

EXECUTIVE RECOMMENDATION



HVAC (Mechanical Systems) Replacement: MCPS (P816633)

| | | | |
|---------------|----------------------------------|----------------------|----------------|
| Category | Montgomery County Public Schools | Date Last Modified | 12/11/25 |
| SubCategory | Countywide | Administering Agency | Public Schools |
| Planning Area | Countywide | Status | Ongoing |

EXPENDITURE SCHEDULE (\$000s)

| Cost Elements | Total | Thru FY25 | Est FY26 | Total 6 Years | FY 27 | FY 28 | FY 29 | FY 30 | FY 31 | FY 32 | Beyond 6 Years |
|----------------------------------|----------------|----------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Planning, Design and Supervision | 87,400 | 20,276 | 19,124 | 48,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | - |
| Construction | 547,521 | 127,460 | 70,661 | 349,400 | 47,600 | 44,000 | 53,000 | 61,000 | 63,500 | 80,300 | - |
| Other | 3,000 | 375 | 2,625 | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 637,921 | 148,111 | 92,410 | 397,400 | 55,600 | 52,000 | 61,000 | 69,000 | 71,500 | 88,300 | |

FUNDING SCHEDULE (\$000s)

| Funding Source | Total | Thru FY25 | Est FY26 | Total 6 Years | FY 27 | FY 28 | FY 29 | FY 30 | FY 31 | FY 32 | Beyond 6 Years |
|------------------------------|----------------|----------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| G.O. Bond Premium | 10,105 | - | - | 10,105 | 10,105 | - | - | - | - | - | - |
| G.O. Bonds | 340,882 | 114,170 | 38,117 | 188,595 | 17,695 | 26,000 | 30,500 | 34,500 | 35,750 | 44,150 | - |
| Recordation Tax | 3,000 | 3,000 | - | - | - | - | - | - | - | - | - |
| State Aid | 283,934 | 30,941 | 54,293 | 198,700 | 27,800 | 26,000 | 30,500 | 34,500 | 35,750 | 44,150 | - |
| TOTAL FUNDING SOURCES | 637,921 | 148,111 | 92,410 | 397,400 | 55,600 | 52,000 | 61,000 | 69,000 | 71,500 | 88,300 | |

COMPARISON (\$000s)

| | Total | Thru FY25 | Est FY26 | Total 6 Years | FY 27 | FY 28 | FY 29 | FY 30 | FY 31 | FY 32 | Beyond 6 Years | FY 27 Approp. |
|---------------------|---------|-----------|----------|---------------|--------|--------|--------|--------|--------|--------|----------------|---------------|
| Prior Year Approved | 380,521 | 121,695 | 118,826 | 140,000 | 35,000 | 33,000 | 35,000 | 37,000 | - | - | - | - |
| Agency Request | 637,921 | 148,111 | 92,410 | 397,400 | 55,600 | 52,000 | 61,000 | 69,000 | 71,500 | 88,300 | - | 55,600 |
| Recommended | 637,921 | 148,111 | 92,410 | 397,400 | 55,600 | 52,000 | 61,000 | 69,000 | 71,500 | 88,300 | - | 55,600 |

| CHANGE | TOTAL | % | 6-YEAR | % | APPROP. | % |
|---------------------------------------|---------|-------|---------|--------|---------|---|
| Agency Request vs Prior Year Approved | 257,400 | 67.6% | 257,400 | 183.9% | 55,600 | - |
| Recommended vs Prior Year Approved | 257,400 | 67.6% | 257,400 | 183.9% | 55,600 | - |
| Recommended vs Agency Request | - | - | - | - | - | - |

RECOMMENDATION

Approve with Technical Modifications. Funding switch in FY27 between GO bonds and GO Bond Premium for \$10,105,000.



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EXPENDITURE SCHEDULE (\$000s)

| Cost Elements | Total | Thru FY25 | Est FY26 | Total 6 Years | FY 27 | FY 28 | FY 29 | FY 30 | FY 31 | FY 32 | Beyond 6 Years |
|----------------------------------|----------------|----------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Planning, Design and Supervision | 87,400 | 20,276 | 19,124 | 48,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | - |
| Construction | 547,521 | 127,460 | 70,661 | 349,400 | 47,600 | 44,000 | 53,000 | 61,000 | 63,500 | 80,300 | - |
| Other | 3,000 | 375 | 2,625 | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 637,921 | 148,111 | 92,410 | 397,400 | 55,600 | 52,000 | 61,000 | 69,000 | 71,500 | 88,300 | - |

FUNDING SCHEDULE (\$000s)

| Funding Source | Total | Thru FY25 | Est FY26 | Total 6 Years | FY 27 | FY 28 | FY 29 | FY 30 | FY 31 | FY 32 | Beyond 6 Years |
|------------------------------|----------------|----------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| G.O. Bonds | 350,987 | 114,170 | 38,117 | 198,700 | 27,800 | 26,000 | 30,500 | 34,500 | 35,750 | 44,150 | - |
| Recordation Tax | 3,000 | 3,000 | - | - | - | - | - | - | - | - | - |
| State Aid | 283,934 | 30,941 | 54,293 | 198,700 | 27,800 | 26,000 | 30,500 | 34,500 | 35,750 | 44,150 | - |
| TOTAL FUNDING SOURCES | 637,921 | 148,111 | 92,410 | 397,400 | 55,600 | 52,000 | 61,000 | 69,000 | 71,500 | 88,300 | - |

APPROPRIATION AND EXPENDITURE DATA (\$000s)

| | | | |
|-----------------------------|---------|----------------------------|---------|
| Appropriation FY 27 Request | 55,600 | Year First Appropriation | FY81 |
| Appropriation FY 28 Request | 52,000 | Last FY's Cost Estimate | 380,521 |
| Cumulative Appropriation | 240,521 | Partial Closeout Thru FY25 | 64,581 |
| Expenditure / Encumbrances | - | New Partial Closeout | - |
| Unencumbered Balance | 240,521 | Total Partial Closeout | 64,581 |

PROJECT DESCRIPTION

This project provides for the systematic replacement of heating, ventilating, air conditioning, automated temperature controls, and plumbing systems for MCPS facilities. This replacement approach is based on indoor environmental quality (IEQ), energy performance, and maintenance data. Qualifying systems and/or components are selected based on the above criteria and are prioritized within the CIP through a rating system formula. MCPS is participating in interagency planning and review to share successful and cost effective approaches. The Indoor Air Quality and Energy Conservation projects are now merged with this project to better reflect the coordination of work performed. The work-years reflected in this project are from that merger. An FY 2023 appropriation was approved for mechanical systems upgrades and/or replacements at various schools throughout the county. However, the County Council, in the adopted FY2023-2028 CIP decreased expenditures in FY2023, therefore, the number of projects to be completed were reduced to align with the approved expenditures. Implementation of this program will also be based on implications of construction

cost increases and supply chain interruptions. An FY 2024 appropriation and amendment to the FY 2023-2028 CIP was requested to address the backlog of HVAC projects and provide additional funding due to the impact on construction costs as a result of the COVID-19 pandemic. An FY2023 supplemental appropriation of \$25 million was approved to accelerate a portion of the FY2024 request to be able to order materials earlier due to supply chain interruptions. As part of the FY2025-230 CIP, work-years previously shown in this project have been shifted to the Healthy Schools project to align with the work performed. As part of the County Council approved FY2025-2030 CIP, additional expenditures were included in the out-years to reflect a level of effort funding through the six-year CIP. An FY 2025 appropriation was approved to address the backlog of HVAC projects and provide mechanical systems upgrades and/or replacement for facilities throughout the school system. The appropriation will also fund replacement of automatic temperature controls at schools throughout the county. An FY 2026 appropriation of \$39.5 million was approved by the County Council. This amendment, an increase of \$4.5 million to the approved CIP, will allow for the completion of one more HVAC project. An FY 2027 appropriation is being requested to address the significant backlog of HVAC projects. MCPS expects to significantly increase this level of effort project in the upcoming years.

OTHER

Master Plan for School Facilities, Department of Environmental Protection, Department of Health and Human Services, American Lung Association, County Government, Interagency Committee--Energy and Utilities Management, MCPS Resource Conservation Plan, County Code 8-14a

FISCAL NOTE

Reflects MCPS correction for funding allocations prior to FY19. FY20 supplemental in State Aid for \$367,850 from the Maryland's Healthy Schools Facility Fund. FY21 supplemental in Recordation Tax for the amount of \$3,000,000 to enhance the HVAC systems and improve indoor air quality to support COVID-19 recovery planning. FY23 State Aid award for \$19.250 million for multiple years. FY23 supplemental in G.O. Bonds and State Aid for the amount of \$25,000,000 to accelerate FY24 appropriation. The cost of the project and cumulative appropriation were reduced by \$14.698 million due to FY21 & FY22 reversions. Additional reversions from FY23 had no impact in the cost of the project. In FY26, funding switch to increase State Aid and reduce GO Bonds to reflect the Enrollment Growth and Relocatable Classrooms Supplemental Grant Program without requiring a local match as approved by the General Assembly (HB351) and additional traditional State Aid awarded in FY26 for \$578,000.

DISCLOSURES

Expenditures will continue indefinitely. MCPS asserts that this project conforms to the requirement of relevant local plans, as required by the Maryland Economic Growth, Resource Protection and Planning Act.