



School Building Authority Capital Fund

Article 9 of the Fiscal Year 2016 State Budget created the School Building Authority Capital Fund (SBA Capital Fund), a new funding mechanism designed to provide upfront funding for projects. The Fiscal Year 2016 State Budget has allocated approximately \$20M to the SBA Capital Fund, in addition to the \$70M allocated for Housing Aid commitments.

The SBA Capital Fund may be used to repair public school facilities and distributed on a priority basis to ensure that funding has the greatest impact on facility gaps in the State's priority areas. Approximately \$5M of the SBA Capital Fund has been set aside for "shovel ready" projects under \$300k.

Each year the General Assembly appropriates a set amount for school construction. After projects funded by the traditional Housing Aid system are paid, the difference between the annual appropriation and existing commitments are deposited into the SBA Capital Fund. In Fiscal Year 2016, the SBA Capital Fund will focus on Immediate Health and Safety projects for LEAs with local Capital Reserve funds that commit to reinvesting state aid.

Who is eligible?

Every LEA that has completed the Necessity of School Construction application is eligible. Emergency projects without Council on Elementary and Secondary Education (Council) approval are also eligible provided they total less than \$500,000. Because funds are limited, projects are considered in accordance with the priorities outlined by RIGL 16-105-3 (7).

Pursuant to Rhode Island General Laws, "Only LEAs that have adequate asset protection plans in place to maintain their school facilities are eligible for funding from the school building authority capital fund. LEAs must annually provide asset protection information to the RI Department of Elementary and Secondary Education. If an LEA fails to provide asset protection information in a fiscal year, they are not eligible to receive school building authority capital funds the next fiscal year."

If your district has an interest in the FY 2016 SBA Capital Fund, please submit an application(s) by September 10th, 2015. Your proposal should identify the projects by building, list the amount of funding requested by project, and confirm the districts commitment to obtain Council approval by May 2016 (if the district does not currently have approval).

Timeline

Applications Due:

SBA Advisory Board/Council Selection & Award:

Substantial Completion*:

September 10, 2015

Fall 2015

August 31, 2016

*August 31, 2016 is the latest date for substantial completion. The intent of the SBA Capital Fund is to prioritize shovel ready projects with earlier completion dates.



Funding Options

In this fiscal year, there are two options for School Building Authority Capital Funding. Both choices incorporate progress funding, as invoices are paid upon receipt. Projects selected for this fund do not have to wait until completion to receive reimbursement.

Option 1: Total Project Cost Loan – Local Share repayment required

Successful LEAs selecting this option will sign loan agreements with Rhode Island Health and Educational Building Corporation (RIHEBC) for the **total project costs**. Upon project completion, the LEA will only repay their local share of the loan plus interest to RIHEBC. Per Rhode Island General Laws, this form of indebtedness does not require General Assembly approval. LEAs will forward invoices and verified requisition forms to the SBA on a monthly basis. The SBA reviews the submitted invoices and upon approval, directs the RIHEBC to release payment to the district for the eligible project amounts.

Under the Housing Aid system, LEAs must bond for the entire project cost and complete the project prior to receiving reimbursement. This option allows LEAs to receive progress payments during design and construction and pay back only their local share once a project has completed.

Example:

District X has a 60% share ratio and is considering a \$1M project.

Housing Aid System:

District X issues a bond for \$1M project. The project is then completed and reimbursement is requested through the Housing Aid Program. The district then receives 60% of the project costs, with payments tied to the debt service schedule.

School Building Authority Capital Fund:

District X receives a \$1M loan from RIHEBC for the project (as Capital Fund Progress Payments). The project is then completed and District X pays back 40% (400,000) of the project costs with interest over a multi-year period.

Option 2: State Share Project Cost – No repayment required

A funding agreement for the State's portion of the project cost will be provided to the district. The State's share of the project cost is provided to LEAs via Capital Fund progress payments. LEAs submit signed and verified requisition forms to the SBA on a monthly basis. The SBA reviews the submitted invoices and upon approval directs the Rhode Island Health and Educational Building Corporation to release payment to the district for the eligible project amounts up to the State's share. The district is responsible for funding the local share of the project.

Example:

District X has a 60% share ratio and is considering a \$1M project.

Housing Aid System:

District X pays for the \$1M project out of a dedicated Capital Reserve Fund. Upon project completion, the district requests reimbursement through the Housing Aid Program. The State then reimburses the district 60% of the project cost.

Under the School Building Authority Capital Fund:

The district submits invoices to the School Building Authority on a monthly basis. District X receives 60% reimbursement on each monthly invoice for a total of \$600,000 during the design and construction stages.



Frequently Asked Questions

1. What is the purpose of this School Building Authority Capital Fund?

The School Building Authority Capital Fund was created as part of the FY 2016 State Budget. Capital Fund Progress Funding assist districts in fast-tracking projects, while also providing municipalities and the State savings in deferred financing costs. This fund provides progress payments based on completed work. (See examples previous page)

2. How much funding is available?

Funding will be approved annually by the General Assembly. For FY 2016, the School Building Authority Capital Fund amount is approximately \$20M. Of the \$20M, \$5M has been set aside for “shovel ready” projects under \$300k that are funded by option 2 (state share project cost).

3. What is a Capital Fund Progress Payment?

Progress payments under the School Building Authority (SBA) Capital Fund are paid to districts for eligible project costs during design and construction. After a community enters into a Capital Fund agreement under the SBA Capital Fund, it will submit project costs as they are incurred. The SBA reviews the submitted invoices and upon approval, directs the Rhode Island Health and Educational Building Corporation to release payment to the district for the eligible project amounts.

4. Is there a project limit that can be approved?

Projects must have a minimum value of \$10,000 for SBA Capital Fund consideration. The Capital Fund is intended for small projects (less than \$1M). Projects, not LEAs, are limited to this amount. LEAs can submit multiple projects for consideration that total more than \$1M.

5. What projects are eligible?

Any project that has received or will receive Council on Elementary and Secondary Education (CESE) approval by May 31, 2016 is eligible for funding.

6. Are the largest districts going to get all the funding?

No, all projects are equally considered for an award based on priorities regardless of district size.

7. How many applications do I need to submit?

Each project should be submitted separately on its own application. For example, a roofing project at the middle school and security upgrades at the high school would be submitted on two separate applications.

8. When are we notified that our project was selected?

It is anticipated that LEAs will be notified of selections at the end of September.



9. When can we start to receive funding?

LEAs selecting option 1, will execute a loan agreement with RIHEBC after being selected for an award. This loan will provide upfront funding for the entire project, meaning LEAs will forward invoices to SBA for payment. Upon project completion, LEAs will repay RIHEBC their share pursuant to the terms of the agreement.

LEAs selecting option 2, will receive their share ratio (reimbursement rate) after submitting monthly paid invoices to the School Building Authority. This process can begin with the first design invoice.

10. When must our project complete?

Projects must be substantially complete by August 31, 2016. However, projects completed sooner will receive more favorable consideration, as the goal is to distribute funding to shovel ready projects.

11. How can we speed up the procurement process?

The State of Rhode Island has recently created an [Architect and Engineering Services Master Price Agreement](#). These vendors have been prequalified by the State and can be used by municipalities to expedite the procurement process for design services. This will allow LEAs to quickly select a vendor and begin design of a project.

12. Do project designs need to be reviewed prior to construction?

Yes, projects must comply with the School Construction Regulations, which requires design reviews at Schematic Design, Design Development, and Construction Document stages. Projects that do not conduct reviews prior to bid or commence construction before being reviewed will not be eligible.

13. How soon can we start construction?

LEAs can begin construction upon entering into a capital fund progress payment agreement.

14. If a project is selected for School Building Authority Capital Funding do we still submit for Housing Aid reimbursement?

No, State aid is being provided upfront as opposed to Housing Aid, which is reimbursement based. Projects with Board of Education approval, not selected for School Building Authority Capital Funding, would still be submitted through the regular Housing Aid process.

15. What happens if the project does not substantially complete by August 31, 2016?

Funding could be deducted from the LEAs FY 2017 Housing Aid allotment, at the discretion of the School Building Authority. It is the intent of the SBA to engage the services of an Owner's Representatives/Project Managers to monitor all awarded projects during the design and construction stages.



Priorities

The projects will be considered in accordance with the priorities outlined in Rhode Island General Laws 16-105.3. Consistent with those priorities, the review team will evaluate proposals based on the following criteria:

Priority 1. Projects to replace or renovate a building which is structurally unsound or otherwise in a condition seriously jeopardizing the health and safety of school children, where no alternative exists.

Immediate Health and Safety

- Elimination of exposure to hazardous materials
- Improvement of Indoor Air Quality problems that threaten the health of students and staff

Code Compliance

- Repair to address a determination by a state or local building inspector of an impending school facility closure
- Modernization and/or renovation to come into compliance with Rhode Island State Building Code (RISBC) and all applicable codes, including but not limited to the fire, life/safety, electrical, and mechanical codes

Priority 2. Projects needed to prevent loss of accreditation.

Priority 3. Projects needed for the replacement, renovation or modernization of the HVAC system in any schoolhouse to increase energy conservation and decrease energy related costs in said schoolhouse.

Priority 4. Projects need to replace or add to obsolete buildings in order to provide for a full range of programs consistent with state and approved local requirements.

Priority 5. Projects need to comply with mandatory instructional programs.

Projects will be ranked using the above referenced priorities as well as the LEAs Housing Aid share ratio (reimbursement rates), School Size, Project Completion Date, Debt Reducing Initiatives, Cost Reducing Measures and Project Leveraging. Approximately \$5M of the SBA Capital Fund has been set aside for “shovel ready” projects costing less than \$300k funded through local Capital Reserve funds (Option 2).

School Building Authority Capital Fund Application
Due September 10, 2015

School District:	
Contact Person:	
Title:	
Address:	
Phone:	
Email:	
Project Location:	

Project Description (attach supporting documentation).

Project cost:

What priority does the project meet*?

*From priorities listed on previous page

Board of Education approval date*:

*LEAs with no existing approvals, must indicate how approval will be obtained by 5/31/16

Funding Option (select one)

See page 3 for details

1. **Total Project Cost Loan** - Local Share Repaid Upon Completion

2. **State Share Project Cost** – No Repayment Required



Additional Criteria (check boxes if applicable)

- **Level of Immediacy**

If available, provide documentation from Authorities Having Jurisdiction (AHJ) identifying immediate health and safety needs and requiring action.

- **“Shovel Ready” – choose one** (based on a September 30th executed funding agreement)

- The project will be substantially completed by 1/4/16
- The project will be substantially completed by 4/30/16
- The project will be substantially completed by 6/30/16

If yes, provide a timeline and assurances that demonstrate the project can be substantially complete before the date selected. This would apply to smaller projects that can occur during school breaks, after hours, or for larger projects that can occur during the school year that do not disrupt educational delivery.

- **Project Design**

- Has the project already been designed and/or received SBA design reviews?

If yes, provide documentation and dates of SBA design review signoffs or provide timeline for reviews.

- **Local Capital Reserve Fund**

- Does the municipality/LEA have a local established Capital Reserve Fund that has municipal authority to reinvest Housing Aid received for future Capital Projects?

If yes, provide documentation from the municipality demonstrating the establishment of a local capital reserve fund or commitment for the creation of such fund. Additionally, provide assurance from the municipality that future housing aid reimbursement received on capital reserve funded projects will be reinvested into a local capital reserve fund for future improvements.

- **Energy Efficiency or Other Cost Reducing Measures**

- Will the project help reduce operating costs?

If yes, provide documentation that demonstrates how the project will reduce operating costs.

- **Debt Reducing Initiatives**

- Will capital projects be completed without the issuance of debt?

If yes, the LEA must select funding option 2 OR provide documentation that a portion of interest savings from recent or future (by 6/30/16) school bond refundings will be used to fund capital projects.

- **Project Leveraging**

- Will the project obtain additional funding from other sources (i.e., federal or state grants, national grid rebates, private funding).

If yes, provide documentation that other funding sources (private or public) have been obtained for this project. Please note that similar to Housing Aid, only the net cost of the project will be eligible to receive SBA Capital Funding.



Additional Criteria

- **Housing Aid Share Ratio**

In addition to the scoring criteria listed above, all projects will receive points based on the LEAs Housing Aid share ratio (reimbursement rate). LEAs will receive points on a scale of 0 to 20 based on their Housing Aid share ratio. For example, an LEA receiving 50% reimbursement, would receive 10 points ($50\% = 5.0 \times 2 = 10$ points). RIDE will apply FY 16 share ratios to each project's scoring criteria.

- **School Enrollment**

School enrollments, in which the project will occur, will also be used in scoring the SBA Capital Fund applications. October 1, 2014 enrollments reported by LEAs to RIDE will be used. LEAs will receive one point for each 100 students attending at the school in which the project will occur.

Assurances (please initial on each line):

The district must assure that:

- Funds will be used exclusively for the project described above, in accordance of the guidelines of funding request.
- Projects must comply with School Construction Regulations.
- Project will substantially complete by August 31, 2016.** If the project is not complete by this date, the project amount will be deducted from the district's' FY 2017 Housing Aid.
- The project complies with all requirements set forth in the most recent Northeast Collaborative for High Performance Schools Protocol (NECHPS)
- Project will receive all required design review prior to commencing with construction.
- All other things being equal, the services of qualified and capable vendors with offices in Rhode Island, or those who propose a joint venture with a Rhode Island firm, should be utilized.

Certification of Eligibility:

I certify under penalty of perjury that to the best of my knowledge, the information in this proposal is true and correct and is in compliance with statutes and administrative provisions of the Rhode Island Department of Education. The governing board of the above named school district has authorized me to sign this application on its behalf, and has certified through a resolution that the district has met the criteria contained in this proposal.

Signature of Superintendent

Date

Signature of School Committee Chair

Date

Signature of Municipal Finance Director

Date