

# BOND REIMBURSEMENT & GRANT REVIEW COMMITTEE

Wednesday, July 21, 2021

## APPROVED MEETING MINUTES

### Committee Members Present

Heidi Teshner, Chair  
Rep. Dan Ortiz – not present  
Sen. Roger Holland – not present  
Randy Williams  
Dale Smythe  
James Estes  
Kevin Lyon  
David Kingsland  
Branzon Anania

### Staff

Tim Mearig  
Lori Weed  
Sharol Roys  
Wayne Marquis

### Additional Participants

Damian Hill, Lake & Pen. SD  
Don Hiley, SERRC  
Ezra Gutschow, Coffman Engineers  
Karen Zaccaro, ECI

**July 21, 2021**

### **CALL TO ORDER and ROLL CALL**

Chair Heidi Teshner called the meeting to order at 1:00 p.m. Roll call was taken, and a quorum was established to conduct business. Senator Holland and Representative Ortiz were excused.

### **CHAIR'S OPENING REMARKS**

Chair Teshner hoped everyone was having a good summer and that they have an opportunity to take a break.

### **AGENDA REVIEW/APPROVAL**

Randy Williams **MOVED** to approve the agenda as presented, **SECONDED** by Branzon Anania. Hearing no objections, the motion **PASSED**.

### **PAST MEETING MINUTES REVIEW/APPROVAL – April 2021**

Kevin Lyon **MOVED** to approve the minutes from the April 14 – 15, 2021 meeting as presented, **SECONDED** by David Kingsland. Hearing no objection, the motion **PASSED**.

### **WELCOME AND INTRODUCTION**

Chair Teshner introduced and welcomed guests to the meeting.

### **PUBLIC COMMENT**

A public comment period was offered, and no public testimony was provided.

### **SUBCOMMITTEE REPORTS**

#### ***Design Ratios***

Dale Smythe reported that the subcommittee has been working to resolve the final design ratio recommendations. They attempted to determine what would be reasonable to propose for the final ratio of building volume to exterior surface area, but the subcommittee could not correlate a ratio with significant savings.

Tim Mearig added that the department has earmarked funds for additional analysis and will move forward with a small procurement to obtain additional building energy modeling data on the openings to exterior walls and volume to exterior surface ratios. The scope of the procurement will be to bring some realistic case study analysis to see if modeling something closer to examples of existing buildings and see if there are any results or patterns that may help establish ratios.

### ***Model Schools***

Kevin Lyon reported that the work of the Model School Subcommittee over the past few months has been to expand some of the products for the 04 Exterior Closure section. They are working towards wrapping this up, along with work in other sections to have something available for public comment in September 2021. He appreciated all the help of committee members and guests, as well as the department for their help and input.

### **PUBLICATIONS UPDATE**

#### ***Construction Standards for Alaska Schools (Progress Draft)***

Tim Mearig stated that he is pleased there has been progress on getting this document together. In this update, the focus has continued to be on developing content where there has been a few gaps and holes. One of the more significant focuses has been on trying to formulate a proper structure for the content and then backfilling it. He reviewed sections of the publication noting work on the development of a few of those 11 sections. He stated that it will be an interesting discussion within the committee as to whether or not it is appropriate to launch this publication with areas that have not had full development and have them filled in later with subsequent amendments. At the subcommittee and department level, they will continue to vet and validate content before their August deadline to have information ready for the next meeting packet.

Chair Teshner referred members of the committee to the list of items for discussion and input.

Randy Williams commented that he has to remind himself that “Model Alaskan School” doesn’t mean it’s the ideal school; it’s just a particular design that may be a basis. He wondered if it should be clarified that this is just a starting point. Lori Weed wondered if the phrase causes more trip-ups or does it provide guidance and a useful balance. Randy suggested the wording “default” or “basis of design” versus “model” in this situation. Tim suggested that one way to think about it would be that the Model School is what they would like to build everywhere, if they could, from the standpoint that it has cost-effective systems, and it includes things they have determined are appropriate for educational delivery. Every departure from that Model School should have a clear basis of reason for a special condition.

Randy Williams asked if all the items in the portion titled “Model School” are in the standards. The publication states that acceptable alternatives are below, but he wondered if it is actually written out what those are. Tim Mearig felt that was a good question to work through at the subcommittee level. He believes some of the language is left over from a previous format.

Randy’s final comment was that the word “baseline” should be used instead of the word “required” in each section because it’s a little bit easier to understand.

Dale Smythe stated that what they had done mostly with the design ratio is compared within those using a baseline wall system, for example, to do openings to exterior wall just so they could have something to compare. The intent was that that ratio would be applied to whatever the specific situation was. He assumes the *Construction Standards* publication would have something that would define that wall assembly and then define the window material and some properties of that, and then use that specific ratio to modify. He believes there might be some places for other elements, such as exterior wall height, that prove beneficial in effecting operational costs to be added. He questioned repeating ratios in this document, noting that a reference to another document might be better.

Dale Smythe further commented that construction standards within this specific document might conflict with a district's educational specifications, and it's a concern of his that it can't be resolved if that detailed information stays in this document, particularly as it relates to the elementary, middle, and high school features of the document.

Tim Mearig referenced the statute that guides the work of this committee as follows: *The department shall develop and periodically update regionally-based model school construction standards that describe acceptable building systems and anticipated costs and establish school design ratios to achieve efficient and cost-effective school construction. In developing the standards, the department shall consider standards and criteria developed under 14.11.014.* He commented that the use of this document is going to be the response to the statute, although the department has never introduced regulations on this particular area of statute and so hasn't developed regulations about how to establish and periodically update a model school standard. This publication will do some of that, and it may end up being referenced in regulation. Dale commented on his understanding that this will be the home for the design ratios and that there would not be a separate document.

Tim commented that if the target of releasing this in the September time frame is met, some robust comment can be anticipated as this is carving out a lot of new territory, and the feedback will be very important to the success of this document.

### ***Site Selection Handbook (Draft to Public Comment)***

Chair Teshner referred committee members to the draft that will go out for public comment. Tim Mearig provided an overview, noting that the department is looking for committee action on this publication. The department vetted the publication through an online survey, and responses indicated that the publication was seen as being valid and necessary for the next five-year period. Through survey feedback and lessons learned through the department, staff reviewed the document for areas that could be improved or updated. Clarifying information provided by the Department of Transportation was added, but there were no scoring changes nor different tools. The department is recommending that the publication is ready for a period of public comment. Lori Weed commented that this publication will also go before the State Board of Education and will have a period of public comment as it goes through the regulatory process.

Randy Williams asked if there is overlap between this handbook and the part of the previous handbook that talked about site and infrastructure. He wanted to know if there are two places that contain the same information. Tim Mearig noted that this publication contains a table listing planning variables, and he believes there is suggested guidelines for different features and sizes

in the *Construction Standards*. He stated that the department would be happy to do some comparative vetting to make sure there isn't conflicting information, but this publication doesn't identify the quantities of things nor does it establish a standard of how many things people get.

Dale Smyth referenced the CEFPI Creating Connections Guideline from 2004. He wondered if another task prior to approving this for public comment would be to update this to match anything new that A4LE may have changed. Tim noted that they cite that standard in regulation when it was the 1991 version called CEFPI Planning Guide. He acknowledged the updated 2004 version and stated that can certainly be checked. Lori Weed offered that when the department did the 2018 regulation cleanup, they researched whether A4LE had published something new since its rebranding, and this was the most recent.

Dale Smythe **MOVED** that the Bond Reimbursement & Grant Review Committee approve the updated *Site Selection Criteria and Evaluation Handbook* as presented and edited for a period of public comment, **SECONDED** by Kevin Lyon. Hearing no objection, the motion **PASSED**.

#### ***Guidelines for School Equipment Purchases (Initial Draft)***

Tim Mearig explained that this publication was last revised in 2016, and it is scheduled for revision on the five-year cycle. He stated that most of the changes in the draft are things the department has collected through project implementation, using the guidelines in CIP preparation, project execution from grant projects, and closeouts. School equipment as a component of a project is probably among the least regulated areas of the work that is involved in a project. He stated that the department did introduce a little bit more process through the *Handbook to Writing Educational Specifications* when it required that an acceptable ed spec will include a proposed tabulated list of equipment for a school. He stated that was a big process step, but it still isn't focusing on what is or isn't possible, or how much any item on a list should cost. That is left completely up to the recipients of the grant.

Tim explained that this draft puts more focus on shared school spaces and the need for different equipment for classes, such as physical education in the gym.

James Estes asked where the \$15,000 single item purchase limit for maintenance equipment came from. Tim stated that this was chosen as being indexed to a personnel lift. James commented to be mindful that the amount may fluctuate and change over time, so it should be looked at that at each review. Lori Weed also commented that this is not just maintenance equipment but could be for larger purchases such as kitchens and concessions. Committee members engaged in a discussion regarding the usefulness of having man lifts readily available at school sites.

Tim reviewed the new language clarifying the expectations that existing equipment should be factored in for reuse, noting that generally renewal of school equipment is an operating expense. David Kingsland had a question regarding the table of per student allocations and why most of the categories at the elementary level were increased by \$100, but some categories were only increased by \$50. Lori Weed stated that some of the difference might be the spread between the four categories, and this might have just been some evening out between the last edition and this edition.

Dale Smythe believed that whatever figures they use, it needs to be defensible. Tim Mearig stated that it had been a long time before this publication was last updated, and at the particular time they did update it, the department used the database of school costs from every project closeout, the approved expenditures or the actual expenditures in every area of the summary budget elements. At that time, there was enough of a group of projects that had been funded that they were able to get averages. This five-year cycle update was a period of low funding and low project numbers, so the numbers would be too lean to say they have validity.

Tim Mearig stated that the department proposal to provide a better measure of the cost change of school equipment is to add an Appendix B with a pricing index that is adjusted as necessary.

Dale Smythe commented that if the original number was used and adjusted by either inflation or an increase in the construction costs from the Cost Model, it would probably provide something to compare that would be reasonable.

Branzon Anania suggested using Appendix B of the changing costs for the items and then using that percentage in reflecting costs.

Tim Mearig stated that the list in Appendix B came from a project from the Lower Kuskokwim School District. In looking at that buyout list, the department tried to pick single items that were high dollar. Dale Smythe commented that a Napakiak grant application had a massive furniture package and had all the prices listed as bid by the vendor. He further shared that one of the ideas with the Napakiak project was to limit built-in features of the school and supplement with furniture. The concept was to limit the costs of built-in case work but potentially increase the cost of furniture, but it would allow more flexibility to be able to move things around.

Don Hiley felt that this concept is being too overthought. He also feels that you can't set a price for a desk or a chair because there are many types and styles, some good quality, others poor quality; and many of them are not available year after year. Trying to come up with some sort of list like this and update it similar to how a gallon of milk's price is adjusted isn't a very reasonable approach. He stated that what they had done for several years was a cost per student, and whatever year that cost came out, simply added a little inflation factor to that each year. He developed a spreadsheet that he thinks the department had been using for a long time to do that, and it was pretty straightforward. He commented that this year the increase may need to be more than 5 percent, but they could just do that and be done with it. There are very few project applications in Alaska that would need an equipment budget, and there are very few that actually get funded with an equipment budget. Overall, he feels there are too many items to try to keep track of, and he doesn't believe it's doable. Dale Smythe agreed with Don that they should look to simplify.

Tim stated that he doesn't think there will be any way to keep Appendix B updated without getting help from a vendor through a contract that would be managed through the department. From his perspective, it's an appropriate investment, particularly from the standpoint of a sizeable school project with significant equipment purchases. But he agrees with Don that the way the list is laid out in the packet, it's not possible because it's not specific enough.

Chair Teshner suggested removing Appendix B and coming up with some kind of percentage increase for the table. That way there is a basis for the increased prices, and it isn't locked to a list that has to be adjusted.

Don Hiley further suggested that language be added that this is the baseline for 2021, and utilize a process similar to the Cost Model for the construction index. The percentage can be added to the equipment budget, and it would be defensible since the HMS number is used for everything else for schools on a lot of projects. This solution is fairly simple, uses existing tools, and nobody has to do anything or spend any more money on it.

Lori Weed stated that inflation factor Don was talking about was removed in the 2016 version. The intent with that was if the value needed to be updated more frequently, the publication could be updated. That's why this publication doesn't speak to an inflation factor. The department has been removing that extra percentage from CIP applications when doing cost adjustments. Another thought was that technology prices at that point seemed to be fairly stable for a couple of years, and technology has a different escalation inflation than construction materials. Tim commented that about one-third of equipment is tied to technology and computer purchases, and he doesn't believe that construction pricing changes are the right factor to index for school equipment. Lori added that this year is a bad year to look at technology costs because of the pandemic and the shortages and supply chain issues that resulted.

Dale Smythe stated he looked at an old grant project, and it lists the equipment and technology as up to 10 percent. In this particular project, it was only budgeted at 1.3 percent for a \$36 million school. He clarified with Don that he is speaking about school replacement and an equipment budget. Don stated that he is, or a renovation or something where someone would consider adding an equipment project. He stated that oftentimes on small projects, figuring out on a per student basis wasn't a realistic method, because they would get a much bigger number than was needed. He gave an example that a kitchen renovation based on a 400-student enrollment would be a much bigger amount than is needed, so they would put in an equipment budget that is realistic for the project they are doing. They need latitude to figure out the budget in two different ways. Lori Weed noted that the current application has a limit of 4 percent for equipment and technology and will need to be corrected from the 7 percent that is reflected in the publication.

Kevin Lyon felt that Appendix B should be eliminated. He also thinks the department needs to get the numbers scoped where they need to be, and the committee needs to trust the department to do the best with the data it has and then come back with those numbers that are defensible. Tim Mearig stated that the committee can recommend the department come up with defensible numbers; however, department is acknowledging it doesn't have a process for vetted numbers, and if the committee wants a process for that, they need to collectively come up with one.

Branzon Anania felt that Appendix B could work if it was dated and included a 5 percent escalation clause. Tim reminded the committee that using the Cost Model's annual escalation has also been proposed. He asked for clarity from the committee on what they would like to see.

Randy Williams felt that the Cost Model is simple, but he doesn't think it's going to track technology or equipment well enough, so he would be opposed to using that. He is also opposed to increasing the per student allocation without a basis. He thinks that a table like Appendix B

updated regularly would be interesting and would be helpful, but it is a lot of work. He is not comfortable with the numbers that are in the table from 2016 because he doesn't know where they came from, and they seem arbitrary. He would be curious to see some example projects that have equipment purchases to see what those percentages are. It might be defensible if there was a table of example schools, either historical or current.

Dale Smythe **MOVED** that the committee request the department to come up with a method of applying cost limits for technology and equipment based either on a per student allocation or a percentage of construction, but that either method chosen would have some clear basis, either historical from department data or national standards, **SECONDED** by Branzon Anania. Hearing no objection, the motion **PASSED**.

### ***Alaska School Facilities Preventative Maintenance Handbook (Progress Draft)***

Tim Mearig stated that they continue to work toward finishing this document. They agreed to do an expanded document from what was originally focused primarily on preventative maintenance to try to cover all of the statutory areas of maintenance and facility management. In that a structure was established to help districts understand how to develop, implement, and sustain a plan. This edition of the progress document has work in finishing out the energy management program. He described the research that was utilized for the information included in the document. He stated that right now there are gaps in custodial and sustaining a maintenance management program. Other extra considerations for upcoming versions of the progress update are hoped to be added. Tim stated that the department also looked at a master custodial schedule organized by space type or education space type, which was put into an appendix.

Tim stated that this document is scheduled to be completed and before the committee for a public comment period in September. This document is lagging considerably behind the *Construction Standards*, which is more of a priority because of the statutory obligation to get that completed. In the meantime, there are other avenues the department has used to assist districts in the area of maintenance besides what this publication will ultimately provide.

David Kingsland commented that he likes Appendix H. He asked what the reason was for changing the project frequency in a logical order. Tim suggested that it might correspond to a work flow. He felt it would be a fascinating question to see whether it would be more helpful to organize it by frequency or on a work flow basis.

Lori Weed put out a call for volunteers to help draft the incomplete sections.

### **COMMITTEE MEMBER COMMENTS**

- Kevin Lyon appreciated the work the department has been doing.
- Dale Smythe agreed, and appreciated the work the department and subcommittee have been doing on the Construction Standards. He will be wrapping up the ratios and will get the School Space Subcommittee started hopefully soon.
- Chair Teshner thanked staff for being on the call and for all their help in getting the packet together. She also appreciated the work of the committee members.

### **MEETING ADJOURNED**

Hearing no objections, Chair Teshner adjourned the meeting at 3:19 p.m.