

MEMORANDUM

TO: Board of Directors, Massachusetts School Building Authority
FROM: Katherine Craven
DATE: March 31, 2010
RE: Update on Methodology for the Allocation of Incentive Points
Regionalization and Maintenance Incentive Points

Pursuant to 963 CMR 2.10, the Authority's Project Scope and Budget Agreement for a Proposed Project includes a calculation of the Total Facilities Grant which is inclusive of any applicable incentive points that the Authority may allocate pursuant to M.G.L. 70B:10, and 963 CMR.2.18. The purpose of this document is to seek confirmation for the proposed procedures for the allocation of the Regionalization and Maintenance incentive points from the Authority's Board of Directors.

Presently, the Authority requires that a District certify acceptance of the Authority's proposed incentive point allocation by submitting a signed Reimbursement Rate Certification prior to the execution of a Project Scope and Budget Agreement. This certification then becomes memorialized as part of the execution copy of the Project Scope and Budget Agreement.

Additionally, Section 2.1 of the Authority's Project Funding Agreement (PFA) with the District stipulates that as a condition of eligibility for the reimbursement rate established in the PFA, the District must be in compliance with:

- (1) all of the terms and conditions of this Project Funding Agreement, and;
- (2) the applicable provisions of General Laws Chapter 70B, Chapters 208 and 210 of the Acts of 2004, and 963 CMR 2.00 et seq., and;
- (3) any other rule, regulation, policy, guideline, approval or directive of the Authority.

If the Authority determines that the District has not demonstrated compliance with requirements for the allocation of incentive points, the PFA allows for a reduction of the maximum Total Facilities Grant established in the PFA.

The general practices identified above concerning the allocation of incentive points are implemented in coordination with detailed procedures for allocation of each incentive category. Attached to this memo, please find the detailed procedures proposed for the allocation of Regionalization and Maintenance incentive point categories.

Regionalization

MSBA Regulation:

Newly Formed Regional School District. The Authority, in its sole discretion, may allocate up to six incentive percentage points (6%) for an Approved Project if:

- (1) the Approved Project is at the site of a school facility that is a member of a regional school district, which regional school district either:
 - (a) was newly created as a result of working with the Authority during the Application process; or
 - (b) whose membership changed as a result of working with the Authority during the Application process; and
- (2) the Authority determines that a school facility construction, renovation, or repair project was avoided directly as a result of either:
 - (a) a newly created regional school district; or
 - (b) a change in a regional school district's membership.

Districts that are not members of a regional school district, or that have not formed a new regional school district or added new members, shall not be eligible for these incentive points.

Staff is recommending that the Newly Formed Regional School District incentive points be allocated as follows:

- Award 6 incentive points for (a) two or more towns that form a brand new regional district, or (b) an existing regional school district adds one or more new members.
- Award 1 point per grade up to a maximum of 3 points for an existing regional district that adds grades to their current grade structure

This proposal is explained in greater detail below.

Criteria for Eligibility:

- (1) A regional school district which is established by some number of districts which do not presently operate under a regional school district agreement is eligible for **6** incentive points;
- (2) An existing regional school district which expands through the inclusion of an additional district or districts which are not presently included within the regional agreement is eligible for **6** incentive points.
- (3) An existing regional school district which expands through the inclusion of additional grades within the existing member towns, which grades are not presently included within the regional agreement, is eligible for an allocation of regionalization incentive points equal to **1** percentage point for each grade added to the regional district up to a maximum of **3** points;

- (4) Regionalization incentive points shall only be applicable for the Total Facilities Grant awarded to the newly established or amended regional district immediately succeeding the establishment of the newly amended regional district. Regionalization incentive points shall not apply to any subsequent Total Facilities Grant for a district, unless the regional district agreement is further amended to add new members or additional grades to the existing agreement;
- (5) Regionalization incentive points, when applicable, shall not be added to the calculation of the Total Facilities Grant (reimbursement rate) until the MSBA has received a certified copy of the local votes required for the establishment, or amendment of the regional school agreement.

Examples:

Example 1: District A and District B do not presently operate under a regional school agreement but propose to form Regional School District AB in order to maximize the educational and operational efficiencies each would gain through the formation of a regional school district. Each member town of the proposed Regional School District AB has passed a vote to authorize the establishment of the new district and the new regional district is legally established.

This newly established Regional School District A would receive 6 Incentive Points.

Example 2: District A and District B presently operate under a regional school agreement - Regional School District AB. District C, which currently operates on its own joins Regional District AB in order to maximize the educational and operational efficiencies. Each member town of the proposed Regional School District ABC has passed a vote to authorize the establishment of the new district and the new regional district is legally established.

This newly established Regional School District ABC would receive 6 Incentive Points.

Example 3: District A and District B presently operate a Regional School District AB under a regional school agreement for grades 9-12. In order to further realize the benefits of the existing regional agreement, the existing Regional School District AB agreement is expanded to include grades 6-8 from District A and District B. The calculation for the allocation of the regionalization incentive points in this example would be:

The expanded Regional School District A would receive 1 point for each grade they added, (6-7-8) up to a maximum of 3 Incentive Points.

Maintenance

MSBA Regulation **963 CMR 218 (2) (c)** governing incentive points for routine and capital maintenance states:

Routine and Capital Maintenance Rating

The Authority, in its sole discretion, may allocate up to two incentive percentage points (2%) for an Approved Project for Routine and Capital Maintenance Ratings, based on the Authority's determination that the Eligible Applicant has exhibited best practices for routine and capital maintenance and upkeep of facilities, including the establishment of long term capital improvement plans, the establishment of segregated local funds dedicated for the capital maintenance of school facilities, the use of facility maintenance manuals, and practices that standardize preventative and routine maintenance procedures, or other practices as determined by the Authority. An Eligible Applicant's maintenance practices may be reviewed at any time and the information collected during any such review shall be used as part of the assessment of incentive percentage points for routine and capital maintenance ratings.

MSBA staff is recommending that:

- minimum threshold criteria be established for routine and capital maintenance as a prerequisite for an Invitation to Feasibility;
- that based on an evaluation of the criteria identified below up to two incentive points be allocated to the grant percentage formula for demonstration of a district's existing maintenance and capital planning procedures.

Minimum Threshold criteria (see attached chart)

A district must submit specific benchmark data:

- Number and type of maintenance staff
- Number of staff/square foot of district facilities
- Operations & Maintenance spending/square foot

A district must submit data re: staffing:

- Job Description(s)
- Performance evaluations

A district must submit a Maintenance Plan including:

- Written manual of minimum custodial and maintenance standards
- Work Order System that defines the process for scheduling planned maintenance and/or maintenance emergencies

In addition, the visual observations from a site visit or Senior Study must indicate that the school is clean and well cared for, and that there are no obvious safety related issues or physical deficiencies that maintenance efforts should have been addressed and that there is observed evidence of efforts related to capital planning/repair/replacement.

Submission of the data will be a prerequisite to an Invitation to Feasibility. In addition, the data submitted may be aggregated and analyzed to determine whether the district's staffing and maintenance protocols are sufficient to assure that any investment in the district will be adequately maintained.

Maintenance and Capital Planning Incentive Points (see attached chart)

At the point of determining a district's reimbursement rate for a specific school project, up to two maintenance incentive points will be considered to be allocated in a manner consistent with the regulations:

Up to 1 Point - Maintenance
Up to 1 Point- Capital Planning
Up to 2 Points- Total

The criterion for maximum 1 point in **Maintenance** category is comprised of two elements:

Up to .5 points for a Maintenance Plan having defined tasks, staff assignments, schedules and associated budget outlined on an annual basis, based on the following criteria:

- Appropriate number and allocation of staff; appropriate and defined staff qualifications/job descriptions; appropriate staff training
- Work order system (manual or computerized)
- Fully detailed preventive maintenance component, including inspections and dates for maintenance activities
- Evidence of effective implementation

Up to .5 points for a Maintenance Budget and history of spending that demonstrates the district's support of maintaining its facilities, based on the following criteria:

- Level or increasing maintenance funding as proven by a 3-year historical budget and substantiated by expenditures per planned budget. (Variances must be explained)

The criterion for maximum 1 point in **Capital Planning** category is comprised of four elements:

Up to .4 points for a Capital Plan and funded budget based on the following criteria:

- Inventory of buildings, major system components, age, condition, useful life.

- District has evidence of a long-term (5-10 years) capital improvement plan and historical data to substantiate funding and expenditures associated with the plan.
- District has a future 3-5 year budget plan
- Consistent participation by facilities staff in the proposed project as indicated by participation in project meetings or design review comments ongoing throughout planning and design process.
- Forecasted maintenance budget for items in the capital plan

Up to .1 point for segregated local funds reserved for use on capital projects, and evidence of its creation and use

.25 point for having an established existing process for Facility Re/Retro-Commissioning

.25 point for having an established program for Energy Conservation and Indoor Air Quality

This methodology for awarding incentive points for maintenance targets the main priorities stated in the enabling statute and regulations. The implementation of this methodology will:

- provide school districts with clarity regarding the criteria for earning maintenance incentive points;
- provide guidance for maintenance and capital planning; and
- provide information and data to the MSBA which can be used to monitor maintenance and capital planning practices over time.

The threshold submission of the data will allow MSBA staff to ask questions and gain a better understanding about a district's maintenance operations and capital planning protocols.

This methodology is based on guidance gleaned from discussions with the MSBA Maintenance Task Force, and is simple to implement, logical, easily explained to districts and the public, and it encourages districts who wish to receive incentive points from this category to focus on and enhance their facility maintenance and capital planning.

MSBA ALLOCATION OF MAINTENANCE and CAPITAL PLANNING INCENTIVE POINTS – MAX OF 2 POINTS

Minimum Threshold Criteria¹ (0 points)	Maintenance Incentive² (up to 1 point)	Capital Incentive³ (up to 1 point)
<p>Benchmarking data:</p> <ul style="list-style-type: none"> ▪ # number/type staff ▪ #Staff/square foot of district facilities ▪ O&M Budget/ square foot <p>Staff:</p> <ul style="list-style-type: none"> ▪ Job Description(s) ▪ Performance evaluations <p>Maintenance Plan including:</p> <ul style="list-style-type: none"> ▪ Written manual of minimum custodial and maintenance standards ▪ Work Order System that defines the process for scheduling planned maintenance and/or maintenance emergencies <p>Evidence of efforts related to Capital Planning/Repair/replacement</p> <p>Visual observations indicate adequacy of maintenance efforts.</p> <ul style="list-style-type: none"> ▪ Building(s) are clean and well cared for ▪ No obvious building deficiencies as a result of inadequate maintenance ▪ Evidence of prior capital repairs/replacements 	<p>Maintenance Plan – up to .5 points</p> <p>A maintenance plan⁴ having defined tasks, staff assignments, schedules and associated budget outlined on an annual basis.</p> <p><u>Criteria for up to .5 points:</u></p> <ul style="list-style-type: none"> ▪ Appropriate number and allocation of staff; appropriate and defined staff qualifications/job descriptions; appropriate staff training⁵ ▪ Work order system⁶ – manual or computerized. ▪ Fully detailed preventive maintenance component, including inspections and dates for maintenance activities ▪ Evidence of effective implementation <p>Maintenance Budget – up to .5 points</p> <p><u>Criteria for up to .5 points:</u></p> <ul style="list-style-type: none"> ▪ Level or increasing maintenance funding as proven by a 3-year historical budget and substantiated by expenditures per planned budget. (Variances must be explained) 	<p>Capital Plan and Funded Budget – up to .5 points</p> <p><u>Criteria for up to .4 of the .5 points :</u></p> <ul style="list-style-type: none"> ▪ Inventory of buildings, major system components, age, condition, useful life. ▪ District has evidence of a long-term (5-10 years) capital improvement plan and historical data to substantiate funding and expenditures associated with the plan. ▪ District has a future 3-5 year budget plan ▪ Consistent participation by facilities staff in the proposed project as indicated by participation in project meetings or design review comments ongoing throughout planning and design process. ▪ Forecasted maintenance budget for items in the capital plan <p><u>Criteria for .1 of the .5 points:</u></p> <ul style="list-style-type: none"> ▪ Segregated local funds reserved for use on capital projects, and evidence of its creation and use <p><u>Criteria for .25 points:</u></p> <ul style="list-style-type: none"> ▪ Established existing practice for facility re/retro-commissioning⁷ <p><u>Criteria for .25 points:</u></p> <ul style="list-style-type: none"> ▪ Established program for Energy Conservation and Indoor Air Quality⁸

MSBA ALLOCATION OF MAINTENANCE and CAPITAL PLANNING INCENTIVE POINTS – MAX OF 2 POINTS

Footnotes

- ¹ This information must be submitted as a prerequisite to an Invitation to Feasibility
- ² This information will be used to allocate up to 1 incentive reimbursement point
- ³ This information will be used to allocate up to 1 incentive reimbursement point
- ⁴ A maintenance plan is a manual of policies and procedures that governs day-to-day operations. The manual should be readily accessible and should contain:
mission statement, personnel policies, purchasing regulations, accountability measures, asbestos procedures, repair standards, vehicle use guidelines, security standards, work order procedures and a fully detailed preventive maintenance program (regularly scheduled activities that prevent premature failure or to maximize the useful life of a facility) supported by appropriate staff levels, appropriate staff training, a work order system, and evidence of effective implementation.
- ⁵ Topics for training include: building security, safety protocols, hazardous waste including asbestos, blood borne pathogens, hazardous chemicals, indoor air quality, energy management, and time management.
- ⁶ A work-order system is a way of systematically tracking planned and completed maintenance activities, whether the job originates as a problem communicated by building users or as part of planned maintenance projects including scheduled preventive maintenance.
- ⁷ The district performs periodic re-commissioning of new/renovated buildings after 5 years of occupying the building.
- ⁸ The district has a dedicated staff person to perform specific tasks such as life safety compliance testing, compliance with environmental quality standards and energy conservation implementation. The district monitors energy use and routinely implements energy conservation measures. The district actively monitors air changes and the quality of indoor air. The district has a protocol of inspecting and cleaning HVAC components, such as outdoor-air intakes, air filters, and fan belts, can make the HVAC operate more efficiently while providing good indoor air quality. The district periodically tests and balances HVAC systems to keep them operating in line with design specifications.