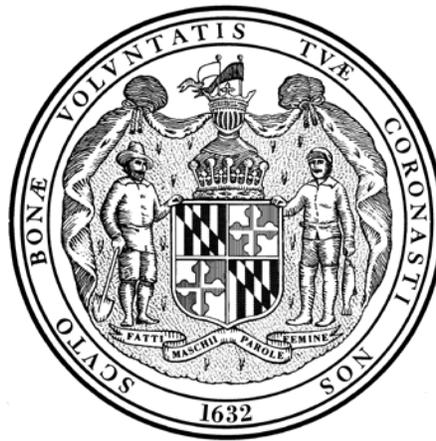


**ADMINISTRATIVE PROCEDURES GUIDE
FY 2013 CAPITAL IMPROVEMENT PROGRAM:
ENERGY EFFICIENCY INITIATIVE**

THE PUBLIC SCHOOL CONSTRUCTION PROGRAM
AND THE MARYLAND ENERGY ADMINISTRATION
July 19, 2012

NOTE: THIS PROCEDURE IS INTENDED TO SUPPLEMENT, NOT SUPPLANT, THE REGULATIONS ON PUBLIC SCHOOL CONSTRUCTION (COMAR 23.03.01 – 23.03.05); PUBLIC SCHOOL CONSTRUCTION PROGRAM ADMINISTRATIVE PROCEDURES GUIDE AND INSTRUCTIONS FOR SUBMISSION OF FY 2014 CAPITAL IMPROVEMENT PROGRAM.



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ADMINISTRATIVE PROCEDURE
FY 2013 CAPITAL IMPROVEMENT PROGRAM:
ENERGY EFFICIENCY INITIATIVE (FY13 CIP-EEI)

I. Purpose

The Energy Efficiency Initiative of the FY 2013 Public School Construction Capital Improvement Program (CIP) is intended to promote

“projects that improve the energy efficiency of schools, including improvements to HVAC systems, lighting, mechanical systems, windows and doors, and any other type of improvement that is specifically designed to improve the energy efficiency of a school building, per standards to be developed by the Interagency Committee (IAC) in collaboration with the Maryland Energy Administration. Priority will be given to projects that maximize leverage, such as projects that only fund the incremental cost of energy efficiency improvements, as opposed to the full costs of the energy project. The funds may also be used to install renewable energy systems in schools.”

Maryland Consolidated Capital Bond Loan of 2012

In order to fulfill the legislative intent of the Bond Loan (the MCCBL), the Interagency Committee on School Construction (IAC) and the Maryland Energy Administration (MEA) have determined that the FY 2013 Energy Efficiency Initiative (hereafter, “FY13 CIP-EEI”) will be used primarily to fund enhancements that allow systemic renovation projects in lighting and HVAC, as well as other types of energy efficiency categories when warranted, to achieve superior levels of energy performance. Solar projects will also be funded within the Initiative.

II. Background

The Maryland Consolidated Capital Bond Loan of 2012 was passed by the General Assembly on April 9, 2012. The Public School Construction Program was approved for a total of \$326.393 million in new bond authorization, with \$25 million of this dedicated to the energy-efficiency projects described in Section I above. The FY 2013 CIP was approved by the Board of Public Works (BPW) on May 23, 2012, and consists of \$322.9 million in funding for individual projects, inclusive of \$21.5 million in reverted funds from prior fiscal years, as well as \$25 million reserved for the Energy-Efficiency Initiative. Projects in the Energy-Efficiency Initiative will be approved by the BPW according to the tentative schedule provided in Attachment 1 of this procedure.

III. Allocations

- A. FY 2013 CIP Energy Efficiency Initiative funds will be used to the greatest extent possible for those portions of eligible FY 2013 and FY 2014 systemic renovation projects that enhance the project scope in order to achieve the energy performance requirements described in the *Incentive Applications* (Attachments 3a, 4a, and 5a).

1. For FY 2013 CIP projects that are approved to receive an FY13 CIP-EEI allocation, the total State funding participation will be recalculated.
 2. For FY 2014 CIP projects that are approved to receive an FY13 CIP-EEI allocation, the total State funding participation will consist of a combination of FY 2014 CIP funds and FY13 CIP-EEI funds.
 3. In no case will local funding participation be less than 2% of total project construction cost, reduced by any utility rebates received.
- B. Allocations for the FY13 CIP-EEI will be based on a competitive application process, with the proviso that every jurisdiction that submits an eligible project will receive approval for at least one project.
- C. FY13 CIP-EEI funds will be allocated only to projects that would otherwise be eligible in an annual CIP, and that also meet the energy eligibility requirements set out in the Incentive Applications (Attachments 3a, 4a, 5a, and 6a), except that FY13 CIP-EEI funds may also be used to fund lighting projects that only replace ballasts and lamps.
- D. Projects in the FY 2014 CIP that are also awarded FY13 CIP-EEI funds and are partially funded in FY 2014 will be eligible for the balance of State funding in a future CIP.
- E. Note that limited funding is available for engineering services through another funding source. Contact Ms. Hannah Polikov at Maryland Energy Administration (410-260-2608) for application information, or consult the MEA website at <http://energy.maryland.gov/Education/schools>.

IV. Application and Approval Procedures

A. General Requirements

1. Projects in the FY13 CIP-EEI must meet all of the requirements that apply to projects submitted in an annual Capital Improvement Program (CIP), and in addition must meet certain specific energy-efficiency requirements. For General CIP requirements, see:
 - a. *Memorandum* dated July 2, 2012, "Fiscal Year 2014 Public School Construction Capital Improvement Program Requests";
 - b. "Instructions for Submission of FY 2014 Capital Improvement Program", dated July 2012;
 - c. *Public School Construction Program Administrative Procedures Guide* (APG) Section 102, "Capital Improvement Program," at www.pscp.state.md.us; and
 - d. *Regulations on the Administration of the Public School Construction Program*, COMAR 23.03.02.
2. Within each project category described in Section B below, eligible projects and expenditures are those specified in COMAR 23.03.02.11, *Regulations on the Administration of the Public School Construction Program*, "Eligible Expenditures," with the exception that:

- a. Replacement of lamps and ballasts is eligible as a separate project within the FY13 CIP-EEI in a school that was occupied or placed in use for its intended purpose *prior to* January 1, 1997;
 - b. Replacement of an entire lighting system (fixtures, lamps, and ballasts) is eligible in a school that was occupied or placed in use for its intended purpose *after* January 1, 1997.
 - c. Note: Priority will be given to lighting projects in school facilities that were occupied or placed in use for their intended purposes prior to January 1, 1997
3. The specific project application requirements are detailed below.
4. Electrical Utility Rebate.
- a. If a rebate is available from an electric utility company, the LEA must apply for it.
 - b. Evidence of the approved rebate, evidence that an effort was made to obtain an available rebate and did not succeed, or evidence that no rebate is available, must be presented with the application for the project funds. No project that is potentially eligible for a rebate will be recommended for approval until this documentation is received.
 - c. An energy-efficiency project is still eligible for FY13 CIP-EEI funding if no rebate is available, or if a rebate is available but the utility did not grant it to a particular project.
 - d. In general, if a project is eligible for an electrical utility rebate and also meets standard CIP requirements (e.g. no overlap with previously funded work, school utilization, etc.), then it is likely to be eligible under the FY13 CIP-EEI program. Note, however, that the energy efficiency criteria provided in the Lighting and HVAC Incentive Applications (Attachments 3a and 4a) may be higher than those required to obtain utility rebates.

B. Eligible Projects/Expenditures

- 1. Eligible projects within the FY13 CIP-EEI consist exclusively of systemic renovation projects within the categories described under 4. through 6. in this Section that either:
 - a. Were approved for funding in the FY 2013 CIP.
 - i. The request for funding for the energy enhancement of these projects must be submitted per the schedule in Attachment 1.
 - ii. The total State participation in the project will be recalculated to include the energy incentive funding.
 - b. Will be eligible for funding as new projects in the FY 2014 CIP. See Attachment 1 for schedule of submissions.
- 2. Total project cost is to be not less than \$100,000, with the exception of projects to replace lighting, which are to be not less than \$25,000.

3. Multiple energy-efficiency improvements at the same school may be submitted and will be considered as a single project, if it can be shown that the individual components of the project are physically interconnected. Non-energy related components or systems that are logically related to the scope of work (e.g. replacement of a ceiling associated with replacement of wiring or mechanical equipment) may be included in the total scope, but the majority of the work must be for energy efficiency projects.
 - a. Individual components may be less than \$25,000 in value, but the total cost of the project (inclusive of both energy and non-energy related components) must be not less than \$100,000 in value.
 - b. Components must be listed separately, with the construction value shown.
 - c. The energy efficiency components and related non-energy efficiency components may not be part of another CIP project, for example an open-space pod conversion, but must be presented as a single systemic renovation project, per the requirements of APG Section 102 and COMAR 23.03.02.
4. Highest priority will be given to the following types of systemic renovation projects, if they meet the energy efficiency standards in Attachments 3a and 4a:
 - a. Lighting projects (Attachment 3a and 3b), including installation of:
 - i. ballasts and lamps
 - ii. fixtures, inclusive of ballasts and lamps, and/or
 - iii. lighting controls.
 - b. HVAC upgrades or new installation, including air conditioning in schools that do not currently have it (Attachment 4a and 4b).
5. Consideration will also be given to other types of energy efficiency and renewable energy projects on a case-by-case basis, based on technical merit and cost-effectiveness (Attachment 5a and 5b).
 - a. It is not expected that high cost, low energy saving measures (e.g. windows and doors) will qualify for funding.
 - b. It is highly likely that projects that are approved for a custom utility rebate will be eligible for FY13 CIP-EEI funding.
 - c. Induction lighting may be considered as a custom energy efficiency project.
6. Solar photovoltaic (PV) projects will also be eligible for funding, typically under a power purchase agreement (PPA); however, conventionally funded solar arrangements may also be submitted for consideration (Attachment 6a).

C. Ineligible Projects/Expenditures

1. Ineligible projects and expenditures are those specified in COMAR 23.03.02.12, *Regulations on the Administration of the Public School Construction Program*, "Ineligible Expenditures." Additionally, the FY 2013 CIP-EEI funds may not be used:
 - a. For energy assessment, facility audit, design, construction or project management, or inspection fees.
 - b. For improvements to property owned by a board of education that is not used by public school students, e.g. garages, central office facilities, staff training quarters, etc.
 - c. For improvements to, or the movement of, relocatable classroom buildings.
 - d. For the establishment of a contingency account for change orders for any public school construction project.
 - e. For services associated with energy efficiency, e.g. post-completion monitoring.
2. For projects in which only a component is proposed for replacement within a piece of equipment or system (e.g. lamps/ballasts, VFD, etc.), the project will not be approved if it appears that the entire system or piece of equipment (e.g. lighting system, AHU, etc.) should be replaced due to age or condition. LEAs are encouraged to request replacement of entire systems or pieces of equipment that are eligible due to their age and condition.

D. Application Process and Requirements

1. See Attachment 1 for Schedule of Applications and Approvals.
2. Preliminary screening:
 - a. Preliminary screening per the schedule in Attachment 1 is strongly recommended for all projects that are reasonably expected to be submitted in the FY 2014 CIP with a request for FY13 CIP-EEI funding.
 - b. It is possible that some approved FY 2013 CIP projects that are re-submitted for FY13 CIP-EEI funding will also require funding from the FY 2014 CIP in order to fully account for the recalculated State funding share. It is therefore strongly advised that these projects be submitted for preliminary screening.
 - c. Project requests that have not been submitted for preliminary screening may be subject to delays in the approval of funding.
 - d. The purpose of preliminary screening is to allow LEAs to efficiently identify eligible and non-eligible projects prior to investing substantial effort and cost in project preparation, as well as to determine through consultation with the IAC staff and MEA specific items that

must be resolved prior to submission of projects for FY13 CIP-EEI funding in the FY 2014 CIP.

- e. It is understood that:
 - i. Calculations of electrical utility rebates, State incentive funding, etc., may be tentative as of the date of the preliminary screening submission;
 - ii. Projects submitted for preliminary screening will not yet have been approved by local boards of education or local governments as requests in the FY 2014 CIP;
 - iii. Due to local fiscal constraints, changes of educational priority, and other factors, not all projects submitted for preliminary screening will necessarily be submitted for funding in the FY 2014 CIP; and/or
 - iv. Additional projects requesting FY13 CIP-EEI funding may be submitted in the FY 2014 CIP, in addition to those submitted for preliminary screening.
- 3. Applications are to be submitted in accordance with APG Section 102, "Capital Improvement Program," as approved by the IAC on September 22, 2011 (available on PSCP website at www.pscp.state.md.us). See 4. in this Section for specific application requirements:
 - a. All FY 2014 CIP project requests are to be submitted in priority order: FY 2014 EEI projects are to be entered with non-EEI projects in the priority order that is determined by the local board of education.
 - b. Under separate cover and in separate priority order, submit FY 2013 CIP projects that were approved by the BPW in January or May 2012 and that are requested for re-calculation of State funding participation using FY13 CIP-EEI funds.
 - c. Submit seven hard copies of all CIP materials, with the following exceptions:
 - i. All FY13 CIP-EEI materials are also to be submitted electronically, as noted below;
 - ii. Equipment specification sheets: submit *one* hard copy only, and also submit electronically.
- 4. Provide the following submission materials for projects in each category of energy efficiency project:
 - a. Lighting Projects:
 - i. IAC/PSCP Form 102.2 Request for Approval of Funding, dated July 19, 2012 (Attachment 2) (Excel).
 - ii. *Lighting Incentive Application* dated July 19, 2012 (Attachment 3a) (pdf).
 - iii. *Lighting Incentive Calculator* (Attachment 3b) (Excel).

- iv. Utility Lighting Rebate Application. The LEA must apply for lighting rebates from their local utility (where available) *prior* to applying for the FY13 CIP-EEI funds. The application that the LEA submits to the utility must be included in the CIP submission (pdf).
 - v. Utility Lighting Rebate Approval: It is preferable for the LEA to receive approval from their local utility for the rebates referenced in a.iv. above (where available) *prior* to applying for the FY13 CIP-EEI funds. The utility's written approval should be included in the CIP submission. If the utility approval is not available at the time of application, submit it as soon as possible in order to be considered for FY13 CIP-EEI funding (pdf).
 - vi. Equipment specification sheets for all equipment that demonstrates compliance with the technical requirements of the *Lighting Incentive Application* (Attachment 3a) (pdf).
- b. HVAC Projects:
- i. IAC/PSCP Form 102.2 Request for Approval of Funding, dated July 19, 2012 (Attachment 2) (Excel).
 - ii. *HVAC Incentive Application*, dated July 19, 2012 (Attachment 4a) (pdf).
 - iii. *HVAC Incentive Calculator* (Attachment 4b) (Excel).
 - iv. Utility HVAC Rebate Application: The LEA must apply for rebates from their local utility (where available) *prior* to applying for the FY13 CIP-EEI funds. The application that the LEA submits to the utility must be included in the CIP submission (pdf).
 - v. Utility HVAC Rebate Approval: It is preferable for the LEA to receive approval from their local utility for the rebates referenced in b.iv. above (where available) *prior* to applying for the FY13 CIP-EEI funds. The utility's written approval should be included in the CIP submission. If the utility approval is not available at the time of application, submit it as soon as possible in order to be considered for FY13 CIP-EEI funding (pdf).
 - vi. Equipment specification sheets for all equipment that demonstrates compliance with the technical requirements of the *HVAC Incentive Application* (Attachment 4a) (pdf).
- c. Custom Energy Efficiency Projects:
- i. IAC/PSCP Form 102.2 Request for Approval of Funding, dated July 19, 2012 (Attachment 2) (Excel).
 - ii. *Custom Incentive Application* dated July 19, 2012 (Attachment 5a) (pdf).
 - iii. *Custom Incentive Calculator* (Attachment 5b) (Excel).
 - iv. Utility Rebate Application: Custom utility rebates can be applied for. The LEA must apply for custom rebates from their local utility (where available) *prior* to applying for

the FY13 CIP-EEI funds. The application that the LEA submits to the utility must be included in the CIP submission (pdf).

- v. Utility Rebate Approval: It is preferable for the LEA to receive approval from their local utility for the rebates referenced in c.iv. above (where available) *prior* to applying for the FY13 CIP-EEI funds. The utility's written approval should be included in the CIP submission. If the utility approval is not available at the time of application, submit it as soon as possible in order to be considered for FY13 CIP-EEI funding (pdf).
 - vi. Equipment specification sheets for all equipment being installed (pdf).
 - vii. Any study that has been conducted that supports the energy efficiency of the project (Word, Excel, pdf, etc., as appropriate).
- d. Solar Projects:.
- i. IAC/PSCP Form 102.2 Request for Approval of Funding, dated July 19, 2012 (Attachment 2) (Excel).
 - ii. *Custom Incentive Application* dated July 19, 2012 (Attachment 5a) (pdf).

E. Project Approval Process

To be eligible for approval in the FY13 CIP-EEI, a requested CIP project must meet all of the following requirements:

1. The project must meet the submittal requirements of APG Section 102.4;
2. The project schedule should indicate that:
 - a. The project funds will be encumbered on or before July 31, 2013;
 - b. The majority of the work will be completed and a substantial portion of the project funds will be expended by September 31, 2013, and
 - c. All work on the project will be substantially completed and a majority of the project funds will be expended by August 31, 2014.
3. The project must meet the additional energy efficiency requirements in the *Lighting and HVAC Incentive Applications* (Attachments 3a and 4a).

V. Funding Allocations

A. State funding will be allocated to eligible projects on the following basis:

1. Lighting: After subtraction of any electrical utility rebate from the total project cost, State funding will equal the sum of the FY 2014 State share funding, the FY13 CIP-EEI incentive

funding determined through a prescriptive per-unit calculation method, and a contingency of 2.5% of the sum of these two. See Attachment 3a and 3b.

2. HVAC: After subtraction of any electrical utility rebate from the total project cost, State funding will equal the sum of the FY 2014 State share funding, the FY13 CIP-EEI incentive funding determined by a fixed-percentage calculation method, and a contingency of 2.5% of the sum of these two. See Attachment 4a and 4b.
3. Custom: After subtraction of any electrical utility rebate from the total project cost, State funding will equal the sum of the FY 2014 State share funding, the FY13 CIP-EEI incentive funding determined by a fixed-percentage calculation method, and a contingency of 2.5% of the sum of these two. See Attachment 5a and 5b.
4. Solar: \$200 / kw.

B. Note: The incentive percentage is based on those portions of the scope of work that produce energy efficiencies, i.e. the cost of HVAC equipment and related installation costs.

1. The incentive funding does not include items that may be within the scope of work but are not related to the improvement of energy efficiency. State participation in these portions of the project will be calculated based on the State-local cost share, after subtraction of ineligible items.
2. For projects that include non-energy efficiency components, additional scope and cost information may be requested to be submitted following preliminary project submission.

C. General procedure for calculation of State funding allocation:

1. First, complete *Incentive Application* for the particular project category (Attachments 3a, 4a, 5a, or 6a).
2. Next, complete *Incentive Calculator* for the particular project category (Attachments 3b, 4b, or 5b; there is no separate *Calculator* for Solar projects).
3. Finally, complete IAC/PSCP Form 102.2 Request for Approval of Funding (Attachment 2):
 - a. Page 1: Enter standard project information, as for a typical FY 2014 CIP project. In "FY" line, indicate "2013" for approved projects submitted for recalculation, and "2014" for new projects in the FY 2014 CIP.
 - b. Page 2, Enrollment Projections: Enter enrollment information, as for a typical FY 2014 CIP project.
 - c. Page 2, Budget chart: In "Contingency" line of "Total Estimated Project Budget" column, enter amount from Line C (Contingency) from the Incentive Calculator worksheet (Attachment 3b, 4b, 5b, or 6a as applicable).
 - d. Page 2, Budget chart: In "Construction" line of "Tentative Maximum State Budget" column, enter sum of amount from Line A ("FY14 CIP Match") and amount from Line B ("FY13 CIP-

EEl Incentive”) from the Incentive Calculator worksheet (Attachment 3b, 4b, 5b, or 6a as applicable).

- e. Page 2, Budget chart: Amount in “Construction” line of “Non-PSCP Funds” column will calculate automatically.
- f. Applicant should check consistency of figures between IAC/PSCP Form 102.2 and *Incentive Calculator* worksheet.

D. In no case will the local funding match be less than 2% of the construction cost, reduced by any utility rebate.

VI. Procurement/Contract Awards

A. Procurements shall be in compliance with COMAR 23.03.03 *Construction Procurement Methods*, as well as with State public school procurement law Section 5-112 of the Education Article, “*Bids*”. All requirements that apply to projects funded in the CIP will apply to FY13 CIP-EEI projects, including:

- 1. Competitive procurement requirements;
- 2. Minority Business Enterprise requirements; and
- 3. Prevailing wage rates as applicable;

B. All FY13 CIP-EEI funds are to be encumbered by local boards of education no later than July 31, 2013.

C. At the time of contract award, the local board of education may request the IAC to approve realignment of FY13 CIP-EEI funds remaining after the award of contract (including funds retained for potential change orders) to another eligible FY13 CIP-EEI project within the LEA. The request must be submitted to PSCP in writing within 90 days of local board of education approval of those contracts below \$100,000 or IAC approval of those contracts of \$100,000 or more.

D. State CIP funds may only be expended for FY13 CIP-EEI projects which are placed under contract or procured after approval by the Board of Public Works, after a PSC/ASP number is assigned, and after the project has proceeded through the required review process for the specific project type. Failure to comply with this requirement will result in the withholding of funds for that project.

VII. Processing For Payment/Financial Reporting

A. Payment for work completed by an IAC-approved contractor under the FY13 CIP-EEI will utilize the same payment forms as other projects approved in the Capital Improvement Program, including all applicable MBE Payment documentation.

- B. Payment will be made either directly to the contractor or through reimbursement to the school system. For a direct payment to a contractor use Form IAC/PSCP 306.1, LEA Request for Payment to Contractor. For a reimbursement to the LEA use Form IAC/PSCP 306.2, Request for Reimbursement to LEA.
- C. All FY13 CIP-EEI projects require submission of the IAC/PSCP Form 306.6 Close-Out Cost Summary upon substantial completion for the EEI project.

VIII. Future Project Funding

- A. If an FY13 CIP-EEI project is partially funded in the FY 2013 or FY 2014 CIP, the LEA may apply for the balance of funding in a future year CIP.
- B. If a public school building is renovated through the Public School Construction Program within 15 years of the completion of an FY13 CIP-EEI project, the maximum State construction allocation for the renovation or limited renovation of the building will be adjusted to account for the State's previous FY13 CIP-EEI allocation. Local funds expended for such improvements will not be deducted in future years from the maximum State construction allocation.

IX. Design Review

Projects approved in the FY13 CIP-EEI are subject to the same level of design review as other projects approved in an annual CIP.

END OF PROCEDURE