



STATE OF MARYLAND
 PUBLIC SCHOOL CONSTRUCTION PROGRAM
 200 W. BALTIMORE STREET
 BALTIMORE, MARYLAND 21201
 410-767-0617

DAVID G. LEVER
 EXECUTIVE DIRECTOR

LARRY HOGAN
 GOVERNOR

INTERAGENCY COMMITTEE ON SCHOOL CONSTRUCTION

JACK R. SMITH
 CHAIRPERSON

**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**

David Lever
 Executive Director, Public School Construction Program
 February 1, 2016

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 support the Committee gave us for an Assistant Program Manager to serve as critical backup for our Program Manager, who plays a daily role in the management of multiple funding programs. 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 18, the Public School Construction Program (PSCP) manages the State financial contribution for approximately 1,066 projects with a total contribution of \$1.36 billion.¹ The three traditional funding programs managed by the PSCP, specifically the Capital Improvement Program (CIP), the Aging Schools Program (ASP), and the Qualified Zone Academy Bond (QZAB) program, account for \$1.32 billion or 97% of the project funding. The remaining projects are within five funding initiatives that have been approved in fiscal years 2012 through 2014, all of which are currently active. In addition, our agency assists the Maryland State Department of Education by managing the financial transaction aspects of the Non-Public Aging Schools program.

Attachment 1 provides a brief outline of the duties and functions of the IAC. A number of these responsibilities cannot be fully addressed by the Public School Construction Program at this time due to staff limitations, which will be partially mitigated by the Assistant Program Manager position noted above. If, however, the Director of Fiscal Services position is eliminated without establishing an equivalent position in MSDE, certain additional responsibilities will also be curtailed; please see comments on page 3.

MAINTENANCE SURVEY DATA

Between fiscal 2012 and 2014, there was an increase from 1% to 4% in schools rated “not adequate,” though no schools were rated as “poor” over that period. Over that same period, the percent of surveyed schools rated as “superior” or “good” declined from 79% to 65%. IAC should comment on why it believes this decline has occurred. (D25E03, page 8).

¹ CIP: 722 projects, \$1.3 billion; ASP: 81 projects, \$7.3 million; QZAB: 59 projects, \$10.1 million; Supplementary Appropriation: 57 projects, \$29.9 million; Security Initiative: 69 projects, \$3.5 million; Nonpublic ASP: 78 projects, \$1.5 million to date and \$3.5 million pending project approval for FY 16.

A number of factors may lead to marked differences in the survey results between one year and another:

- *The sample of schools selected.* The schools to be inspected each year are selected based on a variety of factors: the date of the most recent prior inspection, an effort to reduce travel expenses by inspecting schools that are located reasonably close to one another, and the need to re-inspect schools that received Not Adequate or Poor ratings in a prior year. Since there can be considerable variation of facility condition within any single school system, the selection can produce very different results from year to year for that jurisdiction. If there is annual variation for several of the large LEAs, which might have 30 or more inspections each year, the overall statewide results will also vary.
- *The age of the schools selected.* Older schools naturally tend to have a larger number of deficiencies than new schools, even if they have been well maintained. A sample that contains a larger number of older schools will generally show poorer results than one that contains a large number of new schools.
- *Changes in inspection standard.* Schools inspected in FY 2012 were within the first six-year cycle of PSCP inspections (FY 2007 to FY 2013); schools inspected in FY 2014 were within the second cycle (FY 2013 to FY 2019)². If an item noted as deficient in a first-cycle school was found to be uncorrected in the second cycle inspection, the item tended to receive a lower rating than in the first cycle, on the argument that it ought to have been corrected the first time it was recorded.
- *Other variables:* weather conditions, particularly snow coverage that may prevent inspection of roofs, rooftop equipment, and exterior athletic or play areas; whether both PSCP inspectors were available for the inspection due to sickness, leave or other factors; and information provided by the local central office and school-based staff about maintenance history and scheduled repairs or projects.

Our analysis shows that the schools inspected in FY 2014 were generally older than those inspected in FY 2012:

	<i>FY 2012</i>	<i>FY 2014</i>
<i>Average oldest original square footage</i> ³	1955	1945
<i>Average newest original square footage</i>	2001	2003
<i>Oldest avg. adjusted age</i> ⁴	36 years	42 years
<i>Newest avg. adjusted age</i>	7 years	16 years

- The average of the oldest (original) square footage inspected in FY 2014 was 10 years older than the oldest square footage inspected in FY 2012.
- In FY 2012, the range of adjusted ages was from 36 years to 7 years; in FY 2014, the range was from 42 years to 16 years:
 - The average adjusted age of the oldest schools in FY 2014 was six years older than the average adjusted age of the oldest schools inspected in FY 2012.

² The two cycles overlapped in FY 2013: because of budget constraints the number of schools inspected in FY 2009 and FY 2010 was reduced, with the result that the completion of the first six-year cycle could not occur as planned in FY 2012. The final first-cycle schools were inspected in FY 2013 concurrently with the first round of second-cycle schools.

³ "Original square footage" refers to the age of the oldest portion of the building. This will be the original date of construction if the oldest portion has not been renovated, or the date of the oldest renovated portion of the building.

⁴ "Adjusted Age" of a school facility is the averaged age of the total square footage. For the purposes of calculating the Adjusted Age, renovated square footage is generally treated as new.

- The average adjusted age of the newest schools in FY 2014 was fully nine years older than the average adjusted age of the newest schools inspected in FY 2012.

This data suggests that of the three factors outlined above, the age of the sample inspected in FY 2014 may explain the decrease in the percentage of schools that were rated as “Superior” or “Good” and the concurrent increase in the percentage of schools that were rated as “Not Adequate”. However, one should be careful about concluding that age is a causative factor that inevitably leads to lower scores: there are many instances of older facilities that are very well maintained. The other factors noted above may also have played a role in the results noted by the analyst.

DLS RECOMMENDATIONS

DLS recommends that the committees add language restricting general funds in the IAC budget until annual maintenance reports for fiscal 2015 and 2016 are submitted. (D25E03, page 9).

“provided that \$100,000 of this appropriation made for the purpose of General Administration may not be expended until the Interagency Committee on School Construction submits fiscal 2015 and 2016 annual maintenance reports to the budget committees. The reports shall be submitted by October 1, 2016, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.” (D25E03, page 22).

IAC Comment: With completion of the FY 2013 and FY 2014 reports, the IAC is scheduled to complete the FY 2015 and FY 2016 reports by the end of the summer of 2016.

However, after almost a decade of effort to produce reports on schedule, and even with an enhanced staff configuration, we conclude that the cause of the delays is structural: the amount of detail that we believe is essential if the reports are to have value, combined with the number of reports and the physically demanding nature of the inspection work, means that there is a strong likelihood that delays will occur again in the future.

To prevent this, we believe that there are three alternatives:

1. Increase the staffing to clearly separate the physical inspection from the report research and writing aspects. We do not at the moment have the skill sets in our office to undertake this task.
2. Reduce the number of annual inspections. The expectation that an inspector will visit two schools in one day and also develop two reports on that same day or immediately afterward is unrealistic. A reduction in the number of inspections would allow for a more reasonable number of office days in relation to the in-field inspection days.
3. Reduce the depth and detail of the reports. We do not believe that this is a productive avenue to pursue: the reports have value for the LEAs, for the State, and for the public precisely because they are detailed, complete and objective.

Further analysis will take place in our office to determine the best course of action to correct what is apparently a persistent structural problem with the Maintenance Inspection Program.

OTHER CONCERNS

Abolished and Transferred Personnel

The fiscal 2017 allowance abolishes the position of budget director for IAC to promote efficiency, with the intent of MSDE providing budget services for IAC going forward. (D25E03, page 2 and 12).

IAC Comment: In order for the Public School Construction Program to operate smoothly, the functions of the current IAC Director of Fiscal Services must be taken over by a new, full-time position within MSDE. In *Attachment II* we provide a list of the activities and responsibilities of the current occupant of the

position, who has decades of experience in managing the financial affairs of a State agency that combines a small staffing roster with responsibility for the second largest capital program in State government. The attachment shows that the occupant of the position not only manages the rather small operating budget of the agency, but must have a thorough knowledge of the school construction process to administer the continuous flow of financial transactions related to the capital funding programs.

If the current occupant moves into the designated MSDE position, then his experience and knowledge will be retained; however, since the position will require full-time attention to agency matters, MSDE will lose the functions that this position might carry out. If a new individual is brought into the position, a thorough period of training under the tutelage of the current occupant will be essential. Among other duties, the current occupant supervises six positions within the agency; these supervisory duties cannot be transferred to other officers of the PSCP without a loss of their own ability to carry out their current duties.

The State Superintendent, who is also Chair of the IAC, is working with the Executive Director of the program to identify a PIN within MSDE that can be made available for the required duties of the budget director. This is needed so that there will be no loss of function in the transition.

Public School Construction Financing Study

"The report was due September 2015, but IAC asked for an extension until September 2016, since it has two concurrent studies on paths to energy savings, one including the potential of a grant submitted by the Maryland Energy Administration to the U.S. Department of Energy." (D25E03, page 24).

IAC Comment: Although not asked to respond, we feel it is essential to provide an update on the status of this report. In the summer of 2015, officers from the Maryland Energy Administration (MEA) and the Maryland Clean Energy Center (MCEC) worked with the Executive Director of the IAC to investigate a statewide energy savings program applied to school buildings.

The common premise of the three groups was that by conducting an energy performance contract (EPC) at a regional or statewide level, cost savings would be achieved that would allow additional energy projects to be carried out in school buildings, and could even serve as the seed for financial instruments to carry out non-energy related projects. Maryland has about 138 million square feet of school building, 41% of it constructed before 1980 and therefore likely to be susceptible to significant improvements in energy performance. Each of the three entities brought an essential component of expertise to the task: MEA has the technical background to organize an investigation of the statewide energy-savings potential of all Maryland schools and to apply for grants to carry out the study; MCEC has knowledge of the financial structures needed for a successful Energy Performance Contract (EPC); and the IAC has direct knowledge of the condition of Maryland schools and the relationships needed to promote a regional or statewide program.

Following extensive discussions among the three entities, in March 2015 MEA submitted an application to the U. S. Department of Energy to conduct a sample study of approximately 140 Maryland schools to determine both the level of potential energy savings and the cost to achieve the savings in these facilities. These findings would be extrapolated to the larger portfolio of older Maryland schools to assess the statewide potential for energy savings. On July 7 a meeting was held with four ESCOs (energy service corporations) to determine vendors' interest in a regional or statewide program; a high level of interest was expressed, validating the premise that large savings are possible. Concurrently, MCEC undertook discussions with financial entities and learned that they also had a considerable interest in the new investment opportunities that the proposed program would open up. It appeared at that time that all elements were falling into place to implement an effective regional or statewide program. The attendance of local officials at a presentation given by MCEC and the IAC at the MACo Conference in August showed that there was a high level of local interest in the outcome of this study.

However, several things occurred in the fall of 2015 that have blocked further progress on the effort:

- The application for grant funding was not approved by DOE; this means that either another source of funds must be found, or the investigation of statewide potential savings through parametric modeling must be abandoned and another approach developed.

- As a result of changes within MEA, the main contact person for this study was assigned to other duties, and has apparently since left the agency. This expertise is not readily replaced.
- The annual Capital Improvement Program, along with the writing of four reports for the General Assembly and a report for the Governor, prevented the Executive Director of the IAC from actively pursuing this study.

The Executive Director is now in a position to renew the study, working with the Department of General Services and MCEC. However, given other tasks that must be undertaken, it remains to be determined whether the submission date of September 2016 is realistic.

BALTIMORE CITY PUBLIC SCHOOL CONSTRUCTION INITIATIVE

IAC should comment on any changes that have been made to the 10-year plan and if they address meeting the utilization rate target including swing space and the BCPS budget gap for maintenance and whether the annual report date should be moved to January. (D25E03, page 15).

Changes to 10-Year Plan and Impacts on Utilization Rates

A report that will be submitted to the Legislative Committees by the four MOU partners will outline the changes that have been made to the 10-Year Plan. Action by the Board of School Commissioners on December 17, 2014 affected the scope of nine (9) schools in the 21st Century Building Plan. As a consequence, at the end of calendar 2015 the total size of the 21st Century Program schools was approximately 390,000 square feet above the figure reported in October 2014:

- *Approximately 170,000 square feet related to changes in Plan Year 1 schools*, attributable to inefficiencies from designing renovations within existing school footprints and to program changes approved by the Board of School Commissioners in 2013 and 2014. The changes consist of:
 - *Arlington PK-8*: Converted to PK-5 to reduce scope.
 - *Ft. Worthington PK-8*: Increased area to receive students from a closed elementary/middle school that was previously planned for renovation.
 - *Patterson High*: Scope increase to include the Claremont special education program, which was previously planned to be included in another high school that was removed from the list.
 - *Pimlico PK-8*: Enrollment expansion due to conversion of two other schools from PK-8 to PK-5.
- *Approximately 220,000 square feet related to changes in Plan Year 2 schools*, attributable to special education capacity requirements and to capacity changes. The changes consist of:
 - *Bay-Brook PK-8* and *Calvin M. Rodwell PK-8*: Increase of middle school enrollments due to reconfiguration of area schools to PK-5.
 - *Walter P. Carter PK-8*: Enrollment increase due to closure of an area elementary/middle school.
 - *James Mosher PK-5*: Smaller enrollment due to retention as PK-5 rather than PK-8.
 - *Calverton PK-8*: Larger enrollment due to reduced size of James Mosher PK-5.

The Maryland Stadium Authority and City Schools are addressing the increase in square footage that has resulted from these changes through detailed review of architectural plans to improve efficiency, value engineering, and exploration of alternative building technologies that will reduce costs. A report from MSA on alternative building technologies is forthcoming.

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

- *Canton Building*: Removal from Year 2 and replacement with additions at two elementary/middle schools.
- *Westside Elementary* and *Baltimore Community High School*: Accelerated closures.

- Surplusing of four buildings to the City of Baltimore (the *William Pinderhughes*, *Dr. Rayner Browne*, *Langston Hughes*, and *Independence Charter School* buildings).

To date, City Schools has approved surplusing 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 January 5, 2016 is an amendment to Exhibit 6 of the MOU that will retain five school buildings that were originally planned to be closed and instead add five school buildings to take their place.

- Four of the original buildings were intended to be used as swing space after closure of their educational programs in the period 2013 through 2018, and therefore their SRC would no longer count in the calculation of utilization without swing space; one was listed as TBD, presumably with the potential that the building could be used for another educational program after closure of the then-current program.
- Of the five new listings in Exhibit 6, one is intended to serve as temporary swing space until 2020, one will serve as permanent swing space until 2024, and the other three are shown for permanent building closure (and presumably surplus to the City).

These changes will result in an increase of 347,776 square feet in the total area of schools that will be closed. The increase will benefit the efficiency of the maintenance and operational divisions by removing the equivalent area of one to two high schools.

City Schools has provided the following analysis of the changes approved by the Board of School Commissioners:

In SY 14/15 analysis, City Schools was on target to achieve district wide utilization targets. The district wide utilization without swing space of 80% or capacity of 99,442 (with swing space – 77.6% or 102,612 capacity) for SY 15/16; and district wide utilization without swing space of 87.6% or capacity of 92,072 (with swing space – 83.6% or 96,479) for SY 19/20.

In SY 15/16 analysis, City Schools is on target to achieve district wide utilization targets. The district wide utilization without swing space of 81% or capacity of 95,142 (with swing space – 76% or 102,279 capacity) for SY 15/16; and district wide utilization without swing space of 86% or capacity of 91,729 (with swing space – 80% or 99,060) for SY 19/20.⁵

City Schools notes the factors that have been incorporated into its analysis:

- *Changes to methodology and clarity around swing space and when facilities come off City Schools portfolio based on Board vote*
- *Changes to the construction schedules reported in SY 14/15 and SY 15/16*
- *Changes to timeframes provided on Exhibit 6*
- *Utilization resolution to include “with swing space” approved by the Board on January 12*
- *Changes in projected enrollment*

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

The Maintenance Budget Gap

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. It is therefore of great concern when we see that the budget has already been used for purposes that do not represent an increase of maintenance activities:

⁵ Email from Dr. Lynette Boswell-Washington, February 1, 2016.

- *Use of the budget to fund the transfer of the Educational Building Supervisors (EBSs) from the Chief Academic Officer to the Chief Operating Officer.* This transfer is sensible and gives the C.O.O. direct authority over individuals who are in theory the first line of observation and notification when building systems or components do not operate properly. However, the salaries and benefits for these individuals were already in the school system budget, but did not transfer to the C.O.O.'s budget with the personnel. In effect, one division within City Schools can now use that budget allocation for other purposes while the maintenance budget will be reduced for its proper purpose, i.e. to hire *new* staff members, to provide adequate training for all staff members, and to support a robust preventive maintenance program. This effective reduction of the \$3 million increase is somewhat compensated for by the fact that the maintenance budget was increased by \$7.8 million in FY 2014 and FY 2015, or \$1.8 million more than the target of \$3 million per year.
- *Use of the budget to fund the position of Executive Director of Facilities.* The IAC has stressed that this position is of the utmost importance to the effective management of facilities; it is the organizational leadership model used in various forms by all of the large jurisdictions in Maryland and many of the mid-size jurisdictions. We are gratified that the position has been developed and has been advertised, but we are very concerned about how it will be filled in a time when qualified individuals find many competing opportunities in the private sector.

It is an issue of great concern that the salary and benefits for this position have been taken from the maintenance budget. Since the position will have responsibility for three facility management divisions (capital planning, design/construction, and maintenance/operations), it would be logical for the funding support to be taken from the C.O.O.'s general budget, holding the maintenance budget harmless.

Diluting the maintenance budget through these two actions will weaken the ability of City Schools to address four critical maintenance issues:

1. *CMMS.* When the computerized maintenance management system (CMMS) is purchased, it must be implemented by completing 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.* 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 have equal concern 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. The FY 2013 IAC Maintenance Report notes that “The HVAC equipment in a majority of the schools has not been inspected or serviced for multiple years. Many of the buildings have control problems or lack controls completely, allowing the equipment to run continually and inefficiently. This has resulted in a significant waste of energy and valuable operating funds. The exhaust fans in most of the buildings were inoperable. There is a large number of unreported or active leaks which have severely damaged the ceilings and have increased the potential for mold development as well as other environmental issues.” The FY 2014 IAC Maintenance Report notes four major areas of concern in the inspected schools: sanitation and cleanliness, fire and safety, HVAC, and vandalism. It is clear that any dilution of the maintenance budget will impede the ability of City Schools to address these conditions.
- *21st Century Building Program Schools.* The new and renovated schools under the 21st Century Building Program 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. In the current economy 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 extremely concerned about the condition of the new and renovated 21st Century schools within a few years of their opening; lack of maintenance would undermine the many positive benefits that will emerge from these improved facilities. The FY 2014 IAC Maintenance Report states that “Digital Harbor High School #416, showcased as a major renovation project completed in 2005 at a cost of approximately \$25 million, has deteriorated so rapidly in nine years that it received an overall rating of Not Adequate; poor daily management of this facility affects fully 11 separate items under Facility Safety and Administrative Issues. Vandalism has played a major role in the decline of this facility.” The recently replaced Waverly Elementary School already shows signs of deterioration in several areas.

The PSCP Program Manager for Baltimore City regularly brings the issue of maintenance before the other three partners to the MOU at bi-weekly meetings. In addition, the issue is brought up at the quarterly Executive Committee meetings. While structural changes have taken place, much more needs to be done, and quickly, in order to achieve a reasonable level of maintenance and protect large State and local investments.

Moving Annual Report Date to January

We support the proposal to move the Annual Report to January for submission. This change will allow the reports to be more useful because they will include information on the following topics:

- *City Schools Portfolio Review.* The City Schools Portfolio Review, which occurs every autumn, involves an assessment of the educational programs that should be terminated or relocated in order to improve educational outcomes. City Schools staff recommendations are made to the Chief Executive Officer in October or November and then are brought before the Board of School Commissioners in November, December or January. As noted above, the proposed educational program changes can have large implications for the utilization not only for existing school buildings, but also for the scope and size of the buildings proposed in the 21st Century Building Program.

Even if the Board of Commissioners has not yet acted by the time the Annual Report is submitted in January, the legislature will be better informed about the intended changes if the submission date is later than the current October.

- *Annual Capital Improvement Program.* All LEAs submit their annual CIP submissions in early October, and the IAC makes preliminary recommendations by December 31st. In the particular case of Baltimore City, recommendations for funding and planning approvals in the annual CIP require the IAC to assess progress toward achieving the Utilization Rate targets and toward the Maintenance Performance Metrics. The former depends on the September 30 enrollments as well as prior decisions regarding school closures, construction schedules, and project scopes; the latter depends on submission of the annual Comprehensive Maintenance Plan (CMP), due to our offices from all the LEAs by October 15. Both sets of information require time to analyze (the first largely by the Maryland Department of Planning, the second by the PSCP).

We will be able to provide a much more informed picture on both issues if the submission date for the Annual Report is deferred to January.

BALTIMORE CITY SCHOOL CONSTRUCTION MANAGEMENT CAPACITY

IAC should comment on how BCPS can most effectively address the procurement and personnel issues it has encountered in addressing its maintenance needs. (D25E03, page 20).

General. As the DLS analysis shows, the IAC provided a number of recommendations in its Report of December 2015. We observe that the facility management problems in City Schools are pervasive and widespread, and that the “reasonable changes” that we highlighted in the Report, although certainly steps in the right direction, have not yet shown positive results in improved school conditions or better project quality and execution. The issues cover all aspects of facility management, from leadership to procurement to the details of inventory control. School systems that have effected change not only address the technical issues of procedures and policies, but also strive to bring about a change of internal culture in which facility and project managers gain a sense of ownership over their buildings. This can only happen if leadership is inspiring and if personnel are given clear goals, a high degree of accountability, and recognition and rewards for good service.

- There is a wealth of experience within the 23 other school systems in the State that is available to City Schools for improvement of their procurement and management practices. We understand that it is often difficult to find time to discuss issues with colleagues from other jurisdictions; however, we believe that a concerted effort in this area would pay immense dividends in making decision-makers and staff members aware of the norms of good practice.
- A thorough study could be conducted by an outside entity with experience in organizational structures generally, and in the practices, policies, and culture of school systems in particular. If such a study were undertaken, it would only be effective if 1) the recommendations were assessed and embraced by the Board of School Commissioners and 2) the implementation of recommendations were placed under the authority of a knowledgeable individual with genuine authority to make change. As with changes that took place in Prince George’s County Public Schools in the late 1990s as part of a court-ordered desegregation order, any such program should occur under the oversight of the General Assembly.

Leadership. The leadership of City Schools must recognize the depth of the problem and undertake a wholesale assessment of what is needed to operate an effective and efficient facilities organization. We know this is possible: Prince George’s County Public Schools is the most notable example of a Maryland LEA that under new leadership undertook a series of internal reforms in 2013 that are bearing results in more efficient project management, expedited time to bring projects to contract, and a comprehensive, detailed view of what is needed for the entire district. Frederick County Public Schools in the early 2000s undertook a complete review of its maintenance program that led to wholesale reorganization; by bringing in a very experienced maintenance manager, they have implemented one of best programs in the state.

Project Management. The PSCP has made a determination that in 2016 it will focus on project management in Baltimore City, and in particular on the management of HVAC projects and on the Library/Media projects that are funded with QZAB funds and in some cases also with funds from the Weinberg Foundation.

- *HVAC Projects:*
 - IAC will restrict the number of HVAC projects that are recommended in the annual CIP. To date, only five HVAC projects have been recommended out of a total of 13 HVAC requests; two of these received partial State funding in FY 2016. Barring further progress on previously approved HVAC projects and confidence that they are properly scoped and designed, the IAC staff will not recommend further HVAC projects for City Schools in FY 2017.
 - The PSCP Program Manager will be involved in every aspect of project development, from design through construction and project close-out.
 - Department of General Services staff will visit each school at the time of design review to confirm that the project scope is complete and that the work is coordinated with other work in the school building.
 - Payment of requisitions will be predicated on a report by the Program Manager that the work requisitioned for is complete.
 - Final payment will be dependent on confirmation that the system works in all particulars as designed.
 - Maintenance and operational procedures will be reviewed with City Schools staff and there will be periodic checks to ensure that maintenance is being performed.
- *Library/Media Projects:* In August 2014 the IAC wrote to the new CEO to indicate that project funds would be restricted until assurance was provided that elements had been incorporated into the scopes of two Library/Media Center projects that were needed to allow them to perform properly and to protect them from the elements. Assurances were provided and were reviewed before construction by the Program Manager, but it was found that this did not provide enough oversight: certain elements of the HVAC system were not fully developed, the existing windows at one project were not replaced and do not perform, sub-flooring was not properly repaired and finished flooring is failing prematurely, and there are numerous other deficiencies. To achieve better performance:
 - The Program Manager now attends all design meetings on the two Library/Media Center projects that are under development.
 - MSDE Facilities Branch (a sister agency within the IAC) will not release approval of design documents until all scope issues are identified.
 - The IAC will conduct a thorough walk-through of each project before the solicitation documents are finalized.
 - To the extent feasible, the Program Manager will attend construction progress meetings.
 - Requisitions and final payments will not be released until work is satisfactorily completed.

Although this intensive set of actions would be considered unnecessary in any other situation, it is expected that they will allow not only greater insight into the specific problems that have led to project deficiencies in Baltimore City, but will also serve as a training for BCPS staff in proper project management. It is imperative that all stakeholders involved in project management understand what the

problems are, what is causing them, and what can be done about them. Without staff comprehension of the necessity for thorough project evaluation, no effective change will occur.

Staffing. BPCS must not only increase the budget for project management staff, but a higher level of expected management performance must be gained. Best practices from other LEAs should be incorporated into staff training and evaluations. Non-performing personnel should be re-trained or released. Better salaries and central office support will be needed to attract and retain qualified individuals.

ALTERNATIVE SCHOOL CONSTRUCTION DELIVERY

IAC should comment on the applicability of alternative building methodologies to public school construction and any additional work it is undertaking beyond the scope of its original study. (D25E03, page 22).

The IAC has been active for almost a year in addressing the problem of cost increases in school construction:

- The entirety of the May 6, 2015 LEA Facility Planners meeting was dedicated to panel presentations and discussions on the causes of the rapid and unexpected cost increases seen in early 2015, as well as potential solutions. These were summarized in the report to the CDAC of September 16, 2015.
- On October 28 the IAC submitted a report to Governor Larry Hogan and the Board of Public Works comparing the Monarch Global Academy in Anne Arundel County to more traditional school construction. The report discussed the relation of the building design to the educational program as well as building performance, and presented six recommendations for further action. One of these, establishment of a task force to study all aspects of school construction (the educational specification, procurement, project delivery, regulation, and building technology) aligns with the Commission that has been established by the Presiding Officers.
- On January 13, 2016 the IAC took up the issue at an all-day meeting with LEA Facility Planners and Budget/Finance Officers entitled *Innovation and Cost Containment*. The morning session was focused on three main areas, the educational specification, HVAC systems, and the need to build durably but with the capacity for flexible adaptation. The day included an extensive tour of the Monarch Global Academy facility, and the afternoon session focused on attendees' reactions to the Monarch facility. Mr. Martin Knott, chair of the proposed Commission, attended the entire January 13 meeting and toured the Monarch facility with the LEA Facility Planners. This meeting will lead to the formation of LEA-led working groups to study the three identified issues as well as others, in order to provide input into the work of the Commission.
- On January 29, the Executive Director, the head of the MSDE Facilities Branch, and two LEA Facility Directors with experience in pre-engineered building systems met with the CFO of The Children's Guild, officers of Steel Building Specialists, Inc. (SBS), and the SBS architect to discuss the advantages and disadvantages of a prototype school design that SBS had developed. This discussion will lead, pending funding, to an investigation that will provide verifiable information in determining which alternative building technologies are appropriate in school buildings:
 - The architect of record for a prototype school design would be requested to carry out the same design using a pre-engineered structural system as well as other alternative technologies, ranging from HVAC to roofing to finish materials. With a complete design at the same level of detail as the conventional prototype, it would be possible to compare both first costs and life-cycle costs for each system.
 - LEAs would be asked to evaluate the results and provide input about the applicability of the alternatives for their specific building needs.

- Objective decisions could then be made by each local board and superintendent that will take account of the impact of alternative systems on the educational program, on long-term maintenance and operational costs, on the costs of energy and other utilities, on aesthetics and community practices, and on State and local regulations and requirements (e.g. the State High Performance Schools requirement).

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.⁶
- 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.

⁶ Maryland is one of the few states in the country that maintains an educational facilities database.

ATTACHMENT II: IAC Director of Fiscal Services, Position Tasks

Finance/Accounting:

- Review and approve capital payments to contractors and Local Educational Agencies (LEAs) - this requires comprehension of construction-architectural/engineering terminology and processes; the ability to read construction drawings and specifications to interpret the eligibility or ineligibility of expenditures.
- Review and approve operating procurements and payments.
- Review, approve and adjust all payrolls and timekeeping processes; direct adjustments as required.
- Review and approve all employee reimbursement requests.
- Review and oversee all CFIS (specialized agency internal financial reporting database requiring familiarity with and knowledge of construction accounting phases and processes), FMIS, ADPICS generated reports for accuracy and efficiency; direct adjustments as needed.
- Oversee all agency fixed asset procurement, recordation, inventory, insurance valuations and custody control.
- Review and update all financial accounting procedures and Forms to be complied with and reported on by the LEAs. Specialized knowledge of all capital funding mechanisms, processes and Regulations is required.

Operating Budget:

- Annually, prepare the operating budget for submission to the Department of Budget & Management (DBM).
- Daily monitoring of budget/expense transactions. Prepare and submit monthly, the Monitoring Expense Report to DBM Operating Budget Analyst for review. Respond to all Operating budget questions from DBM for all operating budget processes.

Capital Budget:

- Annually provide, (with periodic updates), Capital budget allocation, encumbrance and expense data for all capital programs to be used for budget book presentation using CBIS (DBM Capital Budget system). Respond to and/or coordinate agency responses to questions from the capital budget analyst regarding capital project processes. Specialized knowledge is required of all capital program procedures, processes and funding mechanisms.

Supervision:

- Supervise five professional finance, accounting and clerical staff. Prepare and implement PEPs for supervised staff and, oversee implementation and reporting of all agency PEPs.
- Train all finance department new hires.

Audit:

- Manage external audit processes and reports on behalf of 24 local school systems (LEAs). Familiarity with and specialized knowledge of construction terminology, processes, and methods including the reading/comprehension of construction drawings, contracts, specifications, change orders and COMAR/Regulations.
- Work with and respond to all legislative audit requests on behalf of the finance office as well as coordination of all other audit requests for all agency operations. Specialized knowledge of all agency capital programs, procedures and processes is required. Prepare and/or coordinate formulized responses to legislative audit exceptions; implement legislative audit recommendations.
- Oversee and coordinate the audit of staff Health Benefit documentation.
- Oversee and coordinate the audit of Corporate Purchasing Card transactions.

Fiscal Notes:

- Assist the Executive Director in reviewing and preparing Fiscal Notes, particularly compiling financial data for the note. Requires familiarity with and comprehension of construction funding and related processes.

Surplus School Properties:

- Research, compile and calculate financial investment data, local government debt assumption, sharing of local government sale/lease proceeds for all funding sources. Direct the preparation of agreements, and recordation of surplus school property transactions. Specialized knowledge is required of the surplus process, Regulations, bond financing mechanisms and real estate property law.
- Testify as needed, on behalf of the State, on matters where the State has been named in a surplus school property case/judgment. Specialized knowledge is required of the surplus process, Regulations, bond financing mechanisms, real estate property law.

Human Resources:

- Function as the liaison between the Office of Personnel Services & Benefits (OPSB) and the agency on all HR matters. Oversee/follow-up on OPSB's transactional processing in WORKDAY for correctness and timeliness. This role requires someone who has been designated by the Appointing Authority to make decisions and act on behalf of the Executive Director in these matters.
- Assemble and conduct employment interviews for vacant positions. Conduct orientations for all newly hired staff.
- Annually, coordinate the dissemination, processing and enrollment of health benefits for all agency staff.
- Represent the agency at hearings to contest unemployment claims made by former PSCP staff.
- Retirement Coordinator.

- EEO/Fair Practices Officer.
- Complete approval path processes for Appointing Authority, Timekeeper, Payroll and, Budget/Finance approver validation roles in and on behalf of WORKDAY. These roles require someone who has been designated by the Appointing Authority to make decisions and act on behalf of the Executive Director in these matters.
- Interface with all agency staff to respond to personnel questions, issues, grievances, etc.
- Securely maintain agency Personnel files (hard copy and electronic) until receipt and processing by the OPSB-Shared Services division.
- Oversee the secure exiting process of all departing agency employees.

Archives:

- Oversee the agency recordkeeping function for proper identification, recordation and retention of all agency documents. Specialized knowledge of construction documents and processes is required in this role.

Internal Control/Security Access:

- Direct the preparation of Forms and, authorize internal control/security access granting staff authority to process transactions in the following systems - FMIS, ADPICS, CFIS, CBAS, Timekeeping, Payroll systems. See definitions elsewhere in this document for the abbreviations above.