

BOND REIMBURSEMENT & GRANT REVIEW COMMITTEE

June 14, 2018, Thursday

Teleconference

WORK SESSION MINUTES

Committee Members Present

Heidi Teshner, Chair
Mark Langberg
Dale Smythe
William “Bill” Murdock
Don Hiley

Staff

Tim Mearig
Larry Morris
Lori Weed

Additional Participants

Dana Mendez, Anchorage School
District

CALL TO ORDER and ROLL CALL at 2:34 p.m.

Heidi Teshner, chair, called the meeting to order at 2:34 p.m. Roll call of members present; Sen. Anna MacKinnon, Rep. Sam Kito, Robert Tucker, and Doug Crevensten are excused. Quorum of 5 members.

Bill moved to approve the agenda, seconded by Mark.

REGULATION PROJECT UPDATE

Commissioning

Tim explained that this is the committee’s opportunity to look at recommended regulations and language that are planned to be presented at the state board meeting in September. The first set supports the committee’s report to the legislature on construction standards, specific to commissioning. Subcommittee has seen earlier versions and will review tomorrow. This regulation will codify which projects will require commissioning with an aim at ensuring cost-effective operations at the outset and throughout the life of the building or system. Provides information on who can provide the services, and wraps in the five standards developed by the committee. There is one element of ‘retro-commissioning’ in 4 AAC 31.013. 4 AAC 31.065 sets out procurement standard for commissioning services. 4 AAC 31.080 starts to set out features that would pin down which projects would require commissioning. There are two supporting definitions: “commissioning” and “commissioning agent”. Definitions reference already defined terms and phrases where possible.

Mark thanked the department for providing a starting point of three options for language, he offered revisions and feedback, and that result is what is before the committee. Subsequent to that, the document went to the subcommittee for comments. Revisions are anticipated from members at tomorrow’s meeting; he apologized subcommittee could not meet prior to this committee meeting. Tim clarified that this is the last committee work session on the regulations prior to it being sent to the department’s assistant attorney general for review. Department will accept all committee member and public comments in the development of the regulation.

Tim recommended starting in section .080, which speaks to requirements, parameters, and allowable costs. Mark asked how the “over 2,000 square feet” requirement fit in with other regulations. Tim stated it stands on its own. Don asked if there should be a qualifier on the type or complexity of the facility; doubted commissioning should be required for a storage building.

Tim reiterated that the purpose of the language is to make the bar pretty high for required commissioning. Dale opinioned 2,000 square feet is going to capture everything, it could increase to 3,000 or 5,000 square feet and meet the goal of not wasting dollars on systems that cost more to run, more value on a larger facility. Tim agreed number may be a low. Don asked for clarification, in the scenario of adding two classrooms, would this require commissioning of just the addition or the entire facility. Lori asked whether a mechanical system would need commissioning if that much additional space was added.

Don was more concerned about cost and complexity of the project than size, as well as the cost to commission, especially in remote locations. Tim observed the main lack of clarity is in the definition of “rehabilitation”, should take a look to update that definition. Discussion on various complexities and levels of commissioning based on project and owner intention.

Don asked what budget category this service will be paid from, project are already crowding and exceeding recommended design percentages. Tim stated a district should put in a project budget in its application that includes the necessary cost. Don suggested commissioning be a separate line item. Tim responded that, to the extent the department may want or need to track it separately, it could be a separate item and the committee could weigh in during the application development. Mark noted districts should ensure clear communication and well-defined fees and scope. Tim agreed clarity needed in what services are provided under what contract.

Bill was concerned about the language regarding preparing owner to operate and maintain.

Tim pointed out the requirement for districts to have a plan to evaluate the need for retro-commissioning of existing facilities that is being added to the preventive maintenance and facility management program. This language affects far more buildings and square footage than the commissioning requirement discussed earlier. Don agreed that it is likely to be a cost to districts.

Heidi summarized that the subcommittee will discuss these concepts and provide recommendations to the department, which will forward the revised language to the AAG, and that language will be presented to the board. Recommended providing additional comments to Mark or Tim, or call into the subcommittee meeting.

“Clean-up”

Lori introduced the “clean-up” regulation change to 4 AAC 31, noting the provided summary of changes. Items that changed since the April meeting were: preventive maintenance regulation added “provisional compliance” procedure and reworked language on department determination of compliance and non-compliance; removed questionable sections brought up at the April meeting; added option for district to reuse an application score for a substantially completed project for up to five years. Tim highlighted change in section .016, which helps define how department treats enrollment of students in leased space. Don sought clarification on when a department’s determination of a compliant PM program would affect CIP eligibility. Tim stated the intent is that a compliant determination in August ensures eligibility throughout that year’s CIP cycle; any change in a determination would affect a subsequent year determination. A district would work to get recertified by the following August. Department to reword to make that clear.

Lori presented department determination of language option in section .023(c) to allow costs 36 months before an initial application of a project with a substantially identical scope. Also in section .023(c) was new language dealing with district indirect and administrative costs; the intent of which is to provide an option of districts either providing a detailed accounting of costs or a percentage of construction costs. Don objected to the use of tiered percentages and expressed concern over the reduction of budget. Tim clarified that this provision is for districts that don't account for their costs; admin costs tracked by a district will be accepted. This is not a change to the application or range or definition of administrative costs; more applicable to municipal districts that have prorates and indirect percentages. Tim confirmed regulations were intended for the September state board meeting and, if approved through the process in December, could be incorporated into the next CIP application draft.

PUBLICATION UPDATE

Heidi noted the *Life Cycle Cost Analysis Handbook* is before the committee. Tim stated the publication went out for comment with none received. Bill marked a small correction to bottom of page 7, to say "every" year.

Mark made a motion to adopt the *Life Cycle Cost Analysis Handbook* with minor edits by the department, seconded by Dale. Adopted by unanimous consent.

Tim observed that this is a progress update for the *Preventive Maintenance & Facility Management Handbook*; the effort being a lot bigger than department was prepared for.

LEGISLATIVE SESSION UPDATE

Tim stated that the operating and capital budget bills have been signed. Department is working on receiving the appropriations to the three grant funds and will begin issuing FY19 draft project agreements. Two bills are awaiting signature: HB 135, allowing extension of participating share deadline, and HB 212, allowing major maintenance funding from REAA fund and providing for energy efficiency and cost standards. A fiscal note attached to HB 212 would provide \$300,000 in funding to work on criteria identified in the committee's report to the legislature, primarily energy modeling and consultant services.

WORK PLAN REVIEW & UPDATE

Committee to review the work plan at the next meeting and schedule activities to accomplish the objectives by the end of fiscal year 2019. Previous assumption that only the commissioning subcommittee would have a lot of activity this year has change, and the design ratio and model school subcommittees will have to ramp up. Department will propose changes to the work plan timeline and activities and present to committee at the next meeting.

COMMITTEE MEMBER COMMENT

No additional comments from Mark, Doug, or Don. Dale will provide square footage limit ideas to Mark for commissioning subcommittee.

FUTURE MEETING DATE

Next meeting July19, 2018, will discuss the fiscal note and corresponding committee activities.

MEETING ADJOURNED

The committee adjourned at 4:05 p.m.