

BOND REIMBURSEMENT & GRANT REVIEW COMMITTEE

December 12, 2018, Wednesday
Atwood Building, Anchorage
APPROVED MEETING MINUTES

Committee Members Present

Elwin Blackwell, Chair
Rep. Sam Kito III
Dale Smythe
Robert “Bob” Tucker
Doug Crevensten
Don Hiley

Staff

Tim Mearig
Larry Morris
Lori Weed

Additional Participants

Kent Gamble, HMS, Inc.
Alex Mannion, HMS, Inc.

CALL TO ORDER and ROLL CALL at 8:32 a.m.

Elwin Blackwell, chair, called the meeting to order at 8:32 a.m. Roll call of members present; Sen. Anna MacKinnon and Mark Langberg are excused. Quorum of 6 members. Elwin noted he was designated in lieu of Heidi Teshner for this meeting due to her being needed for other duties related to the new governor’s transition.

REVIEW and APPROVAL of AGENDA

Elwin asked for any amendments to the agenda. Lori noted an addition for a “Completed Projects” briefing paper to the 1:30pm Department Briefing Papers.

Bob moved to approve the agenda as amended, seconded by Don. Approved by unanimous consent

REVIEW and APPROVAL of MINUTES

Minutes reviewed and approved as submitted by unanimous consent.

PUBLIC COMMENT

No public comment.

DEPARTMENT BRIEFING

Tim introduced the department briefing, highlighted the FY18-FY19-FY20 comparison, which shows the downward trend of district participation. He disputed the notion that there has been a lack of funding in the program the past five years; participation issue is more complex than a lack of funding. Tim recognized that the list likely doesn’t accurately reflect the statewide need, due to various administrative issues and the allocations from the major maintenance grant fund that came relatively late, although the timing of future allocations is likely to be the same.

Reviewed the initial school construction and major maintenance grant lists. New projects coming in on school construction list, which why the number has remained stable, even with steady funding. Rep. Kito asked what impact the November 30 earthquake might have for major maintenance and construction. Tim replied that he had not heard from Anchorage or Mat-Su on anticipated dollars. Each district does have at least one school that is not reopening this year due to damage. Does not know how much repair work will be needed beyond deductibles and insurance amounts, what federal money may become available.

Bob moved to recommend the list to the state board of education, seconded by Doug. Roll call vote passed by unanimous consent.

Presented materials relating to funding. Department has made allocations from all three grant funds; there have been some administrative issues, but no questions from the legislature. Department doesn't currently have a product to identifying allocated project grant funding, as interested parties have historically gone to appropriation bills. Discussion on debt funding program and potential impacts of lower reimbursement percentage when moratorium ends.

Tim reviewed preventive maintenance program certification status and visit cycle. Introduced the "Facilities Book" contents, which has been a department collection of materials used when visiting the legislature; hope is to publish collection on the web.

Lori provided update on the regulation packages, which had gone out for public comment. Only minor comments, so no changes to proposed regulation from prior version. Had been scheduled to go back to the board of education for approval at December meeting, but postponed due to governor transition.

Continued overview on publications, staff updates, committee members.

CIP BRIEFING

Tim restated that the department cannot provide a true scope of statewide need; some districts have never participated, some are off and on in participation. To remedy this, and in conjunction with end of five-year debt moratorium, department is interested in developing a robust enough database to provide forecasting of need. SB 237 required a report to analyze the effect of the REAA fund and other potential funding strategies and impacts; hope is to be able to provide that by the next legislative session (2020). A funding forecast based on renewal and replacement systems could change the way districts submit projects. Committee discussion followed on uses of renewal and replacement schedules, public facing application, and the ability to forecast need.

Reminded committee that this cycle is first of new rubric for code and life safety scoring (question 4a). A few gaps were found and the department will come to committee with additional scoring conditions, but overall it worked well. Discussion about weighting of scoring deficiencies and construction cost of the scoring condition. Some project scores may have decreased, but many of those were because of a lack of work order evidence to score at a higher level. Emergency rubric may need further committee review, as raters had difficulty agreeing at what point a lower threshold point value had been met. Tweaks to the design scoring allowed department determinations to be more consistent.

Upcoming application will need to comply to new statutory language to "encourage" reuse of school plans and committee will need to come to an understanding.

REGULATION PROJECTS UPDATE

Lori stated that no changes were made to the regulations. Department made formal responses to the public comment received, including comments by Rep. Kito in October, will be forwarded to

state board. She reminded the committee that another opportunity to comment on the regulations will occur when it comes back before the board.

BREAK

STANDARDS FOR COST-EFFECTIVE CONSTRUCTION

Updated Geographic Cost Factors

Elwin introduced Kent Gamble and Alex Mannion of HMS, who were to present the update to the geographic area cost factor within the Program Demand Cost Model. Kent stated that in addition to updating the factors, part of the task was to establish a methodology for determining factors, as the original basis was lost over the years. Reviewed draft of factor table and matrices; Kent noted final submittal will include a report on assumptions and methodologies of the study. Each geographic area cost factor is comprised of seven categories of factors: General Requirements, Labor Adjustment, Labor Productivity, Structural Requirements, Architectural Requirements, Mechanical Requirements, and Risk Factor. General discussion between HMS and committee on the factor matrices. Noted that systems customizable in the cost model are excluded from the geographic cost factors, e.g. foundations types.

Tim appreciated the additional transparency that will be available once these factors are incorporated into the model. There will be public comment between the meeting and May. Tim pointed out that the Cost Model hasn't been a BRGR product, but last year HMS reviewed the escalation model school with the committee and the committee has had an increasing role. Kent anticipated that there will be another iteration of the factors after it has gone out for public comment and local knowledge has been provided. Alex noted that everything is weighted compared to the overall cost of the Anchorage base model. Kent thanked the committee and expressed hope for local feedback before finalizing.

Subcommittee Briefings

With no commissioning subcommittee member available, Tim observed that the subcommittee has done a substantial amount of its chartered work, creating regulation language. There is an open item, as identified in the work plan, for how to use the five areas of commissioning identified in the regulation language.

Dale reported that the last effort had been to prepare the request for proposal (RFP) for modeling assistance and it is with the department procurement officer. Some of the modeling requirements were changed to allow for more local assistance, previous requirements could not be met by any known Alaskan modeler. Also opened up request to include costs: utility costs and construction costs. RFP will be issued later than the work plan called for, but has assurances that the time of effort would be more than sufficient.

Doug observed that the cost model enhancements RFP is ready to be issued. Next task for the subcommittee is to delve into cost model standards; questioned whether the committee and department could write the standards with clarity and so that they would be changeable and adaptable. As seen from other states that have adopted standards, it is difficult to keep it current with changing technologies. Offered "stair-stepping" into standards: work on mechanical one year, then interiors, and so on.

Tim stated that the department has offered to continue working on standards that align with the cost format categories. A feasibility study is still planned to begin in July to assist in determining the best approach to setting cost-effective standards. What magnitude of a document could the department maintain, or what magnitude of cost would be needed to have it maintained by a consultant and is there a consultant available that can perform the work. An alternative option may be to follow other jurisdictions and adopt only a portion of a standard like LEEDS or CHPS. Don offered that A4LE may have a role in developing and maintaining a standard. Doug commented that the harder part is the maintaining, he wondered whether an adopted standard could incorporate a way to allow evaluation and approval of better alternative construction methods or materials.

LUNCH

BRIEFING PAPERS

ASHRAE 90.1

Tim reminded the committee that it selected ASHRAE 90.1-2010 as the energy standard in 2013, which was then adopted by the State Board of Education in regulation. There had been no implementation to fully incorporate ASHRAE 90.1 requirements into projects. As the department evaluated methods, it realized that it was in a unique situation, given that no other state or municipal entity had adopted the standard for a statewide requirement. Previous codes adopted by department are managed by state entities that the department references; now department is the enforcement entity for the energy code. Larry noted a relatively recent development that the federal government has adopted the most recent ASHRAE code as its energy standard.

Larry mentioned that a statute was adopted that instructed all DOTPF project to meet ASHRAE 90.1-most current version. The U.S. Department of Energy has developed some checklists for versions 2010, 2013, 2016, and future 2019 for use during design, construction, and commissioning. Presented options for enforcement: department do full reviews, design and engineering consultants self-checking and providing a certification of compliance, or have a hybrid approach. Recommended approach is for the owner or owner's consultant to work with the department at the start of a project to develop a project-specific compliance checklist that would be referenced throughout the project. General discussion on ASHRAE requirements and areas and reasons for lack of compliance.

Dale suggested that situation is similar to the department adoption of space standards, which design teams meet and the department checks against. He observed that schools are well funded for design and asked about option for a third-party review. Tim stated that this is a first look; a working checklist will be developed and brought back to for committee review. Don and Bob asked whether the regulation should be amended to allow flexibility in enforcement.

Space Guidelines

Tim remarked that this is merely an opening to future discussion on the topic of space. Past reviews of space have occurred when a potential anomaly was observed; that impetus has come again. Department space calculations have shown instances where the calculation is not giving a supplemental footage bump to rural schools for purposes of storage. Guidelines have not changed since 2002. Some issues are accuracy concerns, e.g. interpreting "measuring to outside

of the wall”, and some are adequacy issues, including structural wall framing and mechanical equipment sizing and associated space needs.

In response to Dale’s question, Tim clarified that the space allocation is used for equity between schools with respect to providing equal space between space types. Discussion of net versus gross square footage and changes in interpretation. Tim brought up potential need for design ratio measurements and opportunity for establishing consistent measurement guides. The A4LE board supported creating a working group on this topic, but there was not action at the membership meeting. Bob noted they had helped the department host a workshop the last time school space was under discussion.

Dale motioned to form a subcommittee to work with A4LE and get recommendations for a space allocation study. Dale will serve as chair, Don will serve as a member. Passed by unanimous consent.

Completed Projects

Larry reviewed the statute that allows for reimbursement of project costs accrued prior to an application. Projects that are completed prior to an application may have issues, e.g. in procurement process or alternative delivery, that cause costs to be fully or partially ineligible. Department is offering to set up a pre-CIP project file to keep a record of project submittals, which will assist districts with not needing to pull potential archive documents or issues with staff turnover. A district would reference the pre-CIP project number in a project application. Rep. Kito offered that creation of a document affirming that a project was completed in compliance with requirements, making it eligible for submittal, would provide district and department with useful knowledge during CIP or grant award processes.

Tim noted the statute states an entity has to sign an agreement that it shall submit planning documents before construction award; however, it then states that if work was done prior to getting an approval, the department can reimburse and will establish a process in regulation. Rep. Kito observed that the issue has been with internal department processes, which were not set up to track un-awarded projects. Discussion about statutory authority of department to deny project costs during stages of the process.

PUBLICATION UPDATE

PM& FM Handbook

Tim reminded the committee that the department has been working on an update to the *Preventive Maintenance & Facility Management Handbook* for nearly two years; it has been a large undertaking to wrap in more facility management aspects, addressing each of the areas identified in regulation. Each section was to speak to three aspects: development, implementation, and sustaining. Providing the guidance to sustain each element is laudable, but haven’t finished many of those sections. The “additional consideration” areas are also to be developed. Tim anticipates either having additional progress and a timeline for completion at the April meeting, or will bring a reduced scope version that would allow the department to finish the publication within a few months. Rep. Kito offered the department could supplement the handbook with guidance memos as new topics may arise.

Swimming Pool Guideline

Tim stated that the *Swimming Pool Guidelines* was being updated in anticipation of needing more clarity for implementing standards, not for necessarily for new facilities but also for renovation project requests. The version before the committee provides a more limited listing of essential swim programs the state will fund pool space for and provides a table stating maximum pool sizes based on a district's swim program. Rep. Kito cautioned against using Red Cross terminology because there is no longer an underlying document supported by Red Cross, any numbers, figures, or tables adopted with the update will be fully the department's product. Discussion on department funding of pool sizes supporting competitive swimming and other extracurricular activities. Acknowledgement that there is not enough space in the space guidelines to get a pool from any one school; pool construction has been funded under the lower debt reimbursement level.

Educational Specification Handbook

Tim presented the edits to the *Educational Specification Handbook*. Noted the opportunity to revise handbook to include items more prominently in the planning stage, alternative project delivery and furniture, fixtures, and equipment (FF&E) in particular. Rep. Kito stated that Anchorage previously provided educational specifications that specifically noted non-conformance to the department's space requirements and did not address the differential between department's space guideline and the school design; he wondered if the department could add that an educational specification would not be approved unless it met department requirements. Recommended adding a stronger connection between educational specification and space guidelines. Discussion on potential educational facility inequity created by the lower debt reimbursement level. Department will plan to review and revise prior to bringing the publication back to the committee and out for public comment.

WORK PLAN REVIEW & UPDATE

Lori stated there are no specific changes suggested but dates may need refreshing. Tim walked through the work plan items. Committee adjusted proposed timelines to conform to current statuses.

FUTURE MEETING DATE

Proposed February meeting based on work plan items. Department will reach out to confirm specific date with committee.

COMMITTEE MEMBER COMMENT

Rep. Kito thanked the committee for the hard work and has appreciated the level of engagement he has seen in the past two years. Doug had no additional comments. Bob thanked the committee for the work that it has done, there has been an uptick in committee activity. Dale expressed amazement at the amount of work that has been done since the last meeting and looks forward to keeping the momentum. Don expressed his thanks and the benefit having an in-person meeting. Elwin thanked members for their time and commitment to the committee; he noted that the work is never finished because it keeps changing.

MEETING ADJOURNED

The committee adjourned at 4:09 p.m.