



Innovation Incentive Pilot Program Administrative Procedures Guide

Interagency Commission on School Construction

Innovation Incentive Pilot Program

Record of Changes

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1 Glossary

Definition of terms and acronyms used in this document:

| Term or Acronym | Definition |
|---|--|
| CIP | Capital Improvement Program |
| Construction Cost | The cost of constructing a building, including the cost of appropriate site work. |
| IAC | Interagency Commission on School Construction |
| IIPP | Innovation Incentive Pilot Program |
| LEA | Local Education Agency or its Designees |
| Project Cost | The cost of constructing a building, including all associated costs for design, survey, permits, furniture, furnishings and equipment (FF&E), financing, move-in and storage, and other project-related costs. |
| Rolling State Average of Public School Construction | The average State cost per student for public school construction projects and capital improvements over the previous three fiscal years. |

2 Purpose

The purpose of the Innovation Incentive Pilot Program (IIPP) is to encourage local school systems in Harford, Prince George’s, and Washington counties to pursue innovative public school facility construction projects. Projects that qualify for the program receive additional state funding for eligible project construction costs and are exempted from certain statutory and regulatory requirements.

3 Background

The Innovation Incentive Pilot Program (IIPP) was established by SB92 (Md. Laws, Chap. 398) in 2018 and is administered by the Interagency Commission on School Construction (IAC). The funds for this program are within the annual Capital Improvement Program (CIP) and are administered by the IAC and distributed in accordance with Education Article §5-323.

4 General

1. The program takes effect July 1, 2018, and terminates June 30, 2023, providing opportunity for the participation of projects during the FY 2020 through FY 2024 CIP cycles.
2. For each fiscal year, the IAC will calculate the Rolling State average per student of public school construction costs for elementary, preK-8, middle, and high schools.
3. For projects approved by the IAC to participate in the program, an incentive is added to the State maximum construction allocation for the project.

5 Eligibility

1. The IAC determines eligibility based on the following factors:
 - a. The project is a public school construction project in Harford, Prince George's, or Washington counties; and
 - b. The project has an estimated cost per student that is lower than the Rolling State Average cost per student for the fiscal year and appropriate school type by 30% or more.
2. IAC staff re-evaluates project construction costs upon the submission of construction contract and upon submission of the closeout package. If the actual total project cost per student is not at least 30% below the calculated Rolling State Average cost per student, the IAC shall rescind the incentive portion of the allocation awarded as part of the IIPP.

6 Statutory and Regulatory Requirements

1. Education Article §5-323 exempts projects approved for the IIPP from statutory and regulatory requirements related to public school construction, except:
 - a. The State and local cost-share percentages, but with an incentive as approved under the IIPP;
 - b. The Maximum State construction allocation for each project;
 - c. The approval of funding by the Interagency Commission on School Construction; including contract approval;
 - d. Smart Growth Requirements;
 - e. Minority Business Enterprise Requirements;
 - f. Prevailing Wage Requirements;
 - g. Environmental Requirements; and
 - h. A procurement process that includes public notice and results in the most advantageous proposal.
2. Statutory and regulatory exemptions do include:
 - a. Exemption from Education Article §2-303(f), Annotated Code of Maryland, which requires approval of the State Superintendent for purchase or sale of school sites, plans or specifications of projects over \$350,000, plans or specifications for new schools, and change orders over \$25,000;
 - b. Project specific regulations of the IAC;
 - c. Design reviews;
 - d. Exempt from the Emergency Shelter Compliance Process;
 - e. Exempt from site approval by the IAC;

- f. Exempt from approval of alternative project delivery methods; and
 - g. Exempt from procurement requirements except in §5-323 of the Education Article, Annotated Code of Maryland.
3. Participation in the Incentive Program does not prohibit the public school system from utilizing any other source of financing or system of bidding under current law to fund a public school facility construction project.

7 Procedural Steps

A. Rolling Statewide Average

1. “Rolling State Average of Public School Construction” means the average State cost per student for public school construction projects and capital improvements over the previous three fiscal years.
 - a. The Rolling State average per student cost is calculated using actual bids and the proposed enrollment figures for new construction, major renovation, and replacement projects including site development. The cost of systemic renovation projects will not be included.
 - i. For each project bid in the last three fiscal years, the per student construction cost is the quotient of the project construction costs divided by the proposed enrollment. The results are averaged by school type to develop the Rolling State Average Cost of Public School Construction.
 - ii. School types include:
 - a) Elementary
 - b) Middle
 - c) Pre-K-8
 - d) High.
Middle/High and Career/Technology project cost will not be included in determining any of the average cost figures.
2. Annually, the IAC will determine the Rolling State Average per student based on the average of construction cost including site for the previous three fiscal years. The rolling state average and threshold amounts (30% below the average) by school type will be published on the IAC website at www.iac/programs/IIPP.

B. Submission

1. For each fiscal year, if considering the IIPP, the LEA should use the appropriate CIP submission form (Form IIPP 102) for the project to be reviewed for the additional funding incentive.
2. The IAC staff will determine project eligibility, including IIPP eligibility, in accordance with the Administrative Procedures Guide pertaining to the Capital Improvement Program and this IIPP Administrative Procedures Guide.

3. Preliminary approval of a project for participation in the IIPP will be included in the annual CIP publication.

8 Allocations

1. Projects approved for IIPP on or before December 31, 2019 will be eligible for 20% incentive when construction cost per student is 30% below the Rolling State Average cost per student figure published in accordance with Section 7 Procedural Steps in this APG.
2. The *State Eligible Construction Funding* is the product of the *Construction Cost* multiplied by the *State Cost Share Percentage*. The *Incentive Funding* is the product of the *State Share of the eligible construction funding* multiplied by 20%. The sum of the *State share of the eligible construction*, plus the *incentive funding* results in the total *Net State Funding* for the project as approved by the IAC.

Construction Cost x State Cost Share %= State Eligible Construction Funding

State Eligible Construction Funding x 20% = Incentive Funding

State Eligible Construction Funding + Incentive Funding = Net State Funding

3. Projects approved for the IIPP program on or after January 1, 2020, will be eligible for 10% incentive when the construction cost per student is 30% below the Rolling State Average cost per student figure published in accordance with this procedure guide as approved by the IAC.
4. The Net State Funding shown on the worksheets that accompany the annual CIP are an estimate of the maximum State allocation for projects and may be reduced based on the costs of the approved contract and ineligible items. The IAC staff will continue to review project eligibility at contract award and at final project closeout. If the actual construction cost of the approved project is not equal to or 30% lower than the Rolling State Average Cost of Public School Construction; the project is not eligible for the Incentive funding.

9 Procurement, Contract Award, Payment and Close-Out

A. Procurement & Contract Award

1. Prior to solicitation of bid by the LEA, a copy of the Request for Proposal and/or Bid Solicitation documents shall be submitted to the IAC for review.
2. After solicitation of bid by the LEA, a copy of the low bidder proposal and all corresponding documents shall be submitted to the IAC for review and official approval of the contract award – see sections 303.4 Minority Business Enterprise Program and 303.5 Approval for Construction Contract Award in the IAC Administrative Procedures Guide.
3. An evaluation of the construction cost per student will be performed with the submission of the contract award package to determine if the LEA is still eligible for the IIPP Bonus allocation.

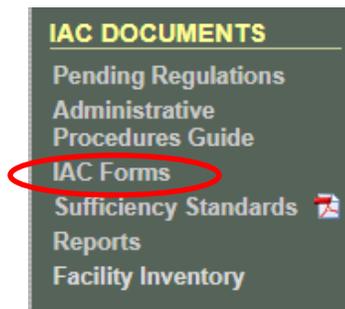
B. Payment & Close-Out

1. Refer to Section 405 – Finance of the IAC Administrative Procedures Guide concerning requirements for submission Requests for Payment and Project Close-Out.
2. An evaluation of the construction cost per student will be performed with the submission of all requests for payment to determine if the LEA is still eligible for the IIPP Bonus allocation.
3. The IIPP Bonus allocation will not be reimbursed to the LEA until 100% project completion and submission of the Final Contractor Requisition. An evaluation of the actual final construction cost per student will be performed to certify the LEA has met all program requirements. At this time, the LEA can request reimbursement of the additional State funding. If the LEA did not meet the program requirement, the additional State funding will be rescinded.

10 Step by Step

A. Forms

1. Access the IIPP Forms on the IAC website: iac.maryland.gov
2. Navigate to *IAC Documents*, and select *IAC Forms*

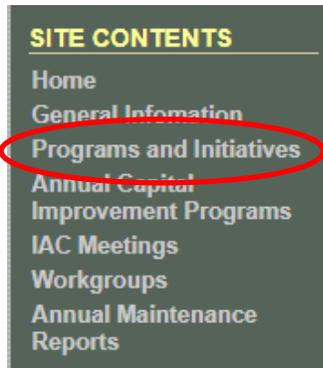


3. Click on *IIPP*



4. Select "IIPP Form 102" to download Form and complete request per the instructions in the form as well as the Administrative Procedures Guide pertaining to the IIPP and the Capital Improvement Program.

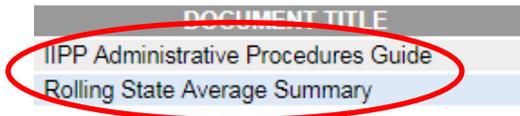
- To access the IIPP APG, navigate to *Site Contents* click on *Programs and Initiatives*



- Select *IIPP*



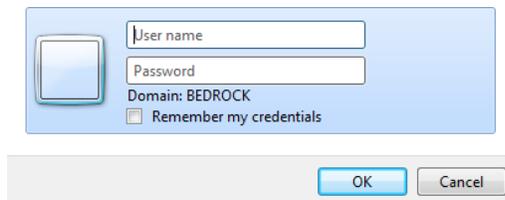
- The section titled Innovation Incentive Pilot Program Documents contains the IIPP APG as well as summary details for the Rolling State Average and Threshold amounts.



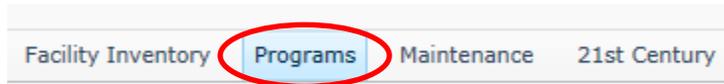
B. Submit Form via SharePoint

Once IIPP form is complete and ready for submission to the IAC, please submit via IAC SharePoint site.

- Contact IAC Staff at iac.msde@maryland.gov or (410) 767-0617 to obtain a username and password for the SharePoint site; (if you do not already have one).
- When using SharePoint, ****You must use Internet Explorer****
- Open Internet Explorer, navigate to the IAC SharePoint site : www.sp1.pscp.state.md.us
- Enter the username and password provided by IAC Staff.



5. Select the *Programs* tab.



6. Under the *Lists* sidebar on the left, select *LEAs*



7. Select the proper LEA folder

8. Choose the *CIP* folder



9. Navigate to the folder for the appropriate fiscal year

10. Click on *Add document*



11. Click on *Browse* to select document

The screenshot shows a dialog box titled "Upload Document". It has three main sections: "Upload Document", "Destination Folder", and "Version Comments". In the "Upload Document" section, there is a "Name:" field with a "Browse..." button circled in red. Below it is a checkbox labeled "Add as a new version to existing files" which is checked. The "Destination Folder" section has a "Folder:" field containing "/14 - Kent/CIP/FY 2020/" and a "Choose Folder..." button. The "Version Comments" section has a text area for "Version Comments:". At the bottom of the dialog, there are "OK" and "Cancel" buttons, with the "OK" button circled in red.

Click *OK* once complete

12. Once IIPP submission is received by IAC staff, form will be reviewed and LEA will be notified if there is information missing or additional questions about the project details.

END OF DOCUMENT

Procedures prepared by:

Interagency Commission on School Construction

200 West Baltimore Street

Baltimore, MD 21201

iac.maryland.gov

iac.msde@maryland.gov