

BOND REIMBURSEMENT & GRANT REVIEW COMMITTEE

April 16 & 17, 2019, Wednesday & Thursday

State Board Room, Juneau

APPROVED MEETING MINUTES

Committee Members Present

Heidi Teshner, Chair
James Estes
William Glumac
Don Hiley
David Kingsland
Dale Smythe
Randy Williams

Staff

Elwin Blackwell
Wayne Marquis
Tim Mearig
Larry Morris
Sharol Roys
Lori Weed

Additional Participants

Karen Emberton, Legislative Aide
to Rep. Wilson
Kent Gamble, HMS
Aimee Smith, HMS

April 16, 2019

CALL TO ORDER and ROLL CALL at 1:01 p.m.

Elwin Blackwell, acting chair, called the meeting to order at 1:01 p.m. Roll call and introduction of members present; no Senate legislative member appointed; Rep. Tammie Wilson is excused. Quorum of 7 members.

CHAIR'S OPENING REMARKS

Elwin shared his appreciation for every member's effort in being on the committee and taking up the task of the facilities work around the state for school districts. There is a lot of interest in school facilities at this point in time, so there is a great deal of opportunity for this committee to make some progress on school facilities and their management across the state.

REVIEW and APPROVAL of AGENDA

Agenda reviewed and approved as presented by unanimous consent.

REVIEW and APPROVAL of PAST MEETING MINUTES

Minutes reviewed from the December 12, 2018 and February 21, 2019 meetings and approved as submitted by unanimous consent.

NEW MEMBER INTRODUCTIONS

Committee members provided introductions. Lori Weed explained typical meeting protocols.

PUBLIC COMMENT

No public comment.

DEPARTMENT BRIEFING

Tim Mearig thanked members for their participation on the committee and noted that the Senate position has yet to be filled by the Senate president. He expressed appreciation for the legislative designee positions because they provide an important voice to the committee. Noted the new member orientation packet was recently created and feedback could be welcomed by the department.

Tim presented the FY19 Capital Improvement Project (CIP) lists, offered to answer questions on the specific projects. The department received reconsideration requests from three districts on three projects; none of the decisions were appealed. The final lists were approved by the State Board of Education in March 2019.

The DEED *Program Demand Cost Model* will be updated again in 2019. This will be the 18th edition, and it will incorporate the updated geographic cost factors and line item enhancements identified by the Model Alaska School Subcommittee. Publication will be later due to delays in receiving updated wage rates from Department of Labor. Additional agenda item later in the meeting.

An excerpt of the report to the legislature on school construction and major maintenance funding is provided. A report on the Regional Education Attendance Area and Small Municipality (REAA) Fund details how much has been capitalized into the program through appropriations since the fund's inception, all allocations made by the department, and forecasting for 2020 pending legislative appropriation. Final funding report shows a 10-year look at funding, and tracks a number of applications received. Last year was an all-time record low number of participating districts and number of applications. Don Hiley observed that the lack of applications could be due to the amount of projects funded in FY18 and FY19 and other district projects hadn't moved in to take those slots yet; it may just be an anomaly.

Reviewed the summary of current legislative actions, including current status of operating and capital budget bills. SB 64 would eliminate the debt reimbursement program. HB 106 would keep the debt reimbursement program in place, but it would extend the moratorium from July 1, 2020 to July 1, 2025.

Regulation projects on commissioning and general cleanup are with the Department of Law, so they have not progressed further for filing and publication. When this committee gets to the CIP application review, there are changes the department is recommending that implement those pending regulations.

Tim overviewed the publications the department seeks committee approval on. The department has instituted a rolling five-year update process. The full publications for the *Swimming Pool Guidelines* and *A Handbook to Writing Educational Specifications* were provided in the packet for further discussion.

Committee members engaged in a discussion regarding the rubric for scoring project applications. Jim Estes shared his appreciation for the thoroughness of the scoring process in the various categories, noting that it helps all districts as a tool to determine what is needed to develop a project.

PUBLICATION UPDATES

Swimming Pool Guidelines

Tim noted that the publication was last updated in 1997, and the proposed draft incorporates the move toward a more clear and prescriptive document that provides maximum pool tank sizes and maximum facility sizes based on the number of students in the approved instructional Learn-to-

Swim program. One contention has been that this update may not be necessary because lack of bond funding and debt reimbursement could prevent future pool funding. Because a publication is required in statute, it is wise for the department, with the participation of this committee, to provide updates to the process.

Committee members discussed opinions regarding Learn-to-Swim programs being the baseline requirement for swimming pool space. Reviewed the remaining items as they referenced the guidelines and the draft changes proposed. Don requested that the baseline include cold water safety. A common theme among the committee was consideration of borough and district cost responsibilities to maintain and operate swimming pools.

The department feels a great amount of clarity has been provided in the guide, and that it's ready to seek input through the public comment process. Elwin clarified that committee members can also participate in the public comment. The public comments will be provided to the committee for additional feedback before the draft is forwarded to the State Board of Education. The guideline will not be put into place until regulations are finalized, and that process also includes additional review and public comment processes.

David Kingsland **MOVED** to put the *Swimming Pool Publication Guidelines* out for public comment, **SECONDED** by Dale Smythe. Don objected to the motion and offered three items of discussion:

- Instead of Learn-to-Swim, the guidelines should be more water safety based.
- Competitive swimming should be included as a legitimate use of the pool.
- Remove timing equipment from the list of specifically excluded equipment.

William Glumac agreed to the amendments. It was asked that the amendments be taken up individually. The committee discussed the amendments.

A roll call vote was taken for the department to develop a definition of water safety and include it as a mandatory program, with 2 in favor and 5 opposed the amendment **FAILED**.

A roll call vote was taken to list AASA competitive swimming as an elective use of a pool, with 7 in favor and 0 opposed this amendment **PASSED**.

A roll call vote was taken to remove timing equipment as specifically ineligible equipment with 6 in favor and 1 opposed this amendment **PASSED**.

The full motion before the committee is for the department to put out the *Swimming Pool Guidelines* for a period of public comment, as amended. Motion **PASSED** by unanimous roll call vote.

A Handbook to Writing Educational Specifications

Tim stated that the most recent update of the *Educational Specifications Handbook* was in 2005. The department looked at several elements, two of them fairly general. The first is the inclusion language about alternative project delivery, the other one is an appendix on sustainability. A third element is more directive, it changes 'should' to 'shall', specifying that an approvable educational specification has to include a tabulation of proposed school equipment and cost. The department has developed a tool to assist districts in developing the tabulation.

Committee discussed the need for identifying specific equipment and costing at the educational specification level, in the context of the spreadsheet tool provided by the department. Listing equipment in the educational specification is a regulatory requirement; list is to inform the project and provide guidance on anticipated quality and use. There were no changes proposed to the document as presented during the course of discussion.

William **MOVED** to accept the department's proposed update of the *A Handbook to Writing Educational Specifications* with the amendment of a bullet point referring to alternative energy under Appendix E, and recommend that the department open a period of public comment, **SECONDED** by David. Motion **PASSED** by unanimous roll call vote.

DEPARTMENT BRIEFING: CIP APPLICATION AND SUPPORT MATERIALS

Tim explained that the April meeting is traditionally when the committee takes action on the application, which has consistently remained the bulk of the work of the committee since 1994. The committee will be reviewing some significant issues related to the application. He stated that it is rare for point elements to be added to the application, but there are two for this cycle.

Tim referred to the summary description of changes to the application and instructions. He reviewed with the committee issues on the list where magnitude of change is considered major.

The scoring rubric was introduced last year for the life/safety scoring criteria and contains seven categories with points pertaining to different issues related to conditions of buildings as well as graduated impacts of how serious of an issue it is within each system. Suggested edits are scoring elements that were a challenge to apply.

The department briefed the committee in February on the changes conforming to the regulation updates, including the threshold change for minimum project size from \$25,000 to \$50,000 and allowing districts to carry over scores of completed projects for an extended period of time. The biggest application change is the requirement added to statute dealing with reused and approved school designs and reused and approved building systems, a/k/a prototypes. The department's proposal is to add a point category, but noted there may be other ways to achieve that goal. When the department develops regionally-based model school construction standards the application will have to incorporate an evaluation of those.

Tim stated that the department developed two 5-point scoring elements related to energy management. One is a requirement to provide energy consumption reports for main school buildings, and the other is related to the new regulations and speaks to a district's requirement to have a way to assess when an existing building needs commissioning within their energy management program. Over the last three years, 11 out of 23 districts that were evaluated have not been able to demonstrate tracking of utility consumption on their buildings. Districts are paying attention to energy matters, but the actual tracking and management is lacking.

Tim reviewed the primer on scoring for the committee to ensure they have a good understanding of how applications are scored. He stated that for applications that come to the department, they currently have a total possible points of 520, 255 are evaluative points and 265 are formula-driven. The formula-driven points sometimes have some judgment that is necessary, but they try to remove as much of that as possible through the definitions the committee arrives at for how

those are scored. The additional point elements for the committee to consider will be a fairly significant point addition overall if they go with all of them. It is the committee's responsibility to weight these point elements from statute and regulation to determine which projects rise to the level of being the most important to fund.

RECESS

The meeting recessed at 4:30 p.m.

April 17, 2019

CALL TO ORDER and ROLL CALL at 8:35 a.m.

CHAIR'S OPENING REMARKS

Heidi Teshner welcomed members to the meeting and explained that the focus for today will be on the FY21 application review.

PUBLIC COMMENT

No public comment.

FY2021 APPLICATION REVIEW (Continued)

Lori reviewed the types of changes caused by conforming the documents to meet ADA accessibility standards. Tim led the committee through the proposed changes to the application, instructions, and guidelines to raters sequentially through the sections. Language was added conforming to the regulation change allowing reuse of score for multiple years for completed projects. In question 3d, project description and scope of work were separated. Lori proposed an edit to new instruction language in question 3e, project schedule, to remind applicants of the need for DEED approval of any alternate project delivery method. Committee discussed history of districtwide projects in relation to the new question added to separate districtwide project justification from project description/scope of work.

In question 4a, life safety, the rating matrix options were added to provide an opportunity for applicant to select conditions they believe are appropriate and provide the location of supporting data. General agreement that the inclusion is helpful; Tim observed that this may lead to additional reconsideration when the department scores differently than what is requested. Don stated he would like to have a committee work session to vet the matrix prior to the next application approval. Tim responded that it may be helpful to have more history, current scoring is based on historical department scoring and welcomes input. Committee reviewed edits to the scoring matrix. William proposed that all ages align with the renewal and replacement schedule system life, no objections. It was noted that the scoring matrix will most likely be revised yearly as issues arise. School security is an issue that is not currently scored on the matrix, committee would like to take up at a later time.

In section 6, planning and design, Tim presented proposed new questions 6b and 6c added relating to the use of prior school design or prior building system design to conform to statutory requirement. Committee discussed proposal, concerns included design ownership, limited number of districts that can utilize a prototype without state ownership of design, difficulty in proving savings, varying population sizes, number of suggested points. Clarified that application can either receive points for prior school design or system standards.

William **MOVED** to amend question 6b from 20 points to 5 points, **SECONDED** by Don. Further discussion ensued. Roll call vote was taken with 3 in favor and 4 opposed; the motion **FAILED**.

Dale **MOVED** to change the scoring for use of prior school design to 10 points, and add a fifth measure to the instructions and rater's guidelines that is for design savings. Change criteria 4 to construction savings and add two points to each one if applicant is able to support an estimate of the construction savings of the project greater than 10 percent of the construction cost; criteria 5 would be the supported estimate of 10 percent design savings to the project. The motion was **SECONDED**. Motion **PASSED** by unanimous roll call vote.

For proposed new question 6c, building system design, the savings will be based on the energy efficiency standard savings. Tim explained that within the framework of the adopted energy efficiency standard there are guidelines on various elements of building systems, which the department is indexing to determine whether they are minimally compliant, and they are planning some life cycle analysis that says that there is savings to be had if that standard could be exceeded. Members of the committee discussed this issue and offered feedback. It was noted that to comply with ASHRAE 90.1 standards, all systems in a building need to be in compliance.

William **MOVED** to change the total points possible in question 6c to 10 points and allow 2 points per each of the five identified systems if districts can demonstrate a written district standard that meets ASHRAE 90.1. Randy Williams **SECONDED**. Further discussion ensued that this motion leaves out the cost savings aspect, and it should be included that whatever is proposed should demonstrate cost savings. The motion **PASSED** unanimously by roll call vote. Lori reviewed the changes that will be made in that section of the rater's guide.

General agreement that new question 9f, item A, requiring energy consumption reports, is an important inclusion; item B, requiring an energy use index metric, may be premature.

The following summary of changes to the instructions was reviewed with the committee:

- 9e – Add evaluation of need for commissioning as part of an energy management plan to conform to regulation change.
- New 9f - Add conforming instructions. New item A to provide site-specific energy usage report. New item B to provide district metric to evaluate need for existing building commissioning.
- Appx A – Update minimum \$25,000 project references to \$50,000 to conform to regulation change.
- Appx C – Update recommended equipment/technology percentage.
- Appx E – Update minimum \$25,000 project reference to \$50,000 to conform to regulation change.
- Various – Renumber existing questions as needed.
- All - Footer: conforming changes for new fiscal year and form.

Feedback and suggestions were offered during the course of discussion, and that feedback was incorporated into the changes by staff at the time of the meeting.

William **MOVED** to approve question 9f, item A as written, **SECONDED** by a committee member. Hearing no opposition, the motion **PASSED**.

Committee engaged in a discussion regarding retro-commissioning. Tim noted that the department hasn't looked into how regulations would be implemented. Discussion on districts measuring annual energy use index (EUI) against a target for any particular building. The purpose of the measure is to collect the data over time to determine if a building is no longer performing at a set threshold, at which point a district will be able to determine if a building needs commissioning. Randy noted there is a nationwide database that contains EUIs for different types of buildings that can be adjusted for climate. If there isn't an energy model for a building, a good estimate would be the standard measure. Tim noted that they want to be sensitive to whether or not this is an achievable measure for every district even if they don't have the benefit of having a dedicated energy management person on staff. Don noted that smaller districts will struggle to deal with retro-commissioning. He stated that many people aren't aware of what is supposed to happen as far as implementing it; and then once they have the data, they won't know how to relate it to the cost of retro-commissioning. Don noted that retro-commissioning could be helpful to a lot of districts, but there hasn't been enough education yet for people to grasp the concept. The other issue of concern for districts is upfront costs that may save them in the long run; but in this fiscal climate, districts are worried about assuming additional costs. Larry Morris observed that if a district is tracking an EUI, it can state how many extra dollars it's been spending, then can compare that to the cost of performing the retro-commissioning.

Don **MOVED** that that category be delayed and not included in the application, **SECONDED** by David. Hearing no opposition, the motion **PASSED**. Lori clarified that points related to question 9f, item B would also be removed.

Committee discussed what energy consumption reports would be required for question 9f, item B.

Tim directed members of the committee to Table 7.1, which was also categorized as a major change. That change is reflecting language that would require FF&E lists and estimates for projects that needed educational specifications. His observation is that they might have put that into the application prematurely; it is currently making its way through the public comment and review process, and that won't be completed for a while.

Don **MOVED** to remove the note in Table 7.1 regarding FF&E lists in educational specifications, **SECONDED** by Jim. Hearing no opposition, the motion **PASSED** by unanimous consent.

Members of the committee discussed the change in percentage in Table 7.1 from 130 percent to 125 percent. Tim stated that when they revised the FF&E handbook in 2017, they reassessed dollars per student according to what they were seeing with the costs of technology, et cetera. Generally speaking, the cost cap reduced a little bit, and he isn't sure they can sustain that reduction looking at some current project work and pressures on that budget line item for a five-year interval. At the time they made the change, they noted that nothing keeps them from re-looking at that issue at any point and adjusting the handbook accordingly. He noted that no one is getting anywhere close to the application's 10 percent maximum using the allowable per student costs, so they reflected a reality-based change that rolled down and changed the 130 to

125. The department has been doing a lot of reductions in the district overhead where nine percent was being projected in the cost where no justification was provided, and the department took it down to five or six percent anyways because of the lack of justification. Tim also noted that it doesn't really change much in terms of the entire CIP.

Don **MOVED** to remove the reduction to the budget percentage to 125 percent, to keep it at the 130 percent. The motion was **SECONDED** by Jim. Hearing no opposition, the motion **PASSED**. It was recommended to add this topic to a future working meeting to review percentages.

Dale **MOVED** to approve the FY21 CIP application documents as amended, **SECONDED** by William. Hearing no opposition, the motion **PASSED**.

SUBCOMMITTEE ACTIVITY

Tim reported that the committee uses subcommittees to take on specific topics, and the subcommittees are structured with one or more members that can then reach out to other constituencies and stakeholders for participation. The subcommittees have no decision-making authority, and all decisions of the subcommittees come back to the full committee for final approval. Due to lack of personnel, some of the subcommittees have not been functional; Tim would like to rejuvenate and repopulate those subcommittees with the new membership.

SUBCOMMITTEE REPORTS

School Space Subcommittee

Current membership is Dale and Don, with Tim and Larry as department staff to the subcommittee. This subcommittee has not yet fully launched.

Dale stated that the impetus for this subcommittee was from a discussion years ago in trying to apply square footage limitations that related to equity across the state in schools to real cost implications. Concerns over complicating school design shapes to meet space restrictions, causing increased construction costs; potentially penalizing facilities with increased wall insulation/thickness; lack of storage in remote areas, increasing operational costs.

Jim and David volunteered to participate on this committee. Additional representation on this subcommittee may be available from people from rural school districts. Tim suggested this committee meet the first week of September, because A4LE has tentatively identified a workshop regarding this topic the week of August 26th.

Commissioning Subcommittee

No committee members are on this subcommittee, so there is no leadership. Tim noted that a lot of the work has been completed. Standards have been set. Next is work to compile a list of credentialing organizations for a department to approved and list, perhaps in a handbook. A relatively small item to finalize the open item in the commissioning system standards previously developed. Last item, is an analysis and cost/benefit of creating comprehensive commissioning standards for Alaska school projects, which does not currently have funding available.

Randy and William volunteered to be on this committee, Randy volunteered to chair. Wayne Marquis is the department staff assigned to this subcommittee.

Design Ratios Subcommittee

Current membership of this subcommittee is Dale, and Lori is the department staff assigned to this subcommittee. Dale explained the subcommittee intent to study and identify potential design ratios, ultimately focusing on Openings Area to Exterior Wall Area (O:EW), Building Footprint Area to Gross Square Footage (FPA:GSF), Building Volume to Net Floor Area (V:NSF), and Building Volume to Exterior Surface Area (V:ES). Important to understand what difference a ratio would make and what the cost/cost savings would be. An RFP was issued late winter for cost estimating and energy modeling services to explore the results of the design ratio options. In February a team was selected and negotiations successfully completed. The subcommittee is working with the consultant to define options for modeling and the format of final data. Work is expected to be complete prior to the funding expiring.

The topic for the next subcommittee meeting will be for the subcommittee to review and vet the consultant work and provide analysis on whether or not it will be beneficial to have those items be reported by school districts and design teams.

Randy and William volunteered to participate in this subcommittee.

Model School Subcommittee

Don is the current member of this committee, and Tim is department staff. Tim provided background on the four recommendations the subcommittee suggested to the legislature. First, cost model enhancements, to more fully develop the existing department tool, is underway and nearly complete. Second, to establish a process of updating the Model School Elements in conjunction with HMS, Inc., as performed in the meeting today. Might be necessary to develop a written procedure for desired analysis. Third, developing Model Alaskan School standards by building system needed to ensure cost-effective school construction, has struggled and requires additional review. An RFP is underway to secure services to conduct a feasibility and cost/benefit analysis on developing outline standards into comprehensive state-level model school standards. The final item is awaiting any action the legislature may decide to take.

There are no future meetings currently scheduled, but the RFP will need to be done by May 8th. Don asked whether the State Board of Education would want to get involved in the potential items the legislature may not be willing to fund, such as sports fields, high school stadiums, etc., that are popular public projects. Tim noted it will need to examine the statutory basis of what it would be possible for the department to do.

Jim volunteered to participate on this subcommittee.

COST MODEL UPDATE – HMS, Inc. Presentation

Kent Gamble from HMS, Inc. presented to the committee on the Model School changes. He noted that the changes this year are a little bit more straightforward, with no additional ASHRAE 90.1 changes, following the significant changes made the year before. He shared that HMS was counseled to leave steel pricing alone this year, as the industry is in flux right now, and there is a lot of uncertainty to prices because of import tariffs. If DEED is concerned about cost risk on projects as a result of future tariffs, there could be a conversation about hedging against that.

Kent Gamble stated that additional changes are mostly just going to be unit price changes for material pricing, and they are anticipating getting labor rates by May 1 (typically released

April 1). Reviewed additional price changes and noted additional price adjustments throughout. Kent stated that he wants to explore the three different options for diesel power generation: emergency, standby, and primary. He wants to have a thorough understanding of what these different power systems refer to and how costs will be captured through them.

Committee members and Kent reviewed specific line items in greater detail based upon questions from the committee. Tim suggested that in discussing this topic at future meetings, it would be helpful to have year-to-year comparisons, and Kent said he would make a note in their file. Tim observed that the cost format established in the early 2000s should allow for cost comparison between schools.

William **MOVED** that the committee recommend the incorporation of the Escalation Cost Study Model School Building as presented, **SECONDED** by Dale. The motion **PASSED** by unanimous consent.

ASHRAE 90.1-2010 UPDATE

Larry noted that there is no statewide authority having jurisdiction (AHJ) to review compliance with the energy standard. As he was reviewing some designs, he noted that not all of the consultants were submitting complying construction documents, and the department realizes there is a need to work with consultants and owners to make sure they have compliant documents in construction. Following the December 2018 meeting, the department developed a compliance checklist specific to Alaska schools based on the “Commercial Building Data Collection Checklist – ANSI/ASHRAE/IESNA Standard 90.1-2010” provided by the United States Department of Energy. The checklist was modified by removing items not commonly associated with educational facilities or not applicable to climate zones 7 and 8. It is anticipated that the checklist will become part of the required project documents.

Randy noted that he has never worked with a checklist such as this before, but he has used a tool called Comp Check, which is a free tool on the Department of Energy’s website that develops a checklist that is customized to each project, both design and construction. Larry stated that ultimately the department would like to be able to put this checklist up on their website so consultants/owners can go there and load the checklist. Randy shared his concern that each time ASHRAE 90.1 is updated and adopted, the department would incur additional maintenance challenges ensuring the checklist still complies with the latest version.

Tim stated that this is not directly in the committee’s purview. The committee is to approve the standard, but how that is rolled out and implemented only requires recommendations and feedback from the committee.

BR&GR CALENDAR and WORK PLAN REVIEW

Tim asked members of the committee to review the topics of the work plan to ensure all areas committee members would like to address have a slot in the plan. Suggestions included:

- Add 3.3.1.2 – Action item for existing buildings - help the department develop the implementation of the regulation.
- Suggestion to add 3.6, cost-effective school space. School space allocation issues were included in 5.10 under CIP. Committee agreed to move it into 5.4.

- Committee will receive a draft of the condition survey document before the end of the year, which needs to be updated.

SET DATE FOR NEXT MEETING

Next meeting date set for teleconference on July 18. Tentative teleconference on September 5 and tentative in-person meeting December 4.

COMMITTEE MEMBER COMMENTS

Discussion on historical protocol of addressing topics or researching information related to areas of interest for committee members. Tim shared that the department supports the committee in its work by providing research papers and background information, and can assist with convening the committee to do its work in whatever fashion is deemed appropriate. Committee members shared that they would appreciate being notified of the opportunity to be more involved when substantial changes are made to documentation so they can have a greater appreciation for the direction of the department before they are asked to make final decisions at quarterly meetings. Tim shared that he thought the committee did a great job at this meeting and worked through the agenda items in a thoughtful fashion. Lori also suggested that when the meeting packet with the briefings are sent to the committee, members should feel free to e-mail comments, suggestions, and questions ahead of the meeting.

Committee members shared their final comments. Highlights included:

- Very educational process, looking forward to addressing the issues.
- First meeting, lots of great discussions and collaborations. Good to work through things instead of around things.
- Thanks to the staff and all they do behind the scenes. Feel like a lot was accomplished.
- Interesting to learn a lot on the administrative side of things.
- Committee is very well balanced between the education, grant writing, and the engineering/construction sides of things. Everyone is able to bring a different perspective to each of the topics discussed.
- Nice that the committee and the department are working toward the same goals.
- Appreciate all the new faces at the table to get fresh perspectives.
- Staff are amazing.

MEETING ADJOURNED

The meeting adjourned at 4:14 p.m.