

BOND REIMBURSEMENT & GRANT REVIEW COMMITTEE

Thursday, December 1, 2022 – 1:00 p.m. – 4:00 p.m.

Held via Videoconference

APPROVED MEETING MINUTES

Committee Members Present

Elwin Blackwell, Chair
Dale Smythe
Randy Williams
James Estes
Kevin Lyon
Branzon Anania
Representative Dan Ortiz

Staff

Joe Willhoite
Lori Weed
Wayne Marquis
Wayne Norlund
Sharol Roys

Additional Participants

Caroline Hamp, Staff to Rep. Ortiz
John Walsh

December 1, 2022

CALL TO ORDER and ROLL CALL

Chair Elwin Blackwell called the meeting to order at 1:00 p.m. Roll call was taken, and a quorum was established to conduct business. Senator Holland was excused.

AGENDA REVIEW / APPROVAL

Branzon Anania **MOVED** to approve the agenda as presented, **SECONDED** by Kevin Lyon. Hearing no objection, the motion **PASSED**.

INTRODUCTIONS / CHAIR’S OPENING REMARKS

Chair Blackwell welcomed everyone and asked for introductions of the people online, acknowledged DEED staff present, and introduced Joe Willhoite, the new facilities manager. He thanked the members for attending today and said he appreciated the committee’s work.

PAST MEETING MINUTES REVIEW / APPROVAL – September 1, 2022

Dale Smythe **MOVED** to approve the minutes from September 1, 2022 as presented, **SECONDED** by David Kingsland. Hearing no objection, the motion **PASSED**.

PUBLIC COMMENT

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

DEPARTMENT BRIEFING

Lori Weed reported that the FY '24 initial CIP list has been completed. The number of applications has held fairly steady for the last three years, and there were seven reconsideration requests this year. An inflation escalation factor of over 9 percent was added to all reused projects. Lori reviewed the school construction grant list and the major maintenance grant list and pointed out new projects as well as carryovers from prior years.

In response to a question from Dale Smythe, Lori said there were four ineligible project applications this year, three because they weren’t in the current year of funding on the six-year plan and one because it was already funded by a debt project.

Kevin Lyon **MOVED** that the Bond Reimbursement and Grant Review Committee recommend to the State Board of Education and Early Development to adopt the department's FY '24 list of projects eligible for funding under the School Construction Grant Fund and Major Maintenance Grant Fund, **SECONDED** by Dale Smythe. Hearing no objections, the motion **PASSED**.

Lori explained that the major maintenance grant fund originally passed the legislature with a \$100 million appropriation, but was vetoed to \$37.5 million. This was leveraged with a portion of the supplemental REAA grant funds to award , inclusive of reimbursements of district-funded projects and new projects.

Wayne Marquis gave an update to the preventive maintenance state-of-the-state report. He stated that six districts are on provisional, and he is working with them more often than in the past. He has just nine site visits planned this year, but some are large such as Anchorage, Kenai, and Fairbanks. He mentioned that Chatham was trying to get their meters for energy consumption working again, and Yukon Flats is struggling but making progress with a new maintenance director and hopefully will be able to be kept on provisional.

Dale Smythe asked if the DEED requirements for biomass energy sources was still an issue. Wayne replied that it is less of an issue now that there is a new format to track energy, but there are still problems such as having no meters, or meters that don't work properly.

Dale also asked if the schools not certified are the same ones that have been having problems for the last five years. Wayne explained that it's usually the same districts that struggle, and it is trending to be worse, especially in the smaller rural districts, likely due to personnel turnover.

Representative Ortiz asked if Wrangell is on a list for projects. Lori replied that they are eligible to submit requests. They had reached out about reimbursement, so perhaps they are doing some preliminary project planning.

Lori announced that most recent versions of the *Site Selection Handbook*, the *School Equipment Purchase Guidelines*, and the *Guidelines for Swimming Pools* are now in regulation effective late September.

The capital needs forecast database is nearing completion. The department has been working with Inzata Analytics, and the department will be testing and evaluating the beta version of that database, which may replace renewal and replacement schedules in the future.

BRIEFING PAPERS

Wayne Norlund summarized the CIP application briefing paper as follows:

- Twenty-nine districts applied this cycle, which is about the same as the last few cycles, but 24 projects were funded which is more than three times as many as in prior years.
- Several applications were deemed ineligible due to not being identified in the first year of the district's six-year plan. One was ineligible due to having been previously approved for participation in the debt reimbursement program.

- A district submitted an application requesting school space in support of its correspondence program, and initially it appeared this application would be deemed ineligible since there is clear guidance in regulation that students in correspondence are not to be considered unhoused. After making an eligibility calculation using only the attendance area where the school was to be located, the application was retained as eligible. This determination may need additional committee review to confirm an appropriate precedent.
- Evaluative scoring continues to improve in consistency and transparency. The scoring criteria amendments over the years shows a trend for greater differences between the top score and the lowest scores.
- The department proposed to stay with the FY '24 life-safety mixed conditions weighting factor for at least the next rating year.
- Emergency points continue to have minor issues, mostly related to potential emergencies rather than current issues. Also, a district is required to submit insurance claims to cover items that would be covered by mandated insurance policies.
- The facility weighted average age calculation is becoming less accurate as an indicator of need where buildings have undergone renovation and building systems are newer ages than the original construction
- The department is continuing to use the cost adjustment worksheet which the districts can review prior to requesting reconsideration. Two districts requested reimbursement on projects funded by federal impact aid and COVID-19 relief, but AS 14.11 funds do not reimburse those categories.

Randy Williams said he would support further research into the weighted average age, and Kevin Lyon joined him in that support.

SUBCOMMITTEE REPORTS

School Space

Dale Smythe said that the School Space Subcommittee had been considering a cost-benefit analysis of food storage space versus the cost of delivery by air freight. They also worked on the calculation of gross square footage and what that does not include such as air handling space and under building soffits. One of the proposals is to clarify that utility distribution equipment would be accessible only to maintenance personnel. There was discussion regarding the options for water storage and whether that includes fire water storage as well as potable water.

Design Ratio Subcommittee

Dale Smythe reported that the Design Ratio Subcommittee was comfortable with the ratios of openings to exterior wall and volume to gross square feet. Options for the next step would include getting outside input on the ratios either as they are or how they would look in regulation. Lori Weed said the department could draft a more formal regulation proposal for comment. She also questioned whether the ratios are best suited in regulation or perhaps in a publication. Wayne Norlund said that there is a provision in the *Construction Standards* for design ratios to reside. Randy Williams agreed and said that the ratios could be moved to regulation if and when it becomes necessary. It was decided that the subcommittee would present the ratios in a form suitable for a publication and attempt to get it out for public comment.

The volume to exterior surface area ratios have not been resolved as it is not supported by available evidence.

Model School Subcommittee

Kevin Lyon recommended that the Model School Subcommittee be disbanded as it has completed its purpose. Any cost model change can be resolved by the committee as a whole. Hearing no objections to this proposal, Chair Blackwell disbanded the subcommittee.

PUBLICATIONS

Professional Services for School Capital Projects

Wayne Norlund discussed the *Professional Services for School Capital Projects* publication for its regular five-year review. Most of the edits do not relate to content but rather to references and accuracy. However, he noted the draft does not have a section on value analysis and wondered if value analysis and commissioning should be addressed in depth or simply mentioned in the document. He also noticed there is no mention of commissioning in the current CIP application.

Dale Smythe agreed that value analysis should go in the handbook because that's what it is, a professional service. He thought that there were other documents where commissioning was required. Wayne Norlund noted that often districts do not realize the requirement for commissioning or value analysis until the most advantageous time to do that has passed.

Randy Williams stated that commissioning is described and required in the *Construction Standards*. In the *Professional Services* document, commissioning is listed as an additional or supplementary service and has a short description of what it is. He thought commissioning should be in a basic design service or at least put elsewhere so it is obvious that it is required for the project. Kevin Lyon suggested both value analysis and commissioning should be listed in Appendix A, the table of typical services. Wayne Norlund thought it worthwhile to mention the commissioning agent in the CIP application in the same section where the design team is listed. Kevin Lyon wanted it made clear that the agent would be third party, not part of the design team.

The committee discussed the commissioning agent and the following points:

- Agent would be a third party hired by the owner independent of the design team contractor.
- Another consideration is the cost of the commissioning service agent requiring a procurement process. If over \$50,000, an RFP is required, which is not a minor effort.
- It might be a good idea to list the commissioning agent as a line item in the budget.
- Commissioning should still be within the design services percentage.
- There will be additional cost for the agent as an additional consultant for the project.

Lori Weed asked if the committee wanted the department to draft the language based on the conversation at this meeting and send it for public comment or if the committee wanted to review the language first. Committee decided the department would develop language for review.

Alaska School Facilities Preventive Maintenance & Facility Management Handbook

Lori Weed addressed the *Alaska School Facilities Preventive Maintenance & Facility Management Handbook*. The handbook went out for public comment in October, and no public comment was received.

Randy Williams **MOVED** that the committee approve the final draft of the preventive maintenance handbook for use by the department, **SECONDED** by Branzon Anania. Hearing no objections, the motion **PASSED**.

BRGR WORK PLAN REVIEW & UPDATE

Lori Weed reviewed the work plan and noted the following:

- The dates for Design Ratios and School Space were left as is.
- The life safety weighting review was deleted as having been completed.
- The CIP total points review briefing paper was scheduled for this meeting but instead will be brought back in February in anticipation of the application adoption in April.
- A section was added to require electronic documentation only.
- A topic was suggested regarding the impact of completed projects on ranking.

Lori asked for feedback regarding the best time to bring construction standards back, whether it should be on a two-year cycle or annual. She noted that public comment leaned against too frequent updates. Kevin Lyon preferred the two-year cycle because of the large size of the book, and Randy Williams agreed.

Randy Williams asked about the past dates on design ratios and space guidelines, and Dale Smythe said he would correct those soon.

SET NEXT MEETING DATE

- Thursday, February 23, 2023, at 1:00 p.m.

COMMITTEE MEMBER TERMS & APPOINTMENT PROCESS

Lori Weed stated that the terms of three first-term members are expiring on February 28th: Randy Williams, James Estes, and David Kingsland. She will notify them directly, and they are all welcome to submit a letter of interest and a resume. She will solicit from the public through the department webpage, CIP interested parties, and the department's information exchange newsletter. The department will review the responses and forward recommendations to the commissioner who can either appoint the recommended applicants or select their own.

COMMITTEE MEMBER COMMENTS

Dale Smythe encouraged the members to apply for renewal.

Kevin Lyon agreed that renewal would be good for keeping continuity in the committee. He welcomed Joe to the department.

Chair Blackwell thanked the committee members and the department staff for the work over the years in both the committee and subcommittees. He especially appreciated the work completed on the CIP application in large part due to Tim Mearig's involvement.

ADJOURN

Dale Smythe **MOVED** to adjourn the meeting. Hearing no objections, the meeting was adjourned at 4:00 p.m.