

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

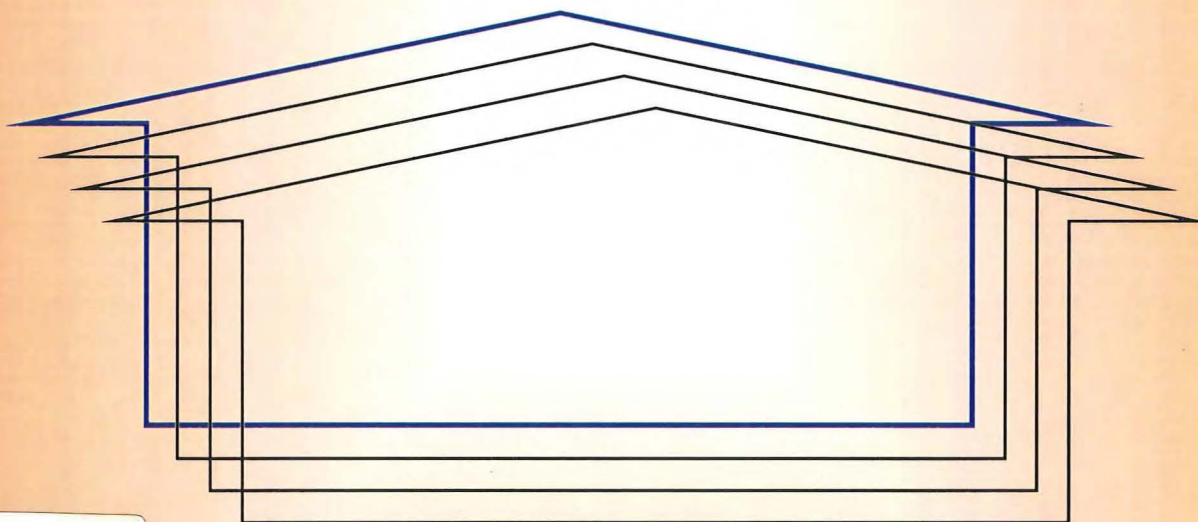
L.U.O.

studying maine's

SCHOOL CONSTRUCTION

process

**MAINE STATE BOARD OF EDUCATION
SCHOOL CONSTRUCTION
STUDY GROUP**



LB
3218
.M2
S78
1996

**A REPORT TO THE
JOINT STANDING COMMITTEE ON
EDUCATION AND CULTURAL AFFAIRS**

**Pursuant to Public Law 632, Entitled
"An act Regarding School Facilities and Debt Service Limits"
(LD 1124)**

DECEMBER, 1996

ENHANCING THE LEARNING ENVIRONMENT

THROUGH A LONG-RANGE PLAN & COMMITMENT

STATE LAW LIBRARY
AUGUSTA, MAINE

TABLE OF CONTENTS

Background Information.....2
Introduction..... 3
Executive Summary..... 4-6
Discussion..... 7-13
Conclusion..... 14

Appendices:

- A. Construction Process Flow Chart
 - B. School Construction Debt Service
 - C. Local Debt Service Examples
 - D. Chapter 61, Rules for School Construction
 - E. LD 1124 An Act Regarding School Facilities
and Debt Service Limits
- i. State Board of Education School Construction Study Group
 - ii. Acknowledgments

**REPORT TO THE LEGISLATIVE STANDING COMMITTEE ON EDUCATIONAL
AND CULTURAL AFFAIRS**

LD 1124

Background

LD 1124 required the State Board of Education to convene a study committee to consider the school construction program and associated issues in school construction:

1. Requiring a minimum local contribution from a school administrative unit for school construction costs in any year in which the local share of school construction costs exceeds the debt service "circuit breaker" amount for that unit;
2. Revising the school construction project rating system by including consolidation as a criterion in the rating system;
3. Revising the school construction project rating system by adding to or subtracting from the current rating criteria which include buildings and ground, school population, programs and community use of facilities;
4. Use of state school construction funds to subsidize major repairs to a school building;
5. Requiring school administrative units to prepare cost comparisons between new construction and the renovation of existing school buildings when applying for the approval of school construction projects; and
6. Other school construction issues that a majority of the study committee agrees to review.

INTRODUCTION

Public Law chapter 75, requires the State Board of Education to prepare recommendations to the Legislature on a wide variety of school construction issues, including the need for additional school construction projects throughout the state, an improved school construction funding formula, additional school construction dollars, and increased equity in state support for school construction. Maintaining Maine's existing school buildings and construction of needed new buildings is sound public policy, part of our civic responsibility to maintain the investments we have already made and judiciously make new investments. But attending to our public school buildings means more than simply maintaining and constructing buildings - it also means providing our children with safe, healthy schools in which to learn and thrive as they prepare to take their place as adults in our communities. Learning occurs in old and new schools, in small and large schools, but it cannot occur unhindered in deteriorating buildings, or crowded buildings, or buildings with unhealthy air quality. Unfortunately, too many of our students attend schools afflicted with these problems.

This report represents the work of a diverse committee convened by the State Board of Education to examine these problems and report on potential solutions. The Committee has put forth its findings in this report as neither a conclusion nor a resolution to the problem, but rather as a beginning - a beginning which spurs a call to the state at large to know, understand, and embrace a common mission to strive for the betterment of education in Maine. In the analysis of this work, it is hoped that a plan of action for the development of current, rational, and realistic approaches to school construction will be achieved and supported in concert with all other school reform initiatives in order to better the education Maine provides its children and youth.

EXECUTIVE SUMMARY

The State Board of Education School Construction Study Group was appointed in June 1996, as charged by the 117th Maine Legislature, and met for the first time on July 31, 1996. The Study Group began by framing the assignment from the legislation and adding additional issues that the Committee felt appropriate. School construction is a very broad, complex public policy issue and the Committee believed it was important to clearly define the issues that would be addressed and remain focused on them.

In addition to the specific issues identified in the legislation (LD 1124), the Committee elected to add three other issues for in-depth study; interim total project local funding, the use of excess bond proceeds at the conclusion of a project, and the inclusion of capital outlay and debt retirement in tuition rate calculations. The Committee framed the assignment into the following four categories:

- Construction Approval Process/Rating System
- Repairs/Renovations and Maintenance
- Minimum Local Contribution
- Funding Options

The State Board of Education **School Construction Study Group** provides the following summary of recommendations:

I. CONSTRUCTION APPROVAL PROCESS/RATING SYSTEM:

A. The State Board of Education should revise its project application rating system to address the following:

- *Eliminate community use as a category from the rating scale;*
- *Award additional points for a combination of two or more acute deficiencies in critical categories such as overcrowding, safety code violations and site safety;*
- *Eliminate the special status of vocational projects and include them in the revised project ratings;*
- *Discontinue the extra points awarded for secondary school overcrowding.*

B. Applications should require verifiable and accurate information for the following:

- *Net usable square footage.*
- *Site size and description.*
- *Standardized enrollment projections.*
- *Status of fundamental building systems such as, but not limited to, roof, structural system, mechanical system, electrical system and plumbing.*

C. Square foot allowances should be established on a "per student basis". Allowances should be reviewed by the State Board of Education in cooperation with the

Department of Education and Bureau of General Services on a regular basis.

- D. Consolidation of schools within districts, and between and among school districts, should occur through means other than the school construction rating system.*
- E. The State Board of Education in consultation with the Department of Education, Bureau of General Services, Maine School Management Association, Maine Association of Planners, and the State Planning Office should develop resource materials to assist local school units in planning for school construction projects.*

II. REPAIRS/RENOVATIONS AND MAINTENANCE:

- A. The Committee supports the Department of Education's development of a standardized maintenance plan template to be available to all school districts.*
 - In order to demonstrate sound fiscal management all school units should demonstrate continued compliance with their maintenance plans.*
 - All school units receiving State aid for school construction and/or renovation should be required to comply with the approved maintenance plan for that facility.*
- B. At the time of application for new school construction, cost benefits of renovation should be demonstrated.*
- C. Renovations will only be included in the state's share of the school construction project when they are necessitated by the approved additions to existing buildings. Otherwise, costs associated with such renovations should be borne locally.*
- D. A committee should be formed and charged to develop a state-wide bond proposal to form "seed" money to encourage local units to assume the costs associated with school facility renovations which are a local responsibility. To determine the amount of the bond issue, funds should be allocated to procure architectural/engineering services to evaluate the school facilities inventory.*

III. MINIMUM LOCAL CONTRIBUTION:

- The Committee recognizes that the existing "circuit breaker" incorporates a minimum local contribution of a school district on a system-wide basis based on the ability to pay. The Committee recommends no change to the existing statute.*

IV. FUNDING OPTIONS:

- A. *The Committee studied interim local financing, a system by which school construction projects, scheduled for concept approval, could obtain early financing at local expense and initiate construction prior to the date of anticipated concept approval. In light of potential savings due to inflation factors and potential delays in approval of state subsidy, it is recommended that the State Board of Education undertake a comprehensive study of this concept.*
- B. *Excess school construction bond proceeds may not be used for other projects. Unanticipated excess bond proceeds should be permitted to be used on the project for which the bond was voted, subject to approval by the State Board of Education.*
- C. *When deemed sound Public Policy and to encourage the efficient use of existing or expanded school facilities, the Commissioner of Education should have the authority to permit school units, accepting students from another district, to include in their tuition calculations a share of newly incurred capital outlay and debt retirement costs.*

DISCUSSION:

I. CONSTRUCTION APPROVAL PROCESS/RATING SYSTEM:

RECOMMENDATION A:

The State Board of Education should revise its project application rating system to address the following:

- *Eliminate community use as a category from the rating scale;*
- *Award additional points for a combination of two or more acute deficiencies in critical categories such as overcrowding, safety code violations and site safety;*
- *Eliminate the special status of vocational projects and include them in the revised project ratings;*
- *Discontinue the extra points awarded for secondary school overcrowding.*

Currently, the rating system awards points for community use of a school building. This criterion was included in the rating system in order to foster increased use of school facilities by the community. Community use of school facilities does not appear to be a deciding factor in the ratings because most schools can now easily document significant community use. This rating criterion accomplished what was intended and therefore is no longer helpful in distinguishing between projects for rating purposes.

There are many buildings throughout the state which are deficient in the several factors considered in school ratings. A smaller number of buildings are extremely deficient in a few critical safety related areas. These buildings have not rated highly in the past because the current system does not distinguish adequately between typical problems and chronic problems. This revision would address this problem in the areas of overcrowding, safety codes, and site safety by awarding additional points to any project which was deemed 'acute' in more than one of these factors. Guidelines for safety codes and site safety will need to be developed. Many schools will qualify as 'acute' on one condition. By making the requirement two or more, the system will recognize only the most needy cases.

Currently, vocational projects are rated within a separate category from all other school construction projects. Given current funding limitations, the Committee believes that this advantage over other projects should not be maintained. Vocational projects should be evaluated in competition with all other projects.

Currently, the rating system for regular and special projects awards six points for secondary schools which are over 85% student population capacity. These points are awarded only to secondary schools, giving them an advantage over elementary and middle schools. The Committee believes the points awarded to secondary schools should be eliminated to give overcrowding the same weight for all projects.

RECOMMENDATION B:

Applications should require verifiable and accurate information for the following:

- *Net usable square footage.*
- *Site size and description.*
- *Standardized enrollment projections.*
- *Status of fundamental building systems such as, but not limited to, roof, structural system, mechanical system, electrical system and plumbing.*

The Committee recommends that schools provide additional verifiable information on current school conditions in the application for a school construction project. A more comprehensive application would enable a more informed on-site evaluation of the proposed project.

The application should include calculations and graphic documentation of total net usable area for the existing building(s) which are affected by the project proposed. Documentation should include, at a minimum, diagrams identifying all rooms, spaces, corridors, and stairs to a standard scale.

Each school district making application for a school construction project should submit student enrollment projections for the service area of the project, projected five years out from the date of the application. Projections should be based on an approved, standardized method. Each vocational project should include a projection of student enrollment for the five years beyond the date of the application and substantiation.

RECOMMENDATION C:

Square foot allowances should be established on a "per student basis". Allowances should be reviewed by the State Board of Education in cooperation with the Department of Education and Bureau of General Services on a regular basis.

The Committee determined that the most effective way of containing the cost of a new school construction project is to limit the maximum square footage of the project. The alternative method of capping the cost per square foot of a proposed building would create inequities due to the differing construction rates throughout the state.

The Department of Education should establish and periodically revise standards for maximum allowable gross building area per student for each of four levels of schools as follows: elementary, middle, high school and vocational education.

The maximum gross building area shall take into account:

- Department of Education recommendations for individual space sizes in accordance with regulations.
- Reasonable gross/net ratios to account for areas such as lobbies, corridors,

mechanical spaces, and wall thickness.

- Comparisons with national and regional school size standards and trends.
- State of the art developments in education and educational facilities planning.
- Student population.

Any district wishing to build a larger facility would do so at local expense.

RECOMMENDATION D:

Consolidation of schools within districts, and between and among school districts, should occur through means other than the school construction rating system.

The Committee recognized that consolidation is a desirable objective in many circumstances. There are, however, too many options in the types of school consolidation to effectively use them as a source for rating school construction projects. Furthermore, the Regionalization Task Force and other groups have determined that in many geographic areas significant consolidation has already been achieved. To include consolidation as a rating criterion and incentive would penalize districts that have already consolidated and districts for whom consolidation is not possible. The Committee further notes that the most extreme inefficiencies in size can be addressed indirectly by the square footage allowances per student recommended previously.

RECOMMENDATION E:

The State Board of Education in consultation with the Department of Education, Bureau of General Services, Maine School Management Association, Maine Association of Planners, and the State Planning Office should develop resource materials to assist local school units in planning for school construction projects.

The Committee discussed the overall importance of capital facilities planning for school districts and, in particular, the need for resources to assist local school officials with the process of planning a new school or expansion. These resources should:

- Provide clear information on the steps that must be followed by a school district seeking state assistance for new school construction;
- Explain how to examine alternative options (i.e. renovation vs. new construction, expanding an existing facility to accommodate tuition students from other municipalities or districts vs. building a new school, etc.);
- Explain the goals of Maine's Growth Management Program for consideration by the school unit in the site selection process; and
- Assist school units in building a local consensus for their school construction projects.

II. REPAIRS/RENOVATIONS AND MAINTENANCE

RECOMMENDATION A:

The Committee supports the Department of Education's development of a standardized maintenance plan template to be available to all school districts.

- *In order to demonstrate sound fiscal management all school units should demonstrate continued compliance with their maintenance plans.*
- *All school units receiving State aid for school construction and/or renovation should be required to comply with the approved maintenance plan for that facility.*

The Committee believes that it is essential that school units be required to maintain their schools in accordance with a systematic facilities maintenance plan.

With respect to existing facilities, the Committee believes the Legislature must determine any specific ways in which this responsibility might be administered, through state funding or otherwise.

With respect to new construction, the Committee believes that the administration of this responsibility can occur through the State Board regulations for school construction.

LD 1124 already requires that each school administrative unit applying for state funds for school construction projects shall establish a facilities maintenance plan for the life cycle of the proposed school building. The Department of Education is developing a template which will be made available to and assist all districts, not only those applying for state construction assistance. This will assist districts in planning and will assure some consistency in essential elements for planning.

RECOMMENDATION B:

At the time of application for new school construction, cost benefits of renovation should be demonstrated.

The time of application is the point in a school construction project where the Department of Education and the school administrative unit initially discuss the amount and type of space needed for the school, as no facility design work has been completed. The Committee believes that the local unit should explore renovation and/or rehabilitation of the existing structure. The Department of Education and the local unit should determine whether renovation and/or rehabilitation would be more appropriate and cost effective than new construction.

RECOMMENDATION C:

Renovations will only be included in the state's share of the school construction project when they are necessitated by the approved additions to existing buildings. Otherwise, costs associated with such renovations should be borne locally.

The Committee recognizes that the monies available for funding school construction projects are severely limited. Given current funding levels, even those projects which are on the priority list for concept and funding approval before the State Board of Education in 1997 will not be funded on schedule, and may realize a funding delay of up to two years. For example, those projects approved for concept in July of 1997 may not be funded until July of 1999.

An examination of the renovations that have been included in school construction projects historically reveals that many renovations could have been supported locally, as they have been in districts that did not have an application for a project, or that had applications rated too far down the list for consideration in the near future.

The Committee agreed it should be the charge of the State Board of Education and the Department of Education to exercise fiscal responsibility by stretching available dollars for new construction as far as possible. Care should be taken to approve only those renovations necessitated by the construction. A reduction of the amount of funds spent on renovations included with new construction would then result in the availability of more funds for other projects.

RECOMMENDATION D:

A committee should be formed and charged to develop a state-wide bond proposal to form "seed" money to encourage local units to assume the costs associated with school facility renovations which are a local responsibility. To determine the amount of the bond issue, funds should be allocated to procure architectural/engineering services to evaluate the school facilities inventory.

The Committee believes that a bond proposal could be useful in helping "jump start" local maintenance efforts by school units. Professional assistance in evaluating the facilities inventory study would help the bond committee determine the amount of the bond proposal. Criteria should be developed as to how the renovation projects would be prioritized and a formula established to determine a local contribution to the construction effort. Repairs, building and safety codes, and population projections would be considered when developing these criteria.

III. MINIMUM LOCAL CONTRIBUTION

The Committee recognizes that the existing "circuit breaker" incorporates a minimum

local contribution of a school district on a system-wide basis based on the ability to pay. The Committee recommends no change to the existing statute.

The current rating system rates only the need of each project in relation to other school construction projects. It does not take into account how much debt service a local administrative unit has accumulated. Once a project is approved on the basis of need, the school funding formula and the "circuit breaker" (the "circuit breaker" represents a millage which limits the local contribution to school construction from property tax) determine the local community's responsibility for debt service costs on a system-wide basis. Under current school law, the local district must meet a pre-determined local contribution up to the "circuit breaker." The State assumes that amount which is above the "circuit breaker." This system was developed to insure that districts would not be required to pay beyond the local ability to raise funds.

The Committee studied summary information regarding school districts that had exceeded the "circuit breaker" in construction costs over the past ten years and found that in every case there has been a local contribution to each district's debt service. Graphic examples of this research are attached as Appendix C.

The statewide millage limit used to derive each local "circuit breaker" has historically ranged between .48 and .55 mills, depending on the local subsidized debt service and valuation. The expense generated by a construction project one year may or may not place that district above the "circuit breaker" in any particular year. It is therefore impossible to determine how much or for how long any one project will raise a unit above the "circuit breaker."

The Committee agreed that schools should be funded in districts where there is the greatest need, and that it is appropriate to expect every community to contribute locally to a construction project. However, requiring communities to exceed their ability to pay will have the effect of preventing school construction where the need has been determined to be the greatest. Therefore, it is appropriate for the State to continue supporting debt service for school construction above that local ability.

IV. FUNDING OPTIONS

RECOMMENDATION A:

The Committee studied interim local financing, a system by which school construction projects, scheduled for concept approval, could obtain early financing at local expense and initiate construction prior to the date of anticipated concept approval. In light of potential savings due to inflation factors and potential delays in approval of state subsidy, it is recommended that the State Board of Education undertake a comprehensive study of this concept.

The Committee was presented with the suggestion that school construction projects, upon reaching protected status, would be allowed to proceed immediately to construction in order to save money lost to inflation. The local unit would initiate the project utilizing bond anticipation notes. At the time the project would normally be considered for funding approval by the State Board of Education, the district would sell bonds for the project and retire the bond anticipation notes. Due to time constraints, the Committee did not reach a definitive recommendation, therefore, the Committee recommends that interim local financing should be studied further.

RECOMMENDATION B:

Excess school construction bond proceeds may not be used for other projects. Unanticipated excess bond proceeds should be permitted to be used on the project for which the bond was voted, subject to approval by the State Board of Education.

The Committee discussed excess bond funds. The Committee learned that the use of unspent bond funds is subject to Internal Revenue Service regulations, contractual agreements with the bond holders, and State Board of Education funding approval. Bonds may not be over-issued deliberately, but in some instances proceeds remain at the end of a project. In these cases, subject to Internal Revenue Service regulations, bond holder consent, and approval by the State Board of Education, a local unit should be permitted to use the funds for related project purposes within the parameters set by the referendum vote.

RECOMMENDATION C:

When deemed sound Public Policy and to encourage the efficient use of existing or expanded school facilities, the Commissioner of Education should have the authority to permit school units, accepting students from another district, to include in their tuition calculations a share of newly incurred capital outlay and debt retirement costs.

Current law prohibits the inclusion of debt retirement and capital expenditures among the expenditures used to calculate the tuition charged by a public secondary school that accepts a student from another district. The Committee believes that in some instances the need for school construction subsidy may have been avoided if tuition charges could have been adjusted. To allow districts to pay for newly incurred capital improvements in these circumstances would promote more efficient use of existing educational facilities and consolidation.

CONCLUSION

The Committee reviewed the school construction program in the context of the charge placed before it by the Legislature and considered potential revisions to it. As a result of six months of comprehensive study, discussion and deliberations, it has been determined that the current system is fundamentally equitable and defensible. The Committee recognizes, however, the great need within the entire State of Maine for new upgraded and expanded school facilities to better serve the health, safety and educational program needs of the children of Maine.

The rating system provides a comprehensive means to evaluate and compare applications for State assistance for school construction that will relieve overcrowding and replace old, obsolete buildings. Modifications to the rating system will assure greater equality and better direct existing funds toward these objectives.

All school districts must assume responsibility for proper maintenance of school facilities. New school construction is not a solution to poorly maintained facilities or the result of decisions to defer maintenance to school facilities.

With regard to a minimum local financial contribution to a school construction project, all school units receiving State subsidy for new construction debt service are paying a local share in concert with the school funding formula, which factors and calculates a maximum local share of debt service based upon ability to pay.

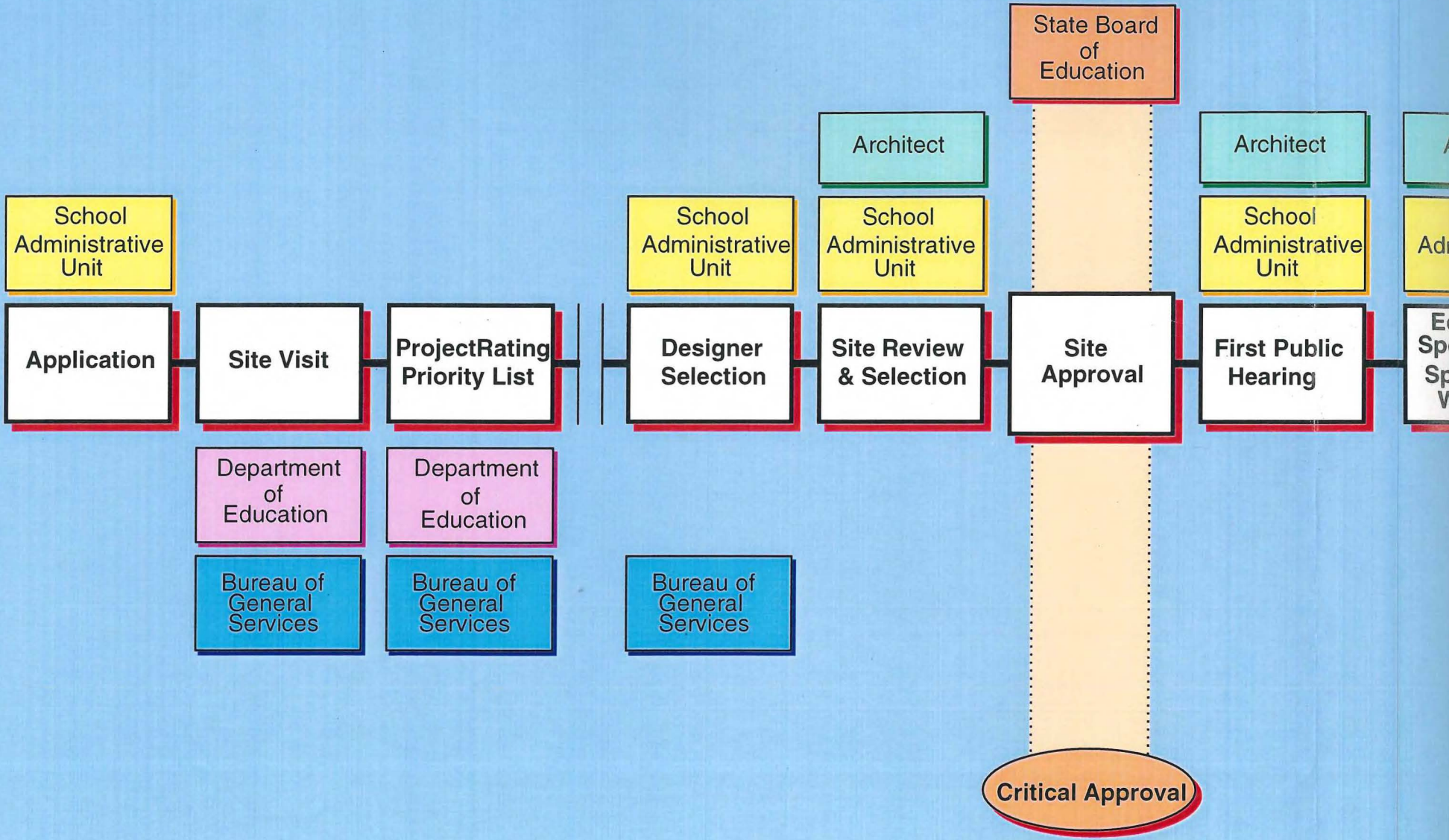
The Committee recognizes the frustration felt by schools and communities and the sense of urgency surrounding the need for school facilities improvements. Seven years of flat funding of debt service allocations along with the inflationary effect on project costs have allowed for fewer and fewer projects to be supported annually. The Committee believes that its recommendations will help make the best possible use, within the current debt limit structure, of State support for school construction and reinforce the need to develop a comprehensive approach to a State wide bond referendum to more broadly address Maine's school facilities needs.

It is imperative that State and local policy makers, and indeed the entire education community, work together to achieve ways in which assurances can be provided so that all Maine children will be offered access to schools in sound and excellent condition.

The following three pages are one chart that was too large to be digitized on one page. To view the print version of the chart, please visit the reference desk at the Maine Law and Legislative Reference Library.

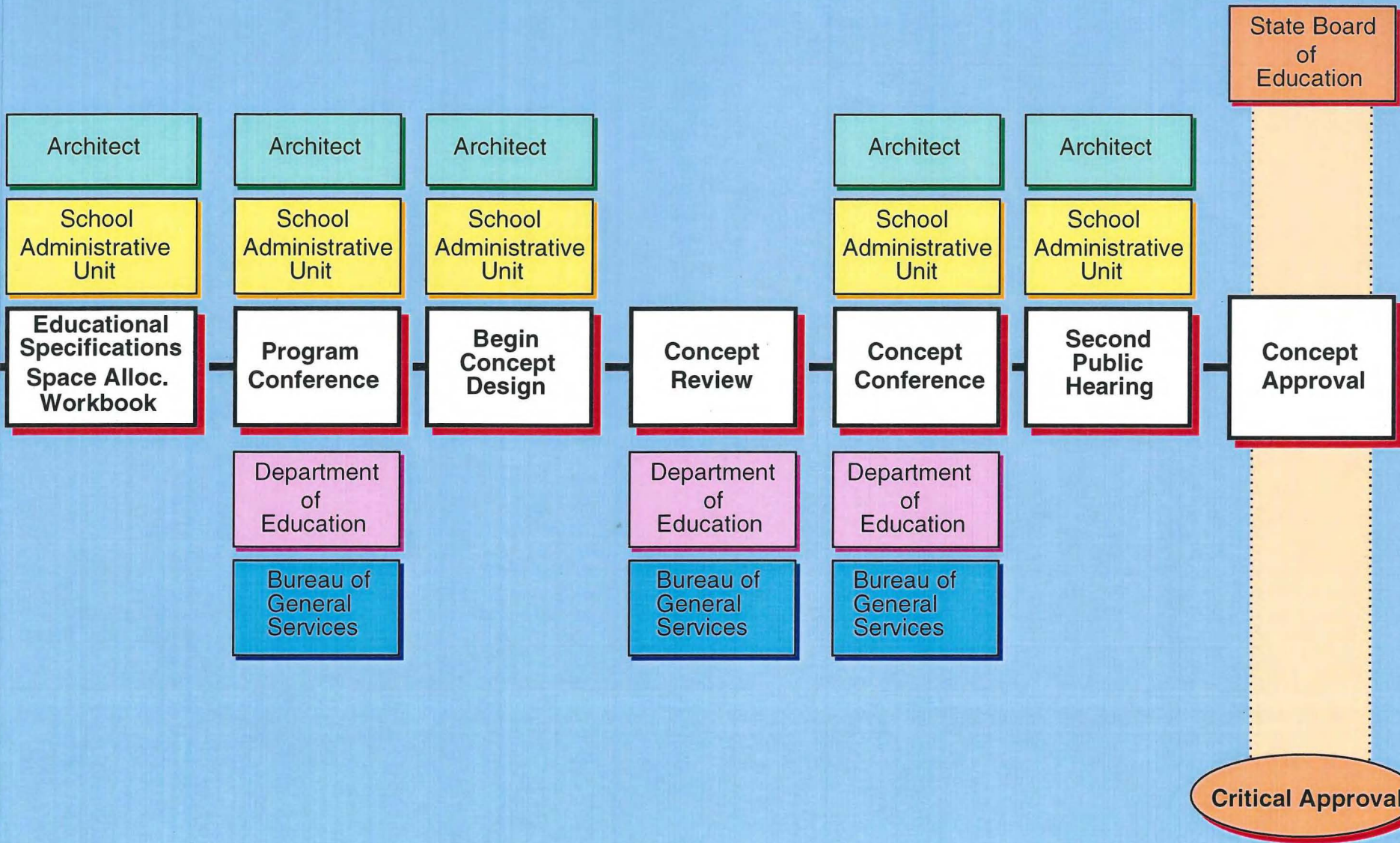
Appendix A

SCHOOL

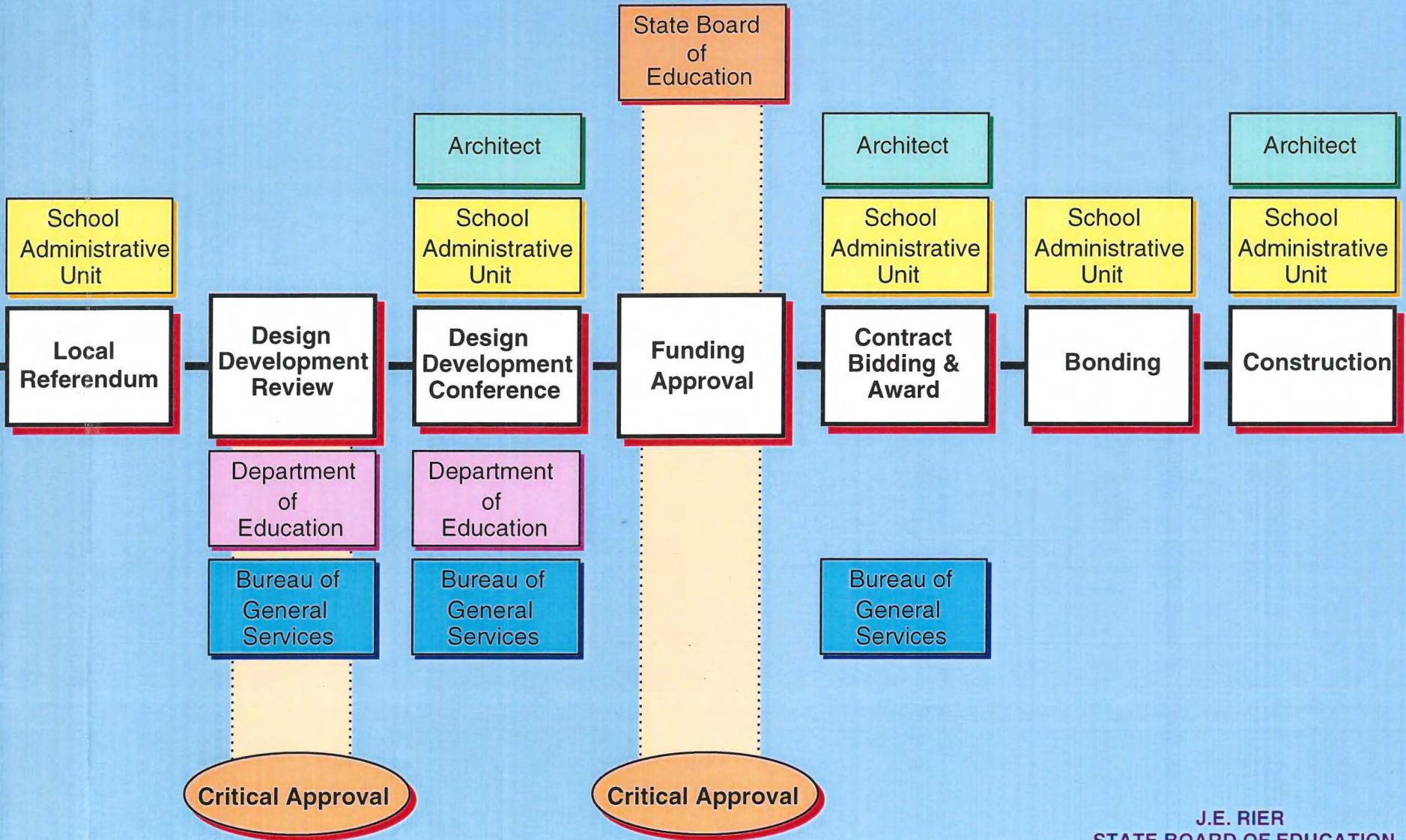


BUILDING CONSTRUCTION

STATE BOARD OF EDUCATION SCHOOL CONSTRUCTION STUDY GROUP



PROCESS



SCHOOL CONSTRUCTION DEBT SERVICE

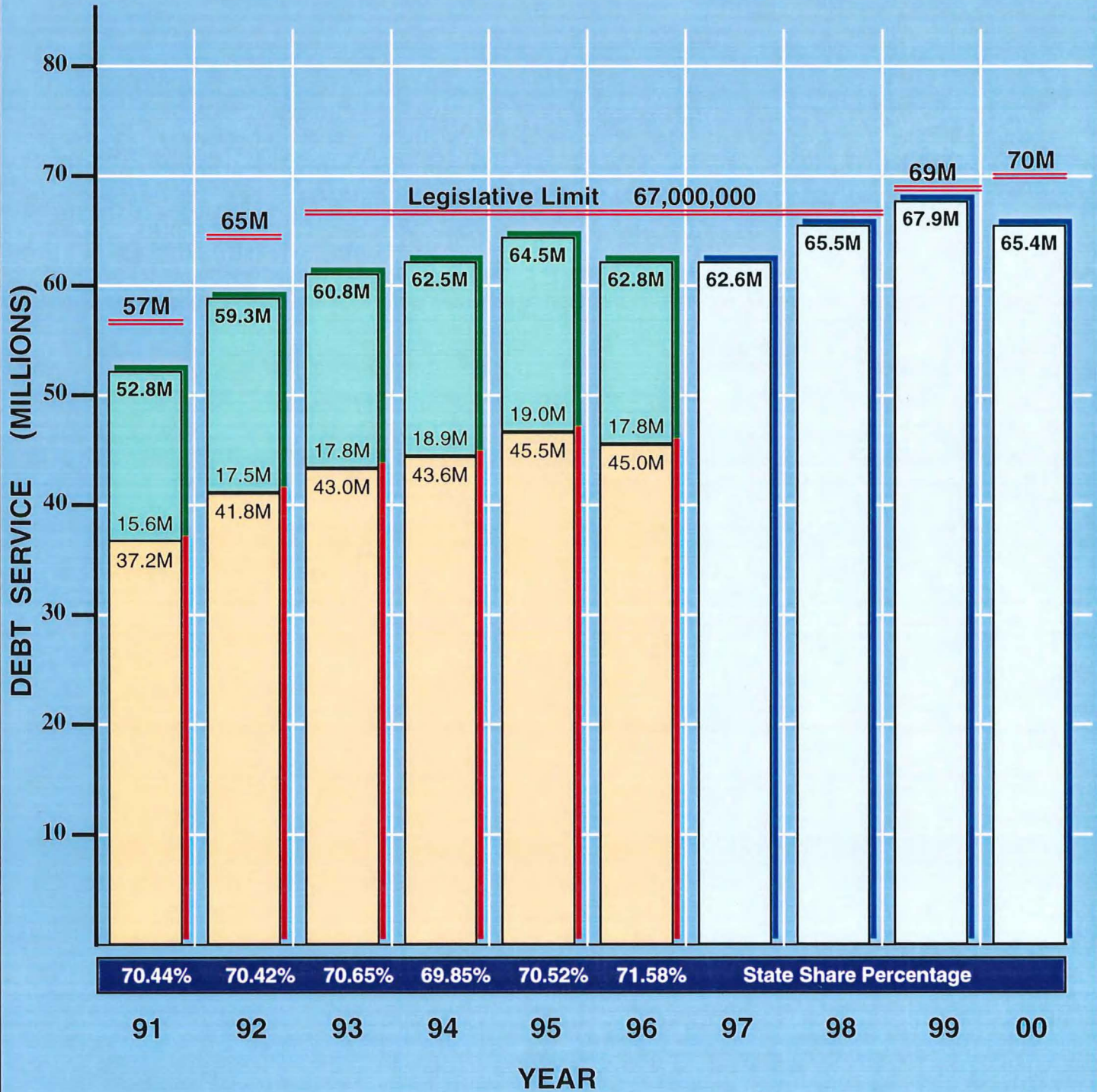
FY 1991 through FY 2000



Local
State



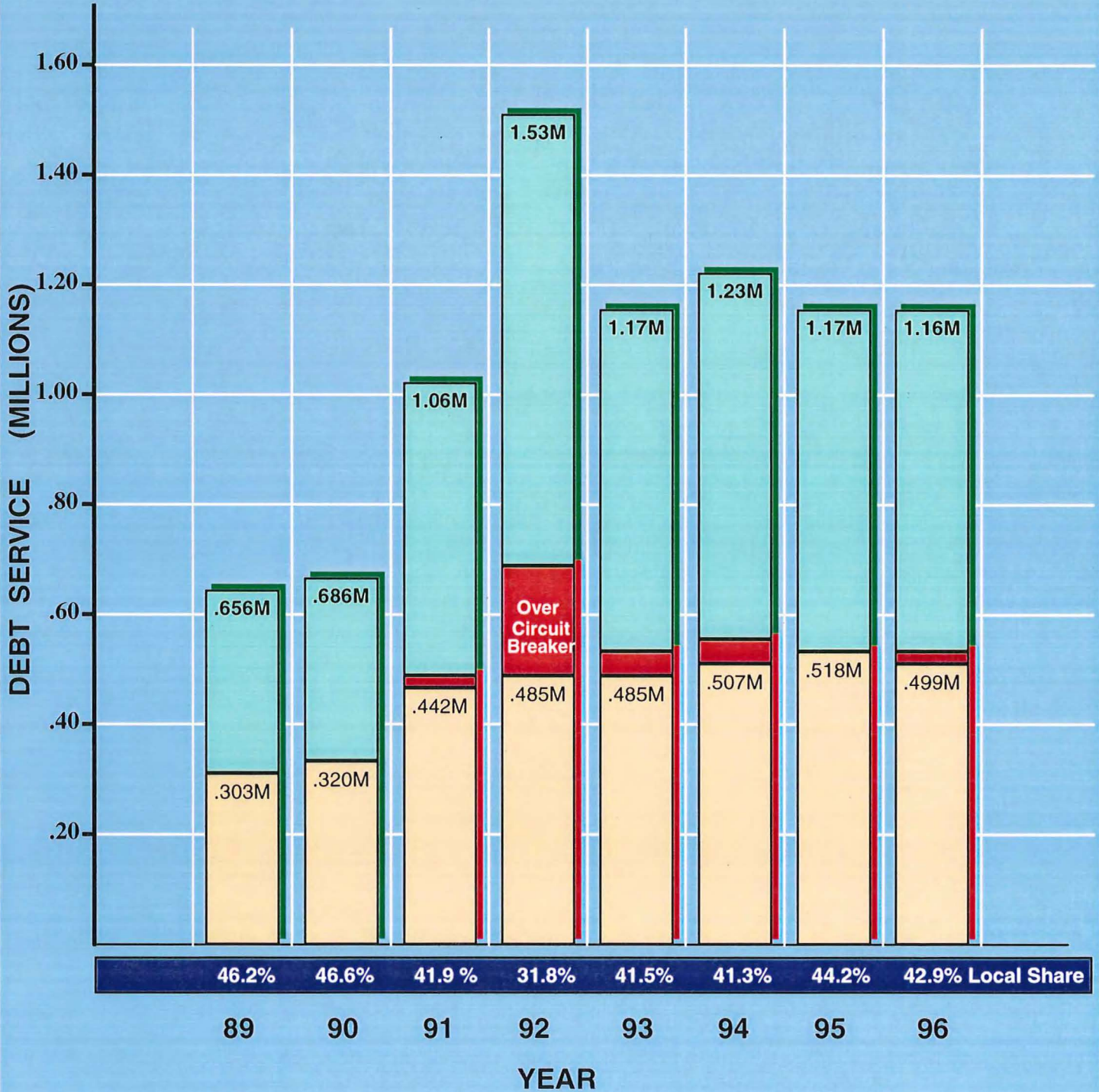
Estimate Including
Concept & Referendum
Approvals thru Dec.'96



SCHOOL CONSTRUCTION DEBT SERVICE MSAD 75

FY 1989 through FY 1996

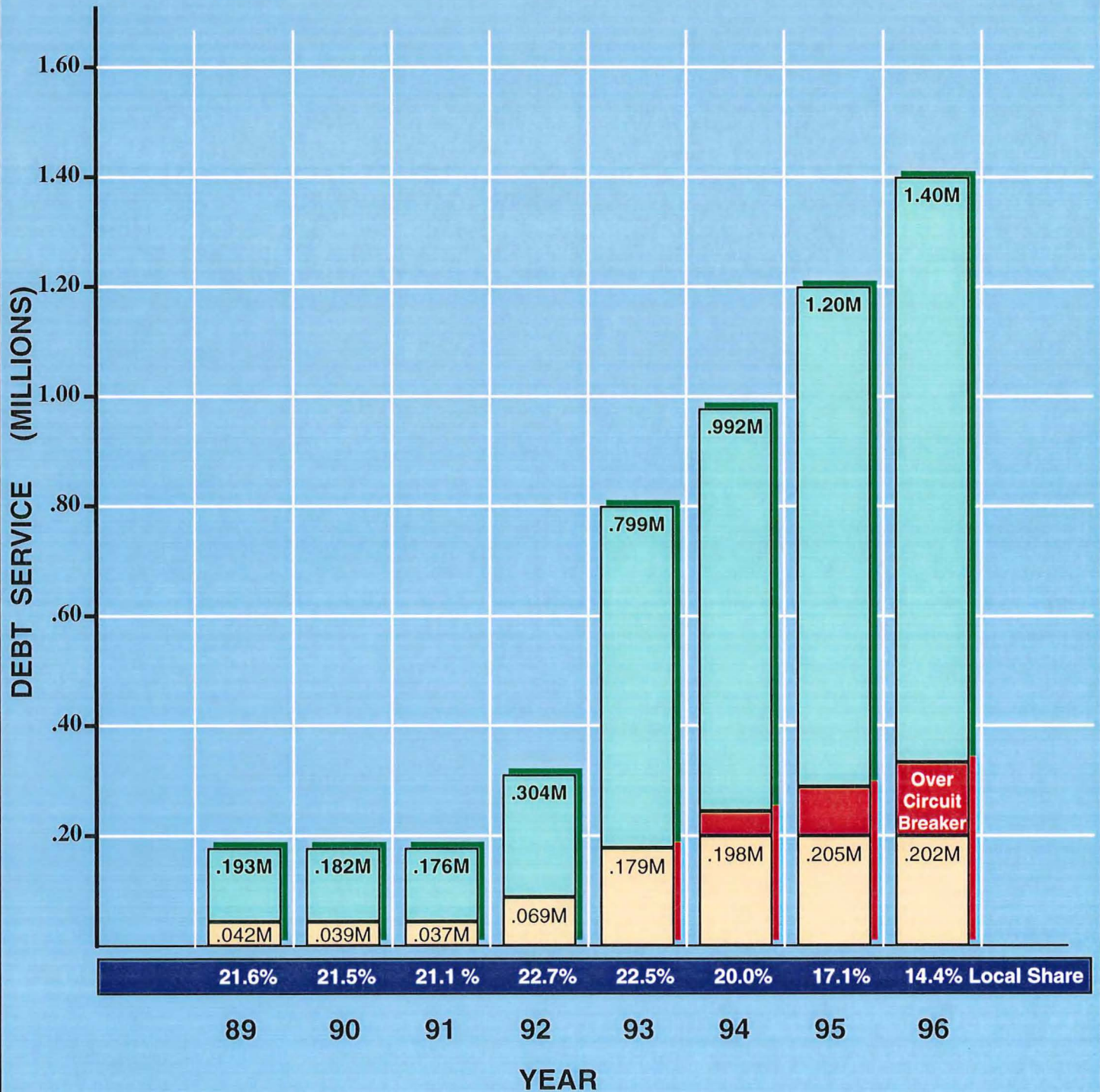
	State	5,102,341	58.9%
	Local	3,563,207	41.1%



SCHOOL CONSTRUCTION DEBT SERVICE MSAD 11

FY 1989 through FY 1996

	State	5,256,118	84.3%
	Local	974,326	15.7%



STATE OF MAINE
STATE BOARD OF EDUCATION
RULES FOR SCHOOL
CONSTRUCTION PROJECTS

Prepared by:

**Division of School Business Services
Maine State Department of Education
Augusta, ME 04333**

November 1994

STATE BOARD OF EDUCATION
RULES FOR SCHOOL CONSTRUCTION PROJECTS

TABLE OF CONTENTS

Section	Page
1. School Construction Approval Process.....	1
2. School Building Construction Flow Chart.....	3
3. Application.....	6
4. School Building Construction - Regular Projects.....	7
5. School Building Construction - Special Projects.....	11
6. School Building Construction - Replacement of Leased Space.....	13
7. Special Priority Lists.....	14
8. Administrative Review.....	15
9. Community Use of School Facilities and Percent For Art....	15
10. Workbook - Educational Specifications & Space Allocations Their Preparation and Application.....	16
11. Site Size.....	18
12. School Site Approval.....	19
13. Financing School Construction.....	20
14. Bonding of School Construction Projects.....	23
15. Surplus Project Funds and Use of Budget Contingency.....	25
16. Vocational Construction Projects.....	25
17. Movable Equipment.....	27

05- DEPARTMENT OF EDUCATION

071 DIVISION OF SCHOOL BUSINESS SERVICES

Chapter 061 STATE BOARD OF EDUCATION, RULES FOR SCHOOL
CONSTRUCTION PROJECTS

Summary: These rules define the conditions under which the
State will subsidize school building construction
projects.

1. SCHOOL CONSTRUCTION APPROVAL PROCESSES

A. Projects Eligible for State Funding

All school construction projects involving state funds in the construction of new facilities, additions to existing buildings, or major alterations of existing buildings shall go through the following stages of approval in the order indicated:

- (1) Site Approval - In cases where the project involves site approval, the Board will consider requests for site approval no later than two regularly scheduled meetings prior to concept approval consideration. Each local unit requesting site approval must, as a minimum, have secured an option on said site and at least two appraisals as outlined in section 12.
- (2) Concept Approval - The State Board will consider applications for concept approval of regular projects at its July meeting and special projects at its January meeting. Replacement of leased space and emergency projects may be considered at any regularly scheduled meeting.
- (3) Approval of Local Voters- Each school construction project must gain a favorable local vote prior to requesting State Board funding approval.
- (4) Funding Approval - Projects may be submitted to the State Board for funding approval at any regular State Board monthly meeting.
- (5) Time Limitations - The following time limitations shall control:
 - a) Within five months after the date of State Board concept approval, a project must secure a favorable local vote. Projects not receiving a favorable vote within five months will not be reconsidered by the State Board

within a minimum of twelve months following the negative referendum except in an absolute emergency.

- b) Within nine months of a favorable local vote, a project shall be presented to the State Board of Education for funding approval.
- c) Within nine months after State Board funding approval, a construction contract shall be signed.

Any exception to the foregoing shall require prior State Board approval.

B. Locally Funded Projects

The Commissioner of Education now has the authority to approve locally funded projects. (20-A, MRSA §15905-A).

C. Funding Limitations

A final approval granted to a school construction project will indicate that the project must be completed within the specified amount and a statement to that effect will be added to construction certificates.

D. Categories of School Construction Projects

- (1) Regular Project - A regular project is a school construction project with over 8,000 square feet in new construction which meets the educational program needs of the school. Costs necessary to bring a building into conformance with current mechanical and handicapped codes may be included in the project budget.
- (2) Special Project - A special project is any school construction project with a maximum of 8,000 square feet and meets the educational program needs of the school. Costs necessary to bring a building into conformance with current mechanical and handicapped codes may be included in the project budget.
- (3) Replacement of Leased Space Project - A replacement of leased space project is any school construction project which is limited to the construction of additions to existing buildings, and renovations caused by the addition, to eliminate the need for portable classrooms or other types of leased space to house educational programs. Any costs necessary to bring the building into conformance with existing codes or

any other type of remodeling of the structure will not be included in the project budget.

Classroom space means any space used or useful for instruction, including but not limited to classrooms and laboratories, library, guidance, multiple-use space, music, art, and small group instruction space. Also included are appropriate circulation and storage space which is needed as part of any school construction project.

In cases where it is documented that additional classroom space will be needed within the next five years, additional space may be approved by the State Board.

- (4) Emergency Project - An emergency project is any school construction project requiring the replacement of all or a significant portion of a school facility, resulting from an unanticipated and sudden natural or human disaster, and which is declared uninhabitable by a State or federal government agency or individual (i.e., the Fire Marshal's Office). An emergency project may include space determined to be needed to support the educational program of the school.

2. SCHOOL BUILDING CONSTRUCTION FLOW CHART

- A. Each unit developing a school construction project shall follow the procedures outlined on the chart on the following page.
- B. First public hearing (step 8). Purpose is to determine the desirability of the project. Hearing is required and a straw vote shall be taken and recorded.
- C. Prior to the concept conference (step 13) the unit shall provide the appropriate municipal officials (including planning boards) with a description of the proposed project.
- D. Second public hearing (step 14) is required and a straw vote shall be taken and recorded. This hearing shall be widely advertised through all available media and all information that is to be made available to the State Board at the concept level shall be presented to the public at this hearing. (See page 4 for chart).

School Building Construction Process

ACTIVITY		AGENCIES
1. Identification of Need		1. SAU
2. Application	↓	2. SAU
3. Site Visit	↓	3. DOE
4. Project Rating	↓	4. DOE
5. Notify SAU of Recommendation	↓	5. DOE
6. Designer Selection	↓	6. SAU, BGS
7. Identify Possible Sites (if applicable)	→ → → ↓	7. SAU, Arch
8. First Public Hearing	↓	7A. DEP, DHS, ACE, DOT, Arch, SAU 8. SAU, Arch
9. Ed. Specs. and Space Allocation Workbook	↓	7B. SAU 9. SAU, Arch
10. Program Conference	↓	7C. SBE
11. Begin Concept Design	↓	10. DOE, BGS, SAU, Arch
12. Concept Review	↓	11. SAU, Arch
13. Concept Conference	← ← ← ←	12. DEP, DHS, FMO, BGS, DOT, DOE, ACE
14. Second Public Hearing	↓	13. DOE, SAU, Arch, BGS
15. Concept Approval	↓	14. SAU, Arch
16. Local Referendum	↓	15. SBE
17. Design Development Review	↓	16. SAU
18. Design Development Conference	↓	17. DOE, BGS, FMO, DHS, DOT, ACE, DEP
19. Funding Approval	↓	18. DOE, Arch, BGS, SAU
20. Temporary Borrowing	↓	19. SBE
21. Contract Bidding & Award	↓	20. SAU
22. Bonding	↓	21. SAU, BGS, Arch
23. Construction	↓	22. SAU
24. Occupancy	↓	23. SAU, Arch
25. Project Audit	↓	24. SAU, Arch
		25. SAU, DOE

AGENCY RESPONSIBILITIES

School Administrative Unit (SAU):

- Conducts assessment of building needs [1]
- Completes application form [2]
- Advertises for, screens and selects the designer [6]
- Identifies and selects site for building [7,7A,7B,7C]
- Conducts two public hearings prior to concept approval [8,14]
- Completes the Educational Specifications and Space Allocations Workbook [9]
- Participates in the Program, Concept and Funding conferences [10,13,18]
- Arranges the local referendum after concept approval [16]
- Arranges for and manages short and long term borrowing/bonding [20,24]

Architect (Arch):

- Assists in the identification, review and selection of the site [7,7A,7B]
- Creates the project plans and specifications [12]
- Coordinates other agency review of the plans [12,17]
- Participates in two public hearings prior to concept approval [8,14]
- Participates in the Program, Concept and Funding conferences [10,13,18]
- Coordinates the construction process with the general contractor and owner [22]

Fire Marshal's Office (FMO):

- Reviews concept plans and specifications (safety and handicapped accessibility) [12]
- Reviews and approves final plans and specifications [17]

Bureau of General Services (BGS):

- Advises SAU in designer selection process [6]
- Reviews concept plans and specifications [12]
- Reviews and approves final plans and specifications [17]
- Approves payment requisitions and change orders [22]

Army Corps of Engineer (ACE):

- Reviews concept plans and specifications (site location and topography) [12]
- Reviews and approves final plans and specifications [17]

Department of Human Services (DHS):

- Reviews concept plans and specifications (drinking water and waste disposal) [12]
- Reviews and approves final plans and specifications [17]

State Board of Education (SBE):

- Grants Site, Concept and Funding Approval [7C,15,19]

Department of Environmental Protection (DEP):

- Reviews concept plans and specifications (site, water and waste disposal) [12]
- Reviews and approves final plans and specifications [17]

Department of Transportation (DOT):

- Reviews site plan for traffic entrance and exit conditions [12]
- Approves site plan for traffic entrance and exit conditions [17]

Department of Education (DOE):

- Reviews and rates project applications [3,4,5,]
- Reviews concept plans and specifications (educational program and space) [12]
- Reviews and approves final plans and specifications [17]
- Conducts Program, Concept and Funding conferences [10,13,18]
- Conducts interim and final project audits [24]

3. APPLICATION

A. General

Each administrative unit seeking State Board concept approval for a proposed school construction project shall submit a completed application form to the Division of School Business Services, Department of Education. Application forms are available at the Division of School Business Services office.

The application will include the results of a study of the availability and accessibility of space in adjacent school units and of other facilities within the applicant's school unit. The study must address issues such as the proximity of available space (if any), the compatibility of grade levels involved, and the potential impact on the educational program, student transportation, insurance, and other issues related to the use of facilities in adjacent school units.

B. Submission Deadlines

(1) Special Projects Only

Completed application forms must be submitted at least fifteen (15) months (October 15) prior to the January State Board meeting, in order to be eligible for consideration at that meeting.

(2) Regular Projects

Completed application forms must be submitted at least fifteen (15) months (April 15) prior to the July State Board meeting, in order to be eligible for consideration at that meeting.

(3) Replacement of Leased Space Projects

In order to be eligible for State Board consideration during any fiscal year, completed applications must be submitted no later than July 15th of that fiscal year.

(4) Emergency Projects

Projects necessitated by an emergency as defined in Section 1.D.(4) will be dealt with on a case by case basis, as deemed appropriate by the State Board.

4. SCHOOL BUILDING CONSTRUCTION - REGULAR PROJECTS

- A. The rating system set forth in paragraph D shall be used to rate each building construction project.

- B. The DOE staff will assign a point rating to each project following completion of the application form by the local unit and an on-site visit by the staff. The point rating will change only if:
 - (1) Local conditions change, or
 - (2) Required by a review committee's decision pursuant to §8

The unit is responsible for notifying DOE of any changes in local conditions which might warrant a change in a project's point rating. The unit must file a request for an administrative review with the Commissioner within 30 days following receipt of a project's point rating if the local unit wishes to appeal the point rating.

- C. The following steps shall be used by the Division of School Business Services staff to break ties which occur during the rating process for the purpose of placing the project on the Priority List (step 12 of Flow Chart).
 - (1) The project with more points in priority #1 shall be placed first.
 - (2) If a tie still exists, the project with more points in State Board priority #2 shall be placed first.
 - (3) If a tie still exists, the project benefiting the larger number of students shall be placed first.

Tie-breaking points shall be added in increments of 0.1 point as required to reflect the results of the preceding procedures.

- D. The system is based on a total of 200 points for the State Board priorities as follows:
 - (1) Buildings and grounds - 65 points total
 - a) Safety hazards - 35 points
 - b) Obsolete and/or unsuitable - 30 points

- (2) School population - 60 points total
 - a) Overcrowding - 40 points
 - b) Enrollment estimates & population shifts - 20 points
- (3) Program - 55 points total
 - a) Facilities to enhance - 35 points
 - b) Facilities for new programs - 20 points
- (4) Community use of facilities - 20 points total
 - a) Documented commitment to community use - 10 points
 - b) Documented use by community - 10 points

E. The Rating System: Criteria and Point Assignment

- (1) Priority - Buildings and Grounds (Total of 65 points)
 - a) Criteria - Safety Hazards (Total of 35 points)
 - Group 1: Building (maximum 30 points)
 - a. Multi-story, wooden, unsprinkled
 - b. Multi-story, wooden, sprinkled
 - c. Structural soundness
 - d. Combustible interior finish (e.g. walls, floors, etc.)
 - e. Access and egress (to include below grade classrooms)
 - f. Boiler room (unprotected, location)
 - g. Electrical systems (includes fire alarm)
 - h. Storage areas
 - i. Open stairwells
 - Group 2: Site (maximum 5 points).
 - a. Traffic
 - b. Sewage
 - c. Physical education and play
 - b) Criteria - Obsolete and/or Unsuitable (Total 30 points).
 - Group 1: Program Related Facility Deficiencies (maximum 22 points).
 - a. Special areas - non-instructional
 - b. Special areas - instructional

- c. Room sizes and arrangements unsuitable
- d. Building does not permit an effective school program
- e. Site factors (e.g. size, location, etc.)
- f. Handicapped accessibility
- g. Other

Group 2: Deficiencies Related to Mechanical and other Building Systems (maximum 8 points).

- a. Heating
- b. Ventilation
- c. Plumbing
- d. Electrical

(2) Priority - School Population (Total of 60 points).

a) Criteria - Overcrowding (Total of 40 points)

Group 1: Instructional Areas (maximum 20 points)

- a. General classroom areas
 - Elementary - over 25 pupils
 - Kindergarten - less than 40 sq. ft. per pupil
 - Elementary & secondary - less than 25 sq. ft. per pupil
- b. Secondary - more than 85% space utilization
- c. Special areas - limited or lacking
- d. Other

Group 2: Program Scheduling (maximum 20 points)

- a. Double sessions
- b. Extended school day
- c. Pupil release because of overcrowdedness
- d. Classes scheduled in unsuitable area
- e. Scheduling in temporary facilities due to overcrowdedness
- f. Other

- b) Criteria - Enrollment Estimates and Population Shifts (Total of 20 points)
 - Group 1: Enrollment Estimates (maximum 12 points)
 - a. Estimates based on enrollment projections
 - Group 2: Population Shifts & Other (maximum 8 points)
 - a. Unusual industrial, public or private housing growth which would result in enrollment increases over enrollment projections.
 - b. Other
- (3) Priority - Program (Total of 55 points)
 - a) Criteria - Facilities to enhance (maximum 40 points)

Existing programs are expanded and/or improved as a result of the project.
 - b) Criteria - Facilities for new programs (maximum 20 points)

Project provides for programs which cannot be conducted in present facilities.
- (4) Priority - Community use of facilities (Total of 20 points)
 - a) Documented commitment to community use - 10 points
 - 1. Local board policy - up to 4 points
 - 2. Assigned responsibility for scheduling and supervision - up to 4 points
 - 3. Year round accessibility - up to 2 points
 - b) Documented use by community - 10 points
 - 1. Regularly scheduled use by community organizations, civic groups, business/industry, individuals - up to 5 points
 - 2. Use on request by community organizations, civic groups, business/industry, individuals - up to 5 points

5. SCHOOL BUILDING CONSTRUCTION - SPECIAL PROJECTS

A. General

- (1) All statutes and State Board Rules applicable to regular projects shall also apply to the special projects program.
- (2) Special projects proposals shall be rated under a separate rating system.
- (3) The special projects program shall be limited to regular school construction projects.
- (4) Approximately 10 percent of the annual State Board approval level of funding may be reserved for special projects.
- (5) Special projects proposals shall be considered by the State Board at the regular January meeting only.
- (6) Renovations included in special projects shall be limited to those necessitated by the project itself excepting a complete restoration in lieu of new construction.

B. School Project Rating System - Special Projects

- (1) The rating system set forth in sub-§D below shall be used to rate each special school construction project.
- (2) The rating, review and tie breaking procedures set forth in §4, sub-§B & §C, shall apply to special projects.
- (3) The rating system, based on a total of 200 points for special projects, is as follows:
 - a) Need for facilities to eliminate safety hazards (70 pts.)
 - b) Need for additions to facility (63 pts.)
 - c) Need for facilities to eliminate overcrowding (52 pts.)
 - d) Community use of facility (15 pts.)

C. The Rating System: Criteria and Point Assignments

- (1) Priority - Safety hazards (total 70 points).
 - a) Building (maximum 60 points)
 1. Access-egress
 2. Structural soundness
 3. Combustibility

- b) Grounds (maximum 10 points)
 - 1. Playground
 - 2. Traffic
 - 3. Sewage

- (2) Priority - Additions to facility (total 63 points)
 - a) Multi-purpose room
 - b) Library
 - c) Special education space
 - d) Special program areas (science, art, music etc.)
 - e) Kitchen
 - f) Administration (clinic, office, teachers' room, etc.)
 - g) Handicapped accessibility
 - h) Classrooms, specialists, itinerant space.

- (3) Priority - Overcrowding (total 52 points)
 - a) General classroom area
 - Elementary - over 25 pupils
 - Kindergarten - less than 40 sq. ft. per pupil
 - Elementary & secondary - less than 25 sq. ft. per pupil
 - b) Secondary - more than 85 percent space utilization
 - c) Scheduling in temporary facilities
 - d) Other

- (4) Priority - Community use of facilities - (total 15 points)
 - a) Documented commitment to community use - 8 points
 - 1. Local board policy - up to 3 points
 - 2. Assigned responsibility for scheduling and supervision - up to 3 points
 - 3. Year round accessibility - up to 2 points

 - b) Documented use by community - 7 points
 - 1. Regularly scheduled use by community organizations, civic groups, business/industry, individuals - up to 5 points
 - 2. Use on request by community organizations, civic groups, business/industry, individuals - up to 2 points

6. SCHOOL BUILDING CONSTRUCTION - REPLACEMENT OF LEASED SPACE PROJECTS

A. General

- (1) All statutes and State Board rules applicable to regular projects shall also apply to the replacement of leased space program.
- (2) Replacement of leased space projects shall be rated under a separate rating system.
- (3) Approximately 10 percent of the annual State Board approval of funding may be reserved for replacement of leased space projects.
- (4) Replacement of leased space projects may be considered for concept approval at any regularly scheduled State Board monthly meeting within the fiscal year in which the application is made.

B. School Project Rating System - Replacement of Leased Space Projects

- (1) The rating system set forth in sub-§D below shall be used to rate each replacement of leased space project.
- (2) The rating, review and tie breaking procedures set forth in §4, sub-§B & C, shall apply to replacement of leased space projects.
- (3) The rating system priorities based on a total of 200 points for replacement of leased space projects, is as follows:
 - a) Number of leased spaces to be replaced (maximum 80 points).
 - b) Age of building (maximum 65 points).
 - c) Enrollment estimates (maximum 55 points).

C. The Rating System: Criteria and Point Assignments

- (1) Priority - number of leased spaces to be replaced (maximum 80 points).
 - a) Portable classrooms - 10 points each
 - b) Off-site leased spaces
 1. Regular classrooms - 8 points each
 2. Small group rooms (200-500 sq. ft. each) - 4 points each
 3. Tutorial space (under 200 sq. ft.) - 2 points each
 4. Other - up to 4 points

(2) Priority - Age of building (65 points)*

- a) 1-7 years old (65 points)
- b) 8-15 years old (45 points)
- c) 16 and over years old (35 points)

* Age is determined by latest addition (if any).

(3) Priority: Enrollment estimates (maximum 55 points). Estimates based on cohort survival projections for up to five (5) years, modified, if or as appropriate.

7. SPECIAL PRIORITY LISTS

The State Board may establish special priority lists, each of which may include up to four (4) regular school construction projects, for concept approval at the July State Board meetings and up to four (4) special projects for approval at January State Board meetings. Projects on the special priority lists prior to the effective date of this rule shall remain on the lists until considered for concept approval by the State Board.

- A. Selection. Projects placed on a special priority list will be chosen by the State Board from the Priority List (step 12-Flow Chart) and be assigned places on this list in the same order as they appear on the Priority List. Once on a special priority list, a project will move up the list after projects ahead of it have received concept approval consideration, regardless of the project's comparative rating to other projects on the list. Projects on the Special Priority List will be reappraised each year with information supplied by the school administrative unit.
- B. Concept Consideration. Only the top two (2) special priority list projects will be eligible to be placed ahead of newer, higher rated projects for concept approval consideration by the State Board at a July or January meeting. Each project on the special priority list may be considered for concept approval on the basis of their point ratings.
- C. Two Year Rule. A project placed on a special priority list will be given consideration for concept approval at either a July or January meeting, as appropriate, within two calendar years from having been placed on the list unless:
 - (1) The Legislature does not provide adequate funding authorization or otherwise reduces the State Board's authority to grant concept approval;

- (2) There is insufficient funding approval authority in a given fiscal year;
- (3) There are emergency projects, as defined in Section 1. D. 4., which have to be considered ahead of all projects; or,
- (4) There are unforeseen circumstances over which the State Board has no control.

If special priority list projects are not considered for concept approval within two (2) calendar years because of one or more of the reasons set forth in subsection C., paragraphs 1-4, than those projects will remain on the special priority list for consideration at the next July or January meeting as appropriate.

8. ADMINISTRATIVE REVIEW

Procedures for resolving disputes involving school construction shall be as follows:

- A. A review committee consisting of the Commissioner or the Commissioner's designee and two members of staff outside the Division of School Business Services will review issues raised by the unit and presented by the unit at an informal hearing. A request for an administrative review shall be made within 30 days of receipt of an unfavorable decision by the Division of School Business Services.
- B. Notification of the review committee's findings of fact and decisions shall be made within sixty (60) days of receipt of the request for an administrative review.
- C. The review committee's findings of fact and decision will constitute final agency action.

9. COMMUNITY USE OF SCHOOL FACILITIES AND PERCENT FOR ART

- A. Schools have always been community meeting places of local interest. The State of Maine has a very substantial investment in school buildings. In order to ensure the widest possible use of the school facilities, it is the policy of the State Board to strongly encourage the public use of school facilities insofar as that use complies with the law and is compatible with regular school use.
- B. The State Board of Education encourages local units to consider the inclusion of desirable community

facilities such as libraries, community health care, child care services, swimming pools and other facilities under the provisions of 20-A MRSA, chapter 609. The State Board, however, cannot approve the use of state school construction funds for these purposes.

- C. This rule is not intended to reduce or remove the local school committee's or board of directors' control over the use of buildings nor that reasonable fees should not be charged nor that adequate provision not be made for supervision and control; rather the intent is to encourage local responsibility and responsiveness in managing this important community resource.
- D. The State Board of Education encourages the inclusion of works of art as provided in the Percent For Art Statute. Up to one percent of the construction cost or \$40,000, whichever is smaller, may be included in the project budget.

10. WORKBOOK - EDUCATIONAL SPECIFICATIONS & SPACE ALLOCATIONS - THEIR PREPARATION AND APPLICATION

Each local unit developing a school building construction project shall provide the following information to DOE.

A. Educational Specifications

- (1) Definition - They are the means by which a school system describes the educational goals, activities, their interrelationships, and associated spaces which need to be provided in a proposed new or renovated school facility.
- (2) Necessity - They provide a document of the results of the planning phase for a given project which will serve as a guide from which a designer can plan an educational facility which will accommodate the needs of the proposed education program.
- (3) Preparation - The school system should draw upon the talents of many including administrators, the school staff, citizens, educational consultants (both state and local), etc., to assist in the preparation of education specifications.

(4) Contents - The educational specifications should reflect the results of the planning phase included in the application process and should include the following items:

- a) The manner in which the project supports the implementation of national and state educational goals;
- b) The instructional and non-instructional activities which will be housed in the proposed facility;
- c) The number, grouping and nature of the people involved, including staff and support personnel;
- d) The spatial relationship between the facility and the site;
- e) The interrelationship of instructional programs with each other and with non-instructional facilities;
- f) The major items of furniture and equipment which need special consideration;
- g) Any special environmental and/or technological provisions which would improve the learning environment and promote staff efficiency;
- h) Future needs and flexibility requirements;
- i) Plans for community, etc. use of facilities.

(5) Educational Specifications Format - A format for the educational specifications is available from the Division of School Business Services.

B. Space Allocation Workbook

(1) Purpose - The purpose of the space allocation workbook is to:

- a) Provide guidance in early planning for school facilities to local educators, school committees and building committees.
- b) Attempt to avoid "overbuilding" on school building projects.
- c) Provide early basic data to designers, the Bureau of General Services, and DOE.
- d) Provide an early mechanism to arrive at tentative total space requirements.
- e) Arrive at a rough first cost estimate for planning purposes.

(2) Space Allocation Workbook - The Space Allocation Workbook is periodically reviewed by the Division of School Business Services and adopted by the State Board of Education. Copies of the Space Allocation Workbook are available from the Division of School Business Services.

C. Facility Maintenance Plan

Each local unit developing a school construction project shall provide the Department of Education with a facility maintenance plan before funding approval by the State Board of Education. The facility maintenance plan shall contain life cycle costing for at least the following:

1. Mechanical systems, including heating and ventilation;
2. plumbing systems, including fixtures and water/sewage;
3. Electrical systems, including lighting, fixtures, alarms, electrical control and distribution;
4. Telecommunication systems, including telephone, intercom and computers;
5. Envelope of the building, including roof, exterior walls, doors and windows;
6. Interior floor surfaces and wall finishes; and
7. Buildings and grounds, including paving, play areas and athletic fields.

11. SITE SIZE

A. Maximum Size

- (1) Maximum site size for elementary schools is defined as 20 acres plus one (1) acre for each 100 students.
- (2) Maximum site size for secondary schools is defined as 30 acres plus one (1) acre for each 100 students.
- (3) Maximum site size for middle schools (any combination of two (2) or more grades 4-9) is 25 acres plus one (1) acre for each 100 students.

B. Minimum Size

- (1) Minimum site size for elementary schools is defined as five (5) usable acres plus one (1) usable acre for each 100 students.
- (2) Minimum site size for secondary schools is defined as 15 usable acres plus one (1) usable acre for each 100 students.
- (3) Minimum site size for middle schools is 10 usable acres plus one (1) usable acre for each 100 students.

C. Exceptions

School building sites which exceed the allowable maximum size, if approved, shall carry the following stipulation: "No portion of this site may be sold or leased for other than school purposes without approval of the conditions of such sale or lease by the State Board." This stipulation shall be a part of the certificates of approval and the deed.

School building sites which are below the minimum size will be considered by the State Board only in cases where the local unit can demonstrate that all programs can be accommodated and no viable alternative exists.

Minimum site size requirements may be met by adding together the acreage of non-contiguous parcels of land when those parcels support the educational programs of the school.

D. Fiscal Responsibility

The cost of land acquired for a school building construction project in excess of the maximum site sizes recorded above shall be entirely at local school administrative unit expense and shall not be eligible for State subsidy. Subsidy may be claimed on the maximum site size at a pro rated per acre price at the time of purchase when a future construction project is approved.

E. Compliance with Title 30-A M.R.S.A., Chapter 187, subchapter II

The selection of sites for new school facilities shall be in compliance with the provision of Title 30-A M.R.S.A., Chapter 187, subchapter II, and any local ordinances governing the location of school buildings. Title 30-A M.R.S.A., Chapter 187, subchapter II, also known as the Municipal Growth Management Law, includes provisions for municipal development and administration of local comprehensive plans. Applications for school construction projects shall include reference to and assurance of compliance with local comprehensive plans where they exist.

12. SCHOOL SITE APPROVAL

A. Appraised Value

Applications for approval of school building sites must be accompanied by an option to purchase the land and two certified appraisals. The average of these two

appraisals is defined by the State Board as the appraised value. If the lower of the two appraisals varies from the higher by more than 25 percent, a third appraisal must be secured and the average of the three appraisals will become the appraised value.

B. Cost Limitation

The appraised value of school building sites shall be the maximum amount eligible to be included in the state funding of school construction projects.

C. Exception

If in the judgment of the State Board, extenuating circumstances exist, then the limitation in paragraph B may be waived by the State Board.

13. FINANCING SCHOOL CONSTRUCTION

Accurate record keeping will be maintained of all accounting activities, such as, cash receipts, expenditures, short-term borrowing and investments of bond proceeds, particularly the dates and rate of interest, etc.

A. State Funds

DOE shall include the appropriate amount of debt service principal and interest in a school administrative unit's debt service allocation only when a long term bond redemption schedule requires payment.

B. Filing of the EF-B-55 Form

An EF-B-55 form to be supplied by DOE shall be filed within six (6) months of initial occupancy of a completed building. Additional time may be granted by the Commissioner if it is judged that extenuating circumstances exist.

C. Temporary Borrowing

Temporary borrowing prior to the issuance of bonds shall be accomplished as follows:

- (1) On a written, competitive basis, or a method approved in writing by the Commissioner.
- (2) An administrative unit may borrow up to the estimated amount necessary to finance the project until bonds are sold with the understanding that unused note proceeds must be kept invested in accordance with ¶13-D.

D. Investment of Project Funds

- (1) Unused portions of note proceeds, bond proceeds, initial state share, and any interest earned thereon, shall be kept invested at all times in:
 - a. bonds or other obligations of the United States or the bonds or obligations of or participation certificates issued by any agency, association, authority or instrumentality created by the United States Congress or any executive order;
 - b. bonds or other obligations issued or guaranteed by the State of Maine or by any instrumentality or agency of the State or any political subdivision of the State which is not in default on any of its outstanding funded obligations;
 - c. accounts or deposits with financial institutions, the deposits of which are insured by the FDIC, the BIF, the National Credit Union Share Insurance Fund or any successor agencies and which otherwise comply with 30-A M.R.S.A. §5706(1);
 - d. repurchase agreements secured by obligations of the United States Government, provided that the market value of the underlying obligations are equal to or greater than the amount of the school administrative unit's investment and the school administrative unit has a properly perfected security interest in the underlying governmental obligations and such other investments, consistent with 30-A M.R.S.A. §§5706-5716, as the Commissioner may approve from time to time.
- (2) The difference between the interest income from investment of project funds and interest cost of temporary borrowing shall be determined at the time of the final audit of the EF-B-55 by DOE.

School administrative units are required to calculate the amount of arbitrage rebate, or penalty in lieu thereof, that is currently due, or estimated to be due, to the Internal Revenue Service, attributable to the investment of project funds, on or before the time of the final audit of the EF-B-55 by DOE. When a school administrative unit selects the two-year expenditure exception to rebate option, the amount of interest reinvested in the construction project will be deducted from the amount of project costs to be subsidized.

- a) School administrative units are required to return the interest income earned from investment of project funds (i.e., bond proceeds, note proceeds, loans received for start-up costs, etc.), in excess of the interest costs of temporary borrowing, to the Department of Education, in accordance with Paragraph G, Project Audits, except when the two-year expenditure exception to rebate option has been selected (see (2) above). Interest earned on project funds held in a school administrative unit's bank account(s) shall be returned to the Department of Education. When State and local funds are commingled in one bank account, a cash flow analysis will be done to determine the state's share of the interest. The state's share of interest shall be returned to the state in accordance with Paragraph G, Project Audits. It is recommended, however, that project funds not be commingled.
 - b) In the event the interest cost of temporary borrowing exceeds the interest income, a detailed accounting of investments and costs shall be submitted to DOE. The net interest cost of temporary borrowing may be included in the administrative unit's state/local allocation as a debt service cost upon approval of the Commissioner.
- (3) Interest earned, if any, as a result of the investment of insurance proceeds and gifts or federal funds available to the project, may be retained by the local unit and used for school purposes only. Interest earned between the time of audit and payment of the final settlement to the Department of Education may be retained by the school administrative unit and used for school purposes only. Interest will be charged in cases where delayed or staggered payments are made beyond the time specified in the final audit report.

E. Overbonding

In the event the bond sale amount exceeds the actual final costs of a project, the difference will be handled in the manner set forth in paragraph D(2) (a).

F. Budget Overruns

Costs in excess of the total amount approved by the State Board shall not be included in the school construction project costs.

G. Project Audits

- (1) The Department of Education may conduct interim audits of uncompleted school construction projects in order to determine the interest earned on the investment of bond and note proceeds, in excess of the interest costs of temporary borrowing, due the State as of the date of the audit. The amount determined, as partial settlement, shall be submitted to the Division of Finance, Department of Education, made payable to the Treasurer of the State of Maine, and indicate the payment is in partial settlement of the uncompleted school construction project.
- (2) All school construction projects final financial reports (Form EF-B-55) will be subject to audit by DOE before a final settlement is established. The amount of the final settlement, if any, will be submitted to the Division of Finance, DOE. The check should be made payable to the Treasurer of the State of Maine and indicate the payment is in final settlement of the school construction project.

14. BONDING OF SCHOOL CONSTRUCTION PROJECTS

- A. The Commissioner shall be guided by the following table in determining the length of school construction bonding issues:
- (1) Bond issues of \$750,000 and under - 5 years
 - (2) Bond issues of \$750,001 to \$1,500,000 - 10 years
 - (3) Bond issues of \$1,500,001 to \$2,500,000 - 15 years
 - (4) Bond issues in excess of \$2,500,000 - 20 years
- B. Sale of Bonds
- (1) The sale of bonds shall be accomplished consistent with §14 as soon as practicable.
 - (2) Proceeds of the bond sale shall be used immediately to pay short-term principal and interest costs.
 - (3) If the amount of the bonds sold is less than the amount to be bonded as established in 20-A MRSA §15909 sub-§2, ¶A, the difference of up to \$5,000 may be taken from earned interest.
- C. Each certificate of funding approval shall specify the length of the bonding period.

- D. Each unit shall obtain prior written approval of the Commissioner or designee, as to when bonds may be sold. All notices of bond sale must contain the following stipulation: Interest Rates. Bidders must state in a multiple of one-eighth (1/8) or one twentieth (1/20) of one percentum (1%) the rate or rates of interest per annum which the several maturities of the bonds are to bear. No interest rate named for any given maturity of a bond may be lower than any interest rate named for any prior maturity of a bond. The interest on any one bond shall be at one rate only and no rate of interest for a single maturity of the bonds may exceed the rate of interest for any other maturity of the bonds by more than 4% per annum. All bonds maturing in any one year must carry the same interest rate and each interest period shall be represented by one interest rate. Bids which include split or supplemental interest rates will not be considered.

It is further stipulated that the principal paydown of the respective loan be structured in a manner that the principal repayments are level to the extent that such structure complies with industry standards (e.g. many issues may require maturities to be structured in annual amounts divisible in increments of \$5,000).

- E. It is stipulated that for bonds sold during the first half of the fiscal period (i.e. last six calendar months) have respective first interest payments in the second half of the fiscal period (i.e. first six calendar months of the next calendar year) with principal and interest repayments to commence in the following fiscal year's first half (i.e. the last six calendar months of the next year), with subsequent interest and principal repayments to follow each six months and twelve months respectively, until bonds mature; that bonds sold during the second half of the fiscal period (i.e. first six calendar months) have respective first interest payments in the first half of the following fiscal period (i.e. second six calendar months of that calendar year), with the following interest payment to be made in the subsequent second half of the fiscal period (i.e. the first six calendar months of the following calendar year), with principal and interest payments to commence in the next following fiscal year's first half (i.e. the last six calendar months of the following calendar year), with subsequent interest and principal repayments to follow each six months and twelve months respectively, until bonds mature.

15. SURPLUS PROJECT FUNDS AND USE OF BUDGET CONTINGENCY

A. Budget Reductions

When it is determined by the Commissioner, following the opening of school construction bids, that there are surplus funds contained in a project budget, the State Board directs DOE, with the advice of the Bureau of General Services, to initiate a process to lower the approved budget to the appropriate funding level, thus, providing additional funds for other projects awaiting concept approval.

The Commissioner may restore part or all of these surplus funds if exigent circumstances establishes the need for additional funds.

B. Board Approval of Contingency Usage

The State Board also wishes to state that the contingency item of each construction budget is a State Board contingency and may be committed only with the approval of DOE.

16. VOCATIONAL CONSTRUCTION PROJECTS

A. Vocational construction projects shall be rated according to the system set forth in paragraph B.

B. Vocational Rating System

1. Priority - Need for space (in terms of numbers of students and manpower needs). (Total of 40 points).

Criteria:

- a) Number of youths (grades 11 & 12 - ages 15-21) interest and able to benefit. - 10 points
- b) Number of youths (grade 11 & 12 - ages 15-21) unemployed in region. - 10 points
- c) Employment needs of local area - geographic area - state. - 10 points
- d) Projected enrollments. - 10 points

2. Priority - Quality of present facilities. (total of 40 points)

Criteria:

- a) Unsafe buildings and grounds. (total of 20 points)

Group 1. (7 points)

- a. Multi-story, wooden frame, unsprinkled buildings
- b. Multi-story, wooden frame, sprinkled buildings
- c. Structural soundness
- d. Open stairwells

Group 2. (6 points)

- a. Traffic hazards
- b. Sewage (inside and/or outside)
- c. Entrance and delivery access

Group 3. (7 points)

- a. Access & egress (including rescue windows)
- b. Unprotected boiler room
- c. Hazardous storage areas
- d. Below-grade classroom

- b) Unsuitable buildings and grounds: (total of 20 points)

- 1. Vocational areas missing or of inadequate size
- 2. Extend school day
- 3. Geographic location not conducive to regional student participation
- 4. Special areas unsuitable or lacking
- 5. Sanitary facilities inadequate
- 6. Room sizes and arrangements unsuitable (horizontal and/or vertical)
- 7. Mechanical systems
- 8. Shape factor
- 9. Existing building does not permit an effective program
- 10. Space provided on a day-to-day basis (temporary housing)
- 11. Handicapped accessibility

3. Priority - Program (total of 14 points)

Criteria:

- a) Programs enhanced by proposed construction (7 points)
- b) New programs made possible by proposed construction (7 points)

4. Priority - Project Planning (total of 6 points)

Criteria:

- a) Project meets area needs (2 points)
- b) Project is effectively planned (2 points)
- c) Project incorporates good long-range planning in terms of future students' interests and benefits and meeting future manpower needs (2 points)

C. It is intended that one vocational construction project will be approved each fiscal year.*

* Flexibility is intended in this sequence. It is understood that for numerous reasons, it may be necessary or desirable to fund two or more or possibly no vocational projects in a given year.

D. Educational Specifications (Vocational)

The Phase II proposal as approved by the State Board shall constitute the educational specifications for vocational construction projects.

E. Space Allocations

The Space Allocation Workbook is periodically reviewed by the Division of School Business Services and adopted by the State Board of Education. Copies of the Space Allocation Workbook are available from the Division of School Business Services.

17. Movable Equipment

A. Definition

Movable equipment is defined as equipment for the school construction project which supports the educational program described in the Educational

Specifications, which is purchased separate from the general construction contract. In general, equipment is identified by its expected life of use (at least five years) and extraordinary cost (usually more than \$500). Movable equipment costs will generally constitute 6-8% of the construction costs in a project budget.

B. Submission of Movable Equipment List

A movable equipment list shall be submitted to the Division of School Business Services prior to the signing of a construction contract.

C. Approval of Movable Equipment Lists

No movable equipment may be purchased with project funds which are not included in the list submitted to and approved by the Division of School Business Services. Any use of contingency funds to purchase movable equipment must be approved by the Division of School Business Services.

The Maine Department of Education insures equal employment, equal educational opportunities, affirmative action regardless of race, sex, color, national origin, religion, marital status, age, or handicap.

APPROVED

CHAPTER

APR 10 '96

632

STATE OF MAINE BY GOVERNOR

PUBLIC LAW

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-SIX

H.P. 807 - L.D. 1124

An Act Regarding School Facilities and Debt Service
Limits

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 20-A MRSA §15905, sub-§1, ¶A, as amended by PL 1993, c. 693, §1, is further amended to read:

A. The state board may approve projects as long as no project approval will cause debt service costs, as defined in section 15603, subsection 8, paragraph A, to exceed the maximum limits specified in Table 1 in subsequent fiscal years.

Table 1

Fiscal year	Maximum Debt Service Limit
1990	\$48,000,000
1991	\$57,000,000
1992	\$65,000,000
1993	\$67,000,000
1994	\$67,000,000
1995	\$67,000,000
1996	\$67,000,000
1997	\$67,000,000
1998	\$67,000,000
1999	\$69,000,000
2000	\$70,000,000

Sec. 2. 20-A MRS §15905, sub-§6 is enacted to read:

6. Facility maintenance plan required. The state board shall require a school administrative unit applying for state funds for a school construction project to establish a facility maintenance plan for the projected life cycle of the proposed school building. The department shall provide technical assistance to school administrative units in carrying out this section. Assistance must include, but is not limited to, the provision of a model facility maintenance plan and the provision of technical and other assessment information from the school facilities inventory under section 15917.

Sec. 3. 20-A MRS §15917 is enacted to read:

§15917. School facilities inventory

1. Inventory. The department shall conduct an inventory of all public school facilities in the State through a survey sent to each school principal. For the inventory, the school principal shall identify each public school building and include the following information for each building for which that principal serves as the principal:

A. A systematic and comprehensive assessment of the physical condition of the building;

B. Building use statistics; and

C. A list of rooms by program area.

The survey must be completed by December 1, 1996.

2. Data base established. The department shall establish and maintain a school facilities data base. The data base must be available for inclusion in the education information system maintained by the Education Research Institute and established in section 10.

3. Inventory updated. The department shall update information from the inventory at least every 3 years.

Sec. 4. State Board of Education to convene study. The State Board of Education shall convene a study group to review and make recommendations on school construction issues. The chair of the state board shall appoint at least 6 members to the study group. The President of the Senate and the Speaker of the House of Representatives shall each appoint one member from the Joint Standing Committee on Education and Cultural Affairs to serve on the study group. The study group shall submit its

report to the Joint Standing Committee on Education and Cultural Affairs by December 1, 1996. The study group shall consider the following issues:

1. Requiring a minimum local contribution from a school administrative unit for school construction costs in any year in which the local share of school construction costs exceeds the debt service circuit breaker amount for that unit;

2. Revising the school construction project rating system by including consolidation as a criteria in the rating system. The study group must consider recommendations on including consolidation in the rating system made by the Department of Education, the State Board of Education and the Committee to Study Organizational and Tax Issues in Public Schools;

3. Further revising the school construction project rating system by adding to or subtracting from the current rating criteria, which include buildings and grounds, school population, programs and community use of facilities;

4. Use of state school construction funds to subsidize major repairs to a school building;

5. Requiring school administrative units to prepare cost comparisons between new construction and the renovation of existing school buildings when applying for the approval of school construction projects; and

6. Other school construction issues that a majority of the study committee agrees to review.

**State Board of Education
School Construction Study Group**

James E. Rier, Jr., Chair
Vice-chair State Board of Education
21 North Street
Machias, ME 04654

Marjorie M. Medd, Vice-chair
Member State Board of Education
P.O. Box 126
Norway, ME 04268

I. Joel Abromson
State Senator
25 Fall Lane
Portland, ME 04103

Julie Winn
State Representative
139 Merryman Road
Glenburn, ME 04401

Andrew E. Ayer
Member State Board of Education
27 Birdseye Ave.
Caribou, ME 04736

Jude Cyr
Business Mgr. Auburn School Department
P.O. Box 800
Auburn, ME 04210

Paul Johnson
Superintendent, MSAD #60
One Maine Street, P.O. Box 75
North Berwick, ME 03906

Frank Locker, PhD, AIA
PDT Architects
49 Danforth Street
Portland, ME 04101

Judith Stallworth
Asst. Superintendent, MSAD #75
P.O. Box 475
Topsham, ME 04086

E. William Stockmeyer, Esq.
Drummond, Woodsum & MacMahon
245 Commercial Street, P.O. Box 9781
Portland, ME 04104-5081

Gary Wood
Maine Municipal Association
389 Congress Street
Portland, ME 04101-3503

Staff

William K. Millar, Jr.
Department of Education
23 State House Station
Augusta, ME 04333

Scott Brown
Department of Education
23 State House Station
Augusta, ME 04333

Nathaniel Salfas, AIA
Bureau of General Services
77 State House Station
Augusta, ME 04333

Liaison

Judith Malcolm
Policy Director/Team Leader
Department of Education
23 State House Station
Augusta, ME 04333

Acknowledgments

The Study Committee wishes to recognize the contributions of the following persons who assisted in the Committee's study and deliberations:

Evan Richert
Fran Rudoff
State Planning Office

Philip McCarthy
Office of Policy and Legal Analysis

Robert Devlin
Maine Municipal Association

Taylor Allen
Kenneth Smith
Appleton, Hope Lincolnville, MSAD 28 CSD

Gary Leighton
Gregory Scott
Department of Education

Dennis Doiron
Office of the Attorney General

Kathy Robinson
Maine Municipal Bond Bank

Special acknowledgment to **Rugina Sterling** for her technical assistance in preparation of this report.