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**PUBLIC SCHOOL CONSTRUCTION IN MARYLAND
 THE INTERAGENCY COMMITTEE ON SCHOOL CONSTRUCTION
 Report to the Education and Economic Development Subcommittee
 House Appropriations Committee**

**Delegate Adrienne A. Jones, Chair of the Subcommittee
 Delegate Benjamin S. Barnes, Vice Chair of the Subcommittee**

Joan Schaefer
 Acting Executive Director, Public School Construction Program
 January 26, 2017

Thank you for your continuing support for public school construction in Maryland, and for the opportunity to report today on the operating budget of the Interagency Committee on School Construction (IAC). We are highly appreciative of the reclassifications of 3 positions that are highly critical in the mission of this agency. In this report we will respond to the analyst’s questions, and will provide additional information that may be of interest to the members of the committee.

INTERAGENCY COMMITTEE ON SCHOOL CONSTRUCTION – DUTIES AND FUNCTIONS

With a current working staff of 19, the Public School Construction Program (PSCP) manages the State financial contribution for approximately 852 active projects with a total contribution of \$1.632 billion. The active projects account for two of the traditional funding programs, specifically the Capital Improvement Program (CIP) with 808 projects at \$1.624 billion and the Qualified Zone Academy Bond (QZAB) program with 44 projects at \$8 million. There are no active FY 2017 Aging Schools Program projects included in the count this year since the program was not funded in FY 2017. However, the PSCP anticipates that it will manage additional projects in FY 2018. In addition, our agency assists the Maryland State Department of Education by managing the financial transaction aspects of the Non-Public Aging Schools program. At this time, 137 projects totaling \$2.848 million, consisting of 36 FY 2015 projects and 101 FY 2016 projects, are unexpended. Projects for FY 2017 are pending approval and, based on the average number of projects approved in the last three fiscal years, could total as many as 206 projects for \$3.5 million.

Since the resignation of the Executive Director in July 2016, the Deputy Director has been serving as the Acting Executive Director. This dual duty has delayed or curtailed the pursuit of research and initiatives, typically managed by the Executive Director and Deputy Director.

Attachment 1 provides a brief outline of the duties and functions of the IAC. A number of these duties have been responsibilities that cannot be fully addressed by the Public School Construction Program, when key or critical positions are vacant.

EXECUTIVE DIRECTOR SEARCH

IAC should comment on the timetable for bringing a new executive director on board. (D25E03, page 4 and 13)

The IAC’s selection of an individual to fill the executive director position is expected to be approved by the Board of Public Works at its February 8, 2017 meeting.

PROPOSED BUDGET CONCERNS

More Costs from Lower Turnover (D25E03, page 10)

Included in this agency's FY 2018 request is an FY 2017 deficiency appropriation request in the amount of \$104,698. This request is needed to cover the impact of the reclassification of (2) lower salaried vacant positions replacing the duties of (2) higher salaried positions abolished in FY 2017, the Director of Fiscal Services and Assistant Program Manager. Although the vacant PINs (Computer Services Specialist and Administrative Specialist) were and continue to be very much needed, our priority was focused on replacing the abolished positions. Page 10 of the analysis, More Costs from Lower Turnover, states "higher salaries for these positions were paid through savings from the executive director vacancy." However, the Executive Director's salary is being paid to the Acting Executive Director, a position temporarily filled by the Deputy Director. The salary of the Deputy Director is less than the salary of the Executive Director. As such, the savings from the salary of the Deputy Director, assuming an appointment is made with a start date of April 1, would be approximately \$81,000, a shortfall of \$24,000 from the needed deficiency of \$105,000. When added to the departing Executive Director's final payout of accrued leave in the amount of \$42,000, the total FY 2017 deficit is approximately \$66,000.

MAINTENANCE SURVEY DATA

IAC should discuss how many schools are being inspected in fiscal 2017 and planned for in 2018, and the methodology being used to select the schools. (D25E03, page 3 and 7)

In FY 2017, the PSCP Maintenance Inspection Program is scheduled to inspect 220 school facilities, as well as conduct 13 re-inspections of schools that received an overall rating of Not Adequate in a previous year.

In prior years, the number of annual maintenance inspections was based on the goal to inspect each school in Maryland once every six years. To that end, the total number of schools in the State would be divided by six to determine the total number of inspections in a year. The number of schools inspected in each LEA was based on the percentage of the LEA's total number of schools in comparison to the total number of schools in the State.

The methodology used to choose the schools inspected in FY 2017 differs from previous years. The IAC directed the PSCP to inspect as many schools as were surveyed in the previous year but to initiate a concept of differential accountability. The criteria for choosing schools was to 'reward' LEAs that had received better ratings in previous years by not inspecting as many schools in FY 2017. Conversely, school systems that received lower ratings in previous years would have more schools inspected in FY 2017. The PSCP maintenance team followed this directive by analyzing the data collected from all LEA inspections between FY 2010 and FY 2014. School systems receiving at least 86% Superior and Good ratings for this five year period were scheduled for only 1 or 2 inspections in FY 2017 to still be compliant with COMAR 23.03.02.18.C which requires the IAC to annually survey the maintenance conditions at selected schools in each LEA. LEAs that received less than 86% Superior and Good ratings in FY 2010 through FY 2014 were scheduled for more inspections than usual in FY 2017. The exception to this methodology was one LEA that had a record of higher ratings but had some high-profile maintenance concerns.

In FY 2018 it is expected that the PSCP Maintenance Inspection Program will again inspect 220 school facilities, as well as conduct re-inspections of any schools that received a rating of Not Adequate in FY 2017. Since there will be so few schools inspected in most of the school systems in FY 2017 and going forward, data that will be collected for a fiscal year is not congruent with prior year data and it will have to be determined if and how fair comparisons between the school systems can or should be made.

BALTIMORE CITY CONSTRUCTION AND RE-VITALIZATION

IAC should comment on the contents of the BCPS' Comprehensive Maintenance Plan and on what challenges BCPS faces in regard to its capacity to maintain the new and renovated facilities upon their completion. (D25E03, page 3 and 11)

Approved by the IAC in 2014, The BCPS Comprehensive Maintenance Plan (CMP) provides a 5-year plan to maintain existing and new school facilities, and includes a set of metrics to track progress. Key focus areas addressed in the CMP include:

1. Organizational Structure
2. Budget Implications
3. Staff Responsibilities
4. Systems and Processes

Recent accomplishments include:

- Added an Executive Director of Facilities position
- Transferred Education Building Supervisor (EBS) positions from under the direction of the Chief Academic Officer to the Chief Operating Officer
- Implementation of a Computerized Maintenance Management System (CMMS) (their work order system is up but will continue to populate inventory)
- Increased maintenance budget by \$2M (\$1M less of its goal of \$3M per year)

The CMP is updated and reviewed every year. The 2014 approved plan had a 5-year strategy that included 13 approved metrics to be updated annually. We have started to see some improvements and a slight increase in maintenance inspection scores but continue to have concerns about Baltimore City Public Schools funding constraints and the potential impact on their maintenance budget.

Individual building maintenance plans for the new and renovated schools under the 21st Century Building Program are submitted to the IAC for review and comment as the school construction progresses. The BMPs are based on the plan used for Waverly Elementary. We receive plans at bid documents and they are to be updated as construction is completed.

We recognize how difficult it will be for City Schools to consistently increase the maintenance budget by \$3 million per year to achieve the target of \$31.3 million in 2019. Nevertheless, it represents a minimum change if City Schools is to achieve a level of maintenance that is close to that of the other jurisdictions in Maryland. To do so, BCPS will need to continue to address four critical maintenance issues:

1. **CMMS Implementation.** Complete implementation will require a thorough building inventory, and the data must be managed by a skilled and dedicated individual. Frederick County Public Schools, with considerably fewer schools than City Schools and with a building inventory in far better condition, has such an individual on its staff. The CMMS will not be effective as a management tool unless data is managed on a daily basis. Additionally, the training of existing maintenance and operational staff must be integrated into the new CMMS or the system will not serve to properly manage all facilities.
2. **Staff Increase.** As we stated last year, City Schools' in-school staff is already vastly overextended. For most school systems throughout the State of Maryland, the building engineer is responsible for one or at most two schools, and these individuals tend to have a thorough knowledge of the facilities they manage, as well as a sense of pride and ownership that is very apparent. In City Schools, we find that employees may be responsible for as many as twelve schools; it is impossible for even a dedicated staff member to stay current with the daily needs of so many schools, particularly when they are aged and have multiple deficiencies.

3. Staff Training. The EBSs (as well as other staff) are in need of continuous training. Training has been provided to the EBSs by the International Facilities Management Association (IFMA). However, we find that this training should be regarded only as an introduction to the subject of facility management and that it requires thorough, continuous follow-up to ensure that good practices become the daily norm.
4. Preventive Maintenance. Industry sources are in agreement that preventive maintenance (PM) is the most cost effective form of maintenance. Improved PM would likely prevent some of the equipment failures that we have observed in City Schools, for example in boilers, and would extend the useful life of the State and local investments.

We continue to have concerns for the maintenance of the schools that will remain in the portfolio after completion of the 21st Century Program and for the new and renovated schools in the Program:

- Existing Schools. As detailed in several reports, lack of maintenance attention has led to the accelerated deterioration of newly installed systems and components, especially HVAC.
- 21st Century Building Program Schools. The new and renovated schools under the 21st Century Building Program, 7 of which are under construction now, will have sophisticated mechanical systems in order to meet the requirement for LEED certification. These systems require both well-trained mechanics and continuous attention if they are to operate trouble-free; both are lacking in Baltimore City Public Schools. With the current economy and available workforce, it is extremely difficult for any school system to engage building engineers with the needed skills, even when reasonable salaries and good organizational support are offered; City Schools will need to offer salary and other inducements to attract qualified personnel. Moreover, a plan should be put in place to eventually have one building engineer per school (or at most two smaller schools); the current expectation that is placed on the building engineer to manage multiple schools is simply unrealistic.

The IAC is also concerned about the potential condition of the new and renovated 21st Century schools within a few years of their opening; inadequate maintenance would undermine the many positive benefits that will emerge from these improved facilities. The recently replaced Waverly Elementary School already shows signs of deterioration in several areas and appears to have humidity issues that need resolution.

The PSCP Program Manager for Baltimore City is currently focused mainly on procurement and project delivery for schools outside the 21st Century schools

IAC should comment on BCPS missing the utilization goal in fiscal 2016 and projected in fiscal 2020 when swing space is included, and what steps if any, it will take to address BCPS' lower utilization rate. (D25E03, page 3 and 12).

The SY 2016 Utilization Plan submitted by Baltimore City Public Schools provided the following analysis:

Without Swing Space

- SY 15/16 analysis, City School's achieved a district-wide utilization target rate of 83%.
- SY 19/20 analysis; City Schools is not currently projected to achieve the district-wide utilization target rate of 86%. The target is expected to be met in SY 23/24.

With Swing Space

- SY19/20 analysis, City Schools is not currently projected to achieve the district wide utilization target rate of 80%. The target is expected to be met in SY 2023.
- SY23/24 analysis, City Schools is not currently projected to achieve the district wide utilization target rate of 86%. The plan does not specify when the target will be met.

As outlined in City School's 2016 Comprehensive Educational Facilities Master Plan, the 86% utilization target can be met through the Board of School Commissioners' implementation of additional school closures and other changes to the 21st Century Building Plan. A few of the 2015-2016 amendments implemented by City Schools included programmatic and building closures, the relocation of programs to alternate facilities and modifications to the grade configurations at several schools. These changes were undertaken by City Schools as a means to positively impact enrollment projections and utilization calculations.

Further changes approved by the Board of School Commissioners in late December 2016 include:

- *The program closure and surplus of Samuel F.B. Morse Elementary School program to the City Government in the summer of 2017. The students are slated to attend Calvin Rodwell when the new facility opens. This school is not shown on the Memorandum of Understanding (MOU) for the Construction and Revitalization of Baltimore City Public Schools Exhibit 6 List of Surplus School Facilities. The school boundary zone at Calvin Rodwell was expanded to accommodate the students from Grove Park Elementary/Middle School.*
- *Baltimore IT Academy program closure in the summer of 2017 and the Chinquapin Building to be surplused in the summer of 2021 after swing space usage is complete.*
- *Northwestern High School program closure in 2018 and surplus to the City Government in 2019 after swing space usage is complete.*
- *Guilford Elementary/Middle School was added to the Memorandum of Understanding for the Construction and Revitalization of Baltimore City Public Schools Exhibit 6 List of Surplus School Facilities. The intent is to surplus it in the summer of 2019. The action is related to the plan to renovate Walter P. Carter Elementary/Middle School in Plan Year two (2).*
- *Joseph C. Briscoe Building be placed back in the district's school portfolio and be removed from the Memorandum of Understanding for the Construction and Revitalization of Baltimore City Public Schools Exhibit 6 List of Surplus School Facilities.*
- *Westside Skills Center be placed back in the district's school portfolio and be removed from the Memorandum of Understanding for the Construction and Revitalization of Baltimore City Public Schools Exhibit 6 List of Surplus School Facilities.*

To date, City Schools has approved the surplus of seven (7) schools to the City, with a reduction of 226,933 square feet in the total area of the building inventory. Among changes that were approved by the Board of School Commissioner on December 13, 2016 is an amendment to Exhibit 6 of the MOU that will retain all but (2) two school buildings that were originally planned to be closed and instead add (2) two school buildings to take their place.

- *Nine of the buildings on the list are intended to be used as dedicated or temporary swing space after closure of their educational programs in the periods ranging from 2013 through 2024, and therefore their SRC would no longer count in the calculation of utilization without swing space.*
- *Of the two (2) new listings in Exhibit 6, one is intended to serve as temporary swing space until 2021; the other school building will serve as permanent building closure until 2019 (and presumably surplus to the City).*

The PSCP will continue to work with City Schools and with the Maryland Department of Planning to confirm this information.

The 21st Century School Facilities Commission

IAC should comment on how it has contributed to the work of the commission and on any recommendations or activities it will pursue in regard to the commission's 2016 themes. (D25E03, page 13).

The Public School Construction Program (PSCP) provides leadership and resources to local education agencies in the development of school facilities so that all Maryland public school students, teachers, administrators and staff have safe and educationally supportive environments in which to teach and learn. The overriding goal of the PSCP is to promote equity in the quality of school facilities throughout the State of Maryland.

The current level of oversight and the current process is the result of prior interest and concerns regarding transparency and the implementation of several corollary State policies, programs and initiatives, and it is not anticipated that this will lessen. Recommendations to the commission will require a thorough study of current statute and regulations. Decisions regarding the level of oversight required to protect the Public/State's interest in the large State investment and to ensure that statutory and regulatory obligations are met will be reviewed over the next year. It is recommended that Implementing or pursuit of major changes should be postponed until a new PSCP Executive Director has been hired so he/she can contribute to the discussion and decisions.

- **Flexibility:** *The commission finds that the State/IAC review of LEA construction plans should be differentiated based on each LEA's experience in constructing and maintaining schools and their various construction capacities; that a shorter review of projects for LEAs with a good track record allows IAC more time to focus on districts that need technical assistance; and that schools should be built with flexible use spaces for the future.*

IAC Comment: One size does not fit all. Although it is critical to maintain State involvement and good stewardship of the taxpayers' resources, Maryland's LEA's have diverse capabilities and need. Greater opportunities for flexibility and differentiation need to be built into the process. Implementing this would require regulatory changes.

- **Streamlining, i.e., Time Is Money:** *This includes the notion that the review process for school construction should be streamlined and that efforts that are duplicated at the State and local levels should be reduced in order to build and renovate schools more quickly, which ultimately saves money for more schools to be built and renovated.*

IAC Comment: For major projects, MSDE reviews the educational specifications and schematic designs, provides comments, and authorizes the project to proceed to the next phase of design. If a project is forward funded, MSDE reviews the design development (DD) and construction document (CD) submissions. In general, MSDE/DGS review the DD submission and CD submission and provides comments and authorizes the project to proceed to the next phase of design or to bidding.

- **Incentives and Impediments:** *The commission discussed at length how LEAs could be encouraged by the State to innovate by providing monetary or procedural incentives, and how to reduce impediments between LEAs and the State to collaborate on innovative programs. Such programs include alternative construction methods and materials, alternative project delivery, innovative design, alternative financing, and the use of prototype designs.*

IAC Comment: Providing incentives should be considered. However, if more school construction costs are eligible without an increase in the annual State authorization then less projects are funded. Increasing the eligibility of more school construction costs transfers the financial responsibility from the local government to the State government.

- **Clearinghouse and Technical Assistance:** *This refers to the commission's belief that the State and IAC should serve as a clearinghouse for LEAs and others involved in school construction across the State to share best practices, and that the State and IAC should provide research and technical assistance to LEAs on these topics.*

IAC Comment: PSCP will continue to host its Quarterly Facility Planners Meetings where the 24 LEA Facility Planners and others meet to discuss current construction topics and practices. Additional staffing to pursue research and technical issues is required. See attached ideal organization chart.

ATTACHMENT I: Duties and Functions of the Interagency Committee on School Construction

Reports and Special Projects:

- Special Reports:
 - “Baltimore City: Public School Construction Program Block Grant Funding” Report to the Legislative Committees, January 8, 2013
 - Baltimore City Public Schools: IAC Staff Concerns Related to the Administration of Capital Projects” Report to the Interagency Committee on School Construction, November 29, 2014
 - “The Cost of School Construction: A Comparison of the Monarch Global Academy and Conventional School Facilities” Report to Governor Larry Hogan and the Board of Public Works, October 28, 2015
 - “Baltimore City Public Schools: Administration of Public Schools” (2015 JCR), December 1, 2015
 - “Facility Maintenance and School Construction in Maryland” (2015 JCR), January 20, 2016
- Annual reports on the use of alternative project procurement, delivery, and financing methods (statutory), high performance school initiatives.
- Quarterly and annual reports on Minority Business Enterprise participation.

Financial Management:

- Capital Programming and Funding:
 - Development of the annual Capital Improvement Program recommendations to the Interagency Committee, and the Board of Public Works.
 - Approval of projects in the Aging School Program (ASP) and the Qualified Zone Academy Bond (QZAB) program.
 - Recommendations for approval of projects in special programs and initiatives:
 - FY12 Supplementary Appropriation
 - FY13 Energy Efficiency Initiative
 - FY14 Air Conditioning Initiative
 - FY14 Security Initiative
 - Relocatable Repair Fund
 - Financial Management of the FY 14 and FY 15 Nonpublic Aging Schools Program (in collaboration with MSDE Facilities Branch)
- Financial Research: Leadership of workgroups to develop recommendations on alternative financing, reliable funding sources, and related topics, in compliance with Governor Martin O’Malley’s Executive Order of May 6, 2014. Please see comments on page 4.
- Financial Transactions:
 - Recommendations to the Interagency Committee for approval of all contracts in excess of \$100,000.
 - Processing, accountability for, and reporting on payment requisitions for State-funded projects.
 - Auditing of construction expenditures and procedural compliance.
 - Periodic reporting on all funding programs.
 - Maintenance of a detailed financial database of all transactions, for all projects.

- Financial Reports:
 - Quarterly reports on the Aging Schools Program, Qualified Zone Academy Bonds, the Nonpublic School Aging Schools Program, and Statewide contingency funds.
 - Annual reports on Qualified Zone Academy Bond and FY 2014 Security Initiative programs.

Support for Educational Facilities and Programs:

- Maintenance Inspection Program:
 - Annual maintenance surveys of approximately one-sixth of the schools in the state.
 - Detailed review and analysis of maintenance issues, including coordination with other State entities (limited).
 - Submission of an annual report to the Board of Public Works (delayed).
- Baltimore City Public Schools 10-Year Plan:
 - Participation in the four-party Executive Committee established by the Memorandum of Understanding of October 16, 2013. The IAC served as Chair of the Committee for 2015.
 - Fulfillment of the IAC's specific duties within the MOU: approval of projects, approval of the Enhanced Approval Package, annual review of Utilization Rates, monitoring of the Comprehensive Maintenance Plan (CMP) and the Maintenance Performance Metrics required by the MOU.
 - Duties related to implementation of the Phase I 21st Century Plan projects.
 - Detailed review, analysis and monitoring of facility management issues that will affect the 21st Century Projects when completed and currently affect more than 100 schools , including weekly meetings with City Schools staff on maintenance issues and bi-weekly meetings on the status of CIP, ASP and QZAB projects.
- Regulatory Compliance:
 - Monitoring of LEA procurements for compliance with Minority Business Enterprise, prevailing wage, high performance, and emergency shelter requirements, and with regulations for project procurement, delivery, and financing.
 - Recommendations for new policies, procedures and regulations to improve the design, construction, and project delivery of public school construction, and to ensure alignment of school construction with other State policies, e.g. Priority Funding Area requirements.
- Information Technologies: Maintenance of 10 databases associated with various financial and scope aspects of the Program, including a database of all school facilities in the state.¹
- Other:
 - Updating of policies and procedures to incorporate legislative mandates and current best practices. The Administrative Procedures Guide has not been updated in its entirety since 1994.
 - Regular meetings and consultation with the Maryland State Department of Education (MSDE), Maryland Department of Planning (MDP), and Department of General Services (DGS), all of which have personnel assigned to the School Construction Program.
 - Technical assistance to the local educational agencies, particularly in the areas of project procurement and Minority Business Enterprise participation.
 - Tri-annual facility planners meetings to discuss legislation and PSCP procedures, and to disseminate best practices.
 - Membership in the Sustainable Growth Commission and participation in PlanMaryland.
 - Membership in the Maryland Green Building Council.
 - Investigation of special topics, e.g. public-private partnerships.

¹ Maryland is one of the few states in the country that maintains an educational facilities database.