

Issue Date: Oct. 16, 2024

## **School Construction Working Group**

Eligibility, assurances, prioritization and bonus discussion points for consideration.

### **Eligibility Criteria:**

By the time a school construction program becomes funded, there are two eligibility criteria to be considered:

- 1.) An SU/SD must have reached the level of Proficiency on the Facilities Management section of the DQS rubric.
  - a. Have developed a 5-year Capital Improvement Plan
  - b. Have an Operations Maintenance Manual for all schools
  - c. Have a designated person with responsibility for facilities management who has the necessary combination of experience and/or facilities management training.

**Pros:** Elevates school facilities management programs, thereby offering higher likelihood of stronger stewardship of invested dollars

The state will have provided three of the tools required to reach proficiency:

- A 5-Year Capital Plan template
- An Operations Maintenance Manual template
- A training and certification curriculum that each person designated as responsible for facilities management can pursue.

**Cons:** This could preclude schools that are most in need from receiving construction aid and thereby contribute to their schools falling into further disrepair.

- 2.) An SU/SD must have completed an SU/SD level Facilities Master Plan that at minimum engages in robust community involvement, is considerate of regional solutions and ties the district/s vision statement/s, educational needs, enrollment projections, renovation needs and construction projects together into a master plan. An evaluation of environmental contaminants should be considered and pursued as part of this planning process.

**Pros:** Yields a forward looking solution with community support that with a regionalization consideration has the potential to draw upon economies of scale that when dealing with limited state resources may be both necessary and prudent.

**Cons:** A Facilities Master Planning process, especially if it involves more than one SU/SD, can take 1-2 years to complete and can



be an expensive undertaking. Without state aid to help subsidize this undertaking, SU's/SD's may not be inclined to do it on their own and thereby be excluded from construction aid.

**Considerations/Discussion points:**

- An appropriation to fund the existing Facilities Master Planning Grant should be made in FY26 to help build a queue of projects that are eligible for entry into the school construction program.
- The AOE in collaboration with BGS is coordinating to establish a list of Pre-Qualified A/E consultants that support PK-12 school facilities master planning.

**Assurances:**

Assurances provide a means of ensuring stewardship of state invested dollars. These assurances serve to prevent buildings, equipment and grounds from falling into a state of disrepair by having:

- Qualified facilities leadership
- Strategic capital planning that supports the Facilities Master Plan
- Appropriate facilities budgeting
- A strong preventive maintenance program
- Trained facilities personnel
- Construction projects that are accepted for turnover only after having been successfully commissioned

1.) A district shall have a designated person responsible for facilities management and that person shall have a combination of experience and facilities management training with certification to successfully execute the technical and managerial responsibilities of the position. Having such a person is not only an eligibility requirement but also assuring that the facility management position is sustained over time is imperative for the ongoing stewardship of state invested dollars.

**Pros:** Competent facilities leadership is required for developing, implementing and managing a sound facilities maintenance plan, developing technically derived budgets, providing effective personnel management and tactfully communicating with a broad array of stakeholders.

**Cons:** The available talent pool in Vermont may impact the number of qualified candidates available to attract to these positions, especially if salaries are not competitive for similar positions in the commercial, industrial, and business sectors.

- A consideration to address this potential obstacle could be for adjacent SU's/SD's to have a higher paying regional Facilities Superintendent

position overseeing a larger portfolio of facilities that have building level facilities managers locally.

2.) A district shall have a funded 5-Year Capital Plan that aligns with their Facilities Master Plan. Having the CIP is not only an eligibility requirement but assuring the ongoing development and implementation of a CIP plan demonstrates a strategic and systematic process is being used by SU's/SD's to plan, prioritize and manage investments in their buildings and infrastructure, thereby preserving state invested dollars.

**Pros:** Alignment of the 5-Year Capital Plan to the Facilities Master Plan ensures that facilities spending supports the attainment of the longer-term vision

**Cons:** Just because a 5-Year Capital Plan is developed, does not guarantee that it will be fully supported and funded by the School Board or voting public.

3.) A district shall develop an annual maintenance budget of 2% of their buildings Current Replacement Value (CRV) and an annual operations budget of 1% of their buildings Current Replacement Value (CRV)

**Pros:** An appropriately funded maintenance/operations budget preserves the assets so that they can last the full extent of their expected life and reduces the likelihood of unexpected/emergency failures that can compromise the building, its occupants and adversely impact in-school instruction days.

**Cons:** Just because a solid, technically based Operations and Maintenance budget is developed does not guarantee that it will be fully supported and funded by the School Board or voting public.

- O&M Budgets that fall short of the 3% can increase budget dollars a half a percent per year until 3 percent level is attained.

Year 1: 1.0%

Year 2: 1.5%

Year 3: 2.0%

Year 4: 2.5%

Year 5: 3.0%

### Considerations/Discussion points:

- A mechanism that Rhode Island uses when a district does not meet its minimum O&M expenditure requirements each year is that the state directs state housing aid paid in an amount equal to the shortfall, to a restricted fund created by the district and dedicated solely to meeting maintenance requirements.
- **Policy Discussion Point** – How would we propose to do this in Vermont if:
  - A district has state aid dollars for a construction project.
  - A district does not have state aid for a construction project, but through underfunding of O&M, their facilities continue to deteriorate.

4.) A district shall demonstrate that a Preventive Maintenance program is in place and followed.

**Pros:** A Preventive Maintenance program at its core is maintenance that is proactively performed on assets in working condition with the goal of lessening the likelihood of failure, reducing unexpected downtime and prolonging useful life. It is the hallmark of every excellent maintenance program.

**Cons:** Schools may not have the in-house talent to perform Preventive Maintenance and may have to rely on more expensive contracted help. This may increase budget expenditures to a level where they are not budgetarily approved which ultimately leads to a firefighter mode of maintenance.

### Considerations/Discussion Points:

- What mechanism is to be used to measure this assurance
  - The three-year interval for District Quality Standards ?
  - An annual submission of the approved school budget for review and approval ?
  - Other?

5.) A district shall complete a full Commissioning process before project turnover that ensures systems are designed, installed, functionally tested and perform in conformity with the design intent of the project. The cost of these services shall be considered a project cost eligible for construction aid.

**Pros:** Commissioning is the process of ensuring that all systems and components of a construction project are tested and operated as designed and is the last step before owner acceptance.

**Cons:** Commissioning adds cost to the overall project. That said, it typically does not exceed 3% of a project total cost, and the benefits long term, far outweigh the incremental cost addition to a project.

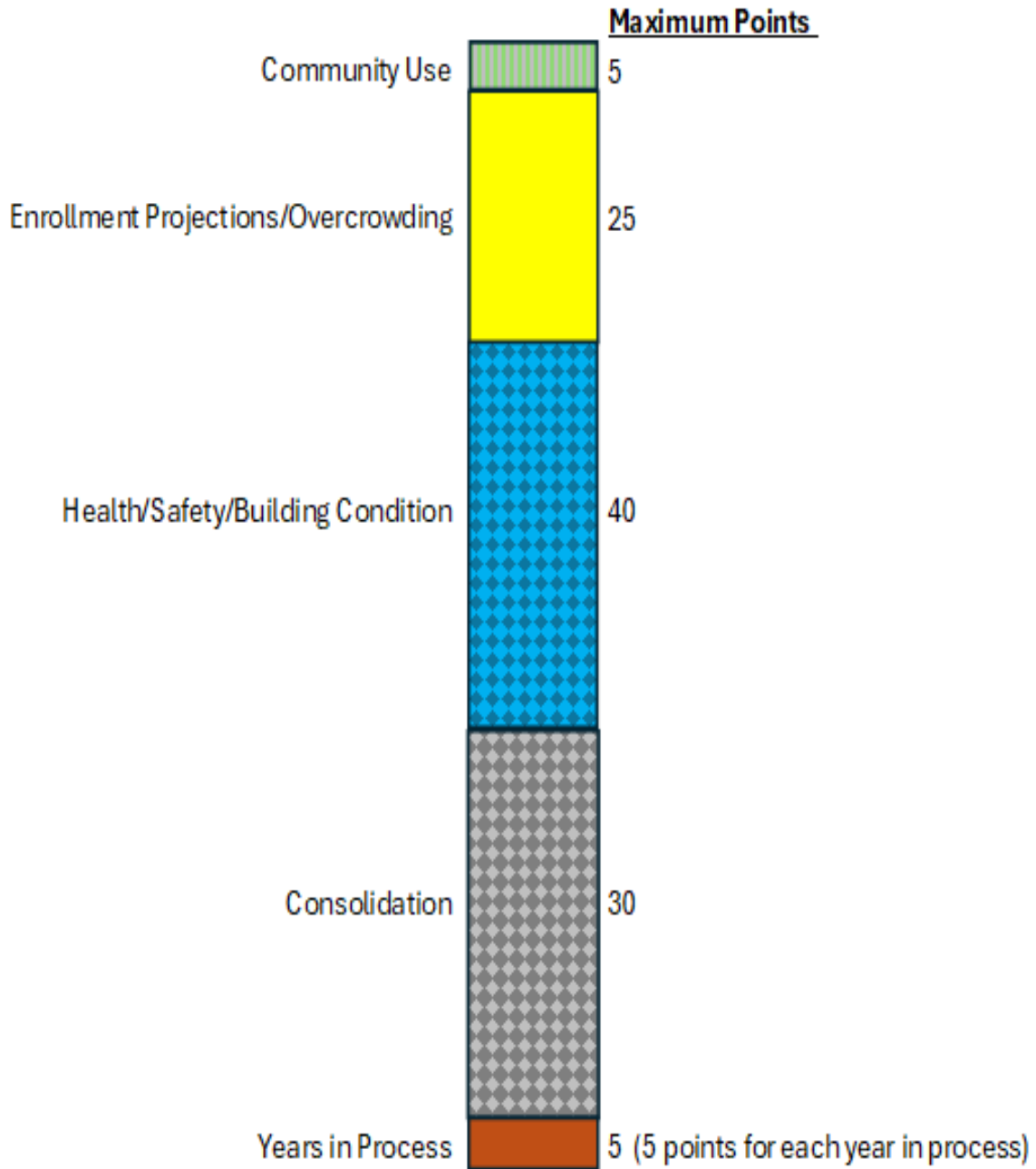
6.) A district shall hire a Clerk of the Works to oversee the completion of the project in accordance with the approved plans and specifications. The cost of these services shall be considered a project cost eligible for construction aid.

**Pros:** A Clerk of the works is the most dependable way to be assured of getting what you pay for from a construction project. They are present during all the construction and;

- Verify conformance to contract documents
- Witness testing of materials and systems
- Maintain orderly records of construction activities
- Coordinate training and distribution of Operations and Maintenance (O&M) manuals
- Review invoices, change orders and schedules
- Provide regular reports to the owner's team to focus on resolving issues
- Keep the owner abreast of project issues so that informed decision can be made

**Cons:** Hiring a Clerk-of-the-Works adds cost to the overall project.

**Prioritization:**



Community Use + Enrollment Projections + Health/Safety/Building Condition + Consolidation = 100

For every year that a project is unfunded, it gets 5 additional points added to its score

## Definitions for Prioritization Stacked Bar Chart Terms:

**Community Use** - Any approved educational specification that includes implementation of a community use program. Will receive (5 points).

**Enroll. Projections/ Overcrowding** - Schools must submit an enrollment history and projections for a minimum of five years and a maximum of ten years using a cohort survival method. Evaluations are based on the district's percentage of unhoused students based on the approved enrollment projections. If the enrollment projection for unhoused students is equal to or greater than 40 percent of existing capacity, full points are awarded. (max 10 points) If the enrollment projection for unhoused students is less than 5 percent of existing capacity, then 0 points are awarded. If the enrollment projection for unhoused students is between 5 and 40 percent of existing capacity, then points are awarded equal to the percent of unhoused students. If school is currently overcrowded and projections show an increasing enrollment over time, maximum 25 points awarded. (The configuration of points awarded in this section warrants further discussion)

**Health & Safety** - Evidence of non-compliance with state and federal fire, health and safety regulations. Major facilities issues such as structural integrity concerns, or overall facilities condition index above 65%. (maximum of 40 possible points)

**Consolidation** - A single school district that proposes a consolidation of one or more buildings, and demonstrates cost effectiveness will receive 15 points. SU's/SD's that engage in inter-district consolidation will receive 30 points

## **Prioritization Considerations:**

- The stacked bar chart above is a set of prioritization criteria that can be used but there may be others we wish to add and/or modify the weighting assigned to each criteria.
- The weighting assigned can be a means to steer school construction towards alignment with the longer term vision for education in the state
- The “Years in Process” criteria may make sense in that a school with a project in the queue, but goes unfunded, gets points in order to increase its ranking in the subsequent year/s.
- Should we think about how to handle schools that have declining enrollment but also suffer substantial facilities needs?
  - Do we consider an FCI value threshold in conjunction with a declining enrollment projection, that flags a school as not eligible for construction dollars and pushes for discussions around consolidation?

## **Bonus Incentives:**

Bonuses can help incentivize choices that align with state priorities.

Districts pursuing projects that address the following areas shall be eligible for bonus incentives that may be combined up to a maximum additional aid award of (X%).

- a.) **School Safety and Security**- Projects that protect students, teachers, and other building occupants from internal/external threats, including building and site hardening and access controls OR capital improvements that safeguard students, teachers, and other building occupants from harm that may be caused or exacerbated by building conditions, including those that address general physical safety, fire safety, building egress, and accessibility. (X%) Include Life safety in combination with Major Renovation to Improve Educational Alignment and Capacity bonus.

This bonus aligns with the Health/Safety/Building Condition Priority

- b.) **Replacement**- limited to projects that replace a facility with a current Facility Condition Index (FCI) of 65% or higher and only offered in combination with one of the other share bonuses, such as Newer and Fewer, Major Renovation to Improve Educational Alignment and Capacity, (X%)

This bonus aligns with the Health/Safety/Building Condition Priority

- c.) **Decrease Overcrowding**- limited to new construction or renovation that decreases the functional utilization of any facility from more than 120% to between 85% and 100%. (X%)

This bonus aligns with the Overcrowding Priority



d.) **Environmental Performance/Sustainability** (CHPS, LEAD, Net Zero)- offered only in combination with another state share bonus that will result in improved educational outcomes, such as Major Renovation to Improve Educational Alignment and Capacity.

Combine this with another Bonus for max (X%)

e.) **Newer and Fewer**- This bonus is limited to consolidation of two or more school buildings into one school building. (X%) additional with **SU that partner their** plans.

This bonus aligns with the Consolidation Priority

f.) **Major Renovation to Improve educational alignment and capacity** - limited to projects devoted to purposes of educational system enhancements including, integration of early childhood education, career and technical education, common learning spaces and projects that align with the districts approved educational program. It might also include the necessary renovation and consolidation of small schools to serve as Community Schools. (X%)

This bonus could align with the Community Use Priority

#### **Additional ideas to consider:**

##### Definition:

$$\text{Facility Condition Index} = \frac{\text{Cost of repairs required for the building}}{\text{Current Replacement cost of the building}}$$

When the cost of repairs grows in magnitude compared to the replacement cost of the building, organizations use different FCI value ceilings above which they decide to build new rather than invest in an older building. There is no “Correct” value for this ceiling, but many organizations use 60-65% as the FCI value above which they decide not to invest in repairs and decide to build new. Understanding this, should we consider the following for our statewide portfolio of school buildings

- Buildings with FCI ratings below 5% will not be candidates for state construction aid unless they suffer from current overcrowding or enrollment projections indicate the school will become overcrowded in the near term.
- Buildings with FCI ratings above 65% will not be candidates for state construction aid, but for an **XX%** incentive bonus for building replacement when pursued in conjunction with an additional incentive bonus for Newer and Fewer, Major Renovation to Improve Educational Alignment and Capacity, and/or Environmental Performance/Sustainability.
- Encouraging energy efficiency projects can yield results cost savings and benefits to the environment, but do not directly improve the delivery of education

or address life safety or structural needs. Should we structure bonuses and priorities in a way that energy efficiency improvement projects must be "braided" with other projects (i.e. expanded educational programming, consolidation, safety and health improvements)?

- What other environmental contaminants should we be thinking about and how do we integrate concerns about them into the school construction program?
  - Are they a prioritization criterion?
  - Remediation of environmental toxins should not be a standalone project that construction dollars address, for although critically important, construction dollars should be reserved for school construction and environmental toxin remediation needs a separate funding source.
  - There should not be a bonus for rectification of these issues, since this also depletes dollars that should be slated solely for school construction.
- Do we want to consider running a Grant Funded Program with a dedicated revenue stream to address facilities related projects that are more maintenance related than new construction or major renovation related, with all the same eligibility criteria.
  - With many competing demands on funding, keeping construction dollars focused on biggest impact projects may make sense and have important but less impactful projects be addressed with funding that may be subject to funding availability limitations.