

BOND REIMBURSEMENT & GRANT REVIEW COMMITTEE

December 9, 2016

Teleconference

MEETING MINUTES

Committee Members Present

Elwin Blackwell
Mary Cary
Doug Crevensten
Mark Langberg
Robert “Bob” Tucker

Staff

Tim Mearig
Courtney Preziosi
Lori Weed
Wayne Marquis

Additional Participants

Don Hiley (SERRC)
John Bitney
Kevin Lyon (KPB/KPBSD)
Kathy Brown (SERRC)
Kathy Christy

CALL TO ORDER and ROLL CALL at 1:33pm

Elwin Blackwell, chair, called the meeting to order at 1:33 p.m. Roll call of members present; Sen. MacKinnon and Rep. Vazquez are excused. Quorum of 5 members.

REVIEW and APPROVAL of AGENDA

Agenda reviewed and approved.

REVIEW and APPROVAL of MINUTES

Minutes reviewed and approved as submitted.

PUBLIC COMMENT

Kevin Lyon expressed concerns with the changes to the *Capital Project Administration Handbook* regarding additional work and the additional approvals. He believes it will gather additional delay costs.

DEPARTMENT BRIEFING

Tim Mearig summarized the Preventative Maintenance update. Currently 52 of 53 districts are certified. The department has conducted four site visits this fiscal year, with eight more to be completed in late-winter and spring. It is already noticeable during these first visits that there is pressure on district maintenance programs, and he believes that there will be an increase in districts working under provisional certification.

Tim reviewed the FY2018 initial priory lists and CIP application statistics. He commented that he found a number of improvements to the application and process that were made since he last worked for the department. Note the good participation by districts even though there has been less funding by the legislature during the current budget situation. Tim observed that there has been a significant decrease in the total dollar value requested from 10 years ago to the present. The state, through debt reimbursement and grants, has made a huge impact on the backlog, particularly of the school construction list.

Tim noted that this will be the fifth publication of the School Capital Funding Report required by SB 237. There are no changes to the debt reimbursement funding report. The legislature funded two projects from the school construction list last session. In addition, the

department and the governor's office of management and budget (OMB) have also allocated funds from regional education attendance area and small municipality (REAA) fund for two rural school projects.

Tim reviewed the list of department publications and observed that many are getting dated. The department has drafted a schedule to work on updating publications over the next five years. He believes that the committee should have oversight of certain publications referenced in the application process or that relate to a district applying for funding.

Mark asked whether there had been any consideration for pruning the list down. Tim responded that he had not reviewed from that standpoint, and noted that some publications respond to a statute requiring the department have a standard (e.g. *Swimming Pool Guidelines*). Tim requested that the committee or the public contact the department if they felt there was a publication that had little to no value.

Doug asked whether the department had a specific process in mind for committee input. Tim responded that the department collects issues and comments relating to subjects within the publications. The department will present proposed edits to the committee for review and comment. Then the committee would approve the document, pending any changes discussed. Review would be part of the regular committee schedule. Publications for which committee approval is not being sought may have a less formal method of soliciting input.

Mary Cary asked which four publications were in statute. Tim noted they were in regulation and he would get back to her on where they were referenced. [See 4 AAC 31.020]

Tim remarked that there are currently two vacant committee positions, both with terms ending February 28, 2017. One additional position, held by Mary Cary, also has a term ending in February. Tim said he and Elwin had discussed the process to fill the membership positions with the commissioner, and it was the commissioner's desire to continue to notice a vacancy each time it occurs prior to choosing an appointee.

Tim highlighted the compiled district six-year plans. Tim informed the committee that he had attended a meeting of the National Council on School Facilities, which is interested in assembling a nationwide needs assessment of school facilities for use should funding for infrastructure become available. The compiled six-year plan identifies a good portion of Alaska's needs, as defined by districts.

FY2018 CIP APPLICATION BRIEFING

Tim introduced the CIP application briefing, noting that it is more detailed than previous years but he felt it important for the committee to understand the issues that arose during the FY2018 CIP scoring process. Doug requested a quick review of the issues and with an evaluative statement on the criticalness of each element. Tim provided a brief commentary and evaluation of impact to scoring.

Bob Tucker requested that the public be allowed to comment, and Elwin agreed to open it up to public comment.

Don Hiley spoke on the eligibility of closed schools. He represented a district that had self-funded a roof project and put in a recovery of funds application for a few years, then the school closed due to low enrollment and the department made the project ineligible -- even though the building is owned by the district and is still in use as a community learning center.

Tim continued providing commentary on the scoring issues. The final item was the legislative intent language regarding projects on the lists that would be eligible for funding for energy efficiency improvements through an Alaska Housing Finance Corporation loan. For the FY2018, the application was approved prior to the intent language being developed. Actions taken by DEED during the rating process were to send project descriptions to AHFC for review and to look at the top 20 projects on the major maintenance list to remove clear and obvious scope elements that would be eligible for the AHFC program. Criteria will likely need to be developed for the FY2019 application.

Bob expressed dismay that the legislature told districts to have an energy program but then will not fund energy projects. Tim replied that it is not unreasonable for the legislature to want to encourage use of a program where the capital work is paid for through the energy savings it creates. Mark commented that this appears to shift more capital funding to the districts.

Tim encouraged the committee to review this issue as it will need to be addressed by the February meeting during the development of the FY2019 application.

Tim proposed that the committee could make a formal recommendation to the state board of education and early development regarding the grant ranking lists. Bob requested that a brief paper be put together on the committee options prior to the next meeting. Committee agreed that Tim and Bob will collaborate on presenting available options.

Tim presented the potential changes to the FY2019 application. Part of the changes correspond to the previous scoring issue discussion, part are more administrative. Lori Weed provided clarification on the items. Bob stated that he didn't see anything worrisome in the changes and would like to have a tracked changes version for the next meeting. Lori stated that the department intended to have it available and clarified the memo was to solicit input from committee and public. Doug appreciated that the department provided documentation of the scoring issues and then offered improvements to the application. Tim warned that not all proposed changes are minor, i.e. the legislative intent language eligibility criteria. Doug reiterated that it is helpful to have the larger issues identified for the committee to focus on.

PUBLICATION UPDATE: GUIDELINES FOR SCHOOL EQUIPMENT PURCHASES

Tim introduced the proposed 2016 revisions to the *Guidelines for School Equipment Purchases*. Mary asked what public process had been used to solicit district input. Tim responded that the publication update was noticed as a committee agenda item and widely distributed. Mary clarified that this was one of the publications referenced by regulation.

Elwin opened public comment. Kathy Christy noted the changes in the publications would impact the districts she represents.

Tim stated that the changes to the *Guideline* are fairly benign. It increases the per-student allocation, add definitions, clarifies that funds can be expended for bulk supplies, and expands explanation for fixed asset inventory. It does not take away any benefits to districts. It removes the escalation and shipping allowance; escalation will be handled by publication updates and a geographic cost factor will be used to balance for increased rural shipping costs.

Bob moved to adopt the revised *Guidelines*, seconded by Doug. Passed unanimously by roll call vote. Mary expressed her reservation that there has not been adequate notice to school districts regarding the changes and would like there to be a stronger process in the future.

PUBLICATION UPDATE: CAPITAL PROJECT ADMINISTRATION HANDBOOK

Tim presented the draft for the *Capital Project Administration Handbook* for initial committee input. The bulk of the changes are within the “Additional Work” section of the *Handbook*. Discussion followed on the section as it related to debt redirection. Tim reminded the committee that each grant project was competitively ranked and awarded based on the highest need of the project scope identified in the application. The proposed language is to identify what work is part of the original ranked project and what work is not part of the original project, and therefore not eligible. Mark clarified that it sounds like the intent is to manage the funds available at the end of the project, but there are items that are of concern from a logistical and practical point of view.

Mary questioned the nomenclature for “change order”. She also expressed concern regarding the approval levels and the potential for a contractor to seek damages due to delays and lack of a timely response to change orders. Mark agreed. Mary recommended holding a workshop session on the proposed changes with districts to solicit feedback. Mark suggested inviting A/E firms as well. Tim clarified that the “contracting for changes in scope” section is predicated on having to issue a new contract for the change, it is not talking about a scenario where there is an existing contract that can do the work. The intent is not to add a layer of administration, if an A/E can review the changes and affirm that it is a necessary change, then all that would be required is the change order log at the close of the project. The department has rarely disallowed a change order, and those are not contested because the item was clearly not part of the project scope.

Kevin commented that language for items “c” and “d” in the table needs to be clarified. If the “contracting for changes in scope” is after project closeout, then it makes sense. If the section is for while a project is ongoing, then a monetary value on a change order doesn’t make sense as A/E is selected on most qualified offeror and is not based on cost.

CLOSING COMMENTS

Doug thanked the chair and Tim for gathering the documentation and running an efficient meeting.

Elwin noted he is currently acting director for school finance and facilities, if he is still in acting status, he will be chairing the meeting in February.

MEETING ADJOURNED

The committee adjourned at 3:59 p.m.