

# Massachusetts School Building Authority

Deborah B. Goldberg

State Treasurer and Receiver-General

*Chairperson*

James A. McDonald

*Chief Executive Officer*

Jack McCarthy

*Executive Director*



## Our Mission

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



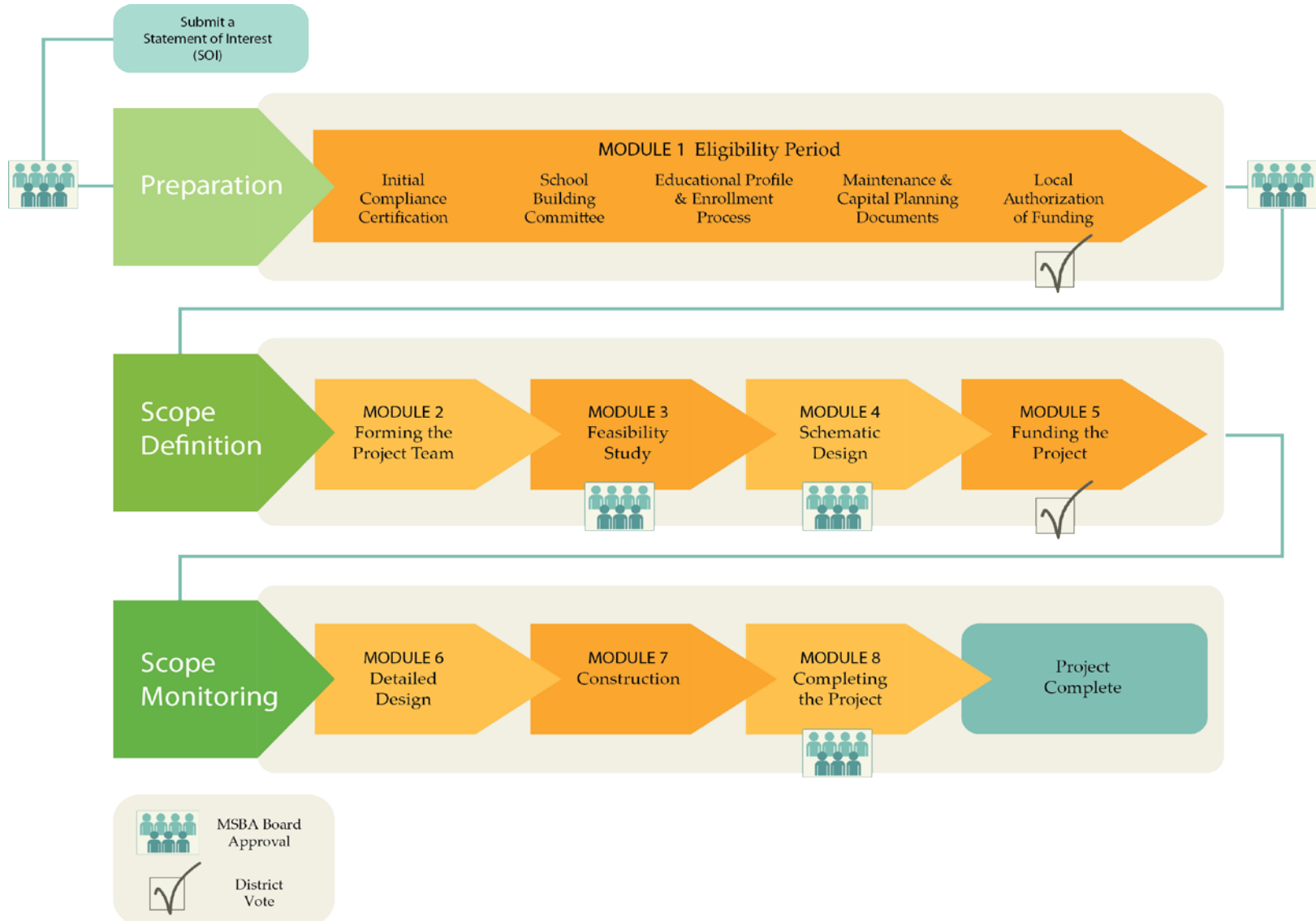
# MSBA

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- We were created by statute in 2004 and given 2 jobs.
- Clean up the existing liability and create a new, more efficient system.
- Progress Payments
- Enrollment
- After paying the Q1 payments, there is about \$185 million total left to pay in PG and WL payments, from the original \$10.1 billion.



# Core Program Process Overview





# Statements of Interest

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Submitting an SOI is the first critical 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.



# SOI Submissions: 2008 to 2019

Year	Number of SOIs Submitted	Number of CORE Program SOIs Submitted	Number of CORE Program Invitations	Number of Green Repair/ ARP Program SOIs Submitted	Number of Green Repair/ ARP Program Invitations
2008	431	425	104	6	6
2009	237	206	41	31	31
2010	224	202	19	22	22
2011	371	184	18	187	149
2012	267	198	11	69	36
2013	201	123	17	78	47
2014	229	110	18	119	51
2015	158	97	26	61	44
2016	156	89	17	67	49
2017	156	83	15	73	36
2018	130	70	12	60	34
2019	144	61	TBD	83	42



# Chapter 70B: Section 8

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## **Chapter 70B: Order of priorities for approval of school projects and reimbursements**

- (1) priority shall be given to school projects needed in the judgment of said board to replace or renovate a building which is structurally unsound or otherwise in a condition seriously jeopardizing the health and safety of school children, where no alternative exists;
- (2) priority shall be given to school projects to eliminate existing severe overcrowding;
- (3) priority shall be given to school projects needed in the judgment of said authority to prevent loss of accreditation;
- (4) priority shall be given to school projects needed in the judgment of said authority to prevent severe overcrowding expected to result from increased enrollments which must be substantiated;
- (5) priority shall be given to projects needed in the judgment of said authority for the replacement, renovation or modernization of the heating system in any schoolhouse to increase energy conservation and decrease energy related costs in said schoolhouse;
- (6) priority shall be given to any school project needed in the judgment of said authority for short term enrollment growth;
- (7) priority shall be given to school projects needed in the judgment of said authority to replace or add to obsolete buildings in order to provide for a full range of programs consistent with state and approved local requirements; and
- (8) priority shall be given to projects needed in the judgment of said authority to transition from court ordered and authority approved racial balance school districts to walk-to, so-called, or other school districts.



# Key Elements of the Process

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## 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 Process

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## 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





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

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- 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%



# Owner's Project Manager (OPM) Review Panel

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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



# Designer Selection Panel

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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



# Feasibility

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- Upon successful conclusion of procurement of Owner's Project Management and Designer services in accordance with the procedures outlined under [Module 2 - Forming the Project Team](#), the District and its team collaborate with the MSBA to document their educational program, generate an initial space summary, document existing conditions, establish design parameters, develop and evaluate alternatives, and recommend the most cost effective and educationally appropriate preferred solution to the MSBA Board of Directors for their consideration. During this phase, the Owner's Project Manager will submit on behalf of the District and its Designer a Preliminary Design Program and a Preferred Schematic Report. Approval by the MSBA Board of Directors is required for all projects to proceed into schematic design. Please refer to [Module 4 - Schematic Design](#) for additional information.



# Progress Payment System

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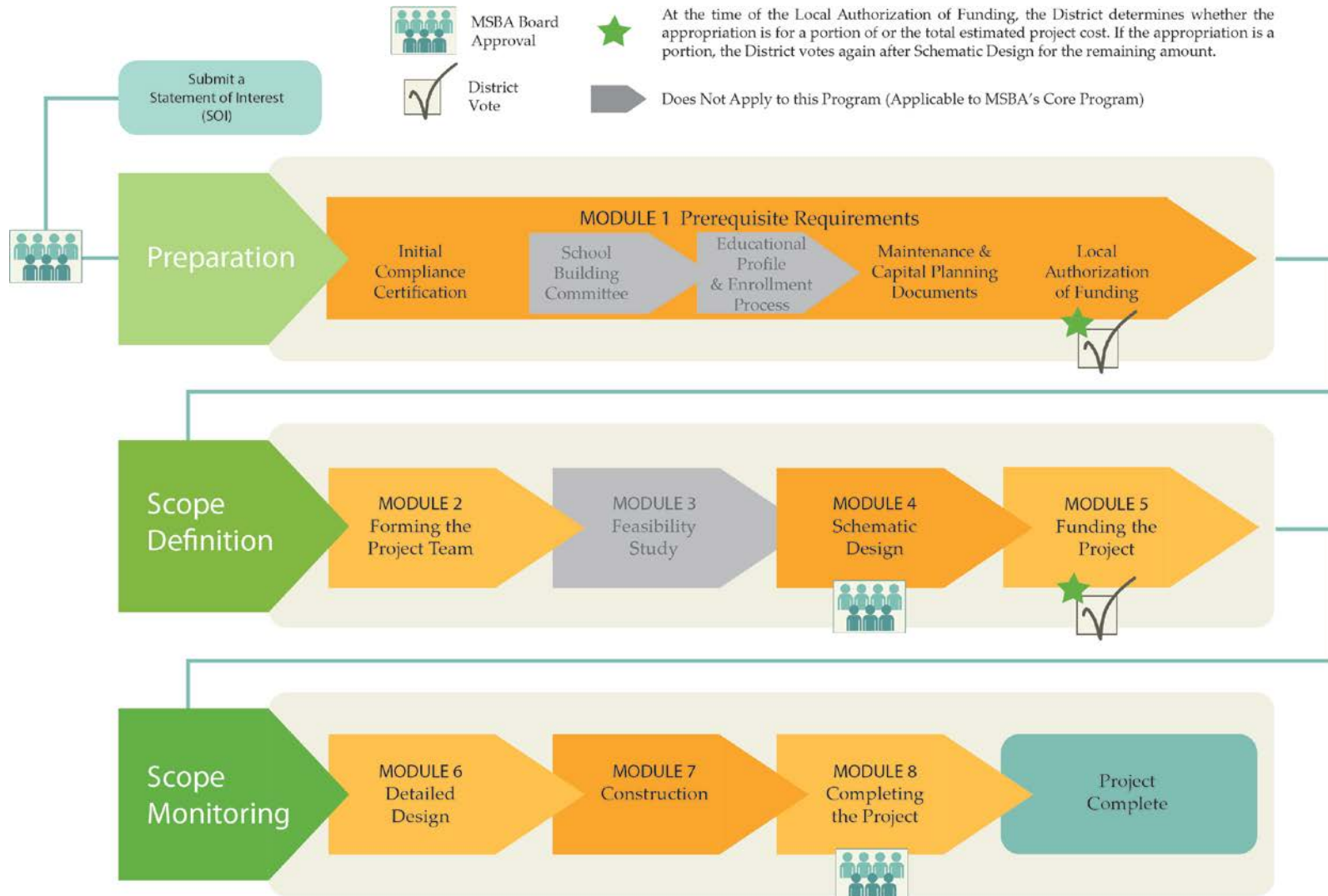
- Enables MSBA to audit and pay as projects progress
  - Captures detailed project budget and cost data
- Districts submit paid project costs monthly for MSBA review and applicable reimbursement
- Districts avoid having to borrow the MSBA's share of project costs
  - Reduces local debt
- Consistent, predictable payments allow communities to better manage their cash flow

# \$13.8 Billion Grant Payments Distributed Since Creation of Program



Massachusetts School Building Authority							
Summary of Spending Report							
Through August 16, 2019				Updated on:			
Through Batch # 5091				8/15/2019			
Prior Grants Payments	FY2005 to FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Program to Date Totals
Qrt 1	870,489,056	44,341,367	42,066,348	40,186,395	33,809,510		956,896,771
Qrt 2	719,242,882	39,515,860	35,010,489	21,553,119	20,485,930		793,769,231
Qrt 3	672,820,853	32,471,720	28,227,925	23,308,630	18,969,454		733,520,498
Qrt 4	1,084,152,716	68,608,490	65,469,769	46,106,654	40,422,667		1,218,230,975
*Other :	557,462,629		31,414,440				588,877,069
<b>Total Prior Grants</b>	<b>3,904,168,135</b>	<b>184,937,437</b>	<b>202,188,971</b>	<b>131,154,798</b>	<b>113,687,561</b>	<b>-</b>	<b>4,536,136,902</b>
Waiting List Payments	FY2005 to FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Program to Date Totals
Annual Payments	311,488,148	16,292,159	16,292,157	15,220,435	15,220,435		359,292,899
75% Lump Sum	1,618,712,465						1,618,712,465
25% Lump Sum (final audit)	639,853,899						639,853,899
100% Lump Sum (final audit)	423,601,754						423,601,754
Pro-Pay (audit as you build)	1,901,596,735	9,448,187	5,143,835	1,913,620	887,396		1,918,989,773
<b>Total Waiting List</b>	<b>4,895,253,003</b>	<b>25,740,346</b>	<b>21,435,992</b>	<b>17,134,055</b>	<b>16,107,831</b>	<b>-</b>	<b>4,975,671,227</b>
Capital Pipeline Program Payments	FY2005 to FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Program to Date Totals
<b>Total Capital Pipeline</b>	<b>2,683,650,414</b>	<b>411,764,406</b>	<b>388,740,197</b>	<b>409,022,154</b>	<b>424,592,147</b>	<b>70,136,875</b>	<b>4,387,906,193</b>
<b>Total by Fiscal Year</b>	<b>11,483,071,552</b>	<b>622,442,189</b>	<b>612,365,160</b>	<b>557,311,007</b>	<b>554,387,539</b>	<b>70,136,875</b>	<b>13,899,714,322</b>

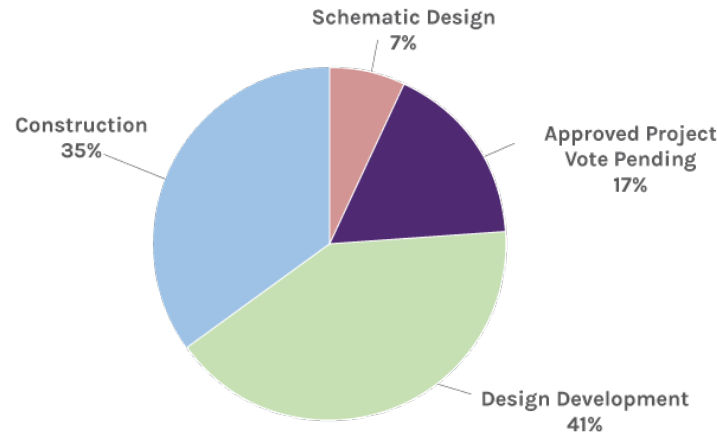
# Accelerated Repair Program Process Overview





# Accelerated Repair Program Pipeline

Currently there are **329** projects either active or completed in the ARP. The **329** projects are located in **129** districts, many of whom have been invited to ARP multiple times.



- 2019 Invitations - **27** districts, representing **42** projects
    - Scope includes **24** roofs and **21** boilers
  - 2018 Invitations - **23** districts, representing **34** projects
    - Scope includes **17** roofs, **11** windows/doors and **14** boilers
    - Approval for Project Funding Agreement - **18** districts, representing **28** projects\*
    - Total Project Budgets - **\$72,097,496\***
    - MSBA Total Facilities Grant - **\$42,054,137\***
- (\* Estimates)





# Accelerated Repair Program (“ARP”) Guideline Changes

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The number of ARP invitations that the Board is allowed to authorize each year varies and the MSBA may need to limit the number of invitations due to its annual statutory budget cap. Historically, the MSBA has invited approximately 45 to 50 SOIs for the ARP annually:

- In fiscal year 2019, when the 2018 SOIs will receive authorization to enter into Project Funding Agreements, the Accelerated Repair Program has been allocated \$50,000,000.
- Compared to the number of qualifying SOIs that received site visits in previous years, the 51 qualifying schools represented an average submittal size.
- Given the budget impact from the number of SOIs filed in 2018, MSBA staff recommended limiting the system age of roofs and boilers from 20 years or more to 25 years or more. Prior to the SOI opening, the system age for windows was limited to 30 years or more.

*(Continued on next slide)*



# Accelerated Repair Program (“ARP”) Guideline Changes

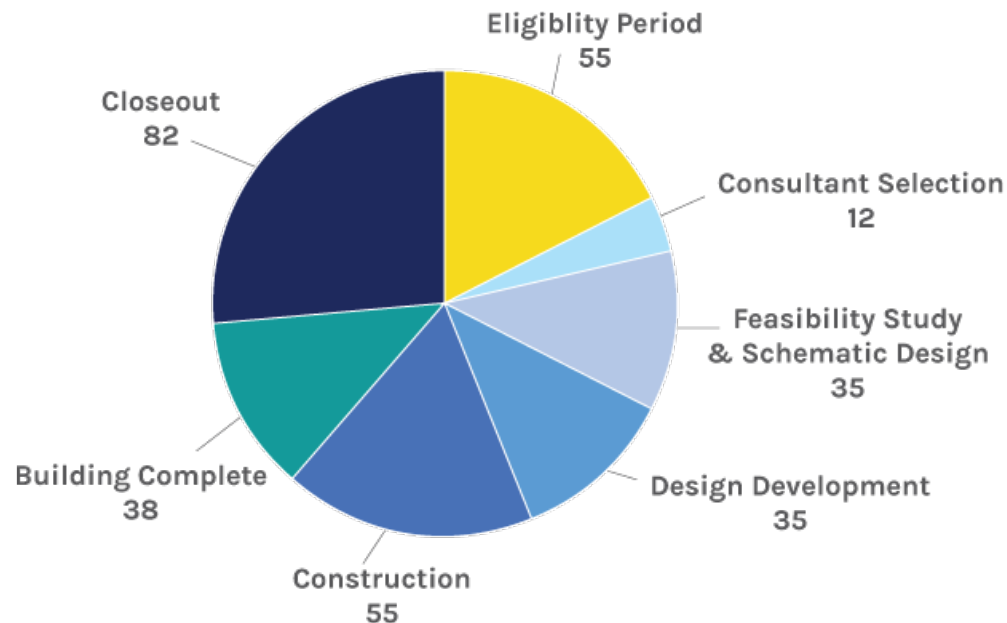
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- This resulted in the consideration of 34 of the 51 schools for which districts submitted qualifying SOIs. Of the 34 schools, the MSBA conducted site visits at 33 from April 10, 2018 to May 3, 2018. To complete the review process, the MSBA conducted a conference call with the district of the remaining school, which received a site visit last year.
- Upon collecting and reviewing additional information during and after the site visits, MSBA staff recommended the 34 schools for invitation to the 2018 Accelerated Repair Program at the June 27, 2018 Board Meeting.
- The 34 schools include the replacement of 17 roofs, 11 windows and doors, and 15 boiler projects. Of the 23 Districts, 3 received their first invitations to the MSBA’s Capital Pipeline while an additional 9 received their first invitations to the Accelerated Repair Program.



# Current Project Status

A total of 312 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](http://www.massschoolbuildings.org/building) and select “Capital Pipeline Status Chart”.



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## What's New

- **Collaborative Purchasing Initiative**
- **Pending Legislation**



# Collaborative Purchasing Supporting School Districts

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- The expense to outfit your school with furniture and equipment is always high
- Volume price discounts are available
- Combining purchases makes sense, especially for smaller school districts
- Opportunities exist to stretch a district's FF&E budget (Districts spend on average approximately 20% more than the MSBA contribution of \$1,200 per student to outfit a school)
- Simple concept: School districts combine their FF&E purchases, create greater volume and lower the unit cost of items
- (May work for technology too)



# Purchasing: Items Intended

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Furniture for consideration includes:

- Classroom Desks/Tables (student and teacher)
- Classroom Seating (student and teacher)
- Cafeteria Tables/Seating
- Administrator Desks/Tables/Seating



# MSBA: Supporting School Districts

Last Year's Experiment --

10 MSBA schools opened in 2019

5 schools expressed interest to consider collaborative purchasing:

- |    |      |             |                            |
|----|------|-------------|----------------------------|
| 1. | K-5  | Elementary  | 430 students (Needham)     |
| 2. | K-5  | Elementary  | 515 students (Millis)      |
| 3. | 305  | Upper Elem  | 460 students (Bourne)      |
| 4. | 9-12 | Voc Tech HS | 628 students (Minuteman)   |
| 5. | 9-12 | High School | 1,065 students (Stoughton) |

3,098 Total Enrollment



# MSBA: Supporting School Districts

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- Another Non MSBA-Funded School Wanted to Participate
  - They had heard that the collaborative initiative had chosen its preferred manufacturer (VS) for classroom furniture and wanted to add its volume for the group discount





# MSBA: Supporting School Districts

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- Another Non MSBA-Funded School Wanted to Participate
  - They had heard that the collaborative initiative had chosen its preferred manufacturer (VS) for classroom furniture and wanted to add its volume for the group discount
- Smaller school districts (Bourne, Millis & Needham) saved about 5 % more than they would have by combining their volume with the group of other schools
- Even the two large schools (Minuteman & Stoughton) experienced greater cost savings by combining their volume with the larger group of schools

(Top-of-the-line furniture manufacturers participated)



# MSBA: Supporting School Districts

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- Lessons Learned:
  - Partner with the Massachusetts Higher Education Consortium (MHEC) – A not-for-profit purchasing consortium. Contracts are fully compliant with public bidding laws (Chapter 30B)
  - Open up to any school buying furniture (not just those working with MSBA)
  - Use technology for efficiencies – Save Districts Time and Money
    - Video Conferencing for meetings;
    - Web Portal for Furnishings Display



# MSBA: Supporting School Districts

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This Spring / Summer 2020 - 7 MSBA schools are opening:

4 Elementary	Lexington, Marlborough, Taunton and Harvard
1 Middle	Braintree
1 Middle /High	Saugus
1 High School	Middleborough

Total Enrollment 3,720



# MSBA: Supporting School Districts

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- We want you to save money on your FF&E purchases
- We have shown that the process can / will effectively do that
- Partnering with MHEC, we have made the process more efficient
- You do not need to be working with the MSBA to participate
- Contact: [Barbara.Hansberry@massschoolbuildings.org](mailto:Barbara.Hansberry@massschoolbuildings.org)



# Pending Legislation

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## MSBA Funds for school safety

- **Senator Bruce Tarr:** "SECTION 25A. (a) Notwithstanding any general or special law to the contrary, the Massachusetts School Building Authority, in consultation with the school building advisory board, shall review and provide a report on eligible expenses and reimbursement rates in the school building assistance program.
- (b) The report shall include, but not be limited to, an analysis and recommendations.
- The analysis shall include but not be limited to: (i) the impact of the maximum grant percentage under the first paragraph of section 10 of chapter 70B of the General Laws on communities adopting certain practices under paragraph (C) of subsection (a) of said section 10 of said chapter 70B; (ii) reimbursement rates per square foot relative to construction costs; (iii) eligible expenses and the efficacy of establishing certain priority for expenses not currently eligible or not currently being adopted at advisable rates including, but not limited to, deleading projects, school safety and security updates and asbestos removal.
- The recommendations shall include, but not be limited to, ways to: (i) improve the adoption of best practices in a community that has reached the maximum grant percentage; (ii) increase reimbursement rates per square foot relative to construction costs to better reflect growth in construction costs; and (iii) provide reimbursement for expenses currently incurred but not reimbursed for or to provide certain priority for expenses listed under clause (iii) of the second paragraph of subsection (b).
- (c) The report, including the analysis, recommendations and any proposed legislation, shall be filed with the clerks of the house of representatives and senate, the joint committee on education and the house and senate committees on ways and means not later than March 1, 2020."

## MSBA Funding Cap

- **Senator Barry Finegold:** SECTION 15, in line 456, the figure "\$750,000,000" and inserting in place thereof the following figure:- "\$800,000,000".



# 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 = \$30.8 million**



# Stay Updated on the MSBA



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