

DRAFT SITE COST ALLOWANCE GUIDANCE

General Description

The MSBA site cost allowance is for basic site development costs related to an approved project. The Site Cost Allowance may cover a portion of site costs related to basic site work such as excavation, earthwork and site preparations, pedestrian walkways, basic site utilities, basic site drainage, basic play grounds/yards for elementary schools, fields for physical education and general student use, and basic landscaping. The goal of MSBA partially funding any site allowance is to fund basic, standard and common site needs for any school project pursuant to a building plan that the district and the MSBA agree upon in the Project Scope and Budget Agreement.

Allowance

The MSBA may provide a site cost allowance not to exceed [8%] eight percent of approved building construction costs, as determined by the MSBA, for basic site work subject to: (1) the district submitting a written site plan description accompanied by an itemized scope and budget document in detail sufficient for MSBA review of the proposed site plan and related costs, and (2) prior written agreement from the MSBA on the scope and budget for the site costs and site allowance. The MSBA will not reimburse for site costs that: (1) exceed 8% of the approved building costs of a project, (2) are categorically ineligible, (3) are not included within or are in excess of the MSBA agreed upon scope and budget document, and/or (4) are determined to be ineligible at any time by the MSBA including upon final audit pursuant to MSBA audit procedures.

Generally Eligible Site Costs, subject to submission of detailed budget/scope and approval by MSBA:

- Costs associated with basic landscaping.
- Costs associated with basic excavation and earthworks.
- Costs associated with basic site utilities.
- Cost associated with pedestrian walkways on the site.
- Costs associated with basic play yards for elementary schools.
- Costs associated with fields for physical education classes and general student use.

Potentially Ineligible Site Costs:

The following costs may be considered as eligible for reimbursement within the 8% site cost development allowance only upon prior written agreement by the MSBA as part of a Project Scope and Budget Agreement. The MSBA shall not consider any costs relative to the following site development items as reimbursable expenses if such items exceed the 8% site development cap:

- All costs associated with water/wastewater treatment and water/wastewater disposal systems including, but not limited to, septic systems, leaching facilities, treatment plants, water/wastewater lift stations, water or sewer pumping stations.
- All costs associated with non-hazardous site earthworks, including but not limited to, removal of rock or ledge.
- All costs associated with equipment for outdoor athletic facilities or outdoor athletic use.

Categorically Ineligible Site Costs:

- All costs associated with synthetic turf.
- All costs associated with athletic stadiums, including costs associated with excavation, earthworks, and pedestrian walkways within the stadium.
- All costs associated with off-site traffic improvements.
- All costs associated with spectator amenities such as concession stands, press boxes, and/or toilet facilities for outdoor athletic facilities.
- All costs associated with special waste and hazardous or contaminated materials remediation, removal and disposal.

Demolition and Building Abatement

Pursuant to 963 CMR 2.16 (5), all costs associated with the demolition of buildings are ineligible for reimbursement, unless such costs are deemed by the MSBA, in writing prior to said demolition, to be the most cost effective and educationally sound option. In certain circumstances, the MSBA may allow for an additional itemized allowance for building demolition and/or abatement to be in addition to the 8% site allowance, as determined by the MSBA and explicitly agreed upon in the Project Scope and Budget Agreement.

In order to be deemed to be eligible for reimbursement for building demolition, building abatement, or both building demolition and abatement within a building project, the MSBA may reimburse a community for a portion of the costs of building demolition and abatement only if: (i) the agreement is written in the Project Scope and Budget Agreement; (ii) the MSBA determines that the specific plan for building demolition and/or building abatement is necessary to complete the agreed-upon project scope; (iii) the building demolition and/or building abatement requested is not the result of a lack of routine capital investment or maintenance by the district, and (iv) the building demolition and/or building abatement is the most cost effective and educationally sound option. This policy only applies to the school facility itself, and applies only to the removal of hazardous materials within a building, as defined in the Project Scope and Budget Agreement.

In order for the MSBA to consider any potential reimbursement for building demolition or abatement to be included in a Project Scope and Budget Agreement, the Eligible Applicant who is seeking approval of a portion of demolition and building abatement costs must submit a written description of:

- (1) a detailed scope of work, cost estimate, budget and schedule for any proposed demolition, abatement, or both, for which approval is sought;
- (2) an assessment done by a registered professional on the type, amount, costs and schedule of abating hazardous materials contained within the building;
- (3) a written description of the local decision making process that resulted in the decision to demolish an existing school facility, including minutes of meetings and votes of the appropriate local governing bodies, a detailed listing and description of other possible uses/reuses of the existing facility (e.g. continued use as an educational facility, or use as community space), and the reasons why demolition is the highest and best use of that facility;
- (3) a vote of the local governing body approving any substantial demolition of a school building;

- (4) any other information, reports or materials that may be requested by the MSBA to make a determination that demolition of the exiting school facility is the most cost effective and educationally sound alternative.

Depending upon the agreed upon scope of work for a project as outlined in the Project Scope and Budget Agreement, the MSBA may make a determination that demolition and/or abatement costs may be considered as eligible for partial reimbursement within the 8% guideline allowance.

Model School Program

If an Approved Project has been voted by the Board of Directors to be in the Model School Program, demolition and building abatement costs may be considered an allowable project expense, subject to submission of plan, scope, budget, and schedule by applicant and approval of such by the MSBA.

DRAFT

Preliminary Report on District Site Development Costs

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1. Introduction

Site costs can be broadly defined as: (1) costs directly associated with the construction of a school facility (e.g., basic earthworks, pedestrian access to the facility), (2) site work related to infrastructure improvements in direct proximity to the facility (e.g., water, sewer, utilities) and (3) extraordinary costs which result from special circumstances (e.g., ledge, environmental issues such as wetlands or contamination).

Site costs are affected by factors relating to community characteristics. For example, urban districts generally lack open space for new construction, building sites free from environmental issues, and space for parking or athletic/playing fields. However, urban districts do generally have readily available utilities which minimize connection costs (water, sewer, power), existing structures that can be converted to educational use, access to public transportation and synergies to share space with existing community resources (library, gym, fields). Rural districts, on the other hand, generally lack existing infrastructure (water, sewer, power) which often requires substantial additional costs to develop, and tend not to have many nearby community spaces available to share (library, gym). Rural districts do, however, generally have open space for potential school facility projects and space for athletic/playing fields.

Further complicating the issue of site costs is the site itself. Potential sites require study to determine their suitability and to gauge the potential costs associated with their development as a site for a school facility. Some sites are clean and flat, with no drainage or environmental issues, with suitable subsoil conditions to support foundations, and do not require extensive utility upgrades. Other sites are physically constrained, lack access to utilities, have adverse subsoil conditions that require extensive earthworks or blasting, have sensitive environmental conditions such as wetlands, or have environmental contamination which requires special considerations which can significantly increase the costs of site development.

Given the different types of site costs, the characteristics of the community and of the specific site, site costs can be an extremely variable component in overall project costs. The MSBA has stated that a key element of its grant program for school construction and renovation projects is the focus on core academic spaces. Given this important component of its mission, the MSBA has identified the need for a site cost policy that ensures funding does not get diverted away from core academic spaces to support extraordinary site costs or site improvements that are not necessary for the core academic program, such as spectator related amenities.

This preliminary report documents a number of recommendations by STV which help lay the ground work for determining which site costs are typical for a school construction project and those site costs that should be considered extraordinary.

2. Site Costs

This section of the report provides an overview of the key issues affecting site development costs. Comparable projects of similar size, enrollment and scope often have different total project budgets based on the variations related to site costs. The development of a policy that clearly sets forth the MSBA's position on extraordinary site issues would help ensure that funding does not get diverted from the creation of core educational space to pay for extensive site work or site work that is not integral to the core academic mission. This policy will help ensure optimal use of both the MSBA's and the local district's scarce resources. It could also have the added benefit of assisting districts in making better choices for the location of school building projects. In cases where there are multiple site options for new school construction, for example, a clear MSBA site cost policy would allow districts to identify the costs of building on each site and make appropriate decisions based on the limited funds available.

Typical Site Costs

STV has developed a list of site considerations for school construction. These considerations fall broadly into five categories: at-grade costs, utilities service costs, programmatic costs, costs related to sustainable development, and costs related to environmental issues. Of these five categories, costs that typically occur on most school construction projects fall into the first three categories. That is, most school construction projects require some level of pedestrian and vehicular access, earthwork to clear the site and prepare the ground for foundations, erosion control during construction, utilities, playgrounds and/or fields to support physical education instruction. A more detailed list of typical costs is listed below.

At-Grade (within property line) – Typical Costs:

- Pedestrian access to the site via pathways, walkways and bikeways
- Curbs, curb-cuts, & ramps, etc.
- Pavement Markings
- Concrete Pads
- Basic Exterior Fixtures (e.g. benches, bollards, fences, etc.)
- Basic Earthworks (e.g. clearing, grading)
- Erosion Sediment and Control issues
- Stormwater Control
- Basic Landscaping
- Trashholding

Utilities Service (within property line) – Typical Costs:

- Gas
- Domestic and Fire Water
- Electrical
- Telecommunication
- Sanitary Sewer
- Stormwater Management

Educational Program Issues – Typical Costs:

- Fields supporting Physical Education instruction
- Playgrounds for elementary schools
- Bicycle parking

Extraordinary Site Costs

In addition to typical site costs, site specific environmental and sustainability issues may exist, and often add considerably to the overall project cost. Moreover, district preferences for site improvements that are not necessary to support the core academic program, such as turf fields and other spectator related amenities, can greatly increase a project's costs. These extraordinary costs do not occur on all projects

and in many instances can be avoided by selection of a different site for potential development or through reprioritization of a district's preferences. When no alternative site exists, performing an in-depth site study as part of a feasibility study is critical in gaining a more thorough knowledge of existing site conditions and the resulting costs to remediate. A more detailed list of extraordinary site costs is listed below.

Sustainable Issues – Special Costs

- Stormwater collection
- Reduced imperviousness
- Energy (wind, solar, etc.)

Environmental Issues – Special Costs

- Contaminated soil requiring soil remediation
- Extensive Earthworks
- Wetlands
- Ledge
- Extensive Drainage issues
- Poor soil quality requiring removal, hauling and replacement
- Extraordinary site access (e.g., extensive roadway access/improvements)
- Extraordinary utilities (e.g., water/sewer pumping stations)
- Sustainable site practices
- Extraordinary storm water detention/ treatment
- Rainwater collection

Some of the items that appear in the typical site cost list may also appear on the extraordinary site cost list. For example, utilities appears on both lists. A typical site cost related to utilities would be a connection to an existing utility system that is in direct proximity to the site, does not require extensive new piping/cabling and has a minimal cost. An extraordinary site cost related to utilities would be the installation of a new water or sewer pumping station or running extensive lengths of new piping to reach an existing system.

3. Recommendations

In summary, site costs can be an extremely variable component in overall project costs. To avoid unnecessary or excessive site development costs, the MSBA needs to develop a clear site cost policy that contains the following elements:

- The MSBA should consider a site cost reimbursement policy that includes as eligible for reimbursement a portion of typical site costs that support the core academic spaces in a school. Typical site costs would include a portion of at-grade earthwork costs, utility service, and core programmatic costs. These costs are generally considered typical of school building projects and necessary to support the core academic program. Accordingly, reasonable support might include some level of reimbursement from the MSBA for school projects with site costs in these areas. Further study may be required to determine the precise appropriate level or portion of funding support. Thought should be given to setting a percentage cap for typical site work that the MSBA would reimburse with costs over the cap being born by the local district.

- STV recommends that the MSBA exclude site costs related to extraordinary site development issues or costs related to site improvements that are not necessary to support the core academic program, such as spectator amenities, sewer/water pumping stations, excessive earthworks, ledge removal or abatement of hazardous materials. These types of costs often add considerable amounts to the total project budget and have the potential to divert funds away from core academic educational programming. These costs are generally not considered typical to a project and often can be avoided with the selection of more appropriate sites.
- Finally, criteria should clearly articulate those site costs that are eligible and ineligible for reimbursement by the MSBA. Clear articulation of which site costs are eligible for reimbursement may have the added benefit of assisting districts in making better choices for the location of school building projects. In cases where there are multiple site options for school construction, a clear site cost policy would allow districts to identify the costs of building on each site, and to make appropriate decisions based on the limit of funds available.

One last note, STV recommends that the MSBA consider continuing to study site costs issues on an on-going basis to better understand and to help clarify the MSBA's policies concerning typical and extraordinary site issues and their impact on project budgets.

Future studies should develop precise means to address the possible impact of limiting support for extraordinary site issues on rural or remote sites where access to utility infrastructure is not available, as well as the impact on smart growth strategies and the development of urban brownfield sites. Future studies might also consider specific criteria for project types, and mechanisms for funding site development costs.

The development of a policy providing clear direction concerning MSBA's position on extraordinary site issues would help ensure that funding does not get diverted from the creation of core educational space to pay for extensive site work. This process helps ensure optimal use of MSBA resources, while at the same time assisting districts in making better choices for the location of school building projects. In cases where there are multiple site options for new school construction, this policy would allow districts to clearly identify the costs of building on each site, and to make appropriate decisions based on the limit of funds available.

Some level of funding involvement should be considered as part of the MSBA's overall strategy for supporting school construction. The purpose of STV's recommendations is to develop a baseline of information for making decisions concerning the MSBA's possible future involvement in the funding of site development costs.

Of these categories, at-grade costs, utility service, and programmatic costs are considered typical of school building projects, and reasonable support might include some level of funding for projects in these areas. Further study is required to determine the precise appropriate level of funding.

Definitions

Building Area: area of building to approximately 5' beyond building footprint.

Site Area: area within the property line, exclusive of building area.