

IAC MEETING

Wednesday, May 18, 2016

8th Floor Conference Room #2

10:00 a.m. – 11:00 a.m.

AGENDA

ITEMS FOR APPROVAL AND DISCUSSION

INTRODUCTION

Section I – Approval of Minutes.....	NONE
Section II – Discussion Items and Deferred Items	
A. Fiscal Year 2017 CIP: Actions Related to Board of Public Works Conditions	1-2
B. Howard County Public Schools: Actions Related to BPW Directive to the IAC	3-4
Section III – Approval of Contracts	
•	NONE
Section IV – Approval of Sites	NONE
Section V – Approval of Property Transfers	NONE
Section VI – Approval of Accounting Adjustments	
A. Audit Exceptions	NONE
1. Queen Anne’s County	
2. Talbot County	
B. Project Allocation Reversions	NONE
D. Report on Closed Projects	NONE
E. Funding Amendments	
a. Baltimore City Public Schools – Amendment to FY 2015 & FY 2016 CIP	NONE
b. Harford County Public Schools – Amendment to FY 2012 CIP	NONE
Section VII – Approval of Other Items	
A. Approval of Contract Award – Brunswick Middle – Roof Replacement.....	NONE
Section VIII (A) – Information: Change Orders	NONE
Section VIII (B) – Information: Property Transfer	NONE
Section VIII (C) – Information: Other/ Name Change/Educational Function.....	NONE
Section IX Fund Adjustments	NONE

A. Fiscal Year 2017 Capital Improvement Program (CIP): Actions Related to Board of Public Works Conditions

On May 11, 2016 the Board of Public Works (BPW) approved the recommendations of the Interagency Committee on School Construction (IAC) for the FY 2017 Public School Construction Capital Improvement Program (CIP), with the following conditions, approved by 2 to 1 vote:

- (1) *\$10 million of the total Baltimore County Public Schools allocation is to be withheld until the System returns to the Board of Public Works with a plan to install air-conditioners in all un-air conditioned classrooms by the beginning of next school year (2016-2017); and*
- (2) *\$5 million of the total Baltimore City Public Schools allocation is to be withheld until the System returns to the Board of Public Works with a plan to install air-conditioners in all un-air conditioned classrooms by the beginning of next school year (2016-2017).*

The BPW motion provided no guidance on how the reductions in the allocations were to be achieved, nor did the BPW ask the IAC to reconsider and re-submit the recommendations in order to achieve the reductions of \$10 million and \$5 million respectively. The methodology to be used to achieve the indicated reductions is therefore unclear.

The word “withheld” in the two condition paragraphs is subject to interpretation. The term could mean:

- a. That the funds will not be *dispensed* pending submission of the window air conditioning plans. The total recommended IAC allocations would be considered as approved for these jurisdictions (\$49,912,000 for Baltimore County, \$37,500,000 for Baltimore City), but the jurisdictions will not receive up to \$10 million and \$5 million respectively in funding reimbursements if they submit requisitions to the Public School Construction Program after proceeding with the projects.
- b. That the funds are not *allocated* pending submission of the window air conditioning plans. The total approved allocation for Baltimore County Public Schools would then be \$39,912,000 (\$10 million less than the recommended amount), and for Baltimore City Public Schools it would be \$32,500,000 (\$5 million less than the recommended amount).

The second interpretation appears to be applicable: the language of the motion says that \$10/\$5 million of the total Baltimore County/Baltimore City Public Schools *allocation* is to be withheld. Since the IAC recommendations are based on a per-project allocation, a reduction of overall allocation for a jurisdiction can only be achieved through a similar process, i.e., by reducing recommended allocations for individual projects or eliminating project allocations altogether.

The purpose of the IAC meeting of May 18, 2016 is to discuss the Board of Public Works conditions and determine a course of action.

SECTION II-DISCUSSION ITEMS AND DEFERRED ITEMS-cont'd

Motion:

TO BE DETERMINED

IAC ACTION: THE ABOVE REFERENCED ITEMS WERE:					
	Approved	Disapproved	Deferred	Abstain	Recuse
Dr. Jack R. Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. David Craig	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms. Gail Bassette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms. Barbara Hoffman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. John Bohanan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B. Howard County Public Schools: Actions Related to Board of Public Works Directive to the IAC

Background

On May 11, 2016 the Board of Public Works (BPW) approved the recommendations of the Interagency Committee on School Construction (IAC) for the FY 2017 Public School Construction Capital Improvement Program (CIP), with the following stipulation, approved by 3 to 0 vote:

In addition, the Board directed Dr. David Lever and the IAC to move forward immediately with the regularly-scheduled audit of Howard County schools, including steps to investigate mold and maintenance issues.

By way of background, the IAC performs both audits and maintenance inspections of public schools in Maryland:

IAC Audit Function

Financial and compliance audits are performed on every school system in Maryland on a rotating three-year cycle. The audits concern compliance with the fiscal and regulatory requirements of the Public School Construction Program; they do not involve inspection of individual buildings. The most recent audit of Howard County Public Schools was completed in February 2014 (FY 2014), with a letter issued on March 14, 2014 indicating that there were no material findings.

Howard County Public Schools is scheduled for the next audit following the audits of eight (8) other school systems. If the HCPS audit is accelerated, then the audits of a number of these school systems will be delayed.

IAC Maintenance Inspection

The IAC performs annual maintenance inspections of every school system in Maryland, inspecting approximately one-sixth of each LEA's schools. The most recent maintenance inspections for Howard County Public Schools were completed in May 2016 and examined 12 school buildings. Each inspection involves visual examination of 35 categories of building system, resulting in ratings and comments on individual items as well as an overall building rating. Howard County Public Schools consistently ranks well in its overall scores, averaging 92.14 out of 100 points in the last five published years of inspections (FY 2010 – FY 2014). (This is not to say that individual building systems do not need improvement in HCPS: the IAC has pointed out, for example, deficiencies in roof conditions that were corrected by the school system within a short time following the inspections, per materials submitted on April 18, 2016 in response to questions asked by Board of Public Works members on January 27, 2016.)

The scope of the maintenance inspection concerns only the quality of maintenance that is performed by the school system. This type of inspection needs to be distinguished from two other types of assessments that can be performed on buildings:

- a. A facility assessment, involving a detailed determination of the condition of building systems and components and the costs to bring them to contemporary standards of performance. This type of survey, which is generally carried out by a team of engineers and architects, helps an owner to establish a capital program for its fleet of buildings. The assessment typically leads to an overall building score called the Facility Condition Index (FCI), defined as the total repair cost, including site-related repairs, divided by the total replacement cost for the facility. The FCI allows every

building within an inventory to be ranked, with an associated detailed scope of work that can potentially be addressed through the capital funding or the maintenance/repair program of the owner.

Although the IAC maintenance inspections are not facility assessments, the State maintenance inspectors emphasize the correlation between capital investment and maintenance in their reports. If they observe a deteriorated condition such as a roof, the report may include a comment such as “consideration should be given to replacing the roof in the near future.”

- b. An environmental assessment, involving review by an industrial hygienist to identify any suspect materials and if found, to develop a plan for remediation.

Although they are not trained and licensed as industrial hygienists, during the IAC maintenance inspection the inspectors will note any indications of suspect substances, typically including a note such as “this condition should be investigated to determine if mold is present” (similar statements would apply to evidence of friable asbestos or other hazardous materials). The inspectors are constrained by law from offering positive identifications of hazardous materials or proposing specific remediations. The maintenance inspection reports also include advisory comments on actions that can be taken to prevent the inception or spread of mold, for example advice about replacing ceiling tiles that may have been exposed to moisture.

Board of Public Works Directive

It appears that the intent of the BPW motion of May 11, 2016 is that the IAC should combine the regular financial and compliance audit with some aspects of the maintenance inspection survey. However, it is not clear what is meant by the term “steps to investigate mold and maintenance issues” if this extends beyond the normal inspection procedures of the Public School Construction Program staff.

The purpose of the IAC meeting of May 18, 2016 is to discuss the BPW requirement for the IAC to undertake “steps to investigate mold and maintenance issues.”

Motion:

TO BE DETERMINED

IAC ACTION: THE ABOVE REFERENCED ITEMS WERE:					
	Approved	Disapproved	Deferred	Abstain	Recuse
Dr. Jack R. Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. David Craig	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms. Gail Bassette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms. Barbara Hoffman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. John Bohanan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Contact: David Lever 410-767-0610
David.lever@maryland.gov

20. **STATE PUBLIC SCHOOL CONSTRUCTION PROGRAM**
Public School Construction Capital Improvement Program – Fiscal Year 2017

Recommendation: The Interagency Committee on School Construction recommends that the Board of Public Works approve the State School Construction Program for Fiscal Year 2017. The Interagency Committee recommends a total Statewide program of approximately \$368.403 million.

The proposed \$368.403 million program comprises:

- Approximately \$210 million in FY 2017 funds previously approved by the Board of Public Works (Secretary's Item 10 [1/27/16]); and
- Additional recommendations for specific projects in the approximate amount of \$158.403 million.

The propose program is to be funded by \$280 million from a new bond authorization, \$45 million in reverted funds from the Statewide Contingency Account, and \$43.4 million from the FY 2016 and FY 2017 Supplemental Capital Grant Program for Local School Systems.

Background: The Interagency Committee has considered each local school system's capital improvement school construction program request for Fiscal Year 2017. After evaluation, including discussion between local representatives and Interagency Committee staff, the Interagency Committee recommends a FY 2017 Program that:

- Reflects local priorities, recognizing projects that address the mandates of the Bridge to Excellence in Education Act, urgent major projects that require a high level of State commitment to move forward, and systemic renovation projects that extend the useful life of facilities.
- Takes into account the capacity of the local educational agencies to implement the approved projects and to maintain schools at the level expected by the Interagency Committee and the Board of Public Works, as verified through the IAC Maintenance Inspection Program.
- Provides a funding allocation for eligible projects at the Maryland School for the Blind.
- Includes planning approval for major projects and for projects that address the Bridge to Excellence requirements for full-day kindergarten and for pre-kindergarten for disadvantaged four-year olds. Planning approvals are recommended in accordance with the *Regulations for the Administration of the Public School Construction Program*.
- Provides funds for the outsourcing of design reviews for State-funded projects by the Department of General Services.

**20. STATE PUBLIC SCHOOL CONSTRUCTION PROGRAM (cont'd)
*Public School Construction Capital Improvement Program – Fiscal Year 2017***

Fund Sources:

MCCBL of 2016 (Chapter 27):	\$280,000,000
FY 2017 Supplemental Capital Grant Program for Local School Systems	\$30,320,000*
FY 2016 Supplemental Capital Grant Program for Local School Systems	\$13,090,000**
Statewide Contingency Account	<u>\$44,992,558</u>

Total \$368,402,558

- * \$6.91 million of the 2015 Supplemental Capital Grant Program for Local School Systems was previously allocated for two projects (Secretary's Item 11 [11/4/15])
- ** \$9.68 million of the 2016 Supplemental Capital Grant Program for Local School Systems remains unallocated and is reserved for Dorchester County Public Schools and Prince George's County Public Schools.

Authority: Sections 5-301 and 5-313 of the Education Article, Annotated Code of Maryland; COMAR 23.03.02.03C(3).

BOARD OF PUBLIC WORKS

THIS ITEM WAS:

APPROVED*

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION

* The following two conditions are placed on the approval of the Fiscal 2017 Public School Construction Capital Improvement Program allocations.

- (1) \$10 million of the total Baltimore County Public Schools allocation is to be withheld until the System returns to the Board of Public Works with a plan to install air-conditioners in all un-air conditioned classrooms by the beginning of next school year (2016-2017); and
- (2) \$5 million of the total Baltimore City Public Schools allocation is to be withheld until the System returns to the Board of Public Works with a plan to install air-conditioners in all un-air conditioned classrooms by the beginning of next school year (2016-2017).

APPROVED 2-1; Treasurer voted No.

In addition, the Board directed Dr. David Lever and the IAC to move forward immediately with the regularly-scheduled audit of Howard County schools, including steps to investigate mold and maintenance issues.

APPROVED 3-0.

BALTIMORE CITY PUBLIC SCHOOLS

IAC Meeting
May 18, 2016
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Stephanie Rawlings-Blake
Mayor, City of Baltimore

Marnell A. Cooper
*Chair, Baltimore City Board of
School Commissioners*

Tammy L. Turner, Esq.
Acting Chief Executive Officer

May 16, 2016

Maryland Board of Public Works
The Honorable Larry Hogan, Governor
The Honorable Peter Franchot, Comptroller
The Honorable Nancy Kopp, Treasurer

Dear Board of Public Works Members:

On behalf of Baltimore City Public Schools (City Schools), I write to express our genuine disappointment with the action taken by the Board of Public Works (BPW) on May 11, 2016. The BPW's decision to withhold \$5 million from City Schools' FY 2017 Capital Improvement Program, contingent on the districts' ability to install portable window air conditioning units in an estimated 2,000 non-air conditioned classrooms by September 2016 school year, is both punitive and unreasonable.

This decision was particularly surprising given the good faith plan submitted by City Schools on April 18th, in which we described our intention to install air conditioning throughout our schools. As stated in that letter, we are presently moving to install window air conditioners in two schools, and we are reviewing standards to ensure that the units we install can provide proper ventilation. In addition, the district solicited a request for proposals for analysis and cost estimation of ductless split air conditioning systems, which are currently eligible as capital projects for state and local funding. Split systems are also less costly than central air conditioning and have a longer life span than window air conditioning units. We are currently evaluating proposals from several engineering companies regarding efficient and effective air conditioning options in our non-air conditioned buildings.

The last three fiscal year Capital Improvement Programs (FY14, FY15, FY16) included 20 approved HVAC projects. Five of these projects are for new central air conditioning and 15 are replacement projects for older systems that have exceeded their useful life cycle. Most importantly, City Schools' 21st Century Construction Program will include between 23 and 28 school buildings, all of which will have central air conditioning. Construction of the first of these replacement and renovation projects began in April 2016, with completion scheduled by August 2019.

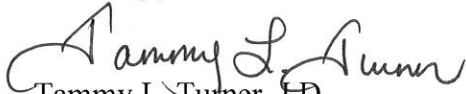
Our estimate of the cost to install air conditioning window units in 2,000 classrooms is approximately \$27 million. The district does not have additional resources to fund such an aggressive program. In addition, there are significant timeline concerns related to designs for electrical upgrades and sizing equipment for student capacity, addressing ventilation to meet code requirements, and the procurement process.

We agree that air conditioning is an important element in the educational environment of schools. However, the district's obligation to be a prudent steward of the limited funding that we

receive precludes us from ignoring competing priorities for repair and/or replacement of our school buildings, which are the oldest in Maryland. We had hoped to work collaboratively to accomplish the BPW's objectives. Unfortunately, the drastic actions taken by the BPW on May 11th lacked guidance or precedence. As a result, City Schools is forced to choose between much-needed fire safety, roofs, boilers and window projects that are essential to the safety and security of our students, and the BPW's unprecedented mandate to install portable air conditioning units within an unreasonable timeframe.

Given the potentially serious repercussions on student/staff safety and security outlined above, we respectfully request that BPW reconsider its action to withhold \$5 million from City Schools' FY17 CIP funding. We are available to meet at your convenience.

Sincerely,


Tammy L. Turner, J.D.
Acting Chief Executive Officer