

SECTION 16 - FACILITIES RENEWAL GRANT PROGRAM GUIDELINES

Relevant Law –

- 2018 Senate Bill 595/ House Bill 403, which updates Annotated Code of Maryland, Education Article, Division III, Higher Education, Title 16 Community Colleges: <http://mgaleg.maryland.gov/2018RS/bills/sb/sb0595E.pdf>

Critical Due Dates –

- By September 1st of each year, all community colleges submit spreadsheet with updated deferred maintenance project information
- By September 1st of each year, community colleges scheduled to receive grant funding in the next budget cycle submit updated project justification forms and costs estimates for projects requested to be deemed eligible for grant funds in the upcoming fiscal year

16.01 PURPOSE OF THE FACILITIES RENEWAL GRANT PROGRAM

The 2018 Maryland General Assembly, by way of Senate Bill 595/House Bill 403, established the Community College Facilities Renewal Grant Program (CCFRGP) within the Maryland Higher Education Commission (MHEC) to provide grants for improvements, repairs, and deferred maintenance projects at the sixteen (16) community colleges, including Baltimore City Community College (BCCC).

Although there are no local matching requirements associated with the grant funds, these State funds are not intended to cover 100% of the deferred maintenance of the institutions. The funds are intended to supplement any funds that community colleges set aside in their own budgets to accomplish facilities renewal projects.

The grant program is designed to be flexible and adaptive to the needs of the institutions. Priority projects can be set by each institution, and priority lists may be modified at any time before State funds are expended.

16.02 LEGAL COMPONENTS OF THE FACILITIES RENEWAL GRANT PROGRAM

The relevant legal components in 2018 Senate Bill 595/ House Bill 403 are as follows:

- A. Each fiscal year, the Governor shall annually appropriate into the facilities renewal grant program an amount equal to 5% of the appropriation of the Community College Capital Grant Program (CCCGP) in the same fiscal year. This appropriation is in addition to (not supplanting) the CCCGP appropriation.
- B. On or before September 1st of the fiscal year preceding the fiscal year of the grant award, community colleges shall provide to MHEC information about the project(s) for which the college is requesting grant funding. The law allows colleges to receive money for multiple eligible projects each year it receives an award.
- C. MHEC may make up to eight (8) grant awards each year (i.e. up to eight community colleges may receive funds per year). Community colleges may not receive funds in consecutive years. This means that eight (8) of the sixteen community colleges will be eligible to receive funds one year, and the remaining eight (8) will receive funds the following year. Once established, this funding cycle will continue.
- D. If the appropriation is less than \$4,000,000 in a fiscal year, the appropriation shall be awarded equally to each community college eligible to receive a grant in that fiscal year. Also, community colleges may not receive more than \$500,000 in any fiscal year. Given that only eight (8) community colleges will be eligible to receive funds in any one year, the appropriation will also be awarded equally if the total appropriation is \$4,000,000 or more. Therefore, annual awards will always be distributed equally to all community colleges receiving funds that year.

16.03 PRIORITIZATION OF FUNDS SET BY INSTITUTIONS

The legal components of the law enable the prioritization of the projects to be set by the community colleges. Since awards are distributed equally no matter the appropriated

amount, community colleges will know how much grant funding they will be eligible for each year. They may therefore prioritize their projects appropriately and have the flexibility to re-prioritize which of their projects receive grant funding without limit until the funds are spent or no longer are available.

16.04 CYCLE OF AWARDS

Eight (8) of the sixteen community colleges will be eligible to receive funds one year, and the remaining eight (8) will receive funds the following year. As required by law, MHEC consulted with community colleges to determine which colleges should receive the grant in the first year and which should receive funding in the second year. Now that it has been established, this funding cycle will continue throughout the life of this grant program. The funding cycle is as follows:

A. Year One Colleges to Receive Facility Renewal Grant Funds (listed alphabetically):

1. Allegany College of Maryland
2. Anne Arundel Community College
3. Cecil College
4. College of Southern Maryland
5. Community College of Baltimore County
6. Montgomery College
7. Prince George's Community College
8. Wor-Wic Community College

B. Year Two Colleges to Receive Facility Renewal Grant Funds (listed alphabetically):

1. Baltimore City Community College
2. Carroll Community College
3. Frederick Community College
4. Garrett Community College
5. Harford Community College
6. Howard Community College
7. Chesapeake College
8. Hagerstown Community College

16.05 SUBMISSION INSTRUCTIONS

- A. On or before September 1st of each year, all sixteen (16) community colleges participating in this grant program shall submit to MHEC a list of deferred maintenance/facility renewal projects. The information submitted on the list shall include a project title, name of building(s) in which the project will take place, brief description, and cost estimate. Prior to the submission deadline, MHEC will provide a template which colleges will use to submit the information. The template may be modified by MHEC from time to time.
- B. Also on or before September 1st of each year, the eight (8) community colleges scheduled to receive funding in the upcoming fiscal year's grant cycle, shall submit additional information on particular projects that may potentially be funded with the grant money. The additional information submitted shall be contained in the project

- justification form and cost estimate worksheet provided by MHEC prior to the submission deadline. The additional information shall be used by MHEC to make a determination on the eligibility for each of the projects submitted. Any number of projects shall be submitted by the community colleges for eligibility determination, so colleges are encouraged to submit information by September 1st on all projects it will potentially undertake in the upcoming year. Such a submission is not a pledge by the college to actually undertake the project in the upcoming year.
- C. MHEC will issue the determination on project eligibility after the budget for the upcoming fiscal year has been adopted but prior to the money becoming available.
 - D. It is recognized that unforeseen events may lead to a re-prioritization of projects or the need for a community college to undertake a deferred maintenance/facility renewal project for which a project justification form was not submitted by the deadline. Colleges may petition MHEC to deem such projects eligible for funding by submitting the required project justification form and cost estimate worksheet at a later date prior to the expiration of grant funds. An explanation for why the project was submitted late shall be required and will be used to determine project eligibility. In general, such late projects should still have been included on the annually updated list of deferred maintenance/facility renewal projects that was submitted September 1st.

16.06 ELIGIBLE PROJECTS

- A. Per 2018 Senate Bill 595/ House Bill 403, an 'eligible project' means a facility renewal project, including improvements, repairs, and deferred maintenance, that has a total estimated cost of not more than \$1,000,000 and has been submitted to the Commission as part of an annual master plan or a ten-year master plan.
- B. MHEC will review each of the project justification forms submitted per the instructions above and, in consultation with the Department of Budget and Management (DBM) and/or the Department of General Services (DGS), make a determination as to whether the project will be eligible for grant funding under this program. In making this determination, MHEC will consider the following:
 - 1. Improvements shall have an expected useful life of fifteen (15) years or more.
 - 2. Projects shall have a minimum estimated cost of \$25,000.
 - 3. Projects shall have a maximum estimated cost of \$1,000,000. (Any project exceeding this threshold shall be submitted through the Community College Capital Grant Program instead of this program.)
 - 4. Projects shall be included on the annually updated list of deferred maintenance/facility improvement projects submitted by the colleges.
 - 5. Projects shall be consistent with the endorsed 10-year facilities master plan on file with MHEC.
- C. For projects deemed eligible for grant funding, expenses related to both design (architectural and engineering services) and construction will be eligible for reimbursement.

16.07 PROJECTS AND ITEMS THAT DO NOT QUALIFY AS FACILITY RENEWAL

Listed in this section are examples of projects or expenses that will not be eligible for reimbursement under this grant program. The list is intended for illustrative purposes only and is not intended to be a comprehensive list of ineligible projects or expenses.

- A. Projects not consistent with the facilities master plan. For example, projects taking place in buildings that have planned demolitions or major renovations in the near future will generally be determined to be ineligible.
- B. Projects not included on the annually updated list of deferred maintenance/facility improvement projects submitted by the colleges.
- C. Projects estimated to cost less than \$25,000.
- D. Projects estimated to cost greater than \$1,000,000.
- E. Projects involving improvements whose expected useful life is less than fifteen (15) years.
- F. Projects that involve components of any program submitted as part of the Community College Capital Grant Program and requested to be funded through that program instead.
- G. Except under special circumstances that must be justified, costs of moveable capital equipment.
- H. Cost to purchase vehicles.
- I. Payment of salaries or wages to college employees.
- J. Costs of interim or temporary accommodations (swing space) while another facility is renovated.
- K. Costs related to improvements that are considered primarily cosmetic in nature (for example, painting, landscaping, etc.).

16.08 EXECUTION OF CONTRACTS AND INCURRENCE OF EXPENSES

- A. Unlike the Community College Capital Grant Program, colleges do not need to obtain State approval for the contracts associated with the facility renewal grant program. Colleges may proceed with the procurement and execution of contracts using their own procedures and timelines.
- B. Reimbursable costs may be incurred by the colleges prior to the appropriation of grant funds and/or the determination of project eligibility. The intent here is to allow community colleges to design projects and procure construction contracts so that they can be completed at times that will be least disruptive to schedules (such as during summer break). However, in the event that grant funds are not appropriated and/or the project is deemed ineligible, the State will not be able to reimburse costs, and the college will be liable for 100% of the costs incurred.
- C. Notwithstanding item B, only projects submitted to MHEC and approved during the current application cycle will be considered for payment. MHEC reserves the right to deny requests to reimburse for costs incurred prior to application cycle.

16.09 DISBURSEMENT OF GRANT FUNDS

- A. Grants funds will be distributed on a reimbursement basis only. Community colleges will directly pay all vendors, and the State will reimburse colleges for design (architectural and engineering services) and construction expenses related to projects deemed eligible.
- B. Disbursement requests can be made for expenses related to any or all of the projects previously submitted and deemed by MHEC to be eligible. There is no priority.
- C. The State can reimburse costs up the maximum amount awarded to the college that fiscal year. Any costs related to eligible projects that are over and above the grant amount will not be reimbursed by the State.
- D. In years when grant funds are appropriated in MHEC's operating budget, requests for disbursement must be submitted to MHEC no later than June 30th (the last day of the fiscal year for which the funds have been appropriated). *[NOTE: In the event that capital bond money is used to fund this program, this deadline may change.]*
- E. Projects need not be complete before the community college submits a request for reimbursement. Progress payments will be paid. The only requirement is that the college has already incurred the expense related to an eligible project and has submitted payment to the vendor.
- F. The request for disbursement should be sent electronically to MHEC and shall include the following documentation pertaining to an eligible project:
 - 1. Request for Payment (form to be supplied by MHEC), which has been certified by the institution's Finance Officer.
 - 2. Schedule (chronological listing) of paid invoice(s) and corresponding check number indicating payment(s).
 - 3. Evidence satisfactory to the Comptroller that invoices have been paid (for example, copies of cancelled checks – front and back).
 - 4. Copies of vendor invoice(s).
 - 5. The federal identification number for the community college requesting disbursement.
- G. MHEC will review each disbursement request and, once approved, payment will be sent to the community college. *[NOTE: In the event that capital bond money is used to fund this program, once approved, MHEC will transmit disbursement request to the Department of General Services (DGS). DGS will then process, and payment will be sent to the community college after any necessary Board of Public Works approval is obtained.]*

16.10 REPORTING OF STATUS OF ONGOING PROJECTS

- A. For each project deemed eligible for reimbursement under this program, MHEC will require periodic (typically quarterly) reporting on the status of the project and the anticipated timing of requests for disbursement.
- B. MHEC will provide a template which colleges will use to submit the status information. The template may be modified by MHEC from time to time.