

BOND REIMBURSEMENT & GRANT REVIEW COMMITTEE

Thursday, January 23, 2020

2:05 p.m. – 4:07 p.m.

Teleconference

APPROVED MEETING MINUTES

Committee Members Present

Rep. Tammie Wilson
Randy Williams
Dale Smythe
James Estes
Don Hiley
David Kingsland
William Glumac

Staff

Elwin Blackwell,
chair
Tim Mearig
Lori Weed

Additional Participants

Jane Conway, Legislative Aide to
Sen. Giessel

January 23, 2020

CALL TO ORDER and ROLL CALL at 2:05 p.m.

Chair Elwin Blackwell called the meeting to order at 2:05 p.m. Roll call conducted. Chair Blackwell requested that a work plan be added to the end of the agenda just before committee member comments. Hearing no objection, the item was added to the agenda.

CHAIR'S OPENING REMARKS

Chair Blackwell reported that the department received six reconsideration requests on CIP projects, made some adjustments to three of those on reconsideration, and there were no appeals.

Chair Blackwell said that as part of the added agenda item, Lake and Peninsula requested a change to 4 AAC 31.013 regarding the process of assessing energy management, specifically how waste heat in schools is managed.

GUIDELINES FOR RATERS OF THE CIP APPLICATION

Tim Mearig summarized an analysis of the CIP scoring that occurred during the last cycle and expressed concern that the scoring might be inaccurate because of the weighting process. High scores were seen for the life safety code protection of structure category. Tim reviewed and explained the chart on page 2 of the packet and pointed out that on some of the projects there was close alignment for the value of the condition, the points assigned, and the cost percentage for the project, but some were skewed because of the weighting factor. Prior to two years ago, the department made subjective judgments about the cost portion of the work related to code and non-code items. That resulted in several instances where a low cost associated with a high point value resulted in a heavier weighting of points. The bar charts on pages 3, 4, and 5 of the packet represent a series of scoring options showing various adjustments of category points and the results. If in evaluating some factors associated with an option and all of them resulted in the bar going to five points, that would be ideal. The factors measured are listed on page 2 of the packet.

Rep. Tammie Wilson asked if there was a way to judge the weights and scores to fix the issue. Tim responded with the examples of Houston Middle School Renovation and Qugcuun

Memorial projects listed in the table on page 7 of the packet. Option 5d resulted in the best scores for the conditions of those projects. Option 5d also takes into account a low-cost project scoring condition and drops the point value accordingly.

Rep. Wilson asked if the district could review those low-cost projects somehow or if they just had to wait until the cost goes higher. Tim pointed out that the district has the option of declaring the project as maintenance, which does not qualify for capital funding through the state. Generally, if the replaced component is designed to last more than five years, that is a capital project. If under five years, it would be maintenance.

Rep. Wilson asked what the state's responsibility was if it knows about a defect but it scores below the line so is not remedied by the state. Tim stated that it is the district's responsibility to provide safe facilities. Generally, the state does not follow up to see if the district has corrected the unsafe condition. It is not clear just what the state's liability would be in these cases. For the districts that occupy state-owned facilities, there are agreements in place detailing the districts' responsibilities to maintain the buildings. Rep. Wilson stated that perhaps the state should force the maintenance issues before they become capital issues.

Dale Smythe asked if there were any concerns about the results of the scoring changes in option 5d. Tim stated a downside to option 5d was measuring the percent of cost to the total cost where a project was divided into several conditions.

Randy Williams asked about the level of effort and added work for this scoring option. Lori Weed responded that it might take a little bit more time, but mostly it's all mathematical. Tim added that a specific line item cost is required for every element of the project, which takes more time.

Rep. Wilson asked how long it takes now to review a project. Tim answered about three hours per project, and for about 100 projects, that could be anywhere from 300 to 400 hours.

Tim Mearig stated that the department is soundly behind option 5d as it attacks the problem well, it's relatively easy to implement, and the raters can still get their views represented in the final points calculations.

Don Hiley asked for clarification of the process of option 5d. Tim explained that condition points are identified in the application, and those points are evaluated to develop a raw points score, which is entered into the database. At that point, a value is assigned for each of the conditions, and then the equation takes over and adjustments are done. The philosophy of the option is that a high point value should be correlated with a similarly high percentage of repair, the cost of repair versus the total cost of the project.

Randy Williams asked about the packaging of items such that if the district had some code conditions and also some other work that did not fall under life safety, would it be possible to separate those to get more points for the code conditions? Tim replied that that was possible. The district would make that decision based on its needs and the urgency of its conditions since the non-code work would fall lower on the list.

Rep. Wilson **MOVED** that the committee take option 5d as the preferred way of weighting projects, **SECONDED** by David Kingsland. The motion **PASSED** by unanimous consent.

Don Hiley spoke about his position paper that is contained in the board packet. He is concerned about maintenance incentives and point allocation for conditions that fail before their expected lifespans. For example, if the replacement schedule says something should last 25 years, and it fails in year 24, there are no points allocated for that. Yet, if that same item is still performing after the 25-year mark, there are points available because it has lasted the requisite time. He would like to explore moving away from the R & R schedule and focus more on the issues. He would also like to see the severity of issues be taken into account and perhaps allow a point range to accommodate the various work. Tim commented that there could be reasons why an item has failed, and that the failure could be a symptom of a problem rather than the problem itself. It could be a maintenance concern or a manufacturing defect or an installation problem. Also, the state does not have an interest in spending money on fixing things that haven't reached their normal life.

Don Hiley gave an example of a siding issue. Failed siding less than 25 years of age is two points, but siding 25 years old, failed or not, is 12 points, which doesn't make sense to him. Also, it is concerning that the children are being the ones punished being in an unsafe building because it isn't old enough to garner points for repair.

Chair Blackwell noted there was a perception that some districts have not maintained their buildings, and systems failed prematurely. He cited one case in which a district used the wrong material for siding as a cost-cutting maneuver, and it failed before its projected lifespan. He questioned whether it is the state's responsibility to replace siding that has failed in year 5 of a 20-year life. He acknowledged that he didn't want children sitting in a room that has water infiltrating, but if the district was using an axe to chop ice on the roof and put a hole in it, does the state have an obligation to fix that roof? There is an inequity between those who are doing a good maintenance job and those with systems that chronically fail.

Don Hiley responded that poor maintenance is not the only reason for a failed system. They just fail sometimes. In the siding issue Chair Blackwell referenced, the department had approved the district's decision to use that less expensive siding. But the fact is, it failed and the building needs siding. In many cases the people who made those decisions are no longer on staff, and the kids are the ones being punished by those decisions. But the bottom line is they want the buildings to stay structurally sound for as long as they can, and if they let them fail because the district doesn't have the resources to maintain them, the building, or part of it, will be lost and then it will be more expensive to replace.

Don Hiley also does not see the logic that not having enough insulation in the walls gets 10 points, but no siding is worth only 2 points. He thinks that the most important critical work should get the most points.

Tim Mearig said that if the committee would like to see some other analyses of different items, the department will assist the committee in developing data and analysis if it gets some direction from the committee on what it wants to see.

Randy Williams noted that a lot of the systems have a depreciation schedule, and it might be a good idea to tie the points to the depreciation life, perhaps a sliding scale based on how old it is rather than jumping from 2 to 12 points in a single year. Tim said that might be something to look at, because the whole matrix is predicated on the fact that they want certain systems to last for certain durations, and perhaps there is a way to score something that is close to failing but not failing yet.

William Glumac agreed with researching a potential sliding rubric. In addition, it normally takes two years after an application is submitted to get approved, so perhaps applying two years ahead of the projected lifespan of a system would be a good idea. It would still be replaced at the end of the lifespan, but the process would be begun before that. He also noted that district maintenance departments often do not get a lot of support from district administration and the general public. Sometimes, the maintenance departments face cuts where education, communication, and other departments experience increases. And sometimes districts will hold off putting money into a system because the state will eventually come in with a capital project and replace it.

Chair Blackwell asked for a consensus with the committee about having the department do some analysis on a sliding scale rather than having such sharp break points in the point scoring.

Tim Mearig stated that the time was up for this meeting and it needed to close. There is a lot of work ahead, and there is not another meeting scheduled until April, and there is not time to go through the work plan today. He suggested that he send out the revised work plan and hold a teleconference meeting in March. Based on stated availability, Chair Blackwell stated that he would send an e-mail scheduling a meeting for the third or fourth week of March.

COMMITTEE MEMBER COMMENTS

Committee members shared their final comments. Highlights included:

- Thank you for the in-depth mathematical solution for the life safety issue. All the hard work is appreciated.
- Explore the options for more informal work sessions because of the workload, and in favor of a March meeting.
- Continue to explore the position paper especially from a maintenance point of view.

Chair Blackwell thanked committee members for all their hard work.

MEETING ADJOURNED

Chair Blackwell adjourned the meeting at 4:07 p.m.