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# **CIP Application: Considerations for Improving the Application and Ranking Framework BRIEFING PAPER**

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**For:** Bond Reimbursement & Grant  
Review Committee

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**Subject:** Proposed Updates to the CIP  
Application and Ranking  
Methodology

## **Background**

Since its creation in 1993, the Bond Reimbursement & Grant Review Committee (BRGR) has carried a statutory responsibility to develop criteria for construction of schools in the state (AS 14.11.014(b)(3)).

Over time, the CIP application and scoring framework have evolved to address emerging issues in school facility management. However, recent experience with the application process has identified several areas where the structure of the application and scoring methodology may not fully reflect the state of our schools' aging facility infrastructure conditions, differences in district resources, or the need to prioritize projects addressing critical life-safety and structural concerns due to persistent program funding limitations based on state revenues.

In addition, legislative discussions and program reviews have emphasized the importance of ensuring that the CIP process clearly identifies the highest priority facility needs, uses consistent measures of facility condition, and provides equitable access to the grant program for districts with varying levels of technical and financial capacity.

For these reasons, department staff are presenting concepts for potential modification of the CIP application and scoring framework for consideration by the BRGR Committee. These concepts are intended to improve the clarity of the application, strengthen the evaluation of facility need, and support more consistent prioritization of projects addressing critical infrastructure needs in Alaska's public schools.

## **Discussion**

### **Section 3 – Project Information – Question 3b. Weighted Average Age**

Question 3b of the current Capital Improvement Project (CIP) application evaluates the Weighted Average Age of Facilities affected by the project. The existing scoring method uses the construction year of the facility or building portions included in the project to determine the age of the facility and assign points accordingly.

Department staff propose replacing the facility age metric with the Facility Condition Index (FCI) and increasing the points back to the original 30 (reduced in the FY2027 application). This change would provide a more accurate representation of the actual condition of school facilities, rather than relying solely on the age of the building. While building age may provide a general indication of potential capital needs, it does not necessarily reflect the current condition of building systems or the effectiveness of ongoing maintenance and renewal activities. In many cases, facilities have undergone major system upgrades or replacements since the original construction, such as roof replacements, mechanical system upgrades, or building envelope improvements. As a result, the original construction date alone may not accurately represent the current condition or remaining useful life of the facility.

The Facility Condition Index (FCI) is a commonly used facility management metric that compares the cost of needed repairs and system renewals to the replacement value of the facility. Within the CIP program materials, FCI is defined as:

$$\text{FCI} = \text{Cost of Current and Deferred Renewal} \div \text{Current Replacement Value.}$$

FCI is widely used by facility managers of private industry, school districts, universities, and government agencies to measure the relative condition of a facility and to guide capital planning decisions. A lower FCI indicates a facility in better condition, while a higher FCI indicates a greater level of deferred maintenance and capital renewal needs relative to the value of the building.

For the CIP process, the FCI value would be derived from the Renewal and Replacement (R&R) schedule provided by the district as part of its facility management program. The R&R schedule identifies building systems, their expected service life, renewal cycles, and associated system replacement costs based on a ratio of the facility replacement cost. These data allow the department and districts to estimate the cost of current and deferred renewal for each facility and calculate the corresponding FCI.

Using FCI in place of facility age would allow both districts and the department to better understand and evaluate the actual condition of school facilities, improving the ability of the CIP process to identify and prioritize projects addressing the most significant facility needs.

### **Section 3 – Project Information – New Question 3k. Funding Equalizer**

The department proposes adding a new question, 3k – Funding Equalizer, within Section 3 of the CIP application. This question would provide an opportunity to award points to districts that do not have the financial resources available to advance projects to more developed stages of design prior to receiving state funding.

Many districts, particularly smaller or rural districts, lack the capital necessary to fund detailed design work before a project receives state assistance. As a result, those districts may submit applications that are less developed than those from districts with greater financial capacity.

The proposed Funding Equalizer would help address this disparity by allowing additional points to be awarded where appropriate. The intent is to provide districts with additional time and

opportunity to complete design work after funding is awarded, while helping ensure that districts with fewer financial resources are not disadvantaged during the application review process.

A method for evaluating and ranking need under this section is currently under development.

#### **Section 4 – Code Deficiency / Protection of Structure / Life Safety**

This modification proposes to increase the maximum point value in Section 4 – Code Deficiency / Protection of Structure / Life Safety.

As school facilities and their building systems continue to age, more projects are being submitted that address significant structural, life safety, and building system deficiencies. Increasing the maximum available points in this section would allow projects with multiple deficiencies to stand out more clearly and help ensure that projects addressing the most significant facility conditions receive appropriate consideration.

The following are projects that would score above 50 points on the School Construction priority list:

- Project No. 1 – Stebbins Replacement School: 68.8 points
- Project No. 2 – Deering Replacement School: 54.8 points
- Project No. 3 – Sleetmute Replacement School: 65.9 points
- Project No. 6 – Hughes Replacement School: 51.6 points

The following are projects that would score above 50 points on Major Maintenance list:

- Project No. 2 – Galena School Renovation: 56.5 points
- Project No. 15 – Arctic Light Elementary Exterior Renovation: 52 points

#### **Section 5 – Requirements for Space**

Part of capital planning for facility management is forecasting capital needs based on program and population changes. Most school districts statewide had been experiencing declining enrollment and as such many school facilities are overbuilt for the current and anticipated student populations.

Section 5 of the current Capital Improvement Project (CIP) application requires districts to document student average daily membership (ADM), facility capacity, and allowable square footage within the affected attendance area. Currently, this section is only required for School Construction projects. The information collected includes existing space within the attendance area, current and projected ADM, allowable square footage, and identification of unhoused students.

Department staff propose requiring Section 5 to be completed for all CIP applications, including both School Construction and Major Maintenance projects. Requiring this information for all projects would provide additional context regarding how the facilities involved in the project are currently utilized within the relevant attendance area.

This information would assist in determining whether the facilities associated with a proposed project are fully utilized, underutilized, or experiencing capacity constraints, and whether the proposed investment in those facilities is justified in light of current and projected ADM. With limited state resources available to be allocated for capital projects, the department is proposing that it will start assessing projects to a 'right-sized' facility square footage.

The following questions would continue to apply only to School Construction projects:

- 5d. What is the anticipated date of occupancy for the proposed facility?
- 5i. Are educational specifications attached?

Adjustments will be made to the application instructions to clarify what information is required from the district.

### **Section 6 – Project Planning and Design; Section 7 – Cost Estimate**

Sections 6 and 7 of the CIP application currently award additional points to districts that have advanced their projects further in the design and construction process. Under the existing scoring structure, districts may receive additional points if a project has progressed to later stages of design, is under construction, or has already been completed.

The department proposes removing Question 6f and its associated 5 points from Section 6. In addition, for Section 7 – Cost Estimate (Questions 7a–7c), the department proposes awarding the maximum available points for cost estimates prepared at the 35% schematic design level. Under the current scoring structure, projects may receive additional points for cost estimates developed to the 65% design development level, and further points if the project has progressed to construction-level estimates, bid tabulations, or actual construction invoices.

The proposed modifications would remove the additional points associated with these later stages of project development and instead treat a 35% schematic-level cost estimate as sufficient for receiving the full scoring value for these sections.

These adjustments would reduce the advantage currently provided to districts with the financial capacity to advance projects beyond schematic design prior to receiving state funding, allowing districts without those resources to compete more equitably in the CIP evaluation process.

### **Recommendations**

The department has no recommendations at this time but is seeking feedback from the BRGR Committee on the concepts presented. Input from the committee will help inform edits to the CIP Application for consideration at the April 2–3 meeting.