

**Bond Reimbursement and Grant Review Committee Meeting
December 3, 2008
Talking Book Library
Anchorage, Alaska**

Committee Members	EED Staff	Audience
Eddy Jeans – Chair	Sam Kito III	Don Hiley – SERRC
Dee Hubbard – teleconference	Kimberly Andrews	Charlie Carlson – SERRC
Carl John	Gregg Parker	Ronald Alstrom – LYSD
Robert Tucker		Don Carney – Mat-Su
Harley Hightower		Randy Ribble – Anchorage
Thomas Richards		Kathy Christy – NWABSD
Mark Langberg		Rachel Molina – Anchorage
Lyman Hoffman		Henry Cottle – Mat-Su

Eddy Jeans, Chair, called the meeting to order and proceeded with Roll Call. Representative Hawker was not present. A quorum was established and Mr. Jeans proceeded with the packet overview.

The committee reviewed the agenda and made changes as follows: On paragraph 5 of page 5 Tom Richards' name was corrected from "Richard" to "Richards." No other changes were noted, and the minutes were adopted as corrected.

Ms. Hubbard requested clarification on upcoming discussions on statutory changes. Mr. Jeans stated they will be working on regulations only first, since they were the most important. Ms. Hubbard requested the topic be added to the agenda for the next meeting.

(Senator Hoffman has joined the group.)

The agenda was adopted.

Public Comment

Mr. John requested Mr. Kito add the CIP process to the topic agenda to give people an opportunity to discuss it. The consistency of the system in relation to the scores received greatly impact the participants, and the subjective and objective scores can vary greatly from year to year which should not occur with relatively few changes in student enrollment or changes made by the applicant. The applicant should ideally be able to increase overall scores on an annual basis. Maintaining participants' stakes in this system is directly related to the scores received and the consistency of the system. He asks that the Department maintain the consistency we have grown to trust in the past, and any changes in the way subjective and objective categories are viewed from one application period to the next are passed on to participants, regarding how the point structure will be viewed, well in advance of the application cycle, perhaps through the BRGR committee meetings and the annual DEED CIP application workshop training.

Mr. Jeans invited public comment. Don Hiley from SERRC has received comments from people upset about the inconsistency in scoring. Districts spent a considerable amount of money trying to move their projects forward up the list and did not get the results they expected as the rules seemed to change all of a sudden. Everyone has limited funds, and they need to be able to plan in advance year to year how to get the most out of the money available to them. He asked if there were any questions from the committee on this.

Mr. Jeans informed the committee they just went through the process of evaluating the CIP projects from all school districts, prioritized those projects, and now the staff will make recommendations based on the reconsideration hearings. Districts will be notified of the department's decisions and then formal hearings will be held if the districts want to have them. Since we are in that process at this time he did not think it appropriate to discuss individual projects. He stated we have 12 districts reconsidering and that we had eight last year.

Kathy Christy indicated that the districts she works with were satisfied with the process.

Rachel Molina of the Anchorage School District said they were disappointed with where they ended up on some of their projects.

Mr. Carney stated prior notice of any change in procedure is essential. The districts learn through training what is expected, and can not bring new evidence to the table at reconsideration. Presenting the rules clearly up front is essential and that is not what happened this year. He used as an example the adders. They recommended in the training sessions that you not exceed 30% or 130% of the project. This year there were projects that were under 130% with changes made in the adders, which has not occurred in the past. It is important that what they learn in training is consistent with what is required in the application.

He stated two categories to the scoring process are grossly underutilized and misunderstood: Emergency and life safety and code conditions. The only time he ever saw the maximum number of emergency points used is when a school burned down, and that usually there are no more than 4 or 5 emergency points. He does not believe the category is being utilized in the best way that it was intended. He wants the BRGR Committee and the Department to take another look at the process on how they assign emergency points.

He said the Department should let boroughs and school districts put the prices on the items in their locale as they know better what those costs are. Managing the money on that end is an effective way of managing it.

He asks the BRGR work with the department to get some parameters on the cost model and the cost-estimate process.

Ms. Hubbard asked how the emergency points are derived, that a roof can start as a 1 and become a 4. Mr. Jeans said the emergency points are subjective points and there is always some disagreement as to how they are allocated. Mr. Carney said the importance of the roof and entire building envelope has been stressed enough that people have become more aware of it than they were.

Ms. Hubbard asked about budgets being changed that were over 130%. Mr. Kito stated this year they notified the districts of their budget adjustments whereas in the past they had not. Mr. Tucker said if there was nothing in the rater's guide that indicated the adders were going to need backup documentation, that it should be put in there for next year so people are warned. Mr. Kito was not sure that was the place to put that information as it is not involved with adjusting the budget. Mr. Tucker said it does not say anything about backup documentation, but that if your project exceeds the recommended overall guideline to add a justification for each category that exceeds the specific sub-category guidelines, and that perhaps supporting documents need to be sent on all of it, no matter what the number is. Mr. Kito said he will look at the guidelines to be sure some of the items in the percentages are actually addressed. There are some subjective aspects, and that in coming up with the priority list, the rating team treats all its applications the same in the year they are reviewed and that nobody is being singled out. Mr. Jeans stated they would take a look at that and the application process in April.

Staff Briefing

Mr. Kito began with the PM update. A review of the State-of-the-State report in its revised format shows 9 districts that will be visited this calendar year. In addition, there are 5 districts who need to submit reports in February 2009 to maintain certification. Ms. Hubbard asked if February was an arbitrary time, and Mr. Kito explained it is a date that we can see a full six months of reporting.

Mr. Kito gave an update on the building management specialist position. He has developed a preventative maintenance certification process. Regarding a new review item of “fixed asset inventory system,” we have used districts’ audits in the past, but the building management specialist will now verify the fixed asset inventory so the department will have documentation that we have approved the fixed asset inventory.

Mr. Jeans added that every five years is the full certification process, and the department annually reviews district compliance from information submitted in the CIP application. He asked if there were any questions.

Ms. Hubbard asked about a way to look at the energy in the schools. Mr. Kito stated at the school visit we verify the existence of energy management reports at the district level and go over them in the programs when we meet with them every five years.

Mr. Kito stated districts work with architects and are encouraged to do post-occupancies, which is worded into the contract by at least one architect to do a day-long visit in the school one year after completion, and they try to do this before the warranty period expires on the project.

Ms. Hubbard had some concerns and recommendations over wording as follows: Under the school visit on “note custodial level of service,” 1 through 4 would be 1 through 5; and the third paragraph, third bullet, under district certification, “identify issues with those projects” sounded unnecessarily negative. Mr. Kito agreed those items should be changed. He asked if there were any other questions or comments, and then moved on to Debt Reimbursement Funding Status.

Debt Reimbursement Funding Status

Mr. Kito summarized as of November 14 of this year the total amount that has been requested under HB 13 and HB 373 is \$275 million and some change. The total approved by the department was \$259 million and the total voter-approved amount was \$261 million. The amount for projects that are both voter-approved and EED-approved is \$250 million. There is a discrepancy between the \$259 and the \$261 million and he is not sure where that came from.

The amount of money awaiting EED approval is \$647 thousand. Ms. Andrews found a discrepancy in the voters approving a larger amount for the Thunder Mountain Pool than we approved. That was expected. And there is \$8.7 million EED-approved but not yet approved by voters.

2010 CIP Report

Mr. Kito reported the 2010 CIP report summary statistics are 33 of 53 school districts submitting applications, three more than last year. 185 applications were submitted, down from last year’s 206. 161 of the applications were scored, down from last year’s 172. 24 projects requested re-use of scores, down from last year’s 34. The department determined 15 schools were ineligible, up from last year’s 13. The department modified the category of 22 projects, and the department adjusted the cost of 76 projects. He asked if there were questions.

Ms. Hubbard asked about the dates on the first three columns. Our initial list comes out November 5 and our reconsideration list comes out December 15. The final list comes out at the conclusion of the appeal process, usually in February or March.

Staffing Update

Mr. Kito gave an update on the process of interviewing candidates for the building management specialist position.

FY 2011 CIP Application Changes

Mr. Kito continued with FY 2011 application changes. If all districts submit five applications in a year, we potentially have 265 applications coming in. Limiting the total number of applications a district can submit to five was discussed. We currently fund a quarter of the total list, so we have a total volume of the list between \$700 million. Last year we were funded at \$206 million, which means districts are submitting applications for \$800 million dollars' worth of projects. For \$800 million dollars of unfunded projects, the department is scoring and prioritizing projects that will not actually get funded. With a large number of 15 or 20 applications coming in, if every one of those applications got funded, a district would not be able to implement those in the year and a half to two-year time frame the funding is directed towards.

Mr. Tucker expressed concern when the districts submit the six-year CIP plan showing all the construction and major maintenance outside of the ones they are submitting applications for. Does that information go to the legislature, as how much they have that they are really going to have to work on over the next six years? He stated the overall project is going to get smaller and the legislators are not really going to know what is floating out there. He suggested a report on the total of their six-year plans be sent to the legislators.

Mr. Kito concurred, we are required by law to provide a six-year plan to the legislature, but the information we get is not laid out from districts as a six-year plan. We get a fair number of districts that have a one-year plan. We could put that together as a report to the legislature. We do want to have the year versus need represented on the priority list. Mr. Tucker agreed. This can be addressed in the CIP application workshop training.

Ms. Hubbard said all districts are not required to submit a six-year plan, so they are not currently getting a full picture. Mr. Jeans suggested that since not all districts submit an application, it might be good to do a survey of all the student facilities to get an overall picture. Mr. Tucker suggested requiring each district submit one six-year plan each year. Mr. Kito stated on the six-year plan there is a column identifying project cost, and we can report to the legislature the total of the six-year plan. Mr. Tucker agreed this is a good idea if we are going to limit applications, so the districts that want more will know there is a need for a lot more than what is being submitted on an application. Mr. John agreed and said the list of major maintenance needs has 135 legitimate projects that need to be done; school districts need to learn to put more effort into those projects they want to score higher on the list.

Mr. Kito stated there were two occasions where the entire maintenance list was funded, and we are now still working on some of those projects that were funded back in 2003, so the effect was we funded a ten-year plan rather than a one-year plan. He believes that limiting the number of applications will increase the quality of the applications which will be more convincing to the legislature as to the priority need of the projects. Mr. Jeans stated there was no request for action on this today; rather it is information to be considered for the April application process.

Mr. John said he received some email responses he wished to read before the committee. Some of the application writers for the school districts are not highly trained in this area, and some important projects score low on the list because of this. He said for example, if a boiler is bad, that is a significant need and it should score high on the list.

Mr. Langberg wanted to be sure we are being fair to the larger school districts, considering Anchorage and Mat-Su alone have as much need as most of the rest of the state combined. There could be a procedure to weed out applications that should not make the top capital list and mark them unscorable to save some effort for the more worthwhile applications.

Mr. Richards asked about electronic applications. Mr. Kito said we had not done the electronic version, but that would save some of the database support work. Each of the raters still has to read each application. Mr. Richards asked how many raters we had, and was told there are three. Sam said the projects come in prioritized by each district. Mr. Jeans stated application procedures can be changed through the application process, or through a regulatory change. Mr. Tucker said theoretically they could end up with ten projects on the list if they had their first five re-use their numbers. Mr. Jeans said this will all be up for discussion by the committee in seeking ways to improve the process.

Mr. Carney said when the legislative body funded a major portion of the need for the state they found out the next year it wasn't even half of the real need, and this list is probably less than a third of the real need. The need can not be hidden by limiting it to five applications. If DEED has 600 applications or anticipates that might happen, start by changing the due date. September 1 has always put a pinch on getting everything done by November. It is too short a time span, even with a reasonable amount of applications. Mat-Su is the fastest growing district in the state, and has to add three more new schools in the next five years. It gives no opportunity to present the need.

Mr. Jeans requested Mr. John read his five emails, and that we then end the discussion on the limit of five.

Tye Peterson of Petersburg Schools wrote that he did not know if the proposed change would include resubmitting projects from previous years' lists, if they would count against the five that they currently submit for the current year. If that's the case, they could submit five new ones in addition to the ones currently on the list that have not been funded. If the rule change is that each district can only have five projects on the list at a given time, they would be against that change.

Brad Allen of Kuspuk Schools, wrote that this really limits things for all districts, urban, rural, big and small. He is not in favor of that kind of limitation, especially being pressed getting the facilities and maintenance in the districts under the current system. This would have a huge negative impact on districts in terms of budgetary concerns.

Eric Gebhart wrote that rather than just five perhaps there should be an assessment to determine how many projects a district should be able to manage. It will vary from district to district based on size and resources. The application is only one step in completing the projects. Managing construction is a lot of work and while it may be work for the districts and the DEED to process so many proposals, the root cause comes from legislative funding for a total on a feast-or-famine basis. One year only a small number of projects were funded and the next the whole list was funded. He has well-done and necessary projects. But this year it's looking to be a down year for funding. How else are districts to respond? Districts have needs, so we better get them in somehow when the funding looks good. And in down years good proposals go unfunded.

Kathy Christy wrote that one issue is the limit on applications on rural school districts. This is a good idea. She supports manageable CIP's with a reasonable number of projects and has advised districts to identify three or four top projects to put their resources in to getting funded. The higher the priority, the more pre-planning effort and resources. The result could be an even more competitive process and a higher-quality application.

She does not support subjective points for adequacy of facilities to increase in overall points given to unhoused students. There is validity to giving points to inadequacy, even if it is hard to score. Some of these are unsuitable construction space that still count as square footage, making it appear there is more space than can actually be used for students. Some schools are so poorly configured that on paper it appears that the students are housed, when in reality they are not. There is more to over crowding than just a lack of overall space. Some well-designed schools function far better at capacity than others do at below capacity. Population projections are becoming increasingly more difficult to predict. We are better off with the subjective than heavily weighed on a single criteria. Certain districts submit a substantial number of applications and some may not even apply. This may be because they have facilities directors who can commit the time and resources to write several applications, so they end up at the top of the list. There must be a way to provide more support throughout the state to ensure districts with the most need are funded, regardless of size, resources utilized to write the applications, etc.

Mr. Kito proposed a change in the subjective scoring area "existing space." We have an existing space criteria in our scoring guide, which says we allocate the points based on the type of program, and the most points in that category goes to mandated programs. The second level of points goes to existing local programs, and the third level of points goes to new local programs. Districts do not always tell us whether a program that a project impacts is mandatory, existing local, or new local, so we do not really use that criteria when we are scoring some applications. We base it in general on how that space is being used. Districts that have more unhoused students get more points in this category. Absent any information in applications directing the department to the type of space being worked on, we can put criteria in the rating guide that memorializes what we do in providing points to school districts. Up to ten points could be available for descriptions of space inadequacies where there are no future un-housed students, up to 25 points for descriptions of space inadequacies in future unhoused students up to 200% of the capacity, and up to 40 points for descriptions of space inadequacies in future unhoused students over 200%.

Mr. Jeans asked if there were any questions or comments. Ms. Hubbard asked if we are adding more subjective points. Mr. Jeans said no. If we do not have information from the district about the type of program being impacted by a project we still offer points – or we still give points for space inadequacies. Ms. Andrews stated what we are trying to do is let districts know that if they answer the question, and do not have a significant number of unhoused students, they will still get points. It is offering more points to people than has traditionally been given in this subjective category.

Database Update:

Mr. Kito described the department’s efforts to consolidate databases into a single database or combine with the Unity project and have a centralized database, which would provide us with an opportunity to have online entry of information by districts.

Publications Update:

Mr. Kito asked the committee to decide whether they believe the Educational Specification Supplement is ready to present as an approved guideline for actual use. The important point was paying more attention to indoor air quality while in the design stage, and then monitor the quality on a schedule.

Mr. Tucker started a discussion about double-flush toilets at the Homer library, which cause a lot of maintenance calls. Waterless toilets were also discussed, known to present problems as well. The pipes need to be replaced more frequently due to corrosion and need to be installed with ease of access for replacement in mind.

It was moved and seconded to adopt this as a supplement to the education specifications.

Ms. Hubbard asked about doors with regard to wind direction. Mr. Kito said he wants to add consideration of door and ventilation locations with respect to prevailing winds.

State Goals and Objectives:

Mr. Kito discussed the annual workplan, which includes review of the application scoring process, and stated that tweaking the scoring process will make it work better for districts.

The FY 2011 application will be brought to the committee in April 2009. They will work on the online CIP application and Mr. Kito will bring an update in April 2009. There should also be an update on the statute and regulations changes for the committee in April 2009.

Mr. Kito has two publications he would like to finish this year: the integrative facility management guide and the A&E selection guide, which should be ready for review in July 2009. The date for July’s meeting will be set in April.

Additional Discussion Items:

Mr. Tucker requested that re-use projects be noted on the list for the BRGR committee’s information.

Senator Hoffman referred to the CIP project requests and funding history report. He suggested there should be data on what the Governor of Alaska requested, to compare with what the legislature funds, and people can see the difficulty between the legislative and executive branch on the total spending. With school construction being at zero for years, and the major maintenance slowly gaining momentum since the one year that the whole list was funded, this missing column is very important to the presentation.

Ms. Hubbard suggested we need to do a voc-tech meeting sometime soon, referring to the discussion last July regarding a voc-tech summit as a separate meeting, which can be added as an extra day. Mr. Jeans said July would be better than April and will ask the members what they want on the next agenda.

Mr. Kito suggested getting the education summit report to work from which discussed some of those items, and have the committee meet with work group members dealing with voc tech issues statewide as part of a specific voc-tech summit for the July meeting. Mr. Tucker asked that we get the April meeting report and have another one in July. Mr. Jeans said the education summit workgroups will be posted on the web in the next week and links will be added to the website as an April agenda item for discussion.

Ms. Hubbard asked to look at statute changes regarding subjective scoring on applications. Mr. Jeans asked her to let them know about any specific statute concerns she has. Mr. Kito said we could get the application and rater's guide out a couple weeks ahead of the April meeting.

Mr. Hightower asked about the publications review, and Mr. Kito said the cost model is updated, with minor updates done annually, and every two or three years there is a major workthrough of the prototype HMS uses for estimating.

Senator Hoffman said this is the first year the Legislature is going to have a special regular committee on education, which in the past was combined with the HSS committee. Mr. Richards said the Legislature did a good job a few years ago by coming up with the preventative maintenance plan, as this is the first time we have almost 50% compliance, so districts are getting the message.

Fire alarms were discussed and that if a buildings burns down it goes up the list. Mr. Jeans suggested we need some type of review of the statutory / regulatory requirements of the PM program and a discussion by the committee on whether or not we can improve it.

Ms. Hubbard wanted an explanation via email regarding the 15 applications that were deemed unqualified. Mr. Kito stated they are still in the recommendation process so that could change. Mr. Jeans stated he could report it to her in April.

The meeting was adjourned.

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