

**BOND REIMBURSEMENT & GRANT REVIEW COMMITTEE**

Tuesday, April 19, 2022 – 1:30 p.m. – 4:35 p.m.  
Wednesday, April 20, 2022 – 8:30 a.m. – 2:33 p.m.

Andrew P. Kashevaroff Building  
395 Whittier Street, Juneau, Alaska

**APPROVED MEETING MINUTES**

<b>Committee Members</b>	<b>Staff</b>	<b>Additional Participants (telephonic)</b>
<b>Present</b>	Tim Mearig	Dana Menendez, Anchorage SD
Heidi Teshner, Chair	Lori Weed	Amy Briggs, Ketchikan Boro.
Elwin Blackwell	Sharol Roys	Dena Strait
Sen. Roger Holland, excused	Wayne Norlund	Robert Brown, HMS, Inc.
Rep. Dan Ortiz	Wayne Marquis	Kent Gamble, HMS, Inc.
Randy Williams		
Dale Smythe		
James Estes		
Kevin Lyon		
David Kingsland		
Branzon Anania		

**April 19, 2022**

**CALL TO ORDER and ROLL CALL**

Chair Heidi Teshner called the meeting to order at 1:30 p.m. Roll call was taken, and a quorum was established to conduct business. Senator Holland was excused.

**CHAIR’S OPENING REMARKS**

Chair Teshner welcomed everyone and hoped to get finished in time to enjoy some of the Juneau sunshine. She looks forward to a lively discussion on the 2024 CIP application this afternoon.

**AGENDA REVIEW / APPROVAL**

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

**PAST MEETING MINUTES REVIEW / APPROVAL – February 28, 2022**

Dale Smythe **MOVED** to approve the minutes from February 28, 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**

***FY 2023 CIP Report Reconsideration and Final Lists***

Tim Mearig reported that there had been no appeals on CIP projects, and directed committee members to review the final lists. The major maintenance list and the school construction list amount to about \$200 million each for the State share.

For the current CIP cycle, 47 of 53 school districts have certified preventative maintenance programs. Yakutat has been notified that it is no longer compliant, so they will have to reestablish protocols in order to be eligible for FY '24. Yukon Flats is working to get back on the list, as is Nenana. All the districts and their statuses are included in the packet. Districts that have installed biomass plants are not tracking energy use because the funding for those projects does not call for any measurement requirements.

### ***Report: School Capital Project Funding Under SB 237***

Tim referred to the excerpts from the annual school capital project funding report. The zeroes that appear in the report do not necessarily mean there are no projects occurring. There may be redirected debt proceeds or grant funds that lapsed and were reallocated, but this report tracks new money only, so if there is a project, it will show as a zero if the funds were reassigned.

### ***Legislation and Regulation Updates***

The legislative action report highlighted HB 350, SB 17, and SB 225. Chair Teshner commented that SB 225 added some language to evaluate the statewide need for teacher housing, and the bill is currently in Senate Finance. Tim noted that the CIP statutes do not deal with teacher housing, and the department has not dealt with that issue in the past.

The three publications for regulation that were approved by BRGR (swimming pool guidelines, site selection criteria, and school equipment purchases guidelines) were approved by the State Board and are in the public comment process. The State Board will consider the adoption of the regulations at its June 8th meeting.

### ***Department Projects***

Tim noted that funds were received in 2022 for a statewide capital funding forecast database, and the RFP for that is forthcoming. He discussed the type of information that would go into the database, which will give more of a statewide perspective of need.

### ***Publications Update***

Tim spoke briefly about the list of publications. James Estes asked about the outdoor facility guidelines for secondary schools that is new and wondered what drove that. Tim responded that he did not know as it was initiated by his predecessor. Lori Weed said it was meant to help provide equity between the urban and rural districts.

## **DEPARTMENT BRIEFING: FY 2024 CIP APPLICATION & SUPPORT MATERIALS**

Tim mentioned that the scoring related changes in the application will be discussed tomorrow. Summarizing the changes, he talked about the mixed scope weighting factors for code deficiency and life safety conditions and pointed out changes in scoring for siding failure, architectural interior, elevator issues, and ADA issues. Lori Weed explained the alternate weighting process, which tries to diminish the effect of small dollar value costs to correct large point value conditions. The proposal this year is for the alternate weighting to be based on cost instead of points.

Tim reviewed the capital planning narrative and explained that some scoring criteria appeared to be indexed to high performing districts and needed to be softened somewhat to allow typical districts to receive reasonable scores. As an example, Tim pointed out that maintaining maintenance records or having a policy or handbook were not as important as completing the maintenance, so the scoring matrix was adjusted. Dale Smythe commented that this change matches criticism he had heard from maintenance about providing data instead of doing their job.

Randy Williams asked if a score of zero would mean disqualification. Tim replied that if a district had a lot of ones and zeros, they probably would have a conversation to see if there was missing information that would show that they are doing the work.

Tim reviewed changes to Appendix D regarding the type of space added or improved, which he classified as a moderate change to the CIP application. Most of the amendments arose out of new and revised naming language in the Design and Construction Standards.

### **FY 2024 APPLICATION REVIEW**

Tim referred the committee to the summary of changes. He briefly discussed changes to grant and debt funding categories to conform to statutory definitions.

Randy Williams asked for clarification on the points for siding. Lori Weed explained that if the siding has aged past the expected life, it's 12 points, but if it fails at or past that time, then it gets 15, not 12 plus 15.

The three-point "bump" for documentation by an appropriate entity was discussed. Lori Weed clarified that the department decides who is the appropriate person or entity. Branzon Anania asked if there was a chance that some of the items could be defined by a contractor through documentation, not necessarily an engineer or architect. Tim said that for structural it should not be a contractor but a registered structural engineer. Branzon said he was thinking about a sprinkler system inspection and wondered why he would have to hire an engineer to duplicate the work of the inspector.

Lori Weed asked if the words "documented by an appropriate qualified entity as determined by the department" would be beneficial. Dale Smythe said he thought so and added that for ASHRAE 90.1 for windows and insulation, they wouldn't necessarily have to have a professional to analyze that. And a mechanical engineer is not necessary to tell someone the boilers are out. He said there is no sense flying the contractor out to say what's wrong and then have to fly an engineer out to tell them the same thing.

Tim pointed out that an experienced facility manager could understand code, but it is not their professional responsibility. He would rather have the professional that is adding value by saying, "I know this. It's my job to know this, and I'm citing that it's true." Base points are still available without the three-point bump if there is no professional documentation.

Lori Weed explained the changes in question 6b of the application to clarify that it is for whole school construction design and also clarifying that only one category can be used, either the prototypical design or building system standards.

Lori explained that a new section was added to the application for district contact information so that when there are changes made by the department, the changes are provided to the persons named in this section rather than just to the superintendent.

The space name “parent resource room” was deleted from Category B in Appendix D because it was no longer clear what the purpose of the space was.

## **RECESS**

The meeting recessed at 4:35 p.m.

**Wednesday, April 20, 2022**

## **CALL TO ORDER / ROLL CALL**

Chair Blackwell called the meeting to order at 8:30 a.m. Roll call was taken, and a quorum was established to conduct business. Sen. Holland and Rep. Ortiz were excused.

## **CHAIR’S OPENING REMARKS**

Chair Blackwell said he would be chairing the meeting today while Heidi Teshner was doing legislative work. He introduced a briefing paper on implementing and updating the *Alaska School Design and Construction Standards Handbook* and had it distributed to the committee to be addressed this afternoon.

## **PUBLIC COMMENT**

No public members wished to provide comment at this time.

## **FY 2024 APPLICATION REVIEW (continued)**

Tim Mearig and Lori Weed reviewed the elevator issues and pointed out that an issue with the interior of the elevator, such as flooring, is different from a code deficiency that was found by an elevator inspector. Dale Smythe noted that there is a limited number of schools with elevators, and it’s generally an ADA issue rather than a life-safety issue. James Estes commented that it could be an egress issue for students who utilize wheelchairs for mobility. Randy Williams said there are other potential deficiencies related to the discharge of sprinklers in elevator shafts or wastewater intrusion.

Lori Weed detailed the proposed changes to the application as follows:

- Adding language to the first paragraph specifying four total application copies.
- Changing the primary structure of school construction and major maintenance, changing from grant funding and debt funding categories.

Kevin Lyon questioned whether debt could be used for protection of structure. Tim replied that the statute doesn’t define debt projects under school construction and major maintenance definitions. Tim recommended that a footnote be added that AS 14.11.100(j)(4) does not expressly include protection of structure.

Tim outlined the changes in Section 4a. Lori summarized that there were no changes to Section 5; minor word changes to Section 6; no changes to Sections 7, 8, or 9; new Section 10 regarding district contact information; and a minor change to the Attachments checklist.

Lori Weed reviewed the proposed changes to the instructions. The changes were to remove the differentiation between grant and debt in Section 1b; add that, for grant funding, the project must appear in the first year of the district's six-year plan; no changes to Sections 3, 4, and 5; in Section 6, clarify that use of prior school construction design is encouraged, and that these points are available to school construction projects with primary purposes of category A, B, or F; and in Section 7, that cost estimates are preferred in the DEED cost format.

Dale Smythe noted that it says that alternative formats will not impact points assigned but could impact the project's eligible amount for cost estimate work, and he wondered what that meant. Tim explained that an estimate will not be paid twice. Lori suggested that cost estimate work be changed to cost estimate expenses.

Lori continued reviewing changes to the instructions, with no changes to Section 8; Section 9 is changed to conform to the Rater's Guide regarding the PM narratives; add Section 10 to provide contact information for persons other than the superintendent or chief administrator; no changes to Appendices A, B, and C; in Appendix D, changes to some of the names of type of space added or improved. Tim mentioned that some types of spaces were deleted and more common names added, but there were no shifts in categories except for the parent resource room that was discussed yesterday.

New definitions mostly related to the energy narratives were added to Appendix E. Kevin Lyon wanted to know if capital renewal and replacement would include carpets, boilers, and light fixtures. Tim replied that if it lasts more than five years, it would be a capital expenditure rather than maintenance and would be an eligible expense under this definition.

There was a question about the definition of deferred maintenance – whether it included capital work. It was decided to amend the definition to read, "Maintenance or capital renewal that is postponed for lack of funds, resources, or other reasons."

In the Rater's Guide, the sixth bullet of Question 4a was amended to update it to the alternative weighting of mixed projects. Committee determined that the proposed asterisk denoting a 3 point scoring increase if documented by a qualified professional should be removed from siding failure aged over 25 years. There were some slight wording changes on the ADA items, and asterisks added to several items in other categories. The definition of architect should be removed.

Branzon Anania questioned the 30- to 40-year life span for sprinkler heads as he thought the heads were to be replaced at 20 years.

The discussed the wording, "+3 points if documented by appropriate entity" and several amendments proposed:

- Change to “documented by an appropriate qualified entity” and possibly add “as determined by the department.”
- Change to “appropriate entity or jurisdiction” because that allows some Fire Marshal activity and perhaps elevator inspector issues.
- Change “qualified” to “licensed.”
- Change to “appropriate entity or appropriate qualified entity.”
- Delete all the asterisks so there would be no three-point bumps.

Tim pointed out that if a contractor submits that something is a code violation, the rater does not know if that contractor actually knows if it is a violation, but the industry is based on licensed professionals being responsible to know and implement the code. Dale Smythe felt there should be some freedom in identifying deficiencies, especially for the smaller districts that might not have access to design professionals.

Lori Weed suggested that the note be deleted, and a bullet placed before the matrix which states, “A three-point increase if code deficiency is documented and cited by an appropriate qualified entity or enforcement authority, and the most common conditions are noticed with an asterisk.” The committee was in consensus with that change.

In response to Branzon Anania’s concern about sprinkler head life, Randy Williams looked up the code reference and found it is a complicated issue with different replacement schedules for different types of sprinklers, and some of the replacement periods can be extended with testing at certain intervals. He was not sure how that could be wrapped up in a single line entry. It was decided to leave the entry as is for this year.

No one objected to skipping to the project eligibility checklist. Item B was changed by adding “Project is identified in the current CIP year of the plan.”

Dena Strait thought the discussion about who can call out a code deficiency was good, and she liked the combination of an inspector or repair person calling out a deficiency and then having it confirmed by a professional.

Dale Smythe **MOVED** that the committee accept the edits to the Rater’s Guide and application with the edits as defined yesterday and today giving the department freedom for minor changes based on intent, **SECONDED** by Kevin Lyon.

Motion passed with unanimous roll call vote, 7 – 0.

## **SUBCOMMITTEE REPORTS**

### ***Design Ratios***

Dale Smythe reported that he was waiting for further analysis on some of the energy modeling, and then they will continue modifying final ratio recommendations based on those results.

### ***Model School***

Kevin Lyon stated that the work that has been completed is in the document.

### ***School Space***

Dale Smythe reported that this subcommittee met in February and agreed that shifting on the allowable space, shifting the measurement definition, and general group acceptance that moving to something more in line with the vapor retarder or interior sheetrock would match the need. The subcommittee will meet again this week.

## **PUBLICATIONS**

### ***Project Delivery Method Handbook – Draft for Public Comment***

Wayne Norlund reported on the *Project Delivery Method Handbook*. He said the handbook compares, contrasts, and describes the traditional and presumptive default method of design-bid-build with other accepted alternative project delivery methods.

He directed the committee to the publication and survey in the packet and noted that the survey demonstrated that most people find the publication to be useful although it showed some areas that could be improved.

The proposed changes reflect the regulation changes made in 2019 and replaced the appendix with a synopsis. Also included is a request letter listing all the materials that need to be included in order to make the case, justify, and request a specific alternative project approval. A flow chart has been described as one of the most useful elements of the handbook. A sample request template is included as Appendix E and is proposed for removal.

The two main questions Wayne would like discussed are as follows:

- Should the publication continue to include a copy of the sample request template, or should it be separate and allow the synopsis at the end to serve that?
- Is the new request letter section too specific? If so, should it instead include direct references to the publication sections to remove potential missing of direction that is in there?

The current template is a Publisher file and is being converted to Microsoft Word to make it more user friendly. Lori Weed suggested that a hyperlink to the Word template be put in the Template paragraph.

Wayne was concerned that the request letter was too specific and perhaps should have references to the appropriate sections of the manual. It was decided to leave the request letter as is and see what public comments are received about changes to it.

Randy Williams **MOVED** that the BRGR Committee approve the department updates on the *Project Delivery Method Handbook* as presented and open a period of public comment, **SECONDED** by James Estes. Hearing no objection, the motion **PASSED**.

### ***Preventive Maintenance Handbook – Draft for Public Comment***

For the record, at this point Chair Blackwell turned the chair position over to Heidi Teshner.

The *Preventive Maintenance Handbook* has been reviewed by the committee nine times since 2018, and this version shows edits incorporated and some new language that is underlined. It

also has some sections that are not fully developed or are blank. The briefing paper identifies the areas of content that were added since the last revision in December 2021.

When sending this handbook out for public comment, Tim can direct the public to the bulleted list in the summary of public comment to solicit suggestions for additional development. If no one comments on certain sections, perhaps they are not needed and can be deleted.

Tim would like to open this for public comment, respond to public comment, make additional guidance or information in areas that are still to be developed, and then come back to the committee for adoption in September.

Dale Smythe **MOVED** that the Bond Reimbursement and Grant Review Committee approve the department's proposed update of the *Alaska School Facility Preventive Maintenance and Facility Management Handbook* as edited and recommend the department open a period of public comment, **SECONDED** by Randy Williams. Hearing no objection, the motion **PASSED**.

#### ***Capital Project Administration Handbook – Final***

Public comments and DEED's responses are included in the packet. DNR provided some language regarding archeological clearance, and those changes are incorporated in the document. Budget category definitions were added as Appendix B. Additional information regarding value analysis was added to the document in response to comments from Doug Murray of RESPEC.

Kevin Lyon **MOVED** that the Bond Reimbursement and Grant Review Committee approve the department's proposed update of *Capital Project Administration Handbook* for issuance and use by the department, **SECONDED** by James Estes. Hearing no objection, the motion **PASSED**.

#### ***Construction Standards Handbook – Final***

Over a hundred comments were received during the last public comment period, the majority of which were in reference to Part 2 School Buildings and their space characteristics. Additional comments were received about best practices and lessons learned.

Tim mentioned he did not have time to analyze the CF (cost factor) and LCCA (life-cycle cost analysis) items that were developed by BDS and consultants, and he anticipates that will result in some changes relatively quickly.

Randy Williams asked how Tim would propose to capture best practices / lessons learned to bring back to the committee. Lori Weed replied that when she gets submissions or items come up during reviews, she starts a new document with tracked changes and makes a note for possible future discussion.

Tim stated that it is a statutory responsibility of the committee and the department to develop criteria for construction of schools in the state. HB 212 added language that required the department to develop and periodically update regionally-based model school standards that describe acceptable systems and construction standards and acceptable building systems. The committee would be the entity that modifies and moderates the Construction Standards.



The department proposes that, if adopted, the construction standards would take effect this year in the CIP application process. Dale Smythe wondered what effect that would have on projects that are already in design now for the next submittal. Lori Weed said that to address Dale's concern, language could be added that designs that have reached a certain stage and are dated prior to the adoption of these standards would not be penalized or held to the standard.

Tim and Lori discussed the mechanics of where the standards would fit in the application process. Lori referred to the Construction Standards Implementation Briefing Paper that was distributed earlier and said that new language would probably be inserted as an appendix to the application instructions.

Randy Williams **MOVED** that the Bond Reimbursement and Grant Review Committee approve the proposed review comments as presented for distribution, **SECONDED** by Kevin Lyon. Hearing no objection, the motion **PASSED**.

Randy Williams **MOVED** that the Bond Reimbursement and Grant Review Committee approve the final draft of the *Alaska School Design and Construction Standards* as presented, **SECONDED** by Kevin Lyon. Hearing no objection, the motion **PASSED**.

## **COST MODEL UPDATE**

### ***HMS, Inc. Teleconference***

Robert Brown of HMS, Inc. presented an update to this year's *Program Demand Cost Model*. The most significant change was the movement from the Unifomat Elemental categories to the 2020 DEED standard construction cost estimate format. With that move, some items and assemblies are accounted for in different divisions, so care must be taken when comparing this year's Model School with previous editions. The Cost Model is updated annually.

The pandemic, the war in Ukraine, and the price of oil have all contributed to volatile material prices. The largest increases were in steel and copper and products related to the price of oil. HMS also considered the unique market risk factor and have set that at 3.5 percent because of uncertain material prices and supply chain issues. They recommend raising the escalation rate to 5 percent for budgeting purposes. Shipping costs also continue to rise, and shippers are adding a freight surcharge which was 30 to 35 percent but is now in the 40s and will continue to fluctuate with the price of oil.

Dale Smythe asked for any comment or advice because of the dynamic nature of the costs discussed. Mr. Brown stated it is difficult, but they try to keep as close to realistic numbers as possible. Some suppliers receive allocations of materials and when those allocations are gone, there is no more until the next quarter or whenever the next allocation is scheduled, and the price of the materials is not known until that next allocation is received.

## **FY 2024 APPLICATION REVIEW – Continued**

Kevin Lyon asked about an exemption for completed projects and reuse of scores. Dale Smythe suggested identifying the grace period but did not know how that would work. Branzon Anania said if someone had one from last year and it's good for two years, having to redo it to get it

current seems overburdensome. Tim said that a project that is eligible for reuse of scores could range from a second year to another six years, and he suggested exempting those eligible for reuse scores. Other discussion points were as follows:

- The grace period should be identified.
- At what point does the design have to be redone?
- The time constraint between now and September 1st is an important factor.
- The starting date should be 2024.
- If the design is already at 65 percent, it should be exempt.

Kevin Lyon **MOVED** that the Bond Reimbursement and Grant Review Committee amend the CIP application to include the *Alaska School Design and Construction Standards* for use in evaluating projects beginning with the FY '24 CIP process, and in implementing the grant and other financial assistance awards established in regulation; exempted are projects completed prior to September 1st, 2023; eligible projects for reuse of scores; or those projects that received design points of 20 or more prior to September 1st, 2023, **SECONDED** by Dale Smythe. Hearing no objection, the motion **PASSED**.

Tim explained that the standards would be introduced as Appendix B, and waterfall the other appendices out with new letter designations to follow. Then amend instructions for question 3d, scope of work, to reference Appendix B.

Dale Smythe asked if the committee could leave the implementation of the standards to the department. James Estes wanted to defer the formatting to the department. It was decided that a motion would be necessary.

Randy Williams **MOVED** to amend the previous motion to say “Amend the CIP application as presented,” **SECONDED** by Branzon Anania. Hearing no objection, the motion **PASSED**.

### **DESIGN RATIO APPROVAL**

The design ratios they are working on are a percentage ratio of the exterior opening to exterior walls, the gross square foot of the building relative to the volume of the building, and the volume to the exterior enclosure. The two that relate to volume are challenging because of the different styles of buildings, whether built on a slab or with a crawl space or an elevated floor open to the environment.

### **BRGR CALENDAR AND WORK PLAN REVIEW AND UPDATE**

Tim Mearig said the work plan is largely a process of removing work that was accomplished from the outline for 2022. Tim outlined the possible items for consideration at the June meeting. The committee previously decided that it did not need to provide any new guidance on prototypical school design. He hopes to be able to talk about space guidelines and the calculation anomaly that occurs around the 300 mark in the K-12. Also, the second phase of space analysis, the adequacy piece, should be considered at the next meeting. The question about what happens to projects if they run into trouble with the funding will also be taken up.

### **SET DATE FOR NEXT MEETING**

Meeting dates were discussed. The National AIA convention is the 22nd through the 25th of June. The meeting was set for June 27th at 1:30 p.m. by teleconference. The September meeting was set for the 1st at 1:30 p.m., also by teleconference.

### **COMMITTEE MEMBER COMMENTS**

James Estes said it was great to see everyone in person, thought it was more productive, and he thanked the committee and the department for the expertise and all the work done.

Kevin Lyon thanked everyone for the work accomplished, especially by the department.

Branzon Anania thanked the department and said it was nice to meet everyone as this was his first in-person meeting with the committee.

Dale Smythe thanked everyone and wondered if stats were kept on the number of motions presented and approved.

David Kingsland said he like Kevin's long paragraph motion, beautiful.

Randy Williams echoed everything that's been said and mentioned that it was great to see everyone in person.

Chair Teshner said it was great to see everyone, and she appreciated everybody being on the committee and coming to Juneau. She also thanked Kevin for presenting to House Finance a few weeks ago and said he did a great job. Expressed thanks to the staff for putting everything together.

### **MEETING ADJOURNED**

Without objection, the meeting adjourned at 2:33 p.m.