

## Minutes of the County Commissioners of Worcester County, Maryland

April 4, 2024

### Special Session

Anthony W. Bertino, Jr., president  
Madison J. Bunting, Jr., vice president  
Caryn G. Abbott  
Theodore J. Elder  
Eric J. Fiori  
Joseph M. Mitrecic  
Diana Purnell

The commissioners met with Interagency Committee on School Construction (IAC) and Board of Education (BOE) members to discuss school construction funding for Buckingham Elementary School (BES) and school construction/maintenance as a whole. Commissioner Elder attended the meeting remotely. IAC Executive Director Alex Donahue, Capital Projects Manager Melissa Wilfong, and Planning Manager Jamie Bridges attended the meeting.

Commissioner Bertino reviewed the history of plans to construct a new BES. He also outlined staff's internal review of the Board of Education's Capital Improvement Plan last October, at which time it was learned that the State will not allocate any funds for the design or construction of a new BES due to overcapacity and adjacent school issues. Recently Commissioners Bunting, Fiori, and Purnell and County staff met with IAC members who made it clear that the IAC is open to discussing other options that align with IAC guidelines to ensure State funding for County school construction projects. Commissioner Bertino stated that the purpose for today's meeting is for everyone to understand the processes and options available to maximize and leverage State funding so this project can be completed in the best interests of the students, faculty, and taxpayers. BOE President Ferrante thanked Mr. Donahue and his staff for meeting with them. He stated that BES deserves the same considerations as SES and OCES.

Mr. Donahue reviewed a PowerPoint outlining how the IAC approaches school funding around the State. He reviewed a description of IAC funding and facilities conditions index (FCI) Statewide and in Worcester County. He also summarized State funding challenges and reviewed best practices. He advised that three out of 14 Worcester County Public Schools (WCPS) facilities are 50+ years old and eight of 14 have an FCI score of .60 or higher. He then reviewed key goals for collaboration, which include considering comprehensive solutions, increasing utilization of WCPS's portfolio, and matching portfolio size to educational requirements. This includes increasing the amount of classroom space that is educationally sufficient, and planning to the gross area baseline (GAB) calculator to optimize future investment costs. He also discussed the Blueprint Facilities Workgroup and HB 1290's Mandate.

Mr. Donahue compared school utilization rates as follows: 90.60% Statewide, 83.40% on the Eastern Shore, and only 70.80% in Worcester County. He stressed that utilization (how many available seats will be filled with students) and project-level evaluation (requiring 100% use of available seats in adjacent schools) are the factors used to ensure equality of State support to each LEA. Worcester is 22% below the Statewide average utilization rate. He also explained how State funds for eligible projects are allocated per local education agency (LEA). Worcester

funding approvals as of February 8, 2024 are as follows: BES replacement – not eligible as proposed; Snow Hill Middle School roof replacement - \$1,983,000; and Pocomoke Elementary School (PES) roof design services - \$60,000. IAC uses the following factors to determine the maximum State allocation (up to 50% cost share): eligible enrollment projections times the GAB square footage times the cost per square foot add-ons. He advised that this year the IAC received over \$1 billion in State funding requests for school construction projects Statewide, which is well over triple the funding the IAC received. Of the 1,370 active prek-12 public schools, 29% have a FCI score of .60 or higher. He reviewed State funding conditions in light of past historic influx of funding at the State and local levels, declining local capacity for investment in school operations and maintenance, and the unprecedented inflation and subsequent construction costs, which are up 157%. This leaves the IAC to leverage its available resources to maximize their impact across the State in an unprecedented way. He stated that the IAC does not issue block grants, but awards funding to approved projects. Based on WCPSs facilities conditions, he stated that the IAC would like to engage in a three-party partnership to assure the WCPS portfolio is educationally sufficient and fiscally sustainable for every student. This assures the best return on every local and State dollar available for school construction projects.

Mr. Donahue then reviewed the pros and cons associated with four scenarios available to address BES.

1. Combine BES and Berlin Intermediate School (BIS) into one efficient building, with estimated State support of \$30 million.
2. Separately replace BES and BIS at/near GAB size, with estimated State support of \$30 million.
3. Move 6<sup>th</sup> grade to Stephen Decatur Middle School (SDMS), replace BES as a prek-5, with estimated State support of \$37 million.
4. Move 6<sup>th</sup> grade to SDMS, replace BES as a prek-5, and convert Ocean City Elementary School (OCES) and Showell Elementary School (SES) to prek-5s, with estimated State support of \$37 million, which would reduce the local cost.

Mr. Donohue concluded that the IAC is so short on funds that they are committed to the long-term process (what needs to happen three years from now, five years from now, etc.) to maximize what the LEAs can do with available state and local dollars.

In response to a question by Commissioner Bunting, Mr. Donohue confirmed that there is no eligible State funding if the County opts to build a new, standalone BES. In response to a question by Commissioner Bertino, Mr. Donohue confirmed that IAC funds may be allotted to replace capital projects during the life of a school, such as a roof after 20 years, or HVAC replacements, and there is no prorating for parts of the building that are over the State-supported square footage currently, even if the IAC did not contribute State funding to construct those schools.

Superintendent Lou Taylor thanked Mr. Donohue and his staff for coming down and noted that this is a lot to absorb. He advised that the County has renovated seven schools in the last 25 years, with the County having provided 80 percent of project funding. Mr. Taylor explained that BES is a community school. It is also the only Title 1 school in northern Worcester and has the largest population of minority students. He discussed traffic concerns regarding adding another 350 students to either SDMS or Stephen Decatur High School and his fear that SHES and PES could be pushed down the road based on which of the scenarios to replace BES is chosen. Mr. Donohue stated that part of the process is for the three partners, the

IAC, the County, and the BOE, to work together to identify the needs and when each project should be done, so they can allocate the funds needed for each project. Mr. Taylor also expressed concerns regarding systemic projects, noting that historically the County has received so little school funding from the State, that it has been the BOEs practice not to apply for State funding for these types of projects for fear that doing so would result in even fewer State dollars for school construction projects. He asked if that philosophical approach should change. Mr. Donohue stated that the tactics vary across the state, with some funding system projects wholly with local dollars and others applying for 20-30 systemic projects, which is helping the IAC make the case that the need is great for more State appropriations. He outlined two steps the County needs to implement:

1. Assure that the CIP includes the true set of needs that exist. This assures that the IAC is made aware which systems could be extended for some years with systemic (smart) repairs.
2. Inform the IAC of large capital projects earlier and more extensively, as together they can work to secure funding for urgent projects.

In response to a question by Commissioner Abbott, Ms. Wilfong advised that design services for the PES roof replacement project is only at the design stage, so the expectation is that the IAC will allocate \$60,000 for design work. WCPS is on track to submit a request for construction funding next year, when more accurate cost estimates become available.

Chief Administrative Officer Weston Young stated there is a target allocation range of \$1.8-2.5 million a year for County projects. He asked if that is part of a total allocation of \$30 million. Mr. Donohue stated that there are multiple funding pots available to the IAC to meet as wide a range of needs Statewide as possible. Mr. Donohue also stated that State funding for school construction is based on what level of funding they anticipate the State may award to the IAC in a given year. For example, Built to Learn is a separate funding pot, with \$6 million reserved for Worcester County. He further advised that, if a County project is estimated to take three years to complete, the State may be able to provide more than the target allocation to close out an existing project. Mr. Donohue also advised that the IAC has committed a little over \$500 million in commitments in 24 LEAs to assure they can finish up these projects before the IAC can approve funding for the next round of projects. He advised that the IAC does have flexibility for a smaller school district when the amount needed is greater than the IAC allocation. Historically the IAC has allotted levels of funding that are greater than anticipated to help bring that project to completion. He stated that once a large project gets moving, the IAC works to get the project done on time and get the State dollars to the LEA as needed. However, the IAC cannot promise something ahead of time.

Commissioner Fiori stated that the BES and SHES communities have been waiting to have these deteriorating facilities replaced and noted that it is important to get these projects knocked out.

Commissioner Bunting asked how the County, as the primary project funder, can move forward on a project not knowing whether State funding will be available. Mr. Donohue stated that the State program is an assistance program meant to supplement local funding. The base responsibility for school facilities is on the County, and most counties set up an approach with the school district based around the physical capacity. He stated that setting up a three-way conversation with the IAC is important to lay out the needs and work towards solutions. For

example, the IAC can help the County determine what State funding may be available, and if other things need to be considered to make the project more affordable.

Mr. Young noted that the State allocates funding based on a cost of \$404 per square foot, and he asked if schools are really being built for that cost. Mr. Donohue confirmed that some are, though construction costs had increased by an average of 4% consistently until Covid, and last year those costs had increased by 7%. He stated that the IAC remains conservative when projecting square footage costs to avoid driving the market and making the situation even worse. In response to another question by Mr. Young, Mr. Donohue advised that the IAC does take into account what spaces are needed for community schools. This is how the IAC developed the recommendation to split State funding across two projects, BES and BIS, to meet the needs of these community schools. Mr. Taylor asked why the County cannot use Built to Learn funds for BES. Mr. Donohue confirmed that the funds could go toward another eligible project; however, BES as a standalone project is not eligible for any State funding.

In response to a question by Commissioner Bertino, Mr. Donohue advised that IAC funding for a given project is subject to actual state appropriations for each year that the project is happening. If economic conditions change, and the legislature gives the IAC only half of the normal allocation, then it is possible that a project may not get the remainder of anticipated State dollars or receive funding within the anticipated timeframe, though he has not seen either of these situations actually occur. He clarified that an announcement of State funding does not constitute a funding contract, as the IAC cannot obligate the State ahead of time.

In response to questions by Mr. Young regarding a slide outlining utilization rates and student overspending, Mr. Donohue stated that this is not about having larger class sizes, necessarily, but there is an issue about affordability that is based on how schools are being utilized. He stated that this is something the IAC would like to dig into with the County and BOE. Specifically, while the State does not prescribe any particular class sizes, for fairness the IAC utilizes the State-rated capacity per grade level and funds all LEAs at the same rate. He stated that the IAC cannot equitably fund one district for class sizes that run significantly smaller than another district. Small class sizes are a local choice. If an LEA builds a school to meet smaller class sizes, the State rated capacity will impact State funding for future County projects. This is because that capacity will show up as extra capacity. He advised that the State-rated capacity approach is necessary to assure equity across all LEAs.

In response to questions by Commissioner Bertino regarding how to move forward on construction of a new BES, Mr. Donohue advised that the IAC is willing to delve as deeply as needed into the factors and components to maximum state support for capital school projects.

In response to a question by Commissioner Abbott, Mr. Donohue advised that the BOE will ultimately be responsible for determining which of the four options to approve to replace BES, but the IAC is available to work with the County and BOE to evaluate the options.

Following much discussion, the commissioners thanked the IAC members for meeting with them.

Following the special meeting, the commissioners adjourned to meet again on April 9, 2024.