

Recommendations of the Rhode Island School Building Task Force



General Treasurer Seth Magaziner, Co-Chair
Education Commissioner Ken Wagner, Co-Chair

December 13, 2017



*Above: Gov. Raimondo
Signs Executive Order
creating School Building
Task Force
Right: Treasurer
Magaziner and
Commissioner Wagner
Meet with Educators in
West Warwick*



Introduction

Every child in Rhode Island deserves to go to a school that is warm, safe, dry and equipped with 21st century learning environments. Unfortunately, this is not the present reality for far too many of our students.

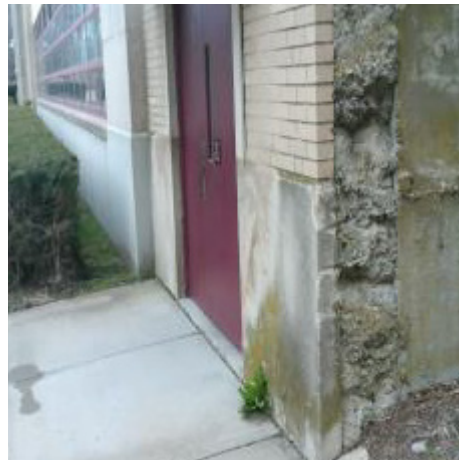
In September of this year, the Rhode Island Department of Education (RIDE) released the 2017 State of Rhode Island Schoolhouses Report, which was compiled following an in-depth analysis of the condition of every public-school facility in the state. This report found over 50,000 deficiencies, many of them severe in nature, across Rhode Island's 306 public schools. These deficiencies

range from direct threats to the health and safety of children, including the presence of hazardous materials and inadequate fire suppression systems, to programmatic deficiencies such as a lack of adequate science labs that speak directly to the ability of the state to prepare our students to be successful in the modern economy.

Following the release of the report, Governor Gina M. Raimondo appointed a Task Force charged with recommending specific actions to address Rhode Island's school facilities deficiencies. The Task Force, co-chaired by Education Commissioner Ken Wagner and

General Treasurer Seth Magaziner, included representatives of the General Assembly, cities and towns, school districts, teachers, the business community, philanthropy, nonprofit leaders, and the construction industry and trades. The Task Force met through the fall of 2017, hearing from a range of experts, including representatives of Jacobs Engineering, who authored the Schoolhouses Report, and the Massachusetts School Building Authority, widely regarded as a national model.

In addition, Governor Raimondo, Commissioner Wagner and Treasurer Magaziner attended a series of listening sessions



*Left to right from top:
Mt. Pleasant High
School, Providence; South
Kingstown High School;
Marievill Elementary,
North Providence; John
Wicks School, Warwick*

throughout the state in which members of the public offered their ideas and insights for how Rhode Island's public-school buildings can be improved.

Throughout the process, the Task Force was particularly mindful of the cost of delaying action to address the condition of Rhode Island school buildings. The Schoolhouses Report identified \$2.2 billion of deficiencies in Rhode Island school buildings. At today's level of spending on school repairs, the total needs of our school buildings are projected to grow to \$2.9 billion over ten years, meaning that the cost of repairing Rhode Island's school buildings

will increase an average of \$70 million per year in the absence of new action.

The Task Force recommends that the State of Rhode Island, in partnership with municipalities and school districts, embark on a once-in-a-generation investment in upgrading our public-school buildings. All public schools in Rhode Island should be warm, safe and dry, and equipped with 21st century learning environments. Time is of the essence. The costs of delay are significant and the children of our state deserve better school buildings as soon as possible.

Goals

In making the following recommendations, the Task Force aims to ensure that within the next ten (10) years:

1. All schools will be warm, safe and dry.

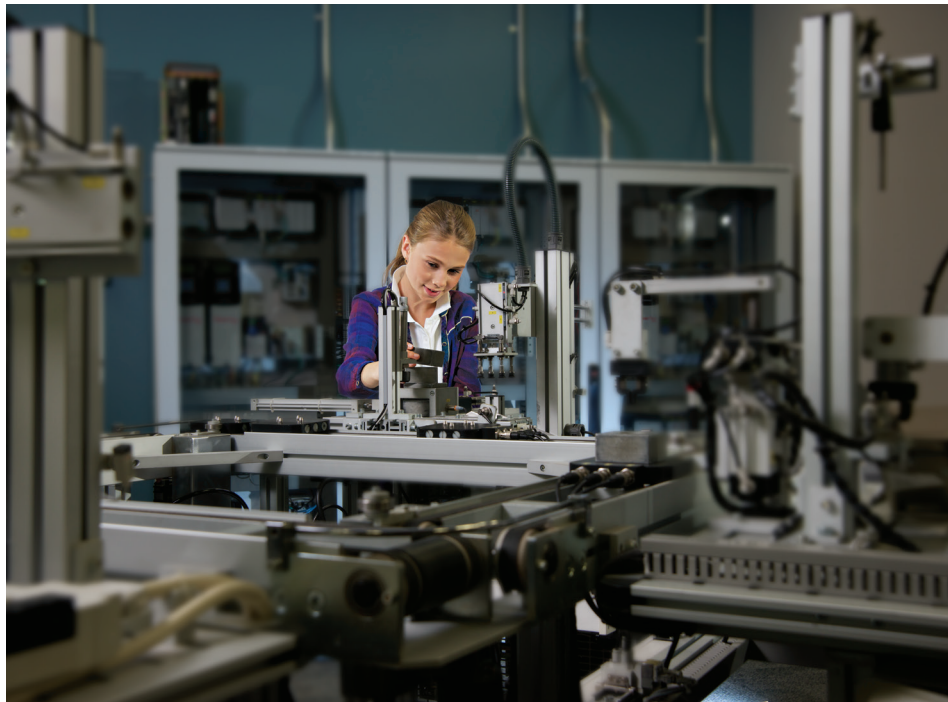
The Schoolhouses Report identified \$628 million of Priority 1 and Priority 2 deficiencies at Rhode Island school buildings. Priority 1 deficiencies include mission critical concerns such as building safety hazards, code violations or severe damage. Priority 2 deficiencies include issues that can become Priority 1 if unaddressed in the near-term, such as inadequate roofing. The Task Force seeks to ensure that all Priority 1 and 2 deficiencies are remedied.

2. All schools will have 21st century learning environments.

As educational programs, curricula, and instruction methods evolve, it is essential that we invest in updates to school facilities that reflect these changes, and provide students with educationally appropriate, technology-enabled facilities for 21st century learning. Many of our schools were not built with dedicated science labs that can house modern equipment or plumbing needs. Similarly, many facilities lack appropriate spaces for other science, technology, engineering, arts, math (STEAM) related programs, career education, and early childhood classrooms. Targeting these opportunities will afford all children in Rhode Island better educational experiences through enhanced course offerings and better-equipped facilities.

3. Every school district will see meaningful improvements to the condition of its public school buildings.

The Schoolhouse Report identified multiple building deficiencies in every school district and found that most districts have schools with significant condition needs. The Task Force was careful to ensure that the strategies outlined below were actionable and equitable, and that all school districts could benefit from the recommendations.



Most High Schools and Middle Schools in Rhode Island do not have adequate science facilities.

Recommendations

The Task Force recommends that the State of Rhode Island and its municipalities and school districts invest more, invest smarter, and invest more efficiently to achieve its goals.

State Share Bonuses

To encourage school districts to embark on more school repair and construction projects, and to incentivize projects that meet the goals laid out by the Task Force, a system of “bonuses” to the state share formula for school construction should be implemented. Bonuses to the state share ratio are common in other states, including Massachusetts, and have been used in Rhode Island in the past to support and incentivize certain projects, including asbestos remediation, ADA compliance and energy efficiency.

In addition to the existing bonus points already allowed for by state law, the Task Force recommends implementing additional bonus points targeted at achieving the three goals outlined above. Each “bonus point” shall represent an additional 1% of project costs for school construction or renovation borne by the state on top of the standard state share for a district. The Task Force recommends that a district be eligible to receive up to 20 bonus points for a school construction or repair project

on top of its regular state share. However, the Task Force also recommends that a district’s share not be decreased by more than half of its regular level, regardless of the number of bonus points a district receives for a project.

The Task Force recommends that these new bonuses apply to school housing aid and capital fund projects beginning with those approved by the state Board of Elementary and Secondary Education in FY 2018, as well as to those projects that were previously approved within the last 5 years but have not yet broken ground.

Specifically, the Task Force Recommends the following additional bonuses:

5 point bonus for Priority 1 and Priority 2 projects, including the removal of hazardous materials, to incentivize “warm, safe and dry” schools. These projects must commence no later than December 2022 to receive the bonus.

5 point bonus for projects devoted to enhancing the teaching of STEAM, early childhood education, or career and technical education, to incentivize more school facilities to be equipped for 21st century learning. These projects must commence no later than December 2022 to receive the bonus.

*Rogers High School,
Newport*



“There needs to be the ability to link students with interests and towns from across the state and make sure that they are able to get together and push each other and collaborate and really lift each other up.”

-Pell Elementary Parent 10/12/2017

Bonuses for “newer and fewer” projects that address cost effectiveness and space utilization within schools that meet one or more of the characteristics outlined below. These projects must commence no later than December 2023 to receive the bonus.

- 5 point bonus for replacement of a facility that has a Facilities Condition index of 65% or higher.
- 5 point bonus for any new construction or renovation that leads to the functional utilization of any facility increasing from less than 60% to more than 80%. This can include consolidation of buildings within or across Districts.
- 5 point bonus for any new construction or renovation that leads to the functional utilization of a building decreasing from more than 120% to between 85% and 105%.
- 5 point bonus for the consolidation of two or more school buildings, within or across districts, into one building.

In order to encourage action by the school districts, for all of the new expiring bonuses the Task Force recommends that the bonus be applied to the full cost of the project so long as a minimum of 25% or \$250,000 of the total project cost consists of the factor eligible for the bonus.

State General Obligation Bonds

To meet the ambitious goals laid out by the Task Force, both the state and municipalities must commit to prioritizing school facilities in budgets and capital plans going forward. While we live in an era of constrained budgets and competing priorities, the safety and wellbeing of children must be paramount.

The Massachusetts School Building Authority uses state-level bonding to fund the state share of school construction spending in that state. Rhode Island previously used state-level bonding to fund Pre K-12 facilities spending as well, but has not put a Pre K-12 bonding proposal to referendum since 1994, when bonds were authorized for the Met School.

In the spring of 2017, the Rhode Island Public Finance Management Board released the first Debt Affordability Study to be conducted in Rhode Island since 1999. The Study found that Rhode Island has the capacity to issue approximately \$1.2 billion of state tax-supported debt over the next 10 years while remaining safely within responsible borrowing guidelines.

The Task Force recommends that \$500 million, or slightly less than half of the state's borrowing capacity over the next decade, be reserved for Pre K-12 public school upgrades.

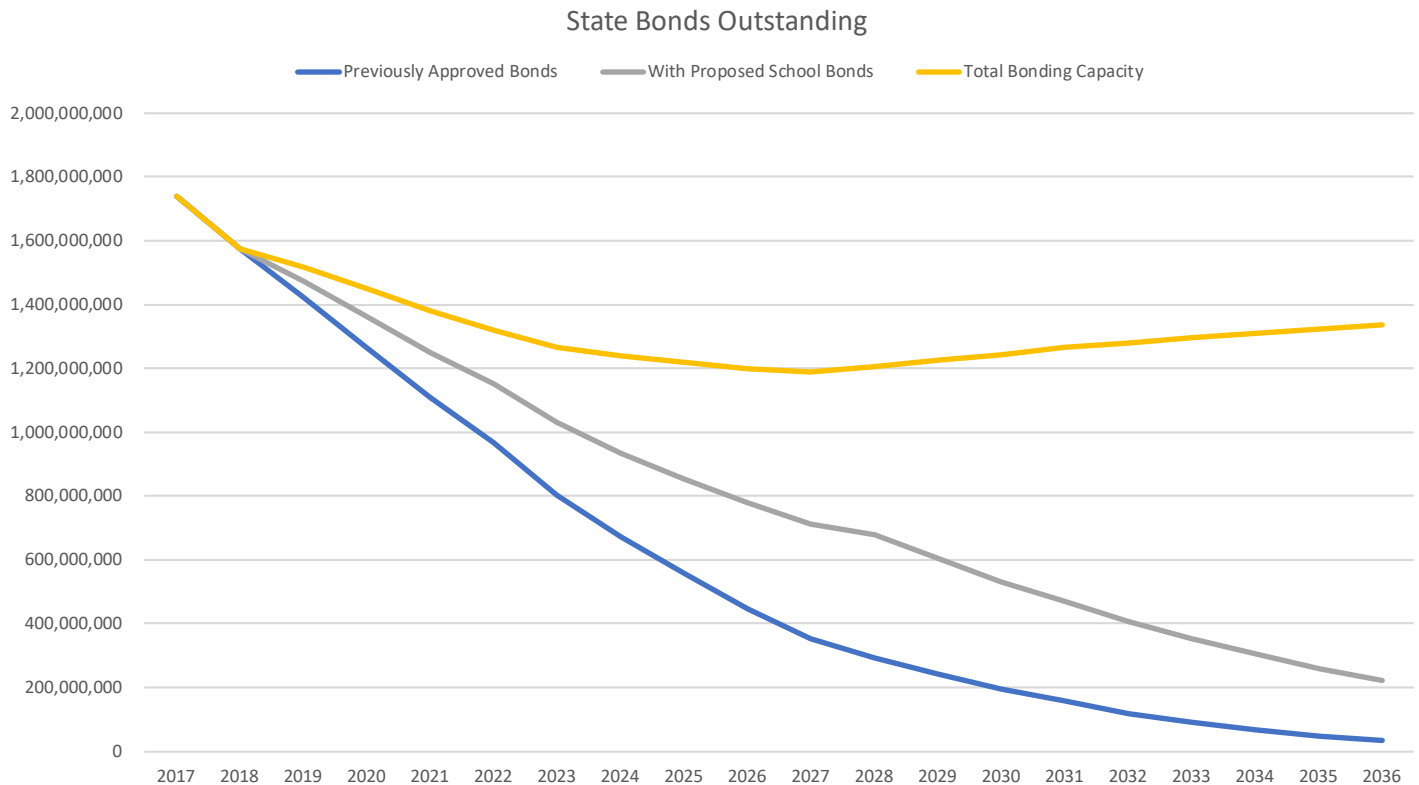
Specifically, the Task Force recommends:

A referendum to the voters on the 2018 ballot for authorization to issue \$250 million of General Obligation bonds for public school construction and repair over a five-year period, with no more than \$100 million to be issued in any one year.

A referendum on the 2022 ballot for authorization to issue \$250 million of General Obligation bonds for public school construction and repair over a five-year period, with no more than \$100 million to be issued in any one year.

*Science Classroom in
Johnston, RI*





Additionally:

The Task Force further recommends that bond proceeds be prioritized as follows:

1. *Ensuring the School Building Authority Capital Fund has adequate funding to meet the state share for fast-track emergency repairs to school facilities targeted towards lower-income/highest need districts.*
2. *Funding a portion of the state's share for all housing aid projects on a "pay as you go" basis rather than a reimbursement basis. This will allow municipalities and the state to avoid unnecessary interest expense associated with municipal bonding.*

Pay-As-You-Go

The amount of annual state bond proceeds allocated for fast-track emergency repairs in a given year will be decided annually by the School Building Authority based on the level of time-sensitive emergency repairs that pose an immediate mission critical threat to a school building. All state funding for emergency repairs through the Capital Fund will be made on a PAYGO basis. All state bond funding not used for this purpose in a given year will be used to provide PAYGO financing for the state's share of major projects approved through the regular housing aid program. The amount of PAYGO financing allocated to each school district for major projects will be in

proportion to the total amount of state funding pledged to proposed school projects in that year.

In addition, although the total state budget impact of enhanced support for school facilities will depend on the level of municipal demand for new projects, the Task Force anticipates that the state will need to continue to budget a minimum of \$80 million per year in general revenue funds for fiscal years 2019-2021 exclusive of debt service, and modestly more thereafter.

Cost Controls and Asset Protection

The Task Force recognizes that an increased level of state investment in school facilities also requires heightened oversight and stewardship to ensure that resources are spent efficiently, projects are completed on budget, and buildings are adequately maintained to prevent future deterioration.

With these concerns in mind, the Task Force recommends the following measures:

Owners Project Manager

School Districts will be required to hire an Owners Project Manager (OPM) of the state's choosing for all projects greater than \$1.5 million. This mirrors the practice in Massachusetts, where the OPM acts as an agent for the state and municipalities, working to ensure that projects are executed properly from the design phase through completion. The cost of the OPM will be shared by the state and district at the same cost sharing ratio as the overall project. The use of an OPM is expected to reduce the cost of school construction projects over time, while also reducing the chances that a project experiences delays or glitches.

Commissioning Agents

The state will select Commissioning Agents for each project greater than \$1.5 million, with the cost of the cost to be shared by the state and district at the same cost sharing ratio as the overall project. Commissioning Agents evaluate major building systems at the end of the construction phase, to ensure that building systems operate correctly. This mirrors the commissioning process employed in Massachusetts.

Prequalification of Contractors

The Task Force recommends that Prime Contractors wishing to bid on projects exceeding \$10 million in total cost, first be certified by the state to ensure that work is being done by reputable vendors without a history of significant cost overruns, legal breaches, poor safety or quality control issues. This mirrors a process in place in Massachusetts, and ensures that large school projects are executed by reputable contractors. The certification process should be open to new applicants, and those with certification should be required to re-apply for certification no less frequently than every two years.

The Task Force recommends that the project size threshold of \$1.5 million for required OPMs and Commissioning Agents, and the \$10 million minimum threshold for certification of prime contractors be indexed to inflation.

Kit of Parts

The Rhode Island School Building Authority will develop and maintain a "kit of parts", in which common designs for different types of building features such as gyms, early childhood classrooms, auditoriums and science labs are maintained for districts to use on an optional basis. The use of common designs reduces project costs, both in the design and construction phase.

Benefit from Sale

If a newly constructed school is sold to a private entity within 30 years of construction, the state shall receive a portion of sale proceeds equal to that project's housing aid reimbursement rate at the time of construction. This policy, similar to one in effect in Massachusetts, ensures that the state's investment in new school construction is used for its intended purpose.

Ongoing Maintenance

It is vital that school buildings be regularly and properly maintained to prevent deterioration and reduce the need for costly repairs. Rhode Island currently requires Districts to keep a maintenance plan for each building, with the state reserving the right to withhold state aid if a district fails to spend at least 50% of its budgeted maintenance amount for three years in a row. This requirement has not been sufficient to ensure that adequate maintenance occurs within our school facilities.

As a result, the Task Force recommends strengthening this requirement in three ways:

Minimum Spending

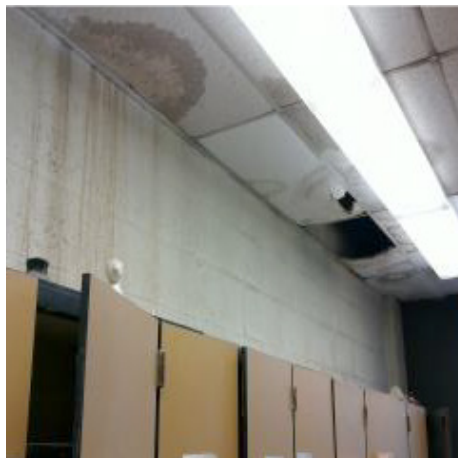
Requiring that the minimum annual spending for building maintenance be at least 3% of the replacement value of the school in accordance with national best practices. School Districts will have an opportunity to request waivers for this requirement only if they can present compelling evidence that a different spending level is warranted.

Loss of State Aid

Raising the threshold of maintenance spending that could trigger a loss of state aid from 50% three years in a row to 66.7% three years in a row.

Statewide Standards

Directing RIDE to establish a required maintenance checklist for all school buildings, and minimum facilities standards for school buildings to be phased in over time.



Left to right: Woonsocket High School; Tolman High School, Pawtucket

Other Recommendations

Lower the cost of municipal bonding by strengthening the RIHEBC Intercept Program and Encouraging Outside Investment

To lower the cost of bonding for municipalities that float school housing aid bonds through RIHEBC, the Task Force recommends increasing the frequency of required debt service payments made by municipal issuers with credit ratings equal to or lower than the state's from semi-annually to quarterly. Increasing the frequency of debt service payments could cause RIHEBC bonds to receive more favorable pricing from investors, leading to a lower cost of interest for municipalities. In addition, the Task Force encourages RIHEBC to explore partnering with managers of private capital who might be willing to make short-term impact investments to assist municipalities with project financing.

Women and Minority-Owned Contractors

In order to support the local economy and promote the state's workforce and economic development goals, all school facilities projects that receive state funding will be required to adhere to the requirements under Chapter 37-14.2 of state law that encourages a minimum of 10% of project costs be awarded to minority business enterprises. This requirement will be enforced by the Department of Administration as a condition for Districts to receive state aid for school facilities.

Investing in Energy Efficiency

School districts can save a significant amount of money by investing in projects to make school facilities more energy

efficient and environmentally sustainable. The Rhode Island Infrastructure Bank (RIIB) operates several programs that help municipalities secure low-cost financing for energy and environmental projects. The programs have helped cities and towns save millions of dollars by retrofitting municipal buildings, upgrading water systems and the remediation of environmental hazards. To encourage extending these benefits to schools, the Task Force recommends that energy efficiency and environmental projects for schools funded by RIIB be eligible to receive the same state funding shares as the existing School Housing Aid program.

In addition, the Task Force recommends continuing the existing 4% bonus on the state's share of school projects that include energy efficiency, as well as programs currently administered by National Grid to assist in energy retrofits at school buildings.

Construction Swing Space

To accommodate increased levels of construction throughout the school year, districts may need to lease or procure temporary spaces to facilitate classroom learning during renovations. The Task Force recommends that the cost of this temporary "swing" space be included as a reimbursable expense, so long as: the district can demonstrate that no other viable option to temporarily house students is available; and the costs of these temporary facilities are included in the existing 20% overall cap on soft construction costs.

Community Facility Use

The Task Force encourages school facilities to be available for community uses when appropriate, and when it does not interfere

with Pre K-12 use. The Task Force recommends amending RIGL 16-7-41.1(a) with new language clarifying this intent, while still requiring that the building be used primarily for Pre K through 12th grade education to be eligible for reimbursement.

Environmental Remediation

Recognizing the difficulties that school districts face in locating appropriate sites for new school construction, often resulting in costly environmental remediation to prepare a site for new construction, the Task Force recommends that state share for housing aid be applied to environmental remediation for land that is to be a site for new school construction, with a cap of \$1 million per site and provided that Districts have demonstrated reasonable effort to locate alternative sites and any applicable federal funding for environmental cleanup costs.

Streamlined Application Process

The Task Force recommends that the Housing Aid Capital Fund and Necessity of Need approval processes at RIDE, by which school districts apply for state funding, undergo a LEAN review to ensure that the application process be as efficient and timely as possible. Additionally, the Task Force recommends that RIDE engage with DEM to explore ways to streamline the environmental approval process for large school construction projects.

Staffing and Governance

The introduction of aggressive bonuses and PAYGO funding to the state's share of school projects are anticipated to significantly increase the volume of construction projects to repair and replace public school buildings. This, along with the desire of the Task Force to strengthen state oversight of projects to ensure timely and cost-effective delivery, will significantly add to the work load of the state's School Building Authority.

The Massachusetts School Building Authority has a staff of more than 70 professionals, including engineers and architects, to ensure that school projects across the state are managed appropriately.

In contrast, the Rhode Island School Building Authority has a full-time staff of three. Even when the staff of the RIHEBC is added to this total, and the total is scaled for the relative populations of the states, it is clear that Rhode Island's School Building Authority is woefully understaffed.

For the above recommendations to be adequately effectuated, the Task Forces believes that the Rhode Island School Building Authority will likely need to increase staffing levels to manage vetting and oversight of school construction projects across the state.

The staffing level will need to be adequate to handle new responsibilities including overseeing Owners Project Managers and Commissioning, producing Kit of Parts designs, promulgating minimum standards for school buildings, collecting and monitoring information on building maintenance, and managing general contractor certification, while also facilitating what is likely to be a higher number of applications for funding than have been made by school districts in the past. These new functions, largely relate to cost control measures, will ultimately help the state and municipalities realize savings on the cost of school projects.

Conclusion

Every child in Rhode Island deserves to go to a school that is warm, safe, dry and equipped with 21st century learning environments.

By making a once in a generation investment in our school facilities and using national best practices to control costs, we can ensure that all students in Rhode Island have the opportunity to attend school in high quality school buildings.

We cannot afford to wait. The cost to repair our school buildings grows by an average of \$70 million each year. We must act quickly and decisively to create world class learning environments in our PK-12 schools. Rhode Island children deserve no less.

Rhode Island School Building Task Force

General Treasurer Seth Magaziner, Co-Chair

Education Commissioner Ken Wagner, Co-Chair

Chairwoman Hanna Gallo, on behalf of the Senate

Chairman Marvin Abney, on behalf of the House of Representatives*

Jamestown Town Administrator Andy Nota, on behalf of the League of Cities and Towns

Joseph Dewhirst, Chairman, Rhode Island Health and Educational Building Corporation

Michael Sabitoni, President, RI Building and Construction Trades Council and Business Manager, Laborers Local 271

Frank Flynn, President, Rhode Island Federation of Teachers and Health Professionals

Larry Purtill, President, National Education Association of Rhode Island and Member, Council of Elementary and Secondary Education

Kinzel Thomas, Providence School Board, on behalf of the RI Association of School Committees

Barry Ricci, Charlestown Superintendent, on behalf of the RI Superintendent's Association

DOA Director Michael DiBiase, School Building Authority Advisory Board

Patricia Flanagan, M.D., Associate Pediatrician-in-Chief at Hasbro Children's Hospital

Neil Steinberg, Rhode Island Foundation President

Jo Eva Gaines, on behalf of the Council on Elementary and Secondary Education

John Hazen White, Jr., Chairman and Owner, Taco Comfort Solutions

Elizabeth Burke Bryant, Executive Director, Rhode Island KIDS COUNT

David Cournoyer, Director of Facilities and Transportation, Johnston Public Schools

Jhonny Leyva, President of Heroica Construction

The final recommendations of the Rhode Island School Building Task Force were approved unanimously by the 15 members present at their December 13, 2017 meeting.

**House Finance Committee Chairman Marvin Abney had previously informed the group that he would abstain from the final vote out of deference to the committee's responsibility to consider the state budget.*