

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 173

(Senator Klausmeier, *et al.*)

Education, Health, and Environmental Affairs

Environmental Matters

Public School Buildings - Carbon Monoxide Detection and Warning Equipment

This bill requires newly constructed and substantially remodeled school buildings to install carbon monoxide detectors in areas of new and existing educational occupancies where fuel fired equipment is present. The detectors must be installed in accordance with the National Fire Protection Association's Standard 720 of 2009, or any other version referenced in the State Fire Prevention Code. A signal from the carbon monoxide detector must be transmitted automatically to an approved supervising station or constantly attended on-site location. Local governments may not charge a fee for any permits necessary to comply with the bill's requirements.

Fiscal Summary

State Effect: No effect on the total amount of State funding available for public school construction projects, which is established annually in the State's capital budget. However, to the extent that the cost of installing carbon monoxide detection equipment is an eligible cost under the Public School Construction Program (PSCP), the State pays for at least half of the cost, thereby reducing funding available for other school construction projects. Compliance with the bill's requirements adds between \$5,000 and \$10,000 to the cost of a new or substantially remodeled school building project.

Local Effect: Local school systems are responsible for some or all of the cost of complying with the bill. If the costs are eligible for State funding, the local share is subject to the State/local cost-share formula; if they are not eligible, the school boards bear the full cost, which may reduce the availability of local capital funding for other construction projects. Foregone revenue from the prohibition against collecting permit fees is expected to be negligible. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law:

Construction and Renovation of School Buildings

With the approval of the State Superintendent, each county board of education may buy or otherwise acquire land, school sites, or buildings and rent, repair, improve, and build school buildings or approve contracts for doing so, if the plans conform to requirements of the State Board of Education. The construction or remodeling of a school building must conform to all applicable State and county building, electrical, fire, and plumbing regulations and codes. A fee may not be charged for a permit necessary to comply with the regulations and codes, except for water and sewer permits or for connection and service charges for water and sewer services.

Public School Construction Program

The State pays at least 50% of eligible costs of school construction and renovation projects, based on a funding formula that takes into account numerous factors including each local school system's wealth and ability to pay. Chapters 306 and 307 of 2004 (The Public School Facilities Act) require that the cost-share formulas be recalculated every three years. The first recalculation occurred in 2007, and the second recalculation occurred in 2010. **Exhibit 1** shows the State share of eligible school construction costs for all Maryland jurisdictions for fiscal 2012, which was determined by the 2007 recalculation, and for fiscal 2013 through 2015, as determined by the 2010 recalculation.

Subject to the final approval of the Board of Public Works (BPW), the Interagency Committee on School Construction (IAC) manages State review and approval of local school construction projects. Each year, local systems develop and submit to IAC a facilities master plan that includes an analysis of future school facility needs based on the current condition of school buildings and projected enrollment. The master plan must be approved by the local school board. Subsequently, each local school system submits a capital improvement plan to IAC that includes projects for which it seeks planning approval, projects for which it seeks funding approval, and projects that the local system has forward funded. In addition to approval from the local school board, the capital improvement plan must be approved by the county's governing body. Typically, the submission letter to IAC contains signatures of both the school board president and either the county council president or chair of the board of county commissioners.

Exhibit 1
State Share of Eligible School Construction Costs
Fiscal 2012-2015

<u>County</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Allegany	91%	93%	93%	93%
Anne Arundel	50%	50%	50%	50%
Baltimore City	94%	93%	93%	93%
Baltimore	50%	50%	50%	50%
Calvert	61%	56%	56%	56%
Caroline	86%	81%	78%	78%
Carroll	61%	58%	58%	58%
Cecil	75%	70%	69%	69%
Charles	77%	72%	67%	63%
Dorchester	71%	69%	69%	69%
Frederick	72%	67%	62%	60%
Garrett	59%	54%	50%	50%
Harford	59%	63%	63%	63%
Howard	61%	60%	60%	60%
Kent	50%	50%	50%	50%
Montgomery	50%	50%	50%	50%
Prince George's	73%	68%	63%	62%
Queen Anne's	55%	50%	50%	50%
St. Mary's	75%	70%	65%	64%
Somerset	88%	83%	82%	82%
Talbot	50%	50%	50%	50%
Washington	73%	71%	71%	71%
Wicomico	87%	96%	96%	96%
Worcester	50%	50%	50%	50%

Source: Public School Construction Program

Based on its assessment of the relative merit of all the project proposals it receives, and subject to the projected level of school construction funds available, IAC determines which projects to recommend to BPW for State funding. By December 31 of each year, IAC recommends to BPW projects comprising 75% of the preliminary school construction allocation projected to be available. Local school districts may then appeal

the IAC recommendations directly to BPW. By March 1 of each year, IAC recommends to BPW and the General Assembly projects comprising 90% of the allocation for school construction submitted in the Governor's capital budget. Following the legislative session, IAC recommends projects comprising the remaining school construction funds included in the enacted capital budget for BPW approval.

Eligible School Construction Costs

The Code of Maryland Regulations (COMAR) identifies the following school construction costs as being eligible for State funding:

- construction of a new facility, including building and site development;
- additions to an existing facility, including building and site development and work to physically integrate the addition into the existing building;
- replacement of a building or portion of a building, including building and site development;
- modular construction that meets standards set forth in State regulations;
- renovation of a school building, including systemic renovations as defined in State regulations;
- State-owned relocatable classrooms;
- temporary facilities that are necessary during construction of a State-funded project;
- built-in equipment;
- off-site development costs required by State, local, or federal agencies; and
- emergency repairs as defined in State regulations.

COMAR also designates certain school construction costs as being ineligible for State funding, among them site acquisition costs; off-site development costs except those required by State, local, or federal agencies; and architectural, engineering, or other consultant fees, unless they are for innovative project designs.

Background: In February 2011, Dickey Hill Elementary/Middle School in Baltimore City experienced two carbon monoxide leaks within a one-week period. Several teachers and students were hospitalized following the leaks, but none sustained serious injuries. In response, Baltimore City Public Schools installed carbon monoxide detectors in all of its schools at a total cost of about \$8,000. The detectors were purchased at a discount through a local fire department. These were stand-alone detectors that were not wired to transmit signals to on- or off-site monitoring center.

The 2009 edition of Standard 720 expands requirements for carbon monoxide detection for dwelling units to include all buildings and structures, including schools, hotels, SB 173/ Page 4

dormitories, hospitals, and other facilities. It covers the installation, location, performance, inspection, testing, and maintenance of carbon monoxide detection and warning equipment. Specifically, it requires detection units on every habitable level and in every heating, ventilation, and air-conditioning zone of the building. It also requires, among other things, a secondary power supply, audible and visual notification devices, and external system monitoring.

State Fiscal Effect: The bill does not specifically make the cost of installing carbon monoxide detection equipment an eligible cost under PSCP regulations, nor does it require BPW to issue regulations that include it as an eligible cost. Therefore, it is not clear whether those costs are eligible for State funding. To the extent that they are, State funds cover at least 50% of the cost of installation, as shown in Exhibit 1, with local boards of education responsible for the remainder.

Since the level of State school construction funding is fixed each year in the State capital budget as introduced by the Governor and approved by the General Assembly, State expenditures for school construction do not increase. However, to the extent that State funds are used to pay for carbon monoxide detection equipment, less money is available for other school construction projects, which may result in delays for some projects. The Office of the State Fire Marshal estimates the cost of a newly installed carbon monoxide system that meets the required standards to be between \$5,000 and \$10,000. To the extent that these costs are eligible for State reimbursement, the State share is between 50% and 96%, depending on the location of approved projects.

Local Fiscal Effect: Depending on whether the cost of installing carbon monoxide detection equipment is an eligible cost for State PSCP funding, local school boards have to cover some or all of the cost of complying with the bill. If they are eligible, the local share is subject to the State/local cost-share formula; if they are not eligible, the school boards would bear the full cost. In addition, school systems likely have ongoing operating expenses to maintain two phone lines for external monitoring of their detection systems and a monthly service charge for a monitoring contractor. Local governments also forego any revenue from permits for the installation of carbon monoxide equipment necessary for school construction projects, but the amount of foregone revenue is expected to be negligible for each county or municipality, as most counties undertake a limited number of school construction projects each year.

Additional Information

Prior Introductions: None.

Cross File: Although not designated as a cross file, HB 2 (Delegate Glenn – Environmental Matters) is identical.

Information Source(s): Maryland State Department of Education, *Baltimore Sun*, *Montgomery County Sentinel*, Public School Construction Program, Office of the State Fire Marshal, Department of Legislative Services

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