

Massachusetts School Building Authority



MSBA Overview

OUR MISSION

Partner with Massachusetts communities to support the design and construction of educationally-appropriate, flexible, sustainable, and cost-effective public school facilities.

www.MassSchoolBuildings.org



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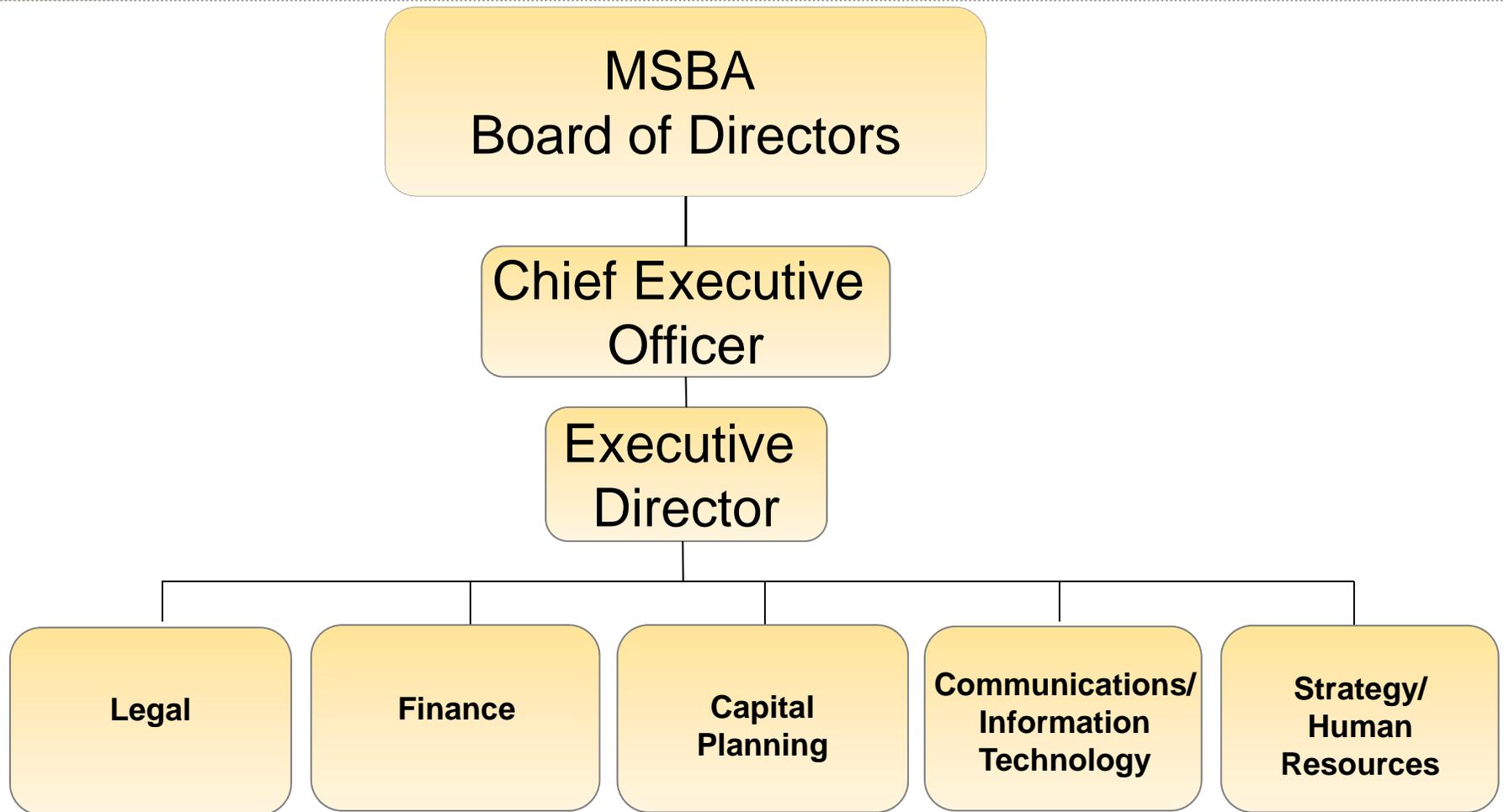
Enabling Legislation

The MSBA enabling statute grants the MSBA the power to:

- Review, approve, or deny grant applications
- Provide architectural and other technical assistance
- Collect and maintain a clearinghouse of prototypical school plans
- Determine eligibility of cost components of projects for reimbursement
- Establish appropriate rules and regulations
- Perform or commission a needs survey
- Adopt and amend bylaws, rules and regulations for the conduct of business
- Invest funds
- Engage accounting, management, legal, financial, consulting and other professional services
- Do all things necessary or convenient to carry out the purpose of G.L. c. 70B



MSBA Organizational Structure





Board of Directors – Membership



Deborah Goldberg
Chairperson of the MSBA, Treasurer and
Receiver General of the Commonwealth



Anne Brockelman
Appointed
Member, Senior
Associate, Perry
Dean Rogers
Partners Architects
(PDR)



Sean Cronin
Designee of the
Secretary of
Administration
and Finance



Sheila Vanderhoef
Appointed
Member, Former
Town
Administrator,
Town of Eastham



Matt Deninger
Designee of the
Commissioner of
Education



Terry Kwan
Appointed
Member,
Former teacher/
School
Committee
member



Greg Sullivan
Appointed
Member,
Former MA
Inspector
General



Designer Selection Panel

The Designer Selection Panel (DSP) was created to ensure an impartial and objective designer selection process that encourages best practices in school construction and the distribution of workload among the many qualified design firms. Members of the DSP include 13 permanent members recruited from MSBA professional staff and independent professional groups and 3 “revolving” members recommended by the school district on a project-by-project basis

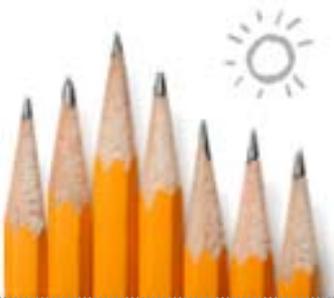
- Any city, town, or regional school district invited into the MSBA’s capital pipeline for a potential school renovation or construction project estimated to cost in excess of \$5 million must select a designer through the MSBA’s Designer Selection Panel.
- The DSP focuses its review and selection of designers on:
 - Prior relevant experience of firm and its designers in the supervision of projects similar in type, size, dollar value and complexity to project being considered
 - Documented evidence of past performance – number of projects designed, project dollar value, number and percentage completed on time, dollar value of change orders, safety record and number of legal actions
 - Current workload and ability to undertake the contract based on the number and scope of projects for which the firm is currently under contract
 - The identity and qualifications of the consultants who will work on the project
 - Attention to detail in the submitted application



Owner's Project Manager (OPM) Review Panel

The OPM Review Panel was created to assist districts with the selection of qualified OPMs to assist both the local district and the MSBA on overseeing school project construction.

- Any project estimated to cost more than \$1.5 million is required to have an OPM.
- The MSBA must approve the OPM for approved school projects that exceed the \$1.5 million threshold and may require an OPM on certain projects under the threshold.
- Cities, towns, and regional school districts must conduct a qualifications based selection process for selecting an OPM and submit to the MSBA a summary of the qualification process, the basis of its selection and recommendation to the MSBA for approval.
- The OPM Review Panel focuses its review and approval on:
 - Prior relevant experience of firm, Project Director and Project Representative in the supervision of projects similar in type, size, dollar value and complexity to project being considered
 - Documented evidence of past performance – number of projects managed, project dollar value, number and percentage completed on time, dollar value of change orders, safety record and number of legal actions
 - Management approach
 - Key personnel
 - Capacity and skills of the firm – current workload
 - Financial stability



Finance Overview

- *Background*
- *Achievements*
- *Current State of Affairs*
- *A Look Ahead*

www.MassSchoolBuildings.org/about/finance



MSBA's Enabling Act Provided Dedicated Financial Resources to Fulfill the MSBA Mission

- The Act established the School Modernization and Reconstruction Trust Fund (“SMART Fund”) as a new off-budget trust fund:
 - not commingled with other Commonwealth funds
 - not subject to appropriation or allotment rules
 - MSBA bondholders are express beneficiaries of SMART Fund
- Dedicated a 1% statewide sales tax to the SMART Fund (phased in over 7 years beginning in FY 05)
- Appropriated \$150 million from the Commonwealth’s General Fund to the SMART Fund
 - In order to assist the Commonwealth with resolving FY11 budget deficit, the MSBA made a one-time transfer of \$150 million back to the Commonwealth from unrestricted sales tax funds
 - Impact was significantly offset by Commonwealth allocating 100% of its Qualified School Construction Bond (“QSCB”) allocation to the MSBA
- Authorized \$1 billion of Commonwealth General Obligation bonds to initially capitalize the SMART Fund



New Program Solutions

MSBA Implemented Programmatic Oversight and Controls to Ensure Grant Program Stays within Available Resources:

- **Limit Grant Approvals to Available Funds**
 - Develop individual project budgets and require multiple independent cost estimates for projects
 - Require districts to design to agreed-upon budget/scope
 - MSBA/local district financial commitment clearly documented
 - Funding agreements explicitly protect MSBA from project budget or scope increases
 - MSBA has been disciplined in applying policies and procedures and has demonstrated its willingness to halt funding to enforce compliance with funding agreements

- **Focused New Program Spending**
 - Emphasis on core academic spaces, such as classrooms and science labs
 - Adherence to educationally-sound MSBA space guidelines/standards
 - “Pay as you build” Progress Payment system

- **Completed Three Capital Surveys of Approximately 1,800 School Facilities Across the Commonwealth**
 - Identified baseline public school inventory

- **Developed Data-Based Enrollment Projection Methodology in Order to Build Right-Sized Schools**



New Program Payments Progress Payment System

- Enables MSBA to audit and pay as projects progress
 - Captures detailed project budget and cost data
- Districts submit paid project costs monthly for MSBA review and applicable reimbursement
 - MSBA auditors review individual invoices, compare expenditures to the budget line items, and review contract amounts versus payments for the general contractor, designer, and Owner's Project Manager.
- Districts avoid having to borrow the MSBA's share of project costs
 - Reduces local debt
- Consistent, predictable payments allow communities to better manage their cash flow
- The MSBA holds back 5% of the Estimated Maximum Total Facilities Grant until the final audit is complete.
 - During the final audit, the MSBA reviews invoices, contracts, and budget line items again. Final payment is made after the Board votes to approve the final audit.



Reimbursement Rates (M.G.L. c. 70B)

- Base rate for each district of 31 percentage points up to a maximum of 80 percent
- Three Ability-to-Pay Factors can increase the reimbursement rate from the base before addition of any applicable incentives:
 - Community Income Factor (0-12 percentage points)
 - Per capita income
 - Source: MA DOR
 - Community Property Wealth Factor (0-28 percentage points)
 - Per capita equalized property valuation
 - Source: MA DOR
 - Community Poverty Factor (0-17 percentage points)
 - Eligibility for Federal Free/Reduced Lunch
 - Source: MA DESE
- Maximum rate, including incentives, not to exceed 80%



Reimbursement Rates – C. 70B

- Regional school district reimbursement rates are calculated using the same data and factors, but each factor is weighted to reflect each municipality's representation of the total regional district enrollment.
- The last step in the reimbursement rate calculation process is for the MSBA, in its sole discretion, to review if a district is eligible for Incentive Points. Statute dictates that no district shall be eligible for more than 18 Incentive Points in total, and that no one category of Incentive Points can be more than 6 points.
- By statute, 80% is the maximum allowable reimbursement rate, including incentive points.
- The reimbursement rate is applied to eligible costs.



Reimbursement Rates - Incentives

- Energy Efficiency/Green Schools: 0-2 percentage points
- Routine and Capital Maintenance: 0-2 percentage points
- Newly Formed Regional School Districts: 0-6 percentage points
 - Maximum of 6 incentive points for establishment of new regional district, or amendment of existing agreement to add a new member
 - Maximum of 3 incentive points for inclusion of additional grades into existing regional agreement (one percentage point per additional grade)
- Construction Management At Risk delivery method: 1 percentage point for projects invited to the pipeline prior to 1/1/17.
- Model School: 5 percentage points for projects invited to the pipeline prior to 1/1/16.
- M.G.L. c.40R/c.40S Overlay Zoning District: 0-1.5 percentage points
- Renovation/Reuse of an Existing Facility: 0-5 percentage points



The Current Program Process & Our Capital Pipeline

- *Key Elements of the Current Process*
- *Projects and Process*
- *Statements of Interest Overview*
- *A look ahead – 2015*
- *Building Program Challenges*

www.MassSchoolBuildings.org/building



Statements of Interest

- Submitting a Statement of Interest (“SOI”) is the critical first step in the MSBA’s program to partially fund the construction, renovation, addition or repair of municipally or regionally owned school facilities located in cities, towns and regional school districts. The SOI allows districts to inform us about deficiencies that may exist in a local school facility and how those deficiencies inhibit the delivery of the district’s educational program. A district would identify whether they are filing under the Accelerated Repair Program or the Core Program.
- The MSBA Accelerated Repair Program (“ARP”) is for the partial or full replacement of roofs, windows/doors, and boilers. In some cases, a project which is inappropriate for the MSBA ARP may be appropriate for the MSBA CORE program.
- The Core Program is primarily for projects beyond the scope of the Accelerated Repair Program, including extensive repairs, renovations, addition/renovations, and new school construction.



Key Elements of the Current Process

Process for grants is based on collaboration between districts and the MSBA

- The MSBA needs to be involved in all phases of a project from initial statement of the problem (Statement of Interest application) through feasibility study, design development, construction and project close-out
- Studies/design/work done without MSBA participation is not eligible for reimbursement

Enrollments

- Projected enrollments must be generated through the MSBA's on-line enrollment projection system and must be agreed upon before project can move forward

Educational Program

- Focus on District's educational program to inform options study

MSBA Space Guidelines

- **Space Allowance by Program Activity** - For new schools, basic classrooms sizes for Pre-K, elementary, middle and high school must meet MSBA guidelines.



Key Elements of the Current Process (continued)

Local Votes

- The MSBA requires a very specific form/language for local votes
- One project – One Vote

Owner's Project Managers (OPMs)

- Any project over \$1.5 Million is required to have an Owner's Project Manager (OPM)
- The MSBA must approve OPM's for potential school projects

Designer Selection

- The Designer Selection Panel (DSP) was created by the MSBA to ensure an impartial and objective designer selection process

Project Scope, Schedule, and Budget

- The MSBA and the District must have agreement on scope, schedule, budget before project can be approved by the MSBA Board

Project Scope Monitoring

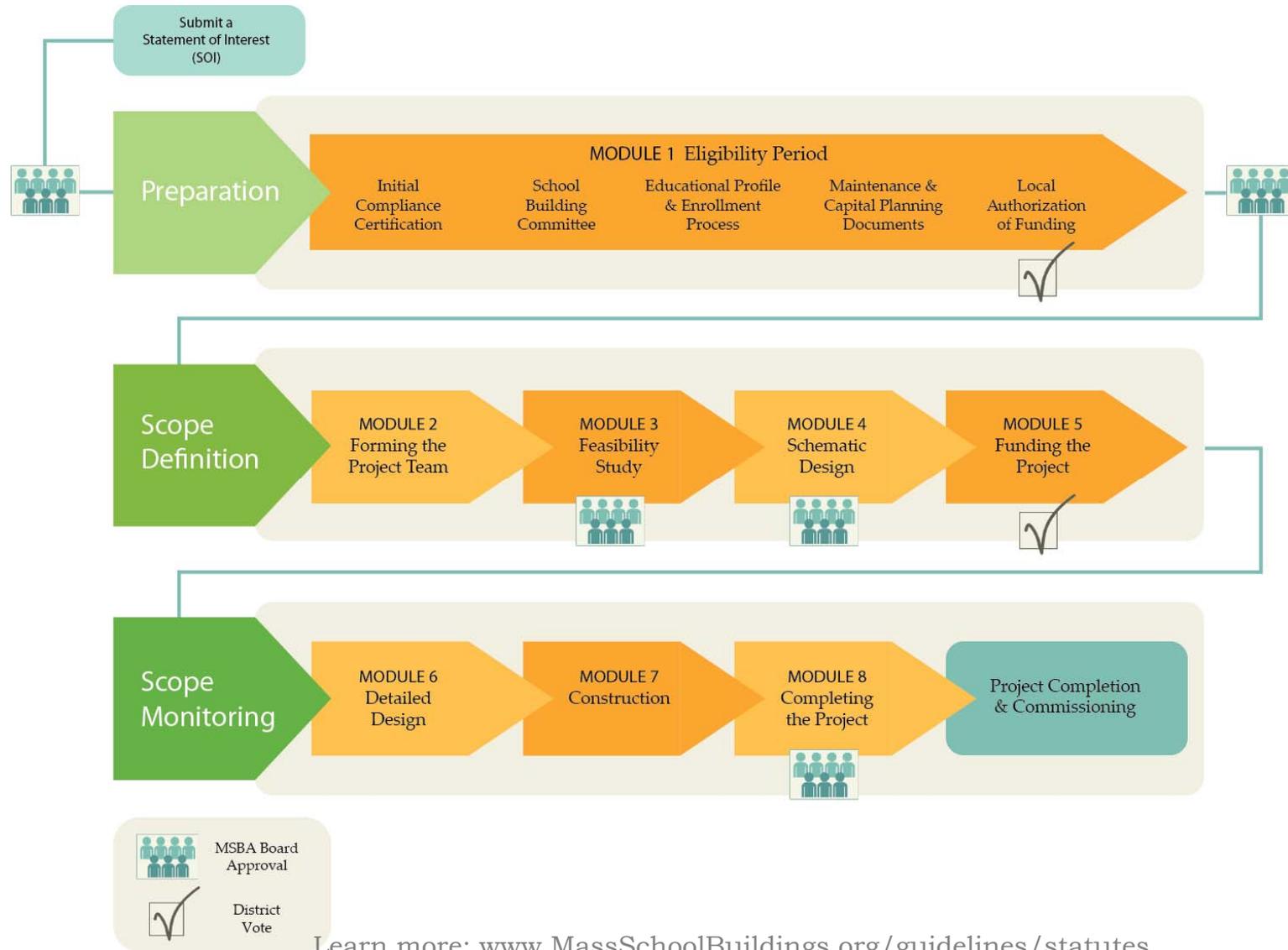
- The MSBA continues to monitor scope, schedule and budget through project completion

Commissioning

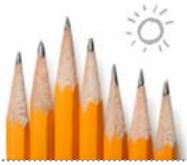
- The MSBA funds 100% of the commissioning for all projects



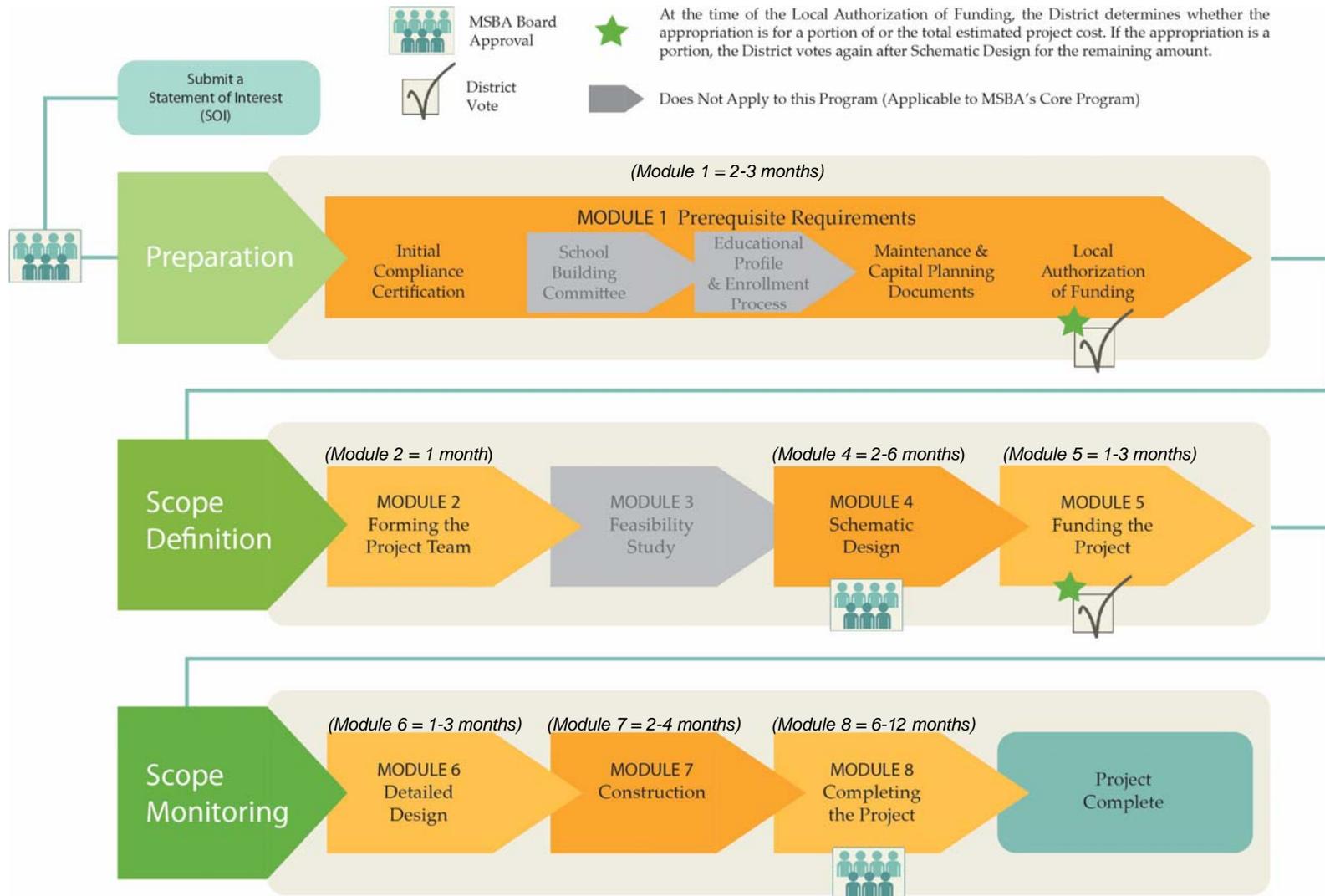
MSBA Core Program Process Overview



Learn more: www.MassSchoolBuildings.org/guidelines/statutes



MSBA Accelerated Repair Program Process Overview





Guidelines, Programs & Initiatives

- *Enrollment & Space Guidelines*
- *Site Issues*
- *Model School Program*
- *Repair Program*
- *Commissioning*
- *Science Lab Initiative*

www.MassSchoolBuildings.org/programs



Enrollment Guidelines

Projected enrollment dictates how large/small a school building needs to be

- Projected enrollment needs to be realistic
 - Enrollments are dropping across the state for the majority of districts
 - When projected enrollments do not materialize, that is another district's roof, classroom addition, or science lab not done
- MSBA will not authorize a project for further development until enrollment is agreed upon with the District
- MSBA had a task force of superintendents to develop our online enrollment model, available for every district
- MSBA will work with districts to accommodate local enrollment idiosyncrasies....
 - ...but will not engage in wishful thinking



Space Guidelines – Realistic and Affordable Education Plan

MSBA developed square footage space guidelines that are flexible and focus on Core Academic Spaces

- Allows a proposed school to grow or shrink based on projected enrollment
- If your educational plan reasonably is in excess of the guidelines in core academic spaces, we will work with your district to try to accommodate some variances
- Prove to MSBA that there is a budget to support new educational programs that are new to district
- The MSBA and the District need to assess whether there is empty/available capacity elsewhere in the district that could help solve the problem



Commissioning

MSBA fully-funded process involving independent third party testing a building's systems and materials and the operation of the building as a whole

- MSBA commissioned buildings undergo an intensive quality assurance process
- Many benefits of commissioning for the District
- 100% funded by the MSBA
- Building commissioning is also a critical component in any “green” building program including LEED and MA-CHPS

Commissioned Systems

- ✓ Building Envelope
- ✓ Roofing Systems
- ✓ HVAC Systems
- ✓ Plumbing Systems
- ✓ Electrical Power and Lighting Systems
- ✓ Voice, Data and Video Systems
- ✓ Life Safety Systems
- ✓ Building Automation and Control Systems

Total Value of commissioning work orders to date = \$29.3 million



Maintenance and Capital Planning

- Eligible Applicant must have expended the minimum maintenance expenditure requirements pursuant to M.G.L. c. 70B, § 8;
- Proposed Project is not due to the negligence or lack of maintenance of the Eligible Applicant;
- MSBA shall assess an Eligible Applicant's maintenance process and review the maintenance practices and procedures in place at the school and district level
- Based on twenty (20) best practices developed from discussions with:
 - industry professionals
 - school superintendents
 - maintenance staff
 - school business officials
 - guidance gleaned from the MSBA Maintenance Task Force



Maintenance and Capital Planning Best Practices

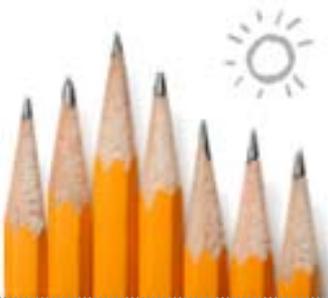
- Examples include:
 - establishing and implementing a capital improvement plan
 - using a detailed preventative/predictive maintenance plan
 - maintaining a building and systems inventory
 - using facility maintenance manuals and practices that standardize preventative and routine maintenance procedures



A Few Achievements

- More than \$12.9 billion in payments to cities, towns and regional school districts
- Economic impact report completed in 2016 shows annual employment creation of between 7,300 and 11,600 jobs per year resulting in between \$4.1 and \$6.6 billion in total additional employment earnings
- We have completed final audits of 1,198 projects, totaling over \$20 billion in submitted costs
- Since our inception, the MSBA has participated in, or is currently working on, over 600 projects state-wide
- Currently there are a total of 96 districts, representing 220 projects, either active or completed in the Accelerated Repair Program
- Through partnering with districts, we have improved learning facilities for over 600,000 students across the Commonwealth
- We developed a data based enrollment projection methodology in order to build right-size schools
- We have completed School Surveys in 2005 and 2010 and are finalizing data for 2016. School Surveys are conducted to assess the condition of all of the elementary and secondary public schools across the Commonwealth





Questions?

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Administration and Operations**

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Matt.Donovan@MassSchoolBuildings.org



APPENDIX

Learn more:
www.MassSchoolBuildings.org/guidel



Green Schools

- Minimum Requirements

All MSBA core program projects that receive a Preferred Schematic Approval on or after 6/28/17 must register with either:

- USGBC LEED-S Version 4 and achieve a minimum of “Certified”, **OR**
- NE-CHPS Version 3 and achieve a minimum of “Verified”

AND

Exceed the level of energy efficiency required in the current Massachusetts (base) energy code by 10%, using the LEED-S EA “Optimize Energy Performance” credit submittal or the NE-CHPS “Energy Efficiency” credit submittal to demonstrate that performance.

- Additional Reimbursement

- In addition to the minimum requirements described above, projects must exceed the level of energy efficiency required in the current Massachusetts (base) energy code by 20%, using the LEED-S EA “Optimize Energy Performance” credit submittal or the NE-CHPS “Energy Efficiency” credit submittal to demonstrate that performance
- See Project Advisory 41, February 2017 for more information.



Model School Program

Seeks to effectively adapt and re-use the design of successful, recently constructed elementary, middle and high schools

- Requires invitation and approval to participate.
- Up to five additional percentage points for schools that were invited to the Capital Pipeline before 1/1/16. While the model school program is still an active program, the incentive points have been discontinued as of the 3/16/16 Board of Directors vote.
- New Model Schools were recently adopted, and the models available will be updated periodically.



Newly Formed Regional School District

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



Use of Construction Manager at Risk

- 1 point allocated for use of the Construction Manager at Risk delivery method for projects invited to the pipeline prior to January 1, 2017. The incentive points have been discontinued as of the 11/9/16 Board of Directors vote. The Board has determined that awarding incentive reimbursement points for a district's use of the Construction Manager at Risk construction delivery method is no longer necessary to serve the originally intended purpose of encouraging districts to use the Construction Manager at Risk methodology and encouraging new contractors to participate in the school construction industry.
- Requires District to receive a Notice to Proceed from the Inspector General.
- The District documents local discussions and the rationale used to select the most appropriate construction methodology in conjunction with the Schematic Design submittal.



Overlay Zoning District (0-1.5)

- Community must adopt “smart growth zoning district” pursuant to MGL C.40R or C.40S Overlay Zone – up to 1%
 - Overlay zoning of over 100 units of housing or 50% of units in the district are designated for 1, 2, or 3 family structures – up to 0.5%
-
- *This DHCD Final Approval information was found here:
<http://www.mass.gov/hed/docs/dhcd/cd/ch40r/theuseofch40rin-ma.pdf>
 - Additional information here:
<http://www.mass.gov/hed/community/planning/chapter-40-r.html>
 - <http://www.mass.gov/hed/docs/dhcd/cd/ch40r/40ractivitysummary.pdf>



Maintenance (0-2)

- Based on review of District's maintenance practices
- District submits various routine and capital maintenance data for scoring such as:
 - Preventive maintenance plans
 - Description of work order systems
 - Historical and projected capital budget plan
 - Practices for re/retro commission
 - Existence of segregation of local funds for capital projects



Major Reconstruction or Renovation/ Reuse (0-5)

- 5 points may be allocated for renovation that requires no new construction
- Less than 5 points may be allocated on a sliding scale that relates the percentage of renovated space to the percentage of total constructed space
 - For example, if 50% of the total area of the project is renovated area, 2.5 incentive points would be applied.



Current Project Status

A total of 313 projects that have received invitations from the Board of Directors (“Board”) to collaborate with the Massachusetts School Building Authority (“MSBA”) are currently in the MSBA’s Eligibility Period and Capital Pipeline. The summary chart provides the number of projects in Eligibility Period and each phase of the Capital Pipeline. For a detailed look at the Capital Pipeline projects, please go to www.massschoolbuildings.org/building and select “Capital Pipeline Status Chart”.

