

# BOND REIMBURSEMENT & GRANT REVIEW COMMITTEE

Thursday, December 9, 2021

## APPROVED MEETING MINUTES

### Committee Members Present

Elwin Blackwell, Chair  
Rep. Dan Ortiz  
Randy Williams  
Dale Smythe  
Jim Estes  
Kevin Lyon  
David Kingsland  
Branzon Anania

### Staff

Tim Mearig  
Lori Weed  
Sharol Roys  
Wayne Marquis  
Wayne Norlund

### Additional Participants

Caroline Hamp, Staff to Rep. Ortiz  
Damian Hill, Lake & Peninsula SD  
Jonathan Shambare, Fairbanks Boro.  
Ryan Jeffries, Lower Kuskokwim SD  
Ryan Butte, Lower Kuskokwim SD  
Scott Worthington, BDS Architects  
Dena Strait  
Janet Smith, Fairbanks Boro.

**December 9, 2021**

### **CALL TO ORDER and ROLL CALL**

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

### **CHAIR'S OPENING REMARKS**

Chair Blackwell explained that Heidi Teshner had asked him to chair the meeting today as she was unable to attend. He welcomed the committee members and thanked members of the public for attending.

### **AGENDA REVIEW/APPROVAL**

Lori Weed requested that the following action item be deleted as the draft is not yet completed:

- *Alaska School Facilities Preventive Maintenance Handbook (final draft)*

Action Item:

- Approve for Public Comment
  - *Alaska School Facilities Preventive Maintenance Handbook*

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

### **PAST MEETING MINUTES REVIEW/APPROVAL – September 2021**

Lori Weed requested that the absence of James Estes be amended to reflect the absence as excused. Randy Williams **MOVED** to approve the minutes from the September meeting as amended, **SECONDED** by David Kingsland. Hearing no opposition, the motion **PASSED**.

### **PUBLIC COMMENT**

A public comment period was offered, and no public testimony was provided. Staff introduced themselves, and guests were also introduced.

## **DEPARTMENT BRIEFING**

### ***FY2023 CIP Report***

Tim Mearig explained that there were 11 fewer CIP applications for FY2023, but the cost was up by \$10 million on the major maintenance list. There is a similar trend in the school construction list, which totals 13 projects.

Five requests for reconsideration were received, three from Lower Kuskokwim School District, one from Bristol Bay Borough School District, and one from Northwest Arctic Borough School District. These requests will be evaluated, a determination made, and the commissioner's office will handle the responses to the requesting entities.

### ***Statewide Six-Year Plan***

Tim was appreciative of the districts that submitted the six-year plans to the department, especially the ones that did not have an application to submit.

### ***School Capital Project Funding Report***

Tim briefly described the CIP grant requests funding history for 2013 through 2023, the REAA fund recap, and fund balance reports for school construction and major maintenance grant fund.

### ***Preventive Maintenance Update (PM State of the State)***

Tim explained that CIP eligibility is based on a district's abilities to have its maintenance program certified or provisionally certified. The department tries to visit each district on a five-year cycle, but for the last year all visits were virtual. Wayne Marquis has completed in-person visits to four Southeast school districts already this year, and eight more are scheduled.

This year, regulations required districts to evaluate whether their facilities needed to be retro commissioned. Initially there were no districts eligible for state aid for 2023 capital projects, but all except one were able to get their retro-commissioning requirement accomplished. Wayne Marquis was pleased and appreciative of the hard work of the districts to meet the new requirement.

Tim Mearig mentioned that there are only three provisionally certified districts this year, down from eight last year.

Dale Smythe asked Wayne Marquis if he had a sense for what was behind the improvements that he had seen. Wayne replied that in one small district, a professional plumber moved into the community and accomplished a lot of improvement work for the school. Wayne thought that the human aspect was the key, whether it's a maintenance director that is business savvy or a professional who has a new approach to looking at the problems.

Dale Smythe also asked if there were items that were challenging or difficult to provide, what is the process for communicating that back to Tim and the team. Wayne responded that the team is aware of the challenges because they read his reports. Tim Mearig added that the metrics are straightforward and objective and fairly easy to determine pass/fail, and there is usually no pushback. Sometimes there are questions about why a standard is there or perhaps something is not fair, and those are dealt with through a network of feedback paths.

Tim Mearig commented that he would be bringing a couple of publications to the committee at a later date, including the Cost Model annual update. He is also going to try to develop a statewide database of financial supporting information plus some forecasting information both on populations and need with respect to capital renewal.

Randy Williams asked if there were any new pieces of information or problems that were uncovered for retro-commissioning. Tim Mearig responded that the next step is to identify what use could be made of the analysis and what success stories or pressure points were found. Randy asked if they were seeing more energy consumption data being provided as a result of this effort, and Tim replied that he thought so because the requirement drove people to understand that the energy consumption information was necessary.

David Kingsland **MOVED** that the Bond Reimbursement and Grant Review Committee recommend the State Board of Education and Early Development adopt the department's FY2023 list of projects eligible for funding under the School Construction Grant Review and Major Maintenance Grant Fund, **SECONDED** by Dale Smythe. Hearing no objection, the motion **PASSED**.

## **BRIEFING PAPERS**

### **FY2023 CIP Issues and Clarifications**

Tim Mearig referred the committee to the CIP Application briefing paper. He explained that in 2017 there was an effort by the department to repackage the points assigned to code and protection of structure life-safety in order to raise its significance in the overall score. A number of scores went up, showing that deficiencies in this area should form a greater portion of the overall scoring.

The department has been evaluating a weighting factor to try to moderate the scores of districts with high point issues but a low cost against those with a high cost needed to solve a deficiency. The department is proposing to provide additional analysis of the weighting factor and to recommend corrections at a future meeting of the committee.

Tim pointed out that the districts are getting better at documenting deficiencies to support their needs.

Tim stated that there are minor issues in the emergency scoring criteria, and he anticipates those will be analyzed and recommendations brought to the committee at the April meeting.

A matrix was used this year to score preventive maintenance and facility management points to bring more clarity to the scoring. A drop in scores for 14 districts was noted, and the department will recommend any needed corrections to the committee at a future meeting.

The formula-driven scoring did not raise any significant issues in the 2023 CIP cycle. However, the weighted average age category might need to be revisited because the age of the building does not necessarily reflect the age of the system that needs replacement.

### ***Insufficient/Additional Project Funding***

The briefing paper set out two scenarios of how a project becomes overbudget:

- Projects with budgets that are unable to support completion of the eligible scope that was approved when the contract was awarded.
- Projects where the budgets were not able to achieve the stated project objectives in approvable 95 percent construction documents.

There are three actions that have historically been implemented to try to alleviate the overbudget problems:

- Manage available appropriated funds by moving the funds within different budget categories.
- Allocate from fund balances such as the REAA fund.
- District application for additional or supplementary funding for the incomplete scope.
  - Can be difficult to administer if the department feels that the project was not executed properly and money was wasted.
  - Can be prioritized above other newer projects if the committee introduced a new scoring element that would validate a prior year project.

Dale Smythe wondered that because legislative funding is specific and a project budget cannot be exceeded, would any overage be considered a new application or would it be the district's responsibility. He thought there were two conflicts: (1) either the department has a lot of control over the money to finish the project for the scope of work, or (2) the district gets the money but they have to figure out how to spend it. He asked if the department had a preference between those two options.

Tim Mearig replied that prior to REAA funds becoming available, the department did not make those decisions because all appropriations came from the legislature, and if a district needed more funding for a particular project, it had to go back to the legislature. The department has a process to evaluate extra funding, but it lacks clarity, and he sees this as an opportunity for the committee to weigh in on that.

Randy Williams was concerned that districts might become lax about projects if they thought there was a slush fund available. Both Tim Mearig and Kevin Lyon thought that was a legitimate point.

During a discussion of the matter, the following points were raised:

- How do the projects that need additional funds compete with new projects?
- Projects should be managed to be under budget so funds are available for the unforeseen.
- Active mismanagement of a project is rare.
- During the closeout of a project, the department looks at project decisions in detail.
- Perhaps there is still consideration given for prior funding that came through AS 14.11 grant funds.
- A regulation change from the State Board would be required to change the definition of phased projects to include special cases also.
- Budgets are usually set by the cost estimate, which is just an estimate and a function of the current market and might not be accurate at the time of project funding.

- Maybe less emphasis should be placed on the cost estimate.
- If the project is under budget, the remaining funds are returned to the state but not necessarily to fund the next project on the list.
- Managing the REAA funds has been a success because it has a better cash flow picture, the timing of the funds is known, and the amounts are larger.

Chair Blackwell and Tim Mearig agreed that this subject should be revisited in a future meeting for more discussion before pursuing a specific recommendation.

## **SUBCOMMITTEE REPORTS**

### ***Design Ratios***

Dale Smythe noted a contract for evaluating design ratio impacts. Tim Mearig confirmed that DEED was under contract for a validating process of some ratio ranges and additional analysis.

### ***Model Schools***

Kevin Lyon reported that they had many comments to review and would start on that soon.

### ***School Space***

Dale Smythe reported that he would be able to continue this committee but not until after February when he has more time. Chair Blackwell said he thought it was on the work plan.

## **PUBLICATIONS**

### ***Guidelines for School Equipment Purchases (final)***

Tim Mearig stated that this publication is in front of the committee for final approval. It generally updates the unit prices for equipment, makes a few adjustments to conform to the application process, and updates some examples.

Randy Williams **MOVED** to recommend the 2021 edition of the *Guidelines for School Equipment Purchases* to the State Board of Education and Early Development for adoption into regulation, **SECONDED** by Kevin Lyon. A roll call vote was taken, and the motion **PASSED** (7/0).

### ***Alaska School Design & Construction Standards***

Tim Mearig reported that this publication was approved by the committee at its September meeting, and a 30-day public comment period was opened on October 19th. Many comments were received and are briefly summarized in the packet. Some of the technical edits have been incorporated into the publication that is in the packet, but most need to be reviewed and responses drafted to each commenter.

Tim Mearig referred to the suggested motion in the packet and asked for direction from the committee on review and comment and whether the publication should come back to the committee for final review. He stated that the department has not responded to any individual comments yet. Lori Weed said there are a few out of 1100 that could be a simple thank you, and the rest need review and specific comments. Tim said this number of comments is unusual.

David Kingsland thought that the review should not be assigned to a subcommittee, but Tim responded that the Model School Subcommittee has been deep into the development of this.

Kevin Lyon stated that the January timeline would be impossible to meet, and the February date was possible but would take a lot of work by the subcommittee, and he felt that after revisions were made, the document should come back to the committee for review.

Dale Smythe said that the number of comments indicated that this document is important to the design community and those related to school construction in Alaska. He wondered what the concern was of having this document completed quickly. Tim Mearig said they were not in conformance with statute until this document is complete because in 2019 the legislature directed that there be a standard for school design.

In the discussion about the timeline, Kevin Lyon said that the February 15th target date was possible, especially since he had scheduled a subcommittee meeting on December 14th. Tim said that an additional comment period would be necessary after the revisions that would result from the current comments, and he allowed one week for those revisions to be incorporated into the document after the report from the subcommittee.

Tim Mearig said it would be ideal if this document could be ready for the start of the next CIP cycle for FY24. He announced that November 18th would be his last day with the department, and he would like to have this finished before that.

Dale Smythe **MOVED** that the Bond Reimbursement and Grant Review Committee assign the review of public comment to the Model School Subcommittee for the development of recommended responses and changes to the initial draft of the *Alaska School Design & Construction Standards* to be completed for BRGR review not later than February 15th for a February 28 meeting, second comment period through March 31, committee packet on April 5 and April 12 at the approval meeting, **SECONDED** by Kevin Lyon. Hearing no opposition, the motion **PASSED**.

### **BRGR WORKPLAN REVIEW & UPDATE**

Tim Mearig asked for feedback regarding the topics and number of meetings. Randy Williams asked what was envisioned for design ratios review for public comments scheduled for February 28th. Lori Weed said that is probably the results of the procurement for the follow up on the design ratios. She added that the final report should be finished the first part of January, giving a subcommittee sufficient time to review it and then bring that to the BRGR committee at the February meeting.

Tim Mearig mentioned that space guideline accuracy items need to be reviewed and revised, and that is scheduled for a June meeting. Constituent entities around the state have been raising this issue, and points that need to be addressed include the following:

- Do the calculation items work the right way?
- Are the words clear and meaningful?
- Does the language for calculation of an exclusion or variance need to be adjusted?

Space guideline adequacy is scheduled for discussion at the December 2022 meeting. The edits to both the space guideline categories will end up in regulation, and that process takes about a year.

Dale Smythe commented that he would commit time from February to June for the subcommittee to work on the space guideline issues. Tim thought that both the Design Ratios Subcommittee and the Model School Subcommittee might sunset, allowing more time to concentrate on space guidelines.

### **SET NEXT MEETING DATE**

Chair Blackwell stated that Heidi Teshner should be able to attend a February 28th BRGR meeting. There is a State Board meeting on March 1st and 2nd. There was no opposition, and the next meeting is scheduled for February 28, 2022.

Tim Mearig said that the motion passed earlier suggested that the committee would have a meeting on April 12th. Lori Weed said it would probably be a day-and-a-half meeting, so it would be the 11th and 12th. There is a work session with the State Board on the 13th, and there was concern that Chair Teshner would be attending that. Looking at the next week, April 18th and 19th was suggested, but Easter is on the 17th. Chair Blackwell suggested Tuesday and Wednesday, April 19th and 20th, for the in-person meeting in Juneau. There was no opposition to that date.

### **COMMITTEE MEMBER COMMENTS**

- Branzon Anania acknowledged Don Hiley's contribution to this committee and the hard work and dedication he provided for years.
- Chair Blackwell said that he had worked with Don Hiley for many years through the CIP process and was shocked to hear the news of his recent passing. Don was a spokesman for the smaller districts and brought many issues to the committee that needed to be addressed. He will be sorely missed.

### **MEETING ADJOURNED**

Branzon Anania **MOVED** to adjourn. Hearing no opposition, Chair Blackwell adjourned the meeting at 4:10 p.m.