
SEGMENTING PROJECTS POLICY

Subject: Segmenting Projects
Approval: Commission Resolution 19-53
Code Section/Reference: ORC 3318.034
Owner: Planning

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APPLIES TO

Classroom Facilities Assistance Program

Upon notification of eligibility for state funding under the Classroom Facilities Assistance Program (CFAP), a school district may opt to divide its entire classroom facilities needs into discrete segments. With this option, the district can raise the local share of the segment instead of the larger local share of the entire facility needs and still obtain state matching funds. This policy outlines the parameters under which a school district may pursue a segment.

A. Eligibility

1. A district that has been notified of its eligibility under CFAP.
2. A district that has already received conditional approval from the Commission and the Controlling Board is eligible to segment its project if it has not entered a project agreement under CFAP. To pursue a segment instead of the entire master facilities plan, a district would have to go back to the Commission and the Controlling Board to have the segment approved.

B. Segment Criteria

Each segment must meet the following criteria:

1. The segment must consist of new construction of one or more entire buildings, a stand-alone segment of a building that serves grades kindergarten through twelve, or the complete renovation of one or more existing buildings, including any necessary additions.
2. The scope of a segment may not include partial renovations or partial buildings that would leave the scope of a first segment building to be completed under a later segment.
3. If the district has established credit under the Expedited Local Partnership Program (ELPP), the credit amount is included in the value of the segment.

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4. The project agreement for the first segment will cover only the scope to be co-funded in that segment and not the entire master facilities plan. As later segments are pursued, a subsequent project agreement will be executed to include the additional scope. The scope and budget of subsequent segments will reflect updated enrollment, updated construction costs and updated assessment of existing facilities conditions and cost of renovation.

C. Process for segment approval

1. Commission staff, along with the school district that has been notified of its eligibility under CFAP, develops a master facilities plan that includes the entire classroom facilities needs of the district. The district will choose a discrete portion of the master facilities plan to be the scope of a segment.
2. The school district submits a letter to the Commission detailing its justification for segmenting the project and the rationale for the scope of the proposed segment.
3. Commission staff reviews the proposal to ensure that it is the appropriate option for the district. The review criteria include:
 - Does the proposed segment meet statutory requirements?
 - Will the proposed segment further the educational program delivery of the school district?
 - Is the proposed segment consistent with the master facilities plan for the school district?
 - Does the proposed segment optimize both state and local resources and avoid inefficiencies?
 - Is the segment practicable in the sequencing of the overall construction schedule?
 - Does the segment result in operational savings for the district?
 - Does the segment consider diverse populations within the district and not result in disparate treatment?
 - Does the segment address the renovation or replacement of any building that has been identified as having student health and safety issues?
4. Upon completion of the review, Commission staff determines whether to recommend the proposed segment to the Commission for approval. The recommendation will include the rationale for the segment facilities plan and how it fits into the master facilities plan.
5. If a project receives the Commission's conditional approval, Commission staff will take the segment facilities plan to the State Controlling Board for approval.

D. Calculation of local share

1. The local share is calculated using the legally required formula including the level of indebtedness calculation so that the local share percentage ends up being the same as it would be if the district had not segmented its project.

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2. The district's percentage of the cost of later segments will be the same percentage as applied to the first segment. The state and local share percentages of subsequent work will not be changed by future equity list recalculations.
 3. The maintenance levy requirement runs for 23 years from the date the first segment began. The school district may elect to prorate its full maintenance amount pursuant to ORC 3318.034.

E. ELPP credit

1. Credit established by a district under the Expedited Local Partnership Program (ELPP) may be applied to a segmented project under CFAP.
2. An ELPP credit may be partially applied to the local share so that the remaining credit could be applied to a later segment.
3. The ELPP credit could be applied in its entirety to the local share required for the first segment, which could result in a refund to the district.
4. A school district should notify the Commission of its intent to use their ELPP credit toward a segment and specify whether they intend to use all or part of their credit. The Commission staff shall review such requests and consider both the state and local school district's financial circumstances prior to applying any such credit or refunds.

F. Project Agreement

If a project receives Commission and State Controlling Board approval, the Commission and school district board shall enter into a Commission resolution approved template Project Agreement for Segmenting ("Segmenting Project Agreement") as prescribed in ORC section 3318.08. The Segmenting Project Agreement sets forth the binding requirements of agreement between the Commission and the School District Board of Education, which formalize the school district's participation in the Program. The Segmenting Project Agreement will contain, at a minimum, the following:

- Scope of the Project
- Basic Project Cost
- State and local shares of the Basic Project Cost
- Reporting requirements
- Eligibility for State Assistance requirements
- Contract Administration requirements
- General Provisions
- Locally Funded Initiative requirements
- Closeout Requirements
- Future Segments
- Maintenance of Complete Facilities

G. Process for future segments

1. To proceed with additional segments after the first segment, a district must notify the Commission of its intention to proceed. The Commission will consider such applications based upon the availability of funding each fiscal year and the district's priority position on the Commission's active planning list.
2. Any future segment will require a new project agreement. The scope and budget will reflect updated enrollment, updated construction costs, and updated assessment of existing facilities conditions and cost of renovation.
3. Assistance for any subsequent segment cannot include additional work on a building included in a prior segment, unless a district can demonstrate that it has experienced an exceptional increase in enrollment in the grade levels housed in that building. For the purposes of this prohibition, "additional work on a building" is defined as work performed within the footprint of a facility completed in a prior segment.
4. Conditionally approved school district future segments for which the district did not obtain the local share within thirteen months will remain on the segmented priority list and are not eligible for the lapsed district list.
5. School districts that have completed (or are currently in process) a segment are eligible for future ELPP consideration.