



Committee: T&E

Committee Review: At a future date

Staff: Keith Levchenko, Senior Legislative Analyst

Purpose: To introduce agenda item – no vote expected

Keywords: #MCPSCIP, State Aid for School Construction

AGENDA ITEM #20G

December 14, 2021

Introduction

SUBJECT

Special Appropriations to Montgomery County Public Schools' FY22 Capital Budget and Amendments to the FY21-26 Capital Improvements Program - Clarksburg Cluster ES #9 (New) (No. 651901), \$5,125,000 Major Capital Projects – Elementary (No. 652101), \$16,725,000 (for Burnt Mills ES, South Lake ES, Stonegate ES, and Woodlin ES) (Source of Funds: State Aid)

EXPECTED ATTENDEES

None

FISCAL SUMMARY

Project	FY21-26 Expenditure Increase	Estimated Increase in State Aid
Clarksburg Cluster ES #9 (New)	\$5,125,000	12,569,000
Major Capital Projects - Elementary	\$16,725,000	52,699,034
- Burnt Mills ES	5,200,000	13,000,000
- South Lake ES	2,057,000	12,569,000
- Stonegate ES	3,528,000	12,014,726
- Woodlin ES	5,940,000	14,213,757
Totals	\$21,850,000	\$65,268,034

DESCRIPTION/ISSUE

- The projects listed above are scheduled to begin construction during the current fiscal year (FY22). They were approved by the Council in May as part of the FY21-26 CIP amendment reconciliation process.
- On September 9, 2021, the Board of Education requested and the Council later approved amendments to these projects to increase project costs to address construction cost increases based on market conditions.
- On December 8, 2021, the Board of Education requested \$21.85 million in additional funding for these projects to proceed with construction contracts for the five schools using prevailing wage rates.
- By opting to use prevailing wage rates for these projects, MCPS estimates that the total combined State aid eligibility for these projects via the State's Built-to-Learn program will be \$65.3 million higher than if the projects were to proceed without prevailing wage through the State's traditional State aid program. The State of Maryland's prevailing wage law requires that projects

which receive 25 percent or more of their construction costs funded by the State must utilize prevailing wage.

- A public hearing is tentatively scheduled for January 11, 2022.

This report contains:

Draft Resolution

Pages ©1-2

December 8, 2021, Board of Education Transmittal Memorandum

Pages ©3-6

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Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: Special Appropriations to the FY22 Capital Budget and
Amendments to the FY21-26 Capital Improvements Program
Montgomery County Public Schools
Clarksburg Cluster ES #9 (New) (No. 651901), \$5,125,000
Major Capital Projects – Elementary (No. 652101), \$16,725,000
- Burnt Mills ES (No. 652110), \$5,200,000
- South Lake ES (No. 652109), \$2,057,000
- Stonegate ES (No. 652111), \$3,528,000
- Woodlin ES (No. 652108), \$5,940,000

Background

1. Section 5-306 of the Education Article of the Annotated Code of Maryland requires that the County Council adopt a six-year capital improvements program for the Board of Education. This section also allows the Council to make amendments, revisions, and modifications to the program.
2. Article 3, Section 308 of the Charter of Montgomery County, Maryland provides that a special appropriation: (a) may be made at any time after public notice by news release to meet an unforeseen disaster or other emergency, or to act without delay in the public interest; (b) must specify the revenues to finance it; and (c) must be approved by no fewer than six members of the Council.
3. Section 302 of the County Charter provides that the Council may amend an approved capital improvements program at any time by an affirmative vote of six Councilmembers.
4. The Board of Education requested supplemental appropriations and amendments for the Montgomery County Public Schools' Capital Improvements Program as follows:

<u>Project Name</u>	<u>Project Number</u>	<u>Amount</u>	<u>Source of Funds</u>
Clarksburg Cluster ES #9 (New)	651901	\$5,125,000	State Aid
Major Capital Projects – Elementary	652101	<u>\$16,725,000</u>	State Aid
Total		\$21,850,000	

5. This request increases planned expenditures in these projects to accommodate prevailing wage rates within the guaranteed maximum price contracts awarded by the Board of Education on December 2, 2021, to Clarksburg Cluster ES #9 (New) and Burnt Mills ES, Stonegate ES, South Lake ES, and Woodlin ES major capital projects.
6. Utilizing prevailing wage in each of these projects will increase the estimated State aid eligibility for these projects by \$65.3 million through funding provided via the State's Built to Learn Act of 2020.
7. Notice of public hearing was given, and a public hearing.
8. The Education Committee discussed this request.
9. The County Council declares this request is in the public interest, to be acted upon without delay, as provided for under special appropriation requirements described in Article 3, Section 308 of the Montgomery County Charter.

Action

The County Council for Montgomery County, Maryland approves the following action:

Special appropriations to the FY22 Capital Budget and amendments to the FY21-26 Capital Improvements Program are approved for the Montgomery County Public Schools as follows and as shown on the attached project description forms.

<u>Project Name</u>	<u>Project Number</u>	<u>Amount</u>	<u>Source of Funds</u>
Clarksburg Cluster ES #9 (New)	651901	\$5,125,000	State Aid
Major Capital Projects – Elementary	652101	\$16,725,000	State Aid

This is a correct copy of Council action.

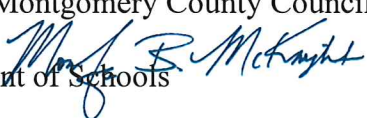
Selena Mendy Singleton, Esq.
Clerk of the Council

Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

December 8, 2021

MEMORANDUM

To: The Honorable Marc Elrich, County Executive
The Honorable Gabe Alborno, President, Montgomery County Council

From: Monifa B. McKnight, Interim Superintendent of Schools 

Subject: Transmittal of Board of Education Agenda Item #13.23

Recommended Fiscal Year 2022 Supplemental Appropriation for the Fiscal Year 2022 Capital Budget and Amendments to the Fiscal Year 2021–2026 Capital Improvements Program for Major Capital Projects–Elementary and Clarksburg Elementary School #9 Projects.

BOE Meeting Date: December 2, 2021

Amount: \$21,850,000

Type of Action: Supplemental Appropriation

MBM:ESD:SPA:AK

Attachment


Copy to:
Dr. Dawson
Mr. Adams
Ms. Karamihas
Montgomery County Office of Management and Budget

Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

December 2, 2021

MEMORANDUM

To: Members of the Board of Education

From: Monifa B. McKnight, Interim Superintendent of Schools 

Subject: Recommended Fiscal Year 2022 Supplemental Appropriation for the Fiscal Year 2022 Capital Budget and Amendments to the Fiscal Year 2021–2026 Capital Improvements Program for Major Capital Projects—Elementary and Clarksburg Elementary School #9 Projects

The Clarksburg Master Plan allows for the development of up to 15,000 residential units. The plan includes five elementary school sites. Little Bennett, William B. Gibbs, Jr., Snowden Farm, and Wilson Wims elementary schools opened between 2006 and 2018. An appropriation was approved in Fiscal Year 2020 to begin planning for the new Clarksburg Elementary School #9. A Fiscal Year 2022 appropriation was approved for construction funds.

Montgomery County Public Schools (MCPS) contracted with a consultant to conduct full facility assessments of all schools during the spring and summer of 2018. This assessment provided an important baseline of condition information for all school facilities to make informed decisions about future capital projects. A Fiscal Year 2021 appropriation was approved to begin planning for the first four elementary schools identified through the Major Capital Project program—Burnt Mills, South Lake, Stonegate, and Woodlin elementary schools. A Fiscal Year 2022 appropriation was approved for construction funds for all of the four elementary school Major Capital Projects.

During the past 20 months, the construction industry has experienced an unprecedented rise in material prices, disruptions in the supply chain, and staffing shortages which have caused an increase in construction costs of more than 25 percent. Due to these extraordinary circumstances, there is a funding shortfall between the budgeted costs and the actual planned expenditures for all capital projects in the adopted Capital Improvements Program.

At its meeting on September 9, 2021, the Board of Education approved the removal and reallocation of expenditures from the DuFief Elementary School Addition/Facility Upgrade Project and requested that the Montgomery County Council approve the transfer of these funds to the Clarksburg Elementary School #9 Project, the Major Capital Projects—Elementary, and the Major Capital Projects—Secondary (Resolution No. 442-21). This transfer of funds was

to address expenditure shortfalls based on the increase in construction costs. On November 2, 2021, the County Council approved the transfer as requested by the Board of Education.

MCPS receives construction funding not only from the county, but also from the state. The Maryland General Assembly approved the *Built to Learn Act of 2020*, which provides additional school construction funds beyond the annual statewide allocation for capital projects. The total funds available for all school systems across the state from the *Built to Learn Act* are approximately \$2.2 billion spanning a 10-year period. For MCPS, the additional state funds from the *Built to Learn Act* are approximately \$460 million, during the 10-year period.

In order to utilize the *Built to Learn Act* funds, our construction projects need to be bid using prevailing wage rates. Previously, our budget estimates for capital projects did not include prevailing wage rates because it was more cost-effective to implement capital projects without prevailing wage due to an increased cost per project of approximately 15 percent. However, based on the allocation criteria for the *Built to Learn Act* funding, MCPS would receive a substantial increase in school construction funds if these projects were bid using prevailing wage rates. Therefore, an increase of local funds is required on many of our capital projects to adjust total project costs to reflect the use of prevailing wage rates.

Although the recently approved transfer of funds from the DuFief Elementary School Addition/Facility Upgrade Project to the Clarksburg Elementary School #9, Major Capital Projects—Elementary and Major Capital Projects—Secondary increased the project totals to address increases in construction costs, the approved transfer did not address the additional funds needed to bid these projects prevailing wage to capture the additional state funding available through the *Built to Learn Act* funds. Recent bidding has provided data that indicates if prevailing wage rates are utilized, it would result in an increase in construction cost of a minimum of 10 to 12 percent. As a result, additional funding will be required to apply prevailing wage rates to these capital projects in order to fully utilize the *Built to Learn Act* funds.

I recommend that the Board of Education approve the following resolution.

WHEREAS, A recommendation of the award of contract for the new Clarksburg Elementary School #9, and the following Major Capital Projects—Burnt Mills, South Lake, Stonegate, and Woodlin elementary schools is being presented to the Board of Education on December 2, 2021; and

WHEREAS, Additional funds will be required to fund the increase due to prevailing wage rates to the guaranteed maximum price contracts awarded by the Board of Education on December 2, 2021; and

WHEREAS, The following supplemental appropriation request is presented for consideration and action by the Board of Education; now therefore be it

Resolved, That the Board of Education request a Fiscal Year 2022 Supplemental Appropriation for the Fiscal Year 2022 Capital Budget and Amendment to the Fiscal Year 2021–2026 Capital Improvements Program in the amount of \$21,850,000 to provide additional funding to the following projects:

- \$5,200,000 to the Burnt Mills Elementary School Major Capital Project
- \$5,125,000 to the Clarksburg Elementary School #9 Project
- \$2,057,000 to the South Lake Elementary School Major Capital Project
- \$3,528,000 to the Stonegate Elementary School Major Capital Project
- \$5,940,000 to the Woodlin Elementary School Major Capital Project;

and be it further

Resolved, That a copy of this resolution be forwarded to the county executive and Montgomery County Council, and be it further

Resolved, That the county executive be requested to recommend approval of the resolution to the Montgomery County Council.

MBM:ESD:SPA:lmr