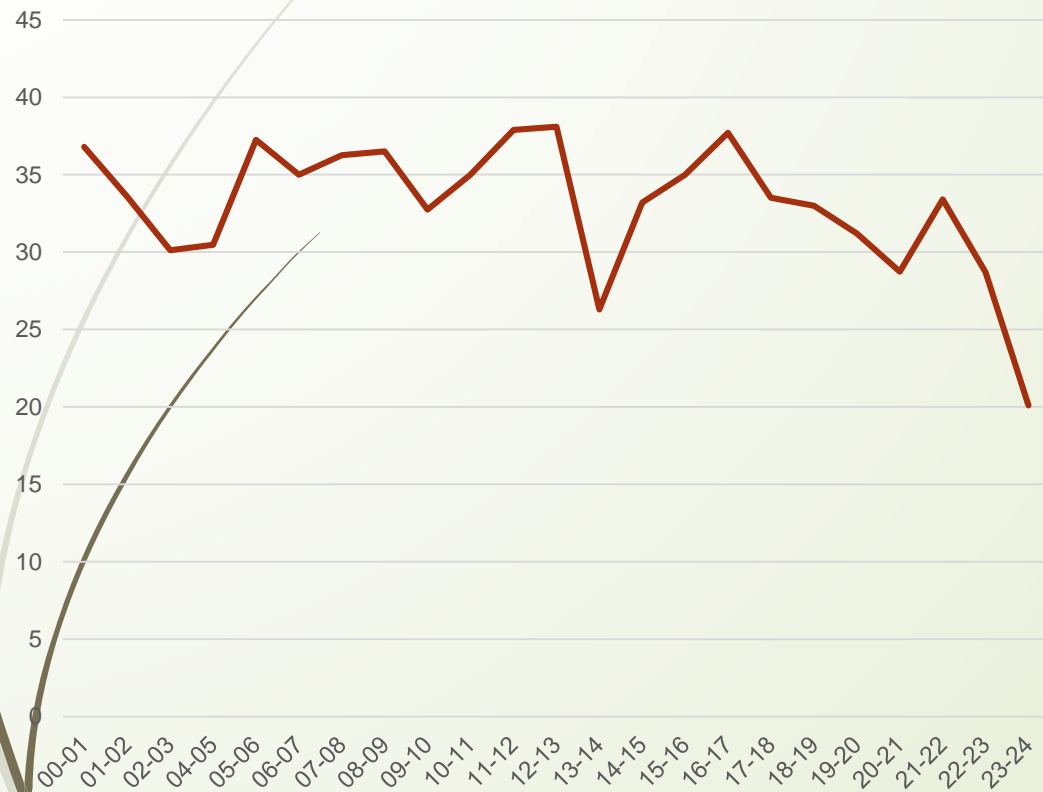
		<u>Scheduled</u>	<u>Over/(Under)</u>
October 20, 2022	9.09%	\$ -	\$ -
November 20, 2022	9.09%	8,593.70	(8,593.70)
December 20, 2022	9.09%	8,593.70	(8,593.70)
January 20, 2023	9.09%	8,593.70	(8,593.70)
February 20, 2023	9.09%	8,593.70	(8,593.70)
March 20, 2023	9.09%	8,593.70	(8,593.70)
April 20, 2023	9.09%	8,593.70	(8,593.70)
May 20, 2023	9.09%	8,593.70	(8,593.70)
June 20, 2023	9.09%	8,593.70	(8,593.70)
July 20, 2023	9.09%	8,593.70	(8,593.70)
August 20, 2023	<u>9.10%</u>	8,593.70	<u>(8,593.70)</u>
Totals	<u>100.00%</u>	<u>\$ 85,937.00</u>	<u>\$ (85,937.00)</u>

Non-Resident Student Adjustment Calculations

				Resident				
				District	Our			
October 2022 Out of District Summary				Foundation	Foundation	Difference		Revenue
15020	Boyne City	0	90%	-	9,150	9,150	-	-
15030	Boyne Falls	0	90%	-	9,150	9,150	-	-
15050	Charlevoix	0	90%	-	9,150	9,150	-	-
16050	Inland Lakes	0	90%	-	9,150	9,150	-	-
24020	Harbor Springs	2	90%	1.80	9,240	9,150	90.00	162.00
24030	Alanson / Littlefield	3	90%	2.70	9,150	9,150	-	-
24040	Pellston	3	90%	2.70	9,150	9,150	-	-

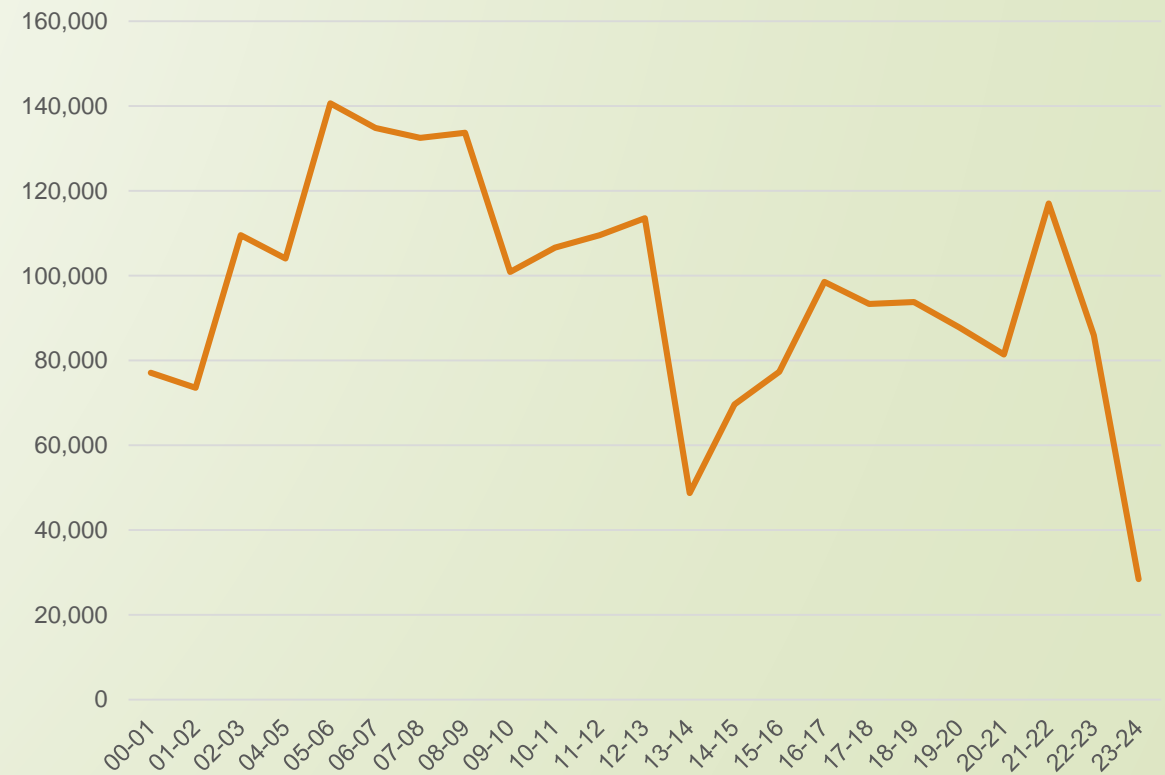
Enrollment 2000-2023

Blended Count



PSP Payment to Montessori 2000-2023

Distribution to Montessori





Management Agreement Renewal Proposal

- Jeff Leslie met with Nicky Byron on April 13, 2023 during visit to Montessori
- Jenni Attie and Jeff Leslie toured the Montessori School on May 3, 2023





PROPOSED ADDENDUM

Lease includes rent and operating expenses based on the pro-rata share of occupancy

- **Rent:** Projected \$17,250 annually (\$15 psf @ 1150 sqft)

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- **Facility Maintenance Costs:** includes pro-rata share of mortgage, insurance, and facility maintenance costs:
 - Maintenance & Repairs: \$10,000
 - Insurance: \$3,800
 - Mortgage: \$9,500
 - Utilities: \$3,000
 - Contracted Services (Janitorial, Snow, etc): \$8,500

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- **Staffing:** Full time teaching assistant for the elementary classroom; Pro-rata share of the the salaries for the Primary Lead and administrative staff
 - Projected \$80,000

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- **Management Fee:** Waive management fee
 - **Approximately \$14,000 per PMES pupil, matching the \$14,000 per pupil at other 4 elementary schools**


PSP receives **\$9,608 per student** for the 23-24 school year for our foundation allotment from the State of Michigan



Projected Expenses per Addendum

- **Projected increase for PSP: < \$150,000**
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Rent	17,250
Facility Maintenance Costs	34,800
Staffing	80,000
\$14,000/student	322,000
Total	\$454,050
(Teacher/Audit)	~\$125,200
Total to PMCH for 23 students for 23/24 school year	\$328,850



Overview of Attorney Discussions in the Summer of 2023

- Issues with original Management Agreement
 - 32 concerns
- Reduce the management fee from 20% to 10%?
- “Insufficient to allow the Montessori School to remain financially viable” per the PMCH attorney
- Chartering the Montessori School through entity other than PSP?
- One year addendum to address the 2023-24 school year?
- PSP’s attorney worked on this 26 separate days from April 24th through October 24th. Attorney fees were \$4,740.



Amendment to the Management Agreement Montessori Elementary School

- Approved at the August 17, 2023 PSP School Board meeting during open session.
- Effective September 1, 2023.
- “The Parties desire such modifications to apply to academic year 2023/2024, which is anticipated to be the final year of the Management Agreement.”
- The terms of Article V(D)(2) shall be modified to replace the phrase “twenty percent (20%)” with “five percent (5%).”
- Meeting between Dr. Leslie and Nicky Byron on September 25th at 1:00 pm.
- Nicky Byron signed agreement on October 1, 2023.
- Jeff Leslie signed agreement on October 23, 2023



Amendment to the Management Agreement Montessori Elementary School

□ Email exchange between Nicky Byron and Jeff Leslie:

□ **October 10-11, 2023**

NB—*"Sorry to rehash this again, but at our Board meeting tonight, I heard some conflicting information about the status of the management agreement.*

Can you confirm that PSP won't be renewing the agreement past the 23-24 school year?"

JL—*"I don't believe that we have an agreement for the 23-24 school year yet. Is that still being hammered out between the attorneys?"*

NB—*"I signed it and sent it back to my attorney, you should get it soon I would expect.*

I just wanted to clarify that you were still not planning to renew past this school year (after this agreement is executed). We're trying to get our ducks in a row and what I heard last night conflicted ish what you had stated when we met a couple weeks ago."

JL—*"Yes, that is correct. Our plan is to end the agreement after the 23-24 school year."*



The Aftermath...

- Difficulty in finding a partner: charter school organizations, Alanson, others.
- NB email to Mark Ashley on **October 25, 2023**: *"I was notified by Dr. Leslie that the district does not intend to renew the partnership after this school year. I hope this is simply a misunderstanding, as we were pleased with the terms agreed to for this school year and would like to renew at the end of the current term."*
 - \$85,937 in 22-23 was "Insufficient to allow the Montessori School to remain financially viable" per their attorney.
 - Montessori's Management Agreement Renewal Proposal called for <\$150,000, but it may have actually been upwards of \$320,000.
 - Representatives now state that they are "pleased" with \$57,339.69 (this amount would have been \$28,371.57 if we had not reduced the 20% fee to 5%).



The Aftermath...

- Met on November 16th
 - Mark Ashley, Kathy Reed, Bill Melching, Becky Smith, Jeff Leslie, Nicky Byron, Rebecca Roth, and Jessie Kuhlman
- Follow-up meeting on January 30th
 - Mark Ashley, Kathy Reed, Becky Smith, Jeff Leslie, Nicky Byron, and Rebecca Roth
 - NWEA Test Scores in relation to student support and intervention
 - Enrollment Process—*"The final decision to continue or terminate the enrollment process is made by the school administrator and teaching staff."*
 - Interventions
 - Curriculum Resources
 - Professional Development
 - Special Education Services
 - Student Retention Rates



February 8th email from Nicky Byron to Mark Ashley and Kathy Reed

Good Morning Mark & Kathy,

I am following up on our meeting from last week regarding the likely decision that Public Schools of Petoskey will not be renewing the management agreement with Petoskey Montessori Children's House.

To confirm, **this decision is based primarily on PSP having determined there has been poor student performance/proficiency as well as our enrollment/admissions process and challenges to providing student support services. I realize there were other areas of concern as well, but these are the primary reasons for not recommending the renewal, correct?**

Could you also advise when this item will be placed on the agenda for a Board of Education meeting? We have several parents asking.

Hope to see everyone tonight at Journey Night!

Thanks,

Nicky




A Refresher of What Was Discussed in the Summer of 2023

Things That Were Discussed

- Finances
- Current funding is “Insufficient to allow the Montessori School to remain financially viable”
- \$150,000 additional needed?
- \$328,000 additional needed?
- Chartering with other entities: (ISD, CMU, LSSU, etc.)

Things That Were Never Discussed:

- Student test scores
- Montessori enrollment process
- Becky Smith
- Mr. Carpenter’s performance



Open Letter to Representatives of the Public Schools of Petoskey: February 6, 2024

- The purpose of this letter is to inform you that we, the community of Petoskey, are organizing against intended actions to be taken on our behalf under the direction of the leadership of the Public Schools of Petoskey School District. The purpose of our action is to cause the reversal of the decision to not renew the Management Agreement with Petoskey Montessori Children's House. Should we fail in that effort, **we will seek comfort in the exposure of the personal agenda's working behind the scenes to undermine the PMCH.**
- The Michigan Revised School Code 380.507 part 7 makes clear that there is little to no legal liability posed to the Petoskey Public School District in not renewing this agreement. As a result of this fact, we are left with only the court of public opinion. To that end, we intend to conduct an aggressive public relations campaign, refuting the negative assertions made by the PSP and board members. We will also seek to prove that recent unfortunate events were only possible due to the gross negligence in fulfilling its lawful duties, as defined in RSC 380.507 part 1 subsection D, specifically "The oversight shall be sufficient to ensure that the board of directors is in compliance with the terms of the contract and with applicable law." This board failed from as far back as 2018 to conduct reasonable and lawfully required fiscal oversight of a body under its management. We will not tolerate the PSP attempts at laying all consequence at the feet of PMCH and at the cost of all of its many and varied students.
- **This campaign will be well resourced, and focused on conducting investigative research in support of our initiatives. We will publish our findings on a public website, which we will also utilize to solicit additional support and leads to investigate. We will invite media opportunities to discuss this subject and bring attention to our cause. We will produce yard signs, bumper stickers, and assorted swag.**
- **We have direct experience with a similar campaign with a local school board in the past, and we have paid staff who's efforts towards this cause will be counted towards on the job training time.**



Other PSP Partnerships

- ❑ NCMC
- ❑ St. Francis Xavier
- ❑ Alcona Health
- ❑ City of Petoskey
- ❑ Char-Em ISD
- ❑ Health Department
- ❑ Northern Michigan Sports Medicine
- ❑ Athletic team co-ops for ice hockey and lacrosse



The Aftermath...

We now have employees requesting uniformed police presence at our School Board meetings because of the relationship between PSP and PMCH

When I view this situation through the lens of the Full Value Agreement—Work as a Team; Be Safe (Emotionally & Physically); Speak Up—I do not see a path forward between PSP and PMCH