

To: Victoria Baratta, Board President, Unionville-Chadds Ford School District

Copies to:

Erin Talbert

Rashi Akki

Jody Allen

Elise Anderson

Jeff Hellrung

Mary Kate Loomis

Brian Schartz

Steve Simonson

John Sanville

Date: February 18, 2025

FORMAL COMPLAINT UNDER BOARD POLICY 906: Patton Middle School

The undersigned individuals, all residents of the Unionville-Chadds Ford School District (District), hereby make this formal complaint under Board Policy 906 (“Complaint”).¹

We assert that the District has failed to adequately analyze the proposed Project to renovate or replace the Charles F. Patton Middle School (Middle School). The Board has failed to conduct even minimal due diligence on what could be a \$120 million expenditure, by far the largest single investment in the history of the District. The studies, data, and analyses used by the Board and submitted to the public are grossly incomplete, misleading, and biased. They are blatantly incorrect in many important respects. The Board and Administration are acting in bad faith and are ignoring detailed questions and recommendations on how to correct obvious mistakes in the analysis that have been submitted in good faith by qualified financial experts who are also resident taxpayers. School officials have committed to address the inconsistencies and mistakes in the financial analysis and presentations made to the public but have not followed through. It would be negligent and a breach of fiduciary duty for the Board to take any further action related to the future of the Middle School without correcting these deficiencies, many of which are outlined in this complaint.

Our complaint must be viewed in the context of the pending investigations of senior District officials.

In July 2024, the Office of Chief Counsel of the Pennsylvania Department of Education (PDE) confirmed its investigation into alleged misconduct and violations of law by Superintendent John Sanville (Sanville), Director of Finance and Treasurer Joseph Deady (Deady), school district solicitor Mark Fitzgerald (Fitzgerald) and other attorneys from Fox

Rothschild (Fox), and certain Board members. The underlying complaint (which can be found online in an article posted on the independent news site [Broad + Liberty](#)) includes documented allegations of dishonest conduct, destruction of public records, and fraud, waste and abuse of taxpayer resources in connection with the cover-up of the alleged misconduct.

In September 2024, the United States Department of Education (“DoE”) confirmed that it is also investigating the District’s repeated violation of federal family privacy laws between 2016 and 2023, as well as the destruction of evidence related to those violations of law, and threats and intimidation against Chad Williams, the parent who uncovered the violations of law. The District has already admitted to violating the Protection of Pupil Rights Amendment (“PPRA”) over a 7-year period, and Mr. Williams has presented evidence documenting the destruction of records, threats and retaliation, but the Board has taken no disciplinary action against any of the senior school officials involved in the violations of law and other misconduct, including Sanville, and has provided no transparency concerning the facts underlying the violations of state and federal law.

Both the PDE and DoE investigations are ongoing and have already cost taxpayers tens of thousands of dollars. The Board has provided no transparency concerning the costs being incurred in connection with its defense of Sanville, Deady, the solicitor and other school officials.

Among the allegations in the PDE and DoE complaints are: (i) Sanville, Deady, Fitzgerald/Fox, and certain Board members intentionally withheld public records from a Pennsylvania state senator and chair of the Senate Education Committee; (ii) Sanville, Deady and Fitzgerald/Fox prepared and submitted an intentionally false and misleading affidavit in an official proceeding before the Pennsylvania Office of Open Records (“OOR”); (iii) Sanville, Deady (in his capacity as Open Records Officer), and certain Board members have an established pattern and practice of abusing the Pennsylvania Right to Know Law (“RTKL”) and the Sunshine Act; (iv) Sanville, Fitzgerald/Fox and certain members of the Board have retaliated, intimidated and threatened the livelihood of Mr. Williams for pursuing complaints related to the alleged misconduct; and (v) Sanville and other senior school officials have violated multiple state and federal laws, as well as school district policies, have destroyed public records and other evidence, and have used public resources to conceal their misconduct and violations of law in an effort to avoid accountability.

The entire Board has been aware of these allegations (which date back to 2021) yet has taken no action to ensure a full and fair investigation. Moreover, despite the pendency of the investigations concerning his alleged misconduct and violations of law, the Board has consistently rated Sanville’s performance as “distinguished” and has rewarded him with increased compensation, making him the second highest paid superintendent in Pennsylvania.

The complete lack of transparency, failure to ensure proper oversight of District employees and specialists (like the solicitor), and the waste of taxpayer resources is playing out again in connection with the proposed Project. For example, at public meetings and in writing, many citizens with decades of financial experience have raised detailed questions about the underlying financial analysis, lack of transparency, and refusal to provide detailed answers to specific questions.

The specific questions and concerns include, but are not limited to, the following:

- a. **Net Present Value (NPV) is the universally accepted financial metric for evaluating a capital project.** The District has repeatedly refused to provide this metric for the various design options (“Replace”, “Renovate”, “Maintain”). This failure makes it impossible to make an informed decision on the options. Moreover, it deceptively penalizes the Maintain option, because expenditures for this option are made over 20 years, unlike the other options in which all expenditures are made up front. An apples-to-apples comparison is impossible using the data the District has provided.
- b. **Annual expenditures for each design option.** The District claims it does not have this information. Therefore, it is impossible to perform a competent financial analysis without this basic data.
- c. **Proper incremental analysis.** The District’s “cost per household” is not a correct incremental analysis of the impact of the Replace option. A fundamental principle of capital project analysis is calculating the numbers on an incremental basis. The failure to do this demonstrates the District’s incompetence and desire to tilt the decision in favor of making the investment. Specifically, the District’s cost number implicitly assumes that because existing debt will be paid down, the “new” debt incurred to finance the construction that replaces this “old” debt is “free.” This is, of course, incorrect, and it dramatically understates the true tax cost per household, which is at least twice what the District reports. The District claims the total per-household nominal cost of the Replace option over the life of the debt is approximately \$8,000. Using the correct incremental analysis, the total per-household cost was calculated to be approximately \$20,000, or two and one-half times what the District has reported. Subsequent to the preparation of the \$20,000 cost estimate, the District increased its assumed interest rate to 5%. At this rate, the per-household cost increases by about 10%, to \$22,000. This is nearly \$900 per year over 25 years, much greater than what the District reports. **The reality is that the entire cost of any new school or renovation will be entirely borne by the taxpayer. There is no “free lunch.”**

Sanville ignores this economic reality in his emailed February 14, 2025 letter entitled “MS Project: The Facts on Tax Impact.” He criticizes the \$20,000 (now \$22,000) number as overstated, and states that it is wrong because it “ignores key financial planning strategies such as refinancing existing bonds and spreading costs over a long-term payment period.” Refinancing existing bonds only changes the timing of the payments. All of the principal has to be paid with interest. And similarly, spreading costs over a long-term repayment period only increases the interest payments ultimately required. The taxpayers have to pay the full amount, irrespective of the “financial engineering” the District plans to employ.

- d. **Economics of delay.** Delaying the Project should be considered, but the economics calculated by the District are incorrect. The District reported that a delay in the Replace case would cost \$10 million in NPV, but the correct numbers, using their own assumptions, is a benefit of \$5 million. This has been pointed out on multiple occasions, but no correction has been forthcoming. This has no doubt contributed to the District’s desire to move ahead quickly, when in reality there is no hurry.
- e. **Debt restructuring.** While stating that any restructuring is an independent decision that will be addressed in the future and will only be done if it makes economic sense, every presentation on the Project includes an assumption that the restructuring will be done. Sanville’s January 13, 2025 Board presentation showed that doing this restructuring would cost the District \$400,000, but stated that the District would proceed anyway. The reason for this is that the District is relying on pushing out near-term debt repayments to reduce future budgets in order to circumvent the Act 1 requirement for a referendum when a tax increase exceeds a certain limit. This is consistent with the Board’s continued desire to avoid the real and direct public input it would receive in a tax referendum. This maneuvering to evade state requirements stands in clear contradiction to the District’s purported desire to engage the public.
- f. **“Commitment” not to exceed the Act 1 limit.** In the February 10 meeting, Sanville made much of what he calls the Board’s “extraordinary step” of passing a formal resolution committing not to raise taxes beyond the Act 1 Index,” implying this would provide a ceiling on tax increases for the life of the project repayment. Only four days later, when he issued an email entitled “MS Project: The Facts on Tax Impact” did the public learn that this commitment is for the **current year only**. Obviously, this “commitment” is irrelevant to the proposed projects, as construction will not begin for several years. The “commitment” is part of a pattern of misleading and erroneous statements by the District, made to minimize the potential financial impact of the proposals. In truth, spending on the Project, coupled with other needs, **could** very well lead the District to exceed the Act 1 limit in the future. By voting to move forward with the Project, the Board would be creating a financial problem that a future board of school directors would have to solve.

- g. **Third-party financial review.** Sanville has also recently touted an “independent financial review” performed by “two of the nation’s top experts in municipal finance.” These investment bankers are not “independent.” They have represented the District in previous bond issuances, and will most likely be involved in the District’s bond issue for the proposed Project. They are highly incentivized by the prospect of a \$120 million building project that will be funded entirely by taxpayers. The larger the issue, the more money they will make. More importantly, they will not review the highly flawed economics the District has prepared to make the actual Project decision, nor is that their area of expertise. It has become clear that Deady is not competent to prepare the economics for a complex, \$120 million project. Residents have urged the District to engage qualified financial experts to review and revise Deady’s economics, but the District has refused to do so. This mention of a “third-party financial review” is a smokescreen to suggest that competent experts have been involved in the analysis of the Project. The District needs to engage truly independent financial expert(s) with graduate degree(s) in finance and significant experience preparing and evaluating the economics of large capital investments. This is not Deady, nor is it these investment bankers.
- h. **Sanville’s presentation and the Feasibility Study combine to be a sales pitch for the Replace option.** Sanville makes his recommendation by presenting a slide deck showing concerns with the roof, bad ceiling tiles, broken paving, an outmoded HVAC system, and on and on, not mentioning that nearly all these issues would be addressed by the Maintain option. He acts as a promoter for a new building, rather than an unbiased assessor of what is needed and is best for the District. Both Sanville and the Feasibility Study ignore the assessment of Patton Middle School currently on the District’s website: “The architect’s building design is pretty much what we see today! A simple rectangle that expanded over time to meet the needs of our growing school district. We have low ceilings and **few windows for energy conservation**, and **long hallways to accommodate teams of students and their teachers**. The facility has been **lovingly cared for** over the years by a crew of dedicated maintenance people who have kept the building in excellent condition despite her age. **Our building is solid and secure**. The hallways overflow with happy, well-educated children and the adults who are helping them to transition from children to responsible young adults.”² While this assessment may be overly rosy, it is clear that all of the communications have been designed to ignore Patton’s strengths and current utility, while maximizing the issues.
- i. **Despite mention of “value,” the presentations and analyses fail to consider the proposals in the broader context of the District’s educational objectives.** Funds are limited and the money spent on the Project cannot be spent on other programs. We need proper maintenance and renovation of capital assets, while recognizing that building a “Taj Mahal” will have little to no effect on student outcomes. Taxpayer dollars should be spent prudently and with a laser focus on outcomes for ALL students. “Value” has been mentioned, but it has never been specified, much

less quantified. Will test scores improve? Will teacher retention increase? Will health and safety improve in a tangible way?

Notwithstanding these concerns, which are shared by a diverse group of taxpayers (see, e.g., videos of January 6, January 13, January 21 and February 10 Board meetings), the Board has not engaged in any serious debate and has signaled that it intends to accept Sanville's recommendation to "replace" the Middle School with a new facility that will cost taxpayers \$120 million. Sanville and the Board are intentionally manipulating the process to avoid a referendum (for example, see [f], "commitment" not to raise taxes above the Act 1 index).

In the face of mounting opposition to the proposed expenditure of \$120 million in taxpayer funds and growing public concern about the lack of transparency and accountability from senior school officials, the Board is simultaneously considering amendments to the District's public complaint policy (Policy 906). If adopted, the amendments to Policy 906 would completely eliminate critical due process protections, such as the right of citizens to be heard or have their complaints addressed by a neutral fact finder in the District. The proposed amendments are in direct response to the District's failure to comply with the existing policy in response to Mr. Williams' efforts to seek transparency and accountability for serious misconduct and violations of law by senior school officials, which led to the pending state and federal investigations.

In light of the Board's lack of transparency and inability (or unwillingness) to answer reasonable questions about the proposed expenditure of \$120 million, many taxpayers in the District have legitimate questions about the good faith, fidelity and competence of the entire Board.

Given that both Sanville and Deady (who reports directly to Sanville) stand accused of dishonesty, misconduct and violations of law, it is negligent and a breach of fiduciary duty for the Board to move forward with a Project recommended by Sanville (who is resigning at the end of the 2025 school year while he is under investigation), based on financial analysis performed by Deady, who has demonstrated a willingness to do whatever Sanville tells him to do, irrespective of whether it is legal or ethical to do so.

The Board should not commit any further resources to the Middle School Project until the public gets answers about the honesty and compliance with law by the senior school officials who have led the Project up to this point, and who have recommended that the Board take the next step in a process that will likely lead District taxpayers to pay at least \$5 million in connection with the design phase of the Project.

Action Requested:

Policy 906 requires a “fair and impartial” process to resolve public complaints. Given the conflicts of interest among Sanville, Deady and all of the members of the Board of School Directors, and especially in light of the pending investigations alleging dishonest conduct and destruction of public records by senior school officials, the undersigned residents demand that the District engage a truly independent and qualified financial expert to review and investigate the detailed allegations in our complaint, specifically address the inconsistencies and gaps in the district’s current analysis of the various options for the middle school project, and produce a written public report addressing all of those issues.

The undersigned taxpayers request the opportunity to access all the underlying data and work papers relied upon by the district in reaching its Replace recommendation, and in its analysis of the other options. This group further demands that the Board engage an independent third-party architectural firm to review the Feasibility Study prepared by Marotta/Main and prepare an unbiased summary of the options to replace the sales pitch that Marotta/Main has provided. This group also requests the opportunity to present formal questions and concerns to these independent experts, and to receive a written response. Following that review and the issuance of the public report, the undersigned taxpayers formally request a public hearing before the full Board at which the undersigned taxpayers can present testimony and evidence related to the various options for the middle school project.”

The undersigned further demand that the Board delay the consideration of the proposed amendments to Policy 906 and that it make no revision to this policy that would substantively reduce due process protections. In particular, the right of citizens to be heard or have their complaints addressed by a neutral fact finder in the District must be preserved.

It must be made clear that there is no hurry to move forward. The Middle School continues to be safe and functions well. As noted above, there is also a financial incentive to delay, if the analysis is prepared properly. A delay, accompanied by the steps outlined above, will only aid the District in making a better informed decision.

References

1. Unionville-Chadds Ford School District Policy Manual. 900 Community. 906: Public Complaints. Available at: <https://go.boarddocs.com/pa/unconf/Board.nsf/Public?open&id=meetings#>. Accessed February 15, 2025.
2. Unionville-Chadds Ford School District: The History of Patton Middle School. Available at: <https://cfpms.ucfsd.org/about/history>. Accessed February 15, 2025.

ADDENDUM

On February 15, 2025, Board member Brian Schartz (Schartz) sent Mark Stookey (Stookey), one of the signers of this Complaint, an email purporting to “address” five of Stookey’s issues with the financial analysis of the Project. As with other District communications, Schartz’s email is erroneous and misleading. It does not materially change any of the issues raised in this Complaint.

Mr. Schartz was emailed at his ucfsd.net email address, in his capacity as a member of the Board of School Directors (Board). Nevertheless, he was careful to qualify that he was responding in his personal capacity, and so we are respecting this personal exchange by not attaching it to this complaint, which may be distributed broadly among other citizens. The emails are a matter of public record though, so if any citizens want to read them, they can request the email exchange between Schartz and Stookey between February 10 and 15, 2025 from the District through the Pennsylvania Right-to-Know Law and judge for themselves.

At outset, it must be noted that in his February 15 email, Schartz adopted an unusual and unconventional position that financial analysis “is as much art as it is science.” We reject that position and instead believe that financial analysis is not an art, in which beauty is in the eye of the beholder but instead is a professional endeavor that should be based on widely accepted principles and practices derived from proven experience and the study of economics, mathematics, and other quantitative disciplines. Consider engineering: if an engineer designs a bridge without adhering to valid engineering principles, it may collapse. Similarly, if a financial analyst prepares a recommendation that is not based on valid analytical principles, the actual financial results are likely to fall short.

This brief Addendum will address each of Schartz’s points, in turn.

1. While Schartz’s argument is not very clear, he appears to state that the lack of an NPV model is not an issue because using one would only affect the Maintain option (make it look better). He also seems to indicate that the cost of the Replace option is already overstated, so it is fine to also overstate the cost of the Maintain option. He gives no evidence for his claim that the cost of the Replace option is overstated. As already noted, the District has systematically prepared data and presentations to “sell” the Replace option and downplay the attractiveness of the Maintain option. This is just another confirmation of how biased the process has been. It is also remarkable how casually Schartz rejects the use of the universal metric for evaluating capital projects. It appears that in this entire discussion, Schartz is adopting the “financial analysis is art” approach and that his opinion, based on speculation about what a proper discounted cash flow analysis would show, can now be substituted for actually preparing the analysis. See also: *Complaint: [a.] Net Present Value.*

2. Schartz defends the District's \$42/year/household cost number. He fails to address the fact that the District has failed to do a proper incremental analysis and treats the bonds that will be issued to replace bonds that will be paid off as **free**. This is ludicrous, as can be seen by considering the following: If the District had \$120 million in existing debt and planned to pay it off before construction began, would a new building be free? The reality is that the taxpayers must pay for the entire \$120 million borrowing for the Replace option. Assuming a 25-year amortization period and an interest rate of 5%, the cost to the average UCFSD household is nearly \$900 per year. See also: *Complaint [c.] Proper Incremental Analysis*.
3. Schartz states that he agrees that the \$89 million "cost over 20 years" for the Maintain option is irrelevant for decision-making, but the District should report it anyway. The Marotta/Main Feasibility Study (December 30, 2024) reported that the cost of the Maintain option was \$89 million. However, this was overstated by more than \$20 million because it included an inflation adjustment, and the other Middle School options did not, and the District determined that \$67 million was the correct number. Inexplicably, though, Sanville's January 6 presentation ("Virtual Special Board Meeting/Middle School Feasibility Study Report & Recommendation") showed the erroneous \$89 million number alongside the newly accepted \$67 million cost. On January 8, 2025, Deady apologized to Stookey about this, stated that including it was misleading, and said it would not be reported again. Yet it continues to be publicly shown. Logic suggests that the only reason to continue to report irrelevant data like this is to encourage rejection of the Maintain option. Given the obvious lack of financial expertise among those on the Board, the public should not be so confident that disclosing this irrelevant number will not affect their decision-making. Moreover, reporting this number perpetuates the myth, widely stated earlier in the process, that the cost of the Maintain option is \$89 million, and with the Replace option at \$120 million, why not build the new building? Again, this is all part of the district's biased approach to favor Replace over the Maintain option.

Finally, Schartz's support for reporting this number ignores the fact that the \$89 million number is essentially a fabrication. It cannot be useful for future reporting and control, as he states. As reported elsewhere, the District has not prepared year-by-year investment outlays for each Middle School option. Therefore, it is impossible to prepare an accurate inflation adjustment because that requires accurate timing of the spending. But the absence of accurate data has not stopped the District: they simply applied a single upward adjustment to the full cost estimate for the Maintain option. One can have little confidence that this bears any resemblance to what a properly prepared estimate would report. See also: *Complaint [b.] Annual Expenditures for Each Design Option*.

4. In attacking the analysis that there is a financial benefit to delaying the Replace option, Schartz states that it is erroneous to discount cash flows at anything greater than the inflation rate. First, the analysis provided by the District **did** discount at a rate higher than the inflation rate. It used a discount rate of 4.5% (Treasury rate) and an inflation rate of 3%. However, Deady failed to discount all the relevant cash flows and consequently reported an erroneous financial cost of \$10 million to delaying the project for three years. Doing the calculation correctly, using the same assumptions Deady used originally, there is a financial benefit of \$5 million to delay. When this was pointed out to Schartz, he appeared to agree that a correction was appropriate and said he would follow up with Deady, but he failed to ensure that a correction was made.

Furthermore, Schartz makes an error when he states that because the District is prohibited from investing large amounts of bond proceeds and receive arbitrage profits, it is inappropriate to use a Treasury rate in this NPV calculation. However, as was pointed out to him at the time, the **District's** ability to invest is irrelevant. By delaying the decision, the District's tax levy will be lower for a period of time. The **taxpayers** can invest the money they save and the Treasury rate is completely relevant as they may buy Treasuries. Thus, the taxpayers will be ahead financially if the District delays. The cost to taxpayers should be the ultimate criterion for these analyses.

But the discussion about whether the discount rate should be higher than the inflation rate is not controlling. While Schartz no longer adopts the position that there is a financial benefit to delay, he does concede that even with his discount rate assumption, it **would not cost taxpayers a dime** if the Board waits a few months to conduct a more detailed analysis of the various Middle School options to address the legitimate concerns expressed by taxpayers. He also concedes that it certainly would not cost taxpayers the **\$10 million presented to the public by Sanville and Deady**, but apparently it is not important for the District to acknowledge and correct this blatant misrepresentation. See also: *Complaint [d.] Economics of Delay*.

5. Schartz denies that the refinancing of the 2016 bonds is meant to circumvent a tax referendum. This directly contradicts what Deady said to Stookey on January 8, 2025, which is that the refinancing was being done so the District would not hit the Act 1 referendum limit. School officials have taken materially different positions at different times on whether the District's financial engineering is intentionally designed to avoid the Act I index, which is a critical aspect of the District's sales pitch for the Replace option. To recap, Sanville has publicly touted (on numerous occasions) the "extraordinary" step the Board took to *adopt a resolution* "committing" the Board not to raise taxes above the Act I index...at least for this year. This is meaningless, because the brunt of the costs incurred by taxpayers in

connection with the Replace project will not come due for several years. Scharz also says that it is “regrettable” that the discussion regarding the refinancing of the District’s 2016 Bonds has become “bound up” in the Middle School project discussion even though the District’s ability to refinance the bonds is a key assumption in the recommendation to Replace. The District has positioned refinancing as “basically free” to taxpayers, yet in Sanville’s January 13, 2025 Board presentation, he assumes a refinancing of the 2016 Bonds at a cost to taxpayers of \$400,000. Scharz and Deady have both said that the District would only refinance its 2016 Bonds if it “makes sense” to do so, yet the financial analysis used by Sanville and presented to the public implies that the refinancing will happen no matter what. Scharz speaks of unspecified “financial flexibility” resulting from the refinancing, but it appears that the financial flexibility achieved is being able to borrow more money by avoiding a tax referendum. See also: *Complaint [e.] Debt Restructuring*.