

# **Statement of Interest (“SOI”) Overview for Accelerated Repair Program**

## **Introduction**

The Massachusetts School Building Authority’s (the “MSBA”) grant program is a non-entitlement, competitive program, and its grants are distributed by the MSBA Board of Directors, based on need and urgency, as expressed by the district and validated by the MSBA. The MSBA completes a review of available information regarding all districts that submit a Statement of Interest (“SOI”) for the Accelerated Repair Program (“ARP”) each year. The MSBA encourages all interested districts to submit an SOI to the MSBA, but the ARP is not appropriate for all potential projects. The ARP is for the partial or full replacement of roofs, windows/doors, and/or boilers.

The following information provides an overview of the SOI process from initial opening of the SOI period each January until the Board of Directors votes to authorize invitations at a subsequent late spring/summer Board meeting.

## **The SOI Filing Period**

The MSBA opens its SOI system annually for districts to file one or more SOIs for either the Core Program or the ARP. The SOI is the tool districts use to identify the deficiencies and/or programmatic issues that exist in their facilities. Districts should submit one SOI per school for each school that they believe requires a project. An SOI should only be filed for a facility where a district has the ability after the SOI submission to fund a schematic design within nine months (September 2019) and a total project budget within 18 months (June 2020). Over the last several years, the SOI system has opened in early January. SOIs are typically due for the ARP in early February and for the Core Program in early April.

Historically, the MSBA has invited approximately 35 to 50 SOIs for the ARP annually. The number of invitations that the Board is allowed to authorize each year varies. Among the factors the MSBA may consider should the MSBA be required to limit the number of invitations due to its annual statutory funding cap are the degree of the disrepair of the systems to be replaced and the frequency with which issues associated with that disrepair arise. The table below illustrates the number of SOIs that have resulted in approved projects in the ARP.

<b>Repair Program</b>	<b>Districts</b>	<b>Schools</b>	<b>Total Project Budgets</b>	<b>Maximum Facility Grants</b>
2017 Accelerated	19	34	\$117,020,597	\$73,280,673
2016 Accelerated	28	48	\$156,598,234	\$83,007,586
2015 Accelerated	24	43	\$136,680,652	\$91,974,052
2014 Accelerated	34	47	\$108,410,084	\$65,388,035
2013 Accelerated	25	45	\$94,650,790	\$54,662,551
2012 Accelerated	24	36	\$63,009,653	\$38,267,952

In 2017, given the budget impact from the number of SOIs filed for the ARP, the MSBA was only able to consider SOIs with systems of 30 years or more. The MSBA staff's recommendation to invite systems of 30 years or more resulted in the invitation of 36 schools from the otherwise qualifying 69 schools for which SOIs were received.

In 2018, the budget for the ARP was approximately \$50 million in grants. The qualifying age requirement for applications for windows/doors was changed from 20 years to 30 years prior to the SOI opening. The qualifying age requirement for roofs and boilers opened at 20 years; however, due to the volume of otherwise qualifying applications, the qualifying age requirement for roofs and boilers was increased to 25 years. The MSBA staff's final recommendation to invite roofs and boilers of 25 years or more resulted in the invitation of 34 schools from the otherwise qualifying 51 schools for which SOIs were received.

In 2019, the budget for the ARP will be approximately \$50 million in grants. The qualifying age requirements will again be 30 years for windows/doors and 20 years for roofs and boilers. Dependent upon the quantity of the ARP SOIs received, the MSBA may need to again limit the number of invitations to meet its budget, which may require further changes to the qualifying age of each system.

Based on the qualifications for the ARP, a district should not file an SOI if:

- the roof is less than twenty years old (installed in or after 2000);
- the boiler is less than twenty years old (installed in or after 2000);
- the windows/doors are less than thirty years old (installed in or after 1990);
- the proposed project cost is projected as less than \$250,000;
- the school is judged by the district to be over-crowded;
- the district is considering the facility for potential consolidation;
- the primary use of the building is for non-educational purposes;
- the SOI itself seeks construction beyond roofs, windows/doors, or boilers;
- the SOI itself seeks boiler construction, excluding heating fuel storage and/or delivery, beyond the physical limits of the existing boiler room(s);
- a facility condition not identified in the SOI remains unresolved from a previous MSBA SOI review;
- the district plans a future construction project for MSBA participation going beyond roofs, windows/doors, and boilers for the school;
- or the district is reviewing facility deficiencies to further identify its needs and priorities.

If a project does qualify for the ARP, the scope of the project may not be fully reimbursable. Scope that may be required to complete the project but will not be eligible for reimbursement include:

- Building systems in spaces deemed ineligible per MSBA Regulations (swimming pools, hockey rinks, field houses and other such systems)
- Americans with Disabilities Act ("ADA") upgrades necessitated when the estimated cost of the repair project exceeds 30% of the assessed value of the building

- Building systems beyond ARP scope (extended floor or ceiling replacements, fire protection systems, photovoltaic panels and other such systems)
- Partial replacement of building systems with years of service less than what has been invited to the 2019 ARP
- Installation of canopies and vestibules
- Replacement of underground storage tanks or gas lines up to the boiler room
- Replacement of rooftop heating, ventilation and air conditioning units
- Masonry restoration including cleaning and sealing beyond the invited project scope
- Site work associated with sub-grade roof drainage
- Temporary repairs to building systems

### **The Funding Cap**

The Commonwealth irrevocably dedicated a 1% statewide sales tax, known as the School Modernization Trust fund ('SMART Fund'), to the MSBA's capital program. The sales tax collection informs the amount of the annual funding cap to which the MSBA can obligate funds for projects. The enabling legislation limits increases or decreases annually thereafter by the lesser of four and one half percent (4.5%) of the limit for the prior fiscal year or the percentage increase or decrease of the dedicated sales tax revenue amount over the prior fiscal year.

### **The SOI Due Diligence Process**

The SOI process involves the district filing an electronic version of an SOI with the MSBA. MSBA staff is readily available to address concerns, questions, and issues during the filing period. Once the filing period has closed, MSBA staff commences the due diligence process for all SOIs.

This 4-phase process includes:

1. Review SOI submissions for completeness;
2. Review SOI submissions and accompanying documents for content;
3. Conduct staff study visits, if required; and
4. Recommend SOIs for invitation into the ARP

During this process, the MSBA may seek to obtain additional or clarifying information from districts. As the MSBA reviews the entire cohort of SOIs received, it will determine the appropriate level of due diligence that will be required for each SOI and will notify districts of next steps accordingly.

#### **1. Review SOI submission for completeness:**

Once the SOI system has closed, MSBA staff review each submission to check that all of the required materials have been received. The MSBA works with districts throughout the filing period to ensure that the SOI is complete.

For all SOI submissions, the district needs to provide:

- An electronic version of the SOI with the required electronic signatures; there are two separate certifications in each SOI where district officials need to sign;
- An electronic version of the Closed Schools Certification with the required electronic signatures;
- Hard copies of the required local vote documentation that is detailed in the SOI; and
- Any supporting materials required to be submitted with the SOI.

Districts are expected to submit materials and have them post-marked on or before the due date for the ARP submission deadline. The district and the MSBA should discuss in advance of the filing date any extenuating circumstances or requests for exceptions to receipt of the hard copy material.

## **2. Review each SOI submission and accompanying documents for content:**

Once an SOI is determined to be complete, MSBA staff review the information and any additional documents submitted by the district. MSBA staff then compile the data necessary to assess which SOIs filed in that calendar year may qualify for the ARP. Evaluating the qualifying factors relies on many different data sources. MSBA staff use the SOI, the MSBA project management system, the MSBA's 2016 School Survey, as well as information from the Department of Elementary and Secondary Education ("DESE") website. Many factors can impact the assessment of an SOI, such as overcrowding, building condition, general environment and program deficiencies. As such, it is important to assemble as much data as possible so that staff may gain a thorough understanding of the issues identified in the SOI. An analysis of the qualifying factors produces a group of SOIs for further consideration. Depending on the volume of qualifying SOIs, the MSBA may have to introduce additional or more limiting factors to maintain the 2019 ARP budget. Further review of SOIs may or may not require a staff study visit.

## **3. Conduct Staff Study Visits, if required:**

If MSBA staff determine that a staff study visit is needed to complete the due diligence process, MSBA staff will visit the facility identified in the SOI. The staff study visit lasts approximately one hour and is an opportunity for the MSBA to further understand the issues identified in the district's SOI. MSBA staff request that the district have someone familiar with the facilities and systems present for the visit. The district is requested to provide a copy of the SOI floor plans (emergency/evacuation plans are sufficient) ahead of the MSBA's visit.

The staff study visit starts with a meeting to review the SOI and the MSBA process, and then to hear district concerns. The discussion is followed by a tour of the main areas of the school, as well as typical general classrooms and specialty spaces. If the district's SOI includes the replacement of the roof, then access to the roof should be provided to MSBA staff.

Dependent upon the number of staff study visits that are required, this phase can take approximately 4 to 6 weeks, with visits typically scheduled from March through April.

#### **4. Recommend SOIs for Invitation into the Accelerated Repair Program:**

Once the content review and staff study visits have been completed, MSBA staff once again review the factors, noted above, that can impact the assessment of the SOIs. As stated above, due to the statutory cap, the MSBA may be constrained to limit the number of ARP projects in a given year. Among the factors that MSBA may consider should it be required to limit the number of ARP projects, are the degree of the disrepair of the systems to be replaced and the frequency with which issues associated with the disrepair arise.

MSBA staff then provide their findings to the Chief Executive Officer, Deputy Chief Executive Officer/Executive Director, and the MSBA's Facilities Assessment Subcommittee. Once the recommendations have been accepted, MSBA staff present the recommended SOIs to the Board of Directors for a vote to receive an invitation into the ARP.