

**Workgroup on the Assessment and Funding of School Facilities**  
***Delegate Maggie McIntosh, Chair***

**Agenda**  
November 17, 2021  
3:00 pm  
Virtual Meeting

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**I. Call to Order and Opening Remarks**

**II. Presentation on Incentives for Local Jurisdictions**

Bob Gorrell, Executive Director, Interagency Commission on School Construction (IAC)  
Alex Donahue, Deputy Director of Field Operations, IAC  
Cassandra Viscarra, Acting Deputy Director for Administration, IAC

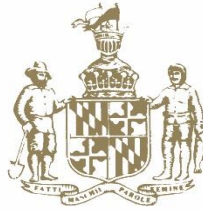
**III. Revolving Loan Fund Decision Discussion**

Michael Rubenstein, Principal Policy Analyst, Department of Legislative Services (DLS)

**IV. Facilities Assessment Decision Discussion**

Michele Lambert, Senior Policy Analyst, DLS  
Rachel Hise, Principal Policy Analyst, DLS

**V. Closing Remarks and Adjournment**



THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

November 15<sup>th</sup>, 2021

Executive Director Bob Gorrell  
Nancy S. Grasmick State Education Building  
200 W. Baltimore Street  
Baltimore MD 21201

*Sent via email*

Dear Executive Director Bob Gorrell,

On November 10<sup>th</sup>, the Workgroup on the Assessment and Funding of School Facilities heard concerns from local education agencies about the Initial Statewide Facilities Assessment. At the meeting, I asked for the Interagency Commission on School Construction to provide a written response to the concerns raised. Attached is a summary of the concerns talked about at the meeting. Please send the Commission's response to the Workgroup's staff, Michele Lambert ([michele.lambert@mlis.state.md.us](mailto:michele.lambert@mlis.state.md.us)), no later than November 29<sup>th</sup> for the Workgroup members to review. If the Commission has any additional statements related to Initial Statewide Facilities Assessment based on comments made at the November 10<sup>th</sup> meeting, please feel free to include them in the written response as well.

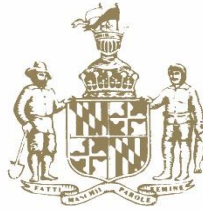
Sincerely,

A handwritten signature in black ink, appearing to read "Maggie McIntosh".

Delegate Maggie McIntosh  
Chair, Workgroup on the Assessment and Funding of School Facilities

cc:

Edward Kasemeyer, Chair, Interagency Commission on School Construction  
Cassandra Viscarra, Interagency Commission on School Construction  
Rachel Hise, Department of Legislative Services  
Michele Lambert, Department of Legislative Services



THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

Initial Statewide Facilities Assessment Concerns from 11/10 Meeting

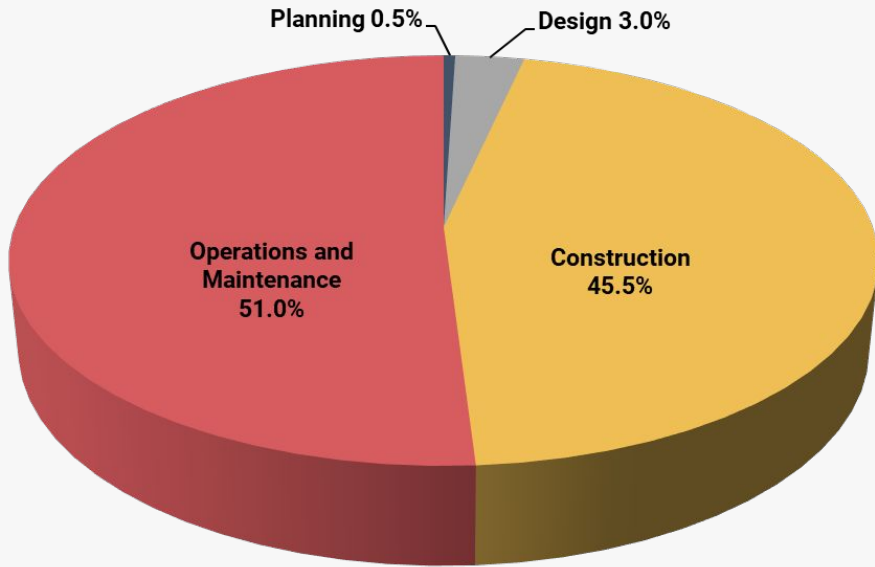
1. How were buildings assessed?
  - a. Were local education agencies (LEA) present at each assessment?
  - b. What was the preparation and communication process between the LEAs, contractors, and the Commission prior to the assessment?
  - c. How did the assessment assess systems that do not exist in a school?
  - d. How long were contractors required to be at each school for the assessment?
  - e. *Concerns were expressed about preparation of contractors, lack of presence for LEA staff, insufficient time at each school*
2. How is the remaining useful life of a system calculated?
  - a. Is maintenance data used to calculate the RUL?
  - b. Was functionality included in the RUL calculation?
    - i. *LEAs concerns about lack of investigation by contractors to determine if a system was functioning and lack of consistency and / or training to determine the functionality of a system for the calculation to be accurate*
  - c. *Concerns that the RUL calculations are inconsistent and inaccurate reflections of the remaining useful life of a system*
3. How was the size of the school assessed?
  - a. *Concerns that different contractors did their size calculation for classrooms different.*
4. Are assets for a system being averaged to create a FCI?
  - a. Can a LEA see the supporting information to see how the FCI is calculated?
  - b. *Concerns that a newer asset for an older system would misconstrue the FCI of a system*
5. How was enrollment calculated for the assessment?
6. Where the non-space attributes sufficiency standards measured in the assessment?
  - a. If not, why?
  - b. What, if any, non-space sufficiency standards were measured?
  - c. *Concerns that non-space sufficiency standards capture many health and safety risks of a school and the intent was to include the standards in the assessment.*

# Total Cost of Ownership and Project Incentives

Presentation to the Interagency Commission on School  
Construction

October 14, 2021

# Total Cost of Ownership



The expected lifespan of a school facility (including appropriate renewals) is 50 to 60 years.

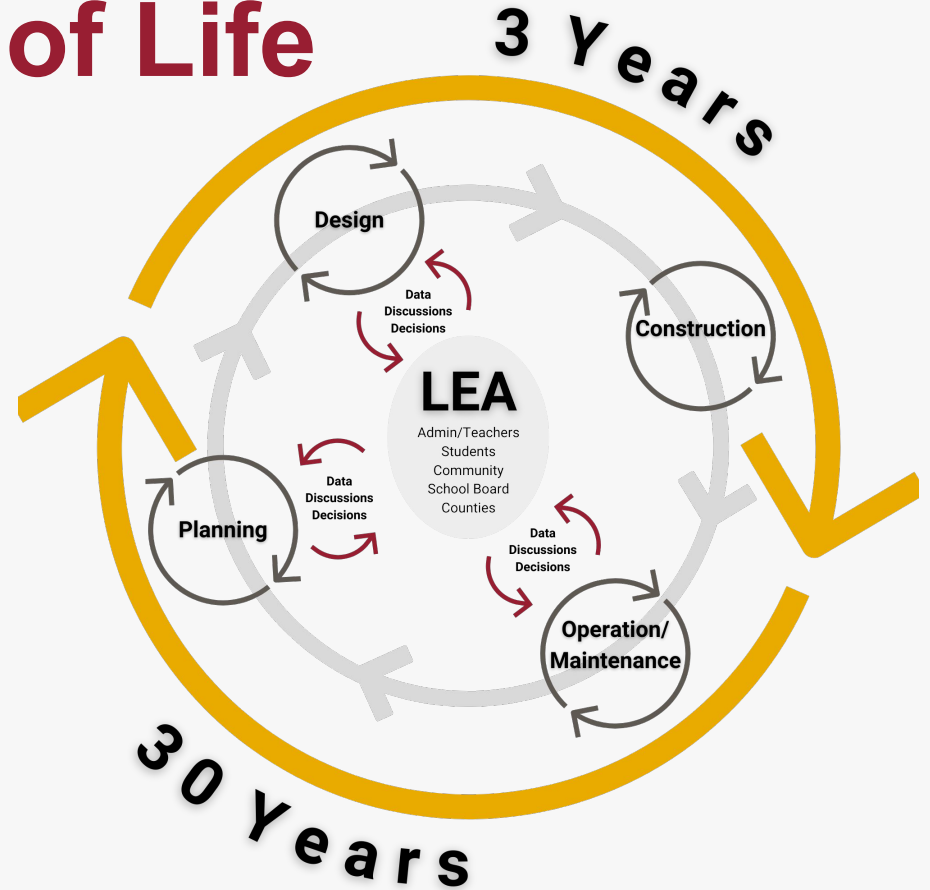
TCO takes into consideration the costs associated with the full life cycle of a school facility.

Includes: **Planning, Design, Construction,** and **Operations/Maintenance** phases.

The best practice is to consider total cost of ownership at every project stage.

- Considering the Total Cost of Ownership in the early stages of a facility is essential to having a fiscally responsible facility during the full 30 year life cycle.
- The most visible phases (Design and Construction) take only 3-5 years of the facility life cycle.
- The longest and most expensive phase is Operations and Maintenance
  - 51% of the TCO
  - Includes heating, cooling, cleaning, custodial, routine/capital work and expenditures.

# Ownership and Cycle of Life



# TCO Within a Portfolio

- Each LEA must manage changing local needs as populations change.
- Portfolio management allows for economies of scale and frees up funds for programmatic uses.
- LEAs can consider whether facilities are under- or over-utilized when considering renovation or new construction.



# Roofing Options and TCO

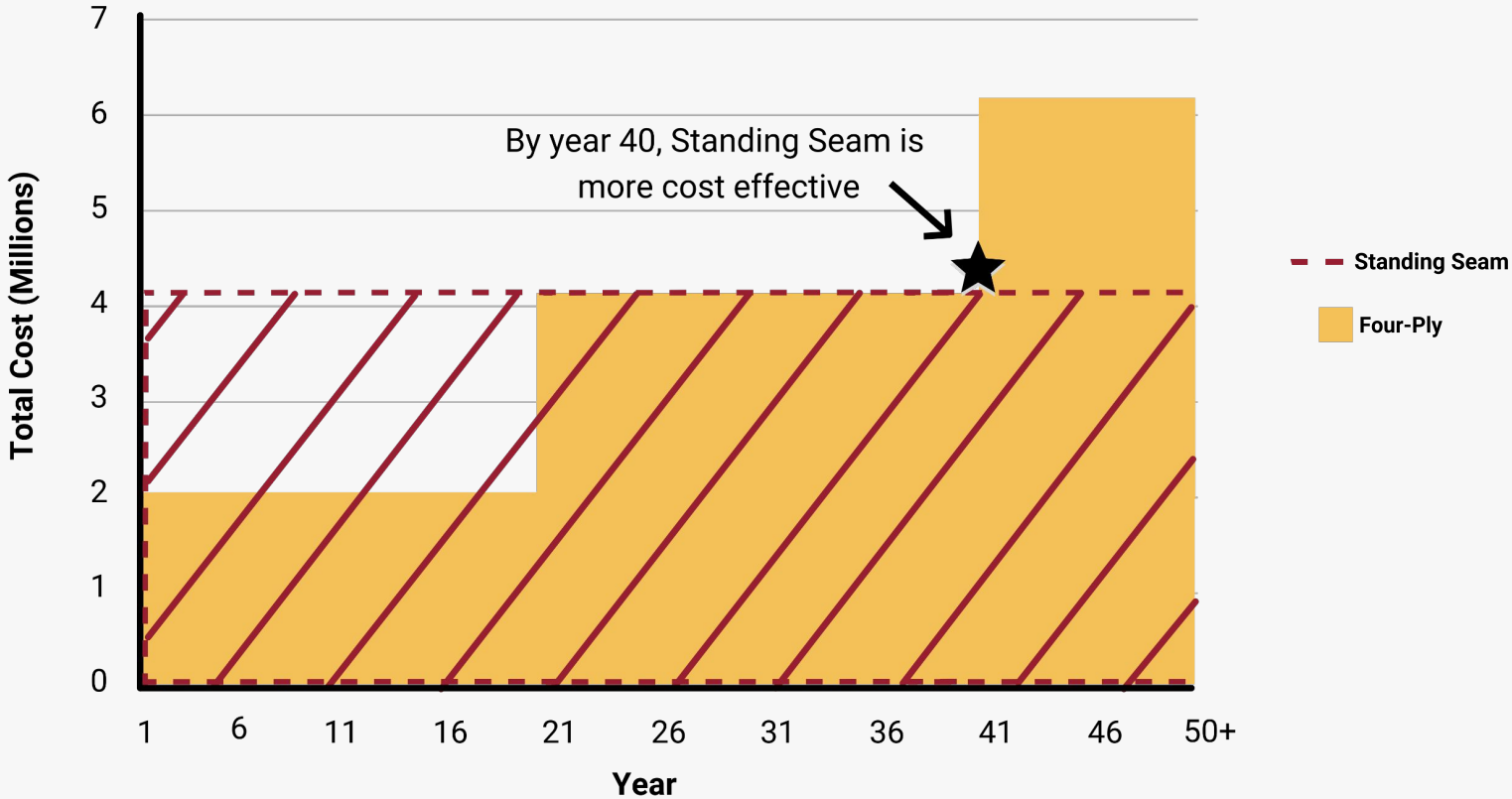


A standing seam metal roof replaced a 52,000sf asphalt shingle roof at Green Holly Elementary School in St. Mary's County.





# Roofing Options and TCO



# The Power of Early Decisions

## 30-Year Cost



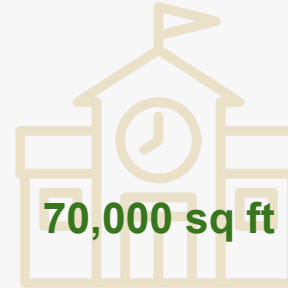
\$426 per square foot =  
Construction (including soft costs)  
**\$426.00**



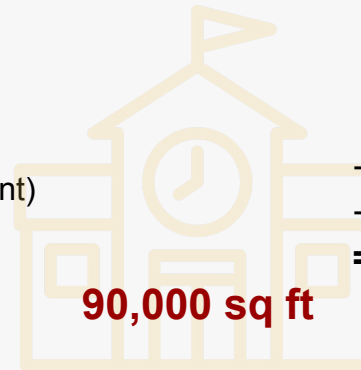
\$376 per square foot x 2% per year =  
Operations & Routine Maintenance  
**\$225.60**



\$376 per square foot x 2% per year =  
Capital Maintenance (System Replacement)  
**\$225.60**



70,000 x \$426  
+ 70,000 x \$225.60  
+ 70,000 x \$225.60  
= **\$61,404,000 Total Cost**  
*\$29,820,000 up front*  
*\$1,052,800 per year*



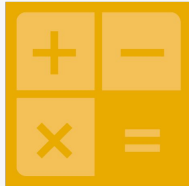
90,000 x \$426  
+ 90,000 x \$225.60  
+ 90,000 x \$225.60  
= **\$78,948,000 Total Cost**  
*\$38,340,000 up front*  
*\$1,353,600 per year*

# The IAC's TCO Tools for Planning



## **Educational Facilities Sufficiency Standards**

Help identify high-priority deficiencies in existing facilities



## **Gross Area Baselines**

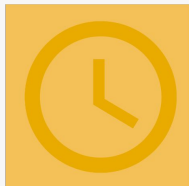
Describe reasonable outer boundaries of facility size

Support LEA discretion in facility design



## **TCO Comparison Tool**

Helps LEAs compare the estimated TCO of various design options



## **Life-Cycle Cost Estimator *(planned)***

Helps LEAs project the cost of a building's systems using current age & condition

# Estimated Average Annual Spending Required to Sustain Maryland's Portfolio

## Capital Maintenance

2% of Replacement Construction Cost per year

$$.02 \times \$376/\text{GSF} \times 141.9\text{M GSF} \\ = \mathbf{\$1.07 \text{ billion per year}}$$

+

## Operations & Routine Maintenance

2% of Replacement Construction Cost per year

$$.02 \times \$376/\text{GSF} \times 141.9\text{M GSF} \\ = \mathbf{\$1.07 \text{ billion per year}}$$

+

## Facility Replacement @ End of Lifespan

2% of Replacement Construction Cost (plus soft costs) per year

$$.02 \times \$448/\text{GSF} \times 141.9\text{M GSF} \\ = \mathbf{\$1.27 \text{ billion per year}}$$

**= \$3.4 billion per year**

# Statutory Incentives

- Ed. Art., §5-309 Requires the IAC to establish incentives for:
  - **Construction of net-zero-energy school buildings**
  - **Use of energy efficient or other preferred materials in public school construction**
- 2018 Ch. 14, Section 3 requires the Workgroup on the Assessment and Funding of School Facilities to consider whether the State should provide funding incentives for local jurisdictions that **reduce the TCO of public school facilities**

***Increase the State share of construction funding for an LEA when the LEA reduces the TCO of the project below the State baseline TCO.***

- Incentivizes improving the fiscal sustainability of the LEA's portfolio, as well as other activities such as
  - net-zero energy and improved building performance
  - use of innovative and preferred construction materials
- Results in cost savings for the LEA and for the State

# Total Cost of Ownership Incentives

# Potential Capital Maintenance Incentive

*Increase the State share of construction funding for an LEA proportional to the average percentage by which the LEA has obtained longer-than-expected lifespans from its facilities' building systems.*

- Encourages good maintenance practices that extend the life of systems in facilities and rewards counties that have consistently maintained their schools
- Encourages more coordinated management of system and facility lifespans

**We'd love**  
to hear your questions





# Local Share Revolving Loan Fund

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## Draft Recommendations

1. Rename the fund as the School Construction Revolving Loan Fund and clarify in statute that loan funds may be used to forward fund State and/or local shares of projects that have received planning approval from IAC
  - a. Allows counties (including Baltimore City) greater flexibility to use the loan fund to forward fund both State and local shares when projects are ready to go.
2. Recommend \$50.0 million PAYGO allocation in fiscal 2023 to capitalize the fund
  - a. Fund is a nonlapsing special fund – if demand is not high in the first few years, those funds will still be available going forward
  - b. Loan repayments will provide funding to meet ongoing needs
3. Eligibility to be determined by IAC based on statutory criteria
  - a. Priority should be given to counties that have not forward funded in recent years
4. Require repayment with no interest within three years of loan disbursement
  - a. Alternative is to require repayment within one year of State funding being provided; often one- to two-year lag between planning and funding approval
5. Allow loan funds to be available to support both CIP and Built to Learn projects

## Decision Points Related to the School Facilities Assessment

<p>1. Changes in the Assessment Collection</p>	<p>1A. Require the collection of data on:</p> <ul style="list-style-type: none"><li>I. Sufficiency standards:<ul style="list-style-type: none"><li>• Humidity (proxy for mold)</li><li>• Temperature</li><li>• Co2</li><li>• Lead paint</li><li>• Asbestos</li><li>• Kitchen sanitary equipment</li><li>• Acoustics</li><li>• Lighting</li><li>• Emergency communication systems</li><li>• Health room attributes</li></ul></li><li>II. Lack of a building system or asset in a school</li><li>III. Any additional requirements?<ul style="list-style-type: none"><li>• Lab spaces and safety equipment for labs</li><li>• Technology and computer science spaces</li><li>• Portable water</li><li>• Maintenance data</li></ul></li></ul>
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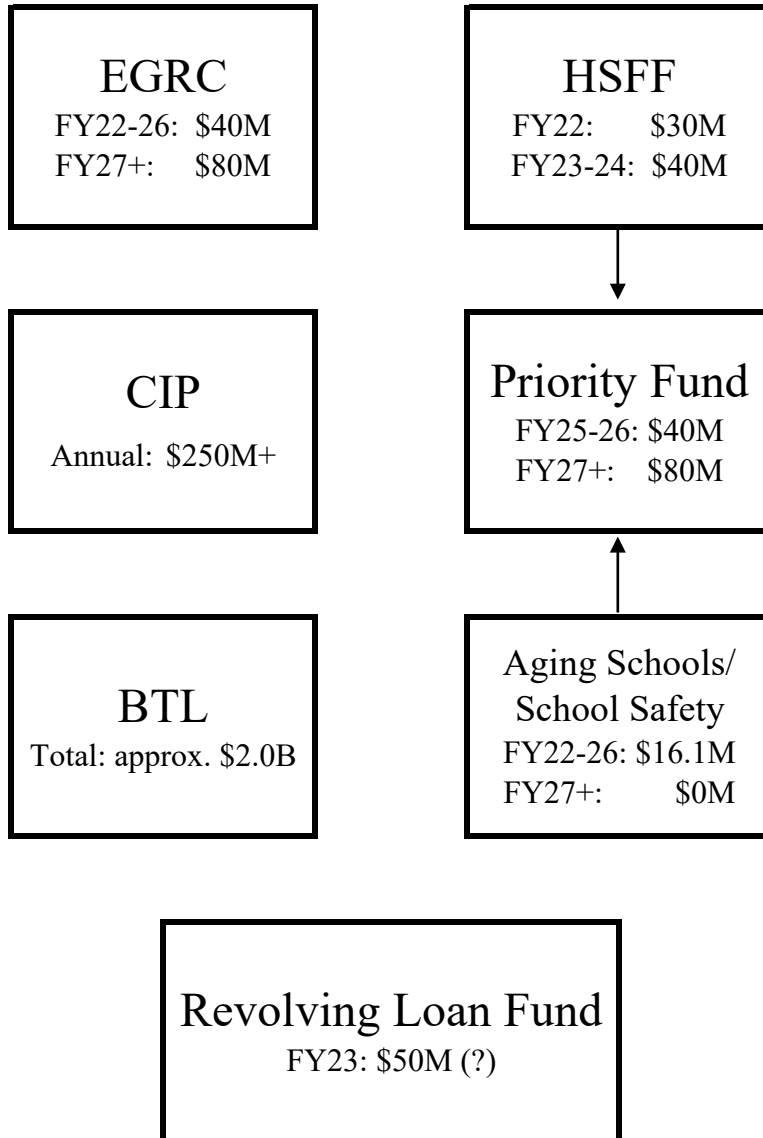
	<p>1B. Clearly identify ways LEAs can be more involved to create a better dataset:</p> <ul style="list-style-type: none"> <li>I. IAC create a process for LEA reassessment of a school;</li> <li>II. Require LEA to be present for an assessment;</li> <li>III. Require LEA to tell contractors and IAC certain information about buildings; and</li> <li>IV. Any additional requirements?</li> </ul> <p>1C. Should the assessment capture a nonfunctioning asset or building system?</p> <ul style="list-style-type: none"> <li>I. Yes, capture the functionality of all building systems/assets;</li> <li>II. Yes, capture the functionality of certain building systems and rely on remaining useful life determination for other building systems; or</li> <li>III. Rely on remaining useful life assessment in determining functionality of a system or asset.</li> </ul> <p>1D. Require IAC to public Educational Sufficiency Standards in regulation.</p>
2. MDCI	<p>2A. Require IAC to publish MDCI in regulations:</p> <ul style="list-style-type: none"> <li>I. By a certain date; or</li> <li>II. Prior to use in funding decisions.</li> </ul> <p>2B. Require MDCI to include certain priorities in certain categories.</p>
3. Master Facility Asset Library	<p>3A. IAC not authorized to use assessment data in any funding decisions until the IAC has created an integrated data system for the assessment data, including preventative maintenance schedules, where all details are accessible by local education agencies.</p> <p>3B. Any additional recommendations related to the Library?</p>

<p>4. Use of the Assessment</p>	<p><b>WG: No data from the assessment may be used for funding decisions by the IAC until at least fiscal year 2025</b></p> <p>4A. Priority Fund – The purpose is to “address facility needs of the highest priority in the State”</p> <ul style="list-style-type: none"> <li>I. Workgroup could decide to leave statute as is;</li> <li>II. Workgroup could describe in more detail overall intent of the Priority Fund; or</li> <li>III. Workgroup could clearly define what “highest priority” in the State means: <ul style="list-style-type: none"> <li>a. Schools at the top of the MDCI list;</li> <li>b. Schools that fall within top MDCI categories; or</li> <li>c. Systems identified in the assessment.</li> </ul> </li> <li>IV. What date should the Priority Fund begin? <ul style="list-style-type: none"> <li>a. Should there be a full cycle of assessments before the Priority Fund begins?</li> </ul> </li> </ul> <p>4B. Authorize IAC to use certain data from the assessment for other IAC programs in certain fiscal years.</p> <ul style="list-style-type: none"> <li>I. Require the IAC to adopt regulations if the IAC want to use assessment data in any other funding decisions;</li> <li>II. Prohibit the IAC from using assessment data in other program funding decisions until a certain fiscal year; or</li> <li>III. Authorize or prohibit the use of assessment data if not related to a funding decision.</li> </ul>
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<p>5. Accountability of Assessment Data</p>	<p>5A. Extend workgroup until funding on assessment begins;</p> <p>5B. Let workgroup sunset lapse and require IAC to:</p> <p>I. Submit certain documents through budget requests and restriction of funds;</p> <ul style="list-style-type: none"><li>• JCR report on what sufficiency standards are going to be used in the 2021 assessments;</li><li>• JCR report on IAC processes for LEA involvement in the 2021 assessments;</li><li>• JCR report on data dictionary;</li><li>• JCR report for updated data sets on certain dates;</li><li>• JCR report on how FCI is calculated; and</li></ul> <p>II. Publish certain regulations before taking any actions; or</p> <p>5C. Require a new workgroup be appointed a year before the assessment results could be used in funding decisions.</p>
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## Public School Facilities Funding FY22+

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BTL: Built to Learn

CIP: Capital Improvement Program

EGRC: Supplemental Capital Grant for School Systems with Significant Enrollment Growth and Relocatable Classrooms

HSFF: Healthy School Facility Fund

Source: Chapter 14 of 2018; Chapter 20 of 2020; Chapter 698 of 2021; Department of Legislative Services