

BOND REIMBURSEMENT & GRANT REVIEW COMMITTEE

Wednesday, April 19, 2023 – 1:30 p.m. – 4:30 p.m.

Thursday, April 20, 2023 – 8:35 a.m. – 2:54 p.m.

State Office Building
333 Willoughby Avenue, 9th Floor, Conference Room A
Juneau, Alaska

APPROVED MEETING MINUTES

Committee Members Present

Elwin Blackwell, Chair
Dale Smythe
Randy Williams
Larry Morris
Kevin Lyon
Douglas Hayman
Branzon Anania

Staff

Lori Weed
Wayne Marquis
Wayne Norlund
Sharol Roys

Additional Participants

Matthew Harvey for Sen. James Kaufman
Kent Gamble, HMS
Aimee Smith, HMS
Robert Brown, HMS

April 19, 2023

CALL TO ORDER and ROLL CALL

Chair Elwin Blackwell called the meeting to order at 1:30 p.m. Roll call was taken, and a quorum was established to conduct business. Sen. James Kaufmand and Rep. Dan Ortiz were excused.

CHAIR’S OPENING REMARKS

Chair Blackwell announced that he is retiring from state employment at the end of April, and Lori Weed will be taking his place as School Finance Manager. He thanked everyone for taking the time to volunteer on this committee.

AGENDA REVIEW / APPROVAL

Hearing no amendments and no objections, the agenda was approved.

PAST MEETING MINUTES REVIEW / APPROVAL – December 1, 2022

Kevin Lyon **MOVED** to approve the minutes from February 23, 2023 as presented, **SECONDED** by Branzon Anania. Hearing no objection, the motion **PASSED**.

NEW MEMBER WELCOME AND ORIENTATION

Chair Blackwell welcomed Larry Morris and Doug Hayman, the two new members of the committee, and Randy Williams who is returning to the committee for another term. Lori Weed reviewed the duties and processes of the committee.

Two subcommittees were retired recently, Commissioning and Model Schools, leaving the Design Ratio and School Space subcommittees as the only two presently active. Dale Smythe

described the Design Ratio Subcommittee as form and opening related ratios as they relate to energy use and maintenance and construction costs. The School Space Subcommittee is concerned with the space measurement and calculation regulation to determine if regulatory changes are necessary to accommodate some extras for current space needs.

Lori explained that the full committee traditionally meets in April and December but has organized two to four additional meetings during the year as needed. Agendas are developed by the Facilities staff based on the committee's needs and work plan. The agenda is approved by the chair, and a draft agenda is sent to committee members for comment. She added that the meetings are fairly informal, and discussion is encouraged.

PUBLIC COMMENT

A public comment period was offered, and no public testimony was received.

DEPARTMENT BRIEFING

FY2014 CIP Report – Reconsideration and Final Lists

Lori reviewed the FY24 CIP project rankings. Dale Smythe asked if there was anything the committee could do to help the districts that are not certified or are provisional. Most of the districts have problems with maintenance staff turnover or are reluctant to use tracking devices for reporting energy consumption. Maintenance of buildings is also a big problem for some of the districts, and some do not meet the training requirements for personnel.

Report: School Capital Project Funding Under SB 237

Lori explained the table showing school capital project funding for the last 12 years. She mentioned that figures with asterisks are reused funds, either reappropriations or reallocations by the department.

REAA and Small Municipal Fund Report

Lori reviewed the projects that have been funded out of the Regional Education Attendance Area and Small Municipality Grant Fund balance. She explained that the projected amount for FY24 together with the carryforward from FY23 will be short a little over \$4 million for funding the first project on the school construction list.

Legislative Updates

The operating budget has passed the House and is in Senate Finance.

SB 113 proposes to amend the REAA grant fund to open the scope of eligible projects to include Mt. Edgecumbe projects and projects for teacher housing that support REAAs and small municipal school districts. If it passes, regulatory changes will be required, and some CIP application processes will need to be changed.

Department Projects

Cost Model Update

Wayne Norlund previewed this year's Cost Model update, which is on the agenda for tomorrow. He noted that there was a 140 percent increase in the cost of air handlers while the cost of copper

products and concrete decreased. He requested that any comments or questions be sent to him in time to be included in the department's comments to HMS due the end of April.

Capital Needs Forecast Database Tool

Lori Weed said the Capital Needs Forecast Database Tool is still a work in progress. The department is awaiting information from the contractor in order to develop the beta draft version 0.9. In a future year, it is hoped the data will allow a switch in the application scoring category from an average weighted building age to an average weighted system age.

Compliance Checklist

Wayne Norlund spoke about the ASHRAE compliance checklist being difficult for users to complete. Some changes to the checklist scheduled for completion by this fall are:

- Cells that should not be completed will be locked.
- Cells that should be completed will have red text showing what should be inserted.
- A recorded training module will be provided.

Publication Update

Lori Weed gave a brief publication update as follows:

- The Professional Services Handbook is on tomorrow's agenda for approval.
- An update to the Lifecycle Cost Analysis Handbook is also on tomorrow's agenda for initial approval.
- The Design and Construction Standards should be reviewed in 2024 to keep with the two-year cycle.

Staffing Updates

Lori Weed announced that she has accepted the School Finance Manager position which was made vacant by Elwin Blackwell's retirement. School Facilities Manager Joe Willhoite resigned April 14th, so the Facilities staff will be only three people, and more retirements are likely in the next few months.

FY 2025 CIP APPLICATION REVIEW

Playground Project Category Evaluation

Lori Weed requested discussion and recommendations regarding project category evaluations for the treatment of playgrounds, specifically whether all playground exterior work should remain on school construction lists or if playground renovation should be on the major maintenance list.

Larry Morris thought that playgrounds are a renewable part of education and the school facility, that playground equipment has a lifespan, and thus should be eligible for the major maintenance list. His opinion was that the construction list should be limited to buildings or replacing existing buildings.

Lori asked for recommendations on where to draw the line between maintenance and construction. For example, if a playground is being improved, currently that would be construction. Lori said an example of a gray area would be having an area prepped that currently is gravel, and now a play structure is being added. Is that school construction or is it maintenance? Kevin Lyon was concerned that a playground might score higher than a roof, and

that did not make sense to him. Dale Smythe felt that playground needs should not be in competition with school construction funds.

Larry Morris added that if a playground is being expanded because of increased student population, that would be similar to an expansion of an existing school and so would be on the construction list. Lori said that had playgrounds been merged with major maintenance this year, a playground project would have outscored a leaking roof.

Elwin Blackwell agreed with Kevin that if roofs and boiler systems score less than a playground project, the legislative committees will question that. Larry Morris asked what would happen if the municipality closed the playground. Douglas Hayman responded that there is a huge difference between needs and wants. As a principal, he needs the roof to not leak, and he believes the kids will be satisfied with whatever playground is available.

The committee requested the department draft language regarding Appendix A in the instructions and add an example in category D to include replacement and rehabilitation of play equipment and play surfaces that correct code. The proposed language will be on tomorrow's agenda.

Insurance Eligibility Criteria

The current language in section 2 of the application contains both a question and a statement regarding insurance, and the department would like to combine the two. The committee saw no problem with that as it is set out

Protection of Structure / Life Safety / Code Deficiencies

Lori explained that the department proposed minor language changes to the naming of conditions to clarify which items supersede lower scoring items. She asked the committee to weigh in on whether boilers and controls should be included in mechanical systems together with the current definition of heating, ventilation, and plumbing. There was much discussion, a few minor changes to the application, and it was decided to finish the discussion at tomorrow's meeting. There are no changes proposed to the weighting method for mixed scope projects in this category.

RECESS

The meeting recessed at 4:29 p.m.

Thursday, April 20, 2023

CALL TO ORDER / ROLL CALL

Chair Blackwell called the meeting to order at 8:18 a.m. Roll call was taken, and a quorum was established to conduct business. Sen. Kaufman and Rep. Ortiz were excused.

CHAIR'S OPENING REMARKS

Chair Blackwell thanked everyone for attending and for the good discussions yesterday.

PUBLIC COMMENT

A public comment period was offered, and no public testimony was received. Chair Blackwell stated that if a member of the public wanted to speak later, he would give them that opportunity.

FY 2025 APPLICATION REVIEW (CONTINUED)

Planning / Design

Lori stated the department is proposing a change to Appendix C to add a commissioning agent as a planning element in the schematic design stage for those projects for which it is required to have commissioning. Kevin Lyon thought that the commissioning agent requirement would be better placed at the design development phase because sometimes a project will not timely move out of the schematic design phase.

Larry Morris **MOVED** to eliminate No. 8 in Phase IIA of Appendix C, which reads, “Select commissioning agent (4 AAC 31.065; 4 AAC 31.080) – (Required for new facilities or additions over 5000GSF, or rehabilitation of facility over 10,000FSF),” **SECONDED** by Kevin Lyon. Larry Morris **AMENDED** the motion to move the selection of the commissioning agent from Phase IIA to the beginning of Phase IIB with the exact placement to be determined by Facilities. Hearing no objection, the motion **PASSED**.

Larry Morris objected to No. 10 in Phase IIB, value analysis report, and wanted it eliminated because it is not clear when it is required and at what level. Dale Smythe thought it was on the list so it gets noticed and doesn't get missed. He appreciates the flexibility for design teams to meet this requirement. Larry Morris said if everyone realizes that this is an advisory item, then he would withdraw his objection. Lori Weed added that there are a few elements in design development that are not required but may need to be considered in the process of design.

District Priority – Reuse Scoring

To add clarity for applicants, new language was added to Question 3 acknowledging that a change in district ranking will change the project score when it is being reused.

Application Copies

Four copies of the application have been required in years past, but this year it is proposed that only one hard copy and one electronic copy of all documents be provided.

Larry Morris **MOVED** to adopt the administration's recommendation, **SECONDED** by Randy Williams. Chair Blackwell put this motion on hold until the end of the application review.

Some districts send electronic documents without an index and are non-searchable, and those are difficult to review. Douglas Hayman suggested supplying the districts with drives preloaded with the correct folders for the documents.

In the past, original signatures were required on the original. Electronic signatures were allowed during the pandemic and are becoming more common throughout the industries. Proposed language under “Authorizing Signature” would read, “The application must be signed by the appropriate official with an original or certified electronic signature.” There was no objection to this change.

FY2025 CIP Application Review

The committee reviewed the application in its entirety as follows:

- Page 1 of the application addresses the number of copies and electronic copy.
- Page 3 addresses the insurance questions that were previously discussed.
- Section 4a, starting on page 7, changes Seismic/Gravity to Seismic. Larry Morris was concerned about that change because some roofs are seismically okay but are getting overstressed from drift, which would be gravity. Lori suggested that “Seismic or Seismic/Gravity” be inserted in the note for section 4a.
- For Roof/Envelope, “avg” was removed regarding work orders because average work orders are defined in the note.
- For Architectural/Interior/ADA, Mechanical, Electrical, Fire Alarm/Sprinkler, and UST/AST/HazMat, “narrative” was removed from the age descriptions.
- Attachments checklist to conform to changes specifying one hard copy and one electronic file in pdf format.

The committee reviewed the instructions for completing the application as follows:

- In the second paragraph, School and High School are added to clarify the type of building being worked on.
- The insurance requirements were moved from Section 2f to Section 2c.
- The changes to reuse of scores in Section 3a discussed earlier are shown.
- In Section 3d, the phrase “conformance with the ASHRAE 90.1-2016 energy efficiency standard and” was changed to read “conformance with the currently adopted ASHRAE 90.1 energy efficiency standard.”
- In Section 4, a note was added that only the highest supported scoring condition will be assigned points for a given issue corrected by the project scope.
- A small correction was made in Section 5e to delete “217,” which was supposed to be the year 2017, but to reduce confusion and the need to update each year, it was deleted.
- Project space utilization: Instructions for calculation of the space columns were added.
- In Section 6g, planning/design team, a requirement was added to identify any additional consultants hired for preconstruction work.
- The definition/equation of FCI (Facility Condition Index) was added in Section 9i, capital planning narrative.
- In Appendix A, Section D, Categories of Grants, add “replacement or rehabilitation of elementary play equipment or fall protection surfacing that corrects a code deficiency.”
- In Appendix C, the commissioning agent language will be moved from Phase IIA to Phase IIB.

There were no changes to Appendices D, E, F, or G. There are some conforming changes and a technical change in the Guidelines for Raters.

Larry Morris **MOVED** to adopt the application and supporting documents as modified, **SECONDED** by Dale Smythe. Hearing no objections, the motion **PASSED**.

ENERGY EFFICIENCY STANDARD ASHRAE 90.1-2016 PLUG LOAD REQUIREMENTS

Dale Smythe addressed the ASHRAE requirement of automatic receptacle controls and invited discussion regarding cost savings. Larry Morris stated that ASHRAE cannot adopt a code that does not pay back positively. Dale related some information from an electrical engineer who stated that the controlled outlets add complexity and costs and might not be practical in classrooms because the teachers tend to use the ones that are not controlled. He said that almost all teachers have toe heaters under their desks and almost never turn them off at the end of the day.

Larry Morris said it was more practical to have the lights turn off once in the evening and turn back on in the morning rather than having them timed out after 20 minutes of nonactivity. Randy Williams noted that 35 percent of energy use in an office is plug loads; whereas, in a classroom the plug load is only 5 percent, so it's more difficult to get payback on that.

Dale asked about the differences between the 2016 ASHRAE 90.1 and the 2019 version. Wayne Norlund said there were no changes. Dale said he would try to get more information on actual costs, but it sounds like the potential for savings might be much lower for schools. Wayne Norlund said it would not be difficult to remove it from the checklist so people don't need to address it.

Chair Blackwell said this subject is something to bring up in a future meeting to discuss the potential of striking this out of the requirements or modifying it for Alaska schools.

PUBLICATIONS

Life Cycle Cost Analysis Handbook – Draft for Public Comment

Lori stated this publication was last addressed in 2018 and is presented today as a draft to be put out for public comment. Wayne Norlund said most of the changes were to tie this publication to the Construction Standards and to address commissioning.

Larry Morris questioned the necessity of the LCCA and was in favor of doing a simple cost benefit analysis in certain situations. He was okay with sending it for public comment as is since it will be coming back and can be dealt with at that time. Wayne Norlund mentioned that there is a simplified version of the LCCA tool that is targeted for the Construction Standards and also a tool for cost factor analysis.

Kevin Lyon **MOVED** that the Bond Reimbursement and Grant Review Committee put out the draft publication of the Life Cycle Cost Analysis Handbook as presented and open a period of public comment, **SECONDED** by Branzon Anania. Hearing no objection, the motion **PASSED**.

Professional Services School Capital Projects Guidelines – Final

Wayne Norlund stated that this publication had been presented to the committee last year and has been edited a little bit based on public comment review. Lori Weed added that there were only three commenters, and there were very few changes based on those comments.

Larry Morris **MOVED** to adopt the Professional Services School Capital Projects Guidelines as presented, **SECONDED** by Dale Smythe. Hearing no objection, the motion **PASSED**.

SUBCOMMITTEE REPORTS

Design Ratios

Dale Smythe reported that this is ready for public comment. Lori Weed reported that with staff shortages and other issues, perhaps it will be ready for committee review at the December meeting.

School Space Subcommittee

Dale Smythe reported that this subcommittee has been working on the definition of gross square footage, and he believes they are making progress. They are considering insurance, continuous insulation in walls, and storage needs. There is a meeting scheduled for April 27th, and he would like to have a meeting every two weeks thereafter. However, the subcommittee has lost its designated DEED support staff, and that schedule will have to be modified.

COST MODEL UPDATE

22nd Edition Model School Elements, Proposed Changes – HMS, Inc.

Rob Brown with HMS described the Model School as a theoretical school that has normal and typical items that would be found in a school in Anchorage. The model gets updated from time to time with changes that happen within the construction industry and school needs. The pricing from the Model School is then used to inform the rest of the Program Demand Cost Model and then assembled into a package that can be used to secure funding and move projects ahead.

Kent Gamble addressed the geographic area cost factor study and stressed that the cost factor study table is a draft, not the final version. This table shows a percentage of cost adjustments from the baseline location of Anchorage and shows the variants in a typical construction project between Anchorage and more than 70 locations. Highlights are as follows:

1. They do not have freight cost information included, and they are concerned with working on the methodology that was used in the risk analysis.
2. The eastern and western areas of the Kenai Peninsula were added as new areas of the cost factor table.
3. The superstructure and roofing costs seemed to be higher than necessary. Labor and material costs were adjusted, but the higher costs are due to a pitched roof design, metal clad, and exterior insulation. If EPDM was used rather than the metal clad, the cost could come down.
4. The square footage of the gym in the Model School was reduced from 3,600 to 3,500 square feet, and the 100 square foot difference was applied to circulation and corridor areas.
5. There was a reduction in the number of doors from 28 to 14.
6. Gym flooring was changed from wood sports flooring to resilient gym flooring.
7. An approximate 12 percent increase in the cost of concrete resulted in higher costs in the site and substructure. The increased cost was due to shortages in the Lower 48.
8. Changes in superstructure and roofing sections are discussed in item 3.

9. Mechanical and electrical pipe, conduit, and conductors decreased in large part because copper prices have come down.
10. Mechanical units and equipment have increased significantly and don't appear to be moderating anytime soon.
11. The Model School growth of about 4.5 percent is within the inflation rate.

Kevin Lyon was concerned that the reduced door count would impact access for large items. Robert Brown said that was not a problem. Lori Weed asked if there were any reasons that stood out for the cost adjustments. Kent Gamble responded that most adjustments were driven by fuel costs and per diem. Randy Williams asked about lead time and if that was a factor in why the mechanical costs increased, and Robert Brown indicated that lead time was a factor, especially for air handling uses. With long lead times, the contractor's perception of risk goes up, they have money in play and no product, and labor costs increase.

Randy Williams asked how much of the increase in mechanical can be attributed to material costs versus the intangibles, and Mr. Brown said that most of it is due to material cost updates.

BR&GR CALENDAR AND WORK PLAN REVIEW AND UPDATE

Lori Weed stated that the work plan had not been updated since December because the department is heading into a very lean staffing time, and she didn't feel it appropriate to propose any new tasks. Work plan amendments were suggested as follows:

- Move 6.1.3.4, Life Cycle Cost Analysis Handbook – final, from September 2023 to December.
- Kevin Lyon asked if the preschool items would need to be addressed because of the Reads Act, and Lori said, yes, that probably should be a separate item to be proposed for the 2024 work plan.
- Add 7.3 to Energy Efficiency Standards on the master list regarding research on the 50 percent plug load, researching actual cost savings and whether it's useful to do an Alaska-specific amendment.
- Sharol Roys pointed out that playgrounds were discussed earlier in the meeting, so the playground part of 5.6.1, playgrounds and parking lots, can be marked as completed.
- Larry Morris noted that the rural definition for art (5.7 on the master list) had been changed to a half percent.

Sharol Roys said she was able to get a template that one of the contractors used for their CIP application. It has bookmarks for the six-year plan, reuse, work orders, renewal, replacements, narratives, and so forth. She said she would try to send it to the committee for review.

SET DATE FOR NEXT MEETING / DEED WRAP-UP

The next meeting will be by teleconference probably the second week of December. ALASBO and A4LE typically hold their meetings during the first week.

Elwin Blackwell recalled some of his successes during his career such as the hearing for Kivalina and the North Slope lawsuit dealing with debt. His section has a great crew, and he feels grateful that Lori Weed will be taking over his position.

COMMITTEE MEMBER COMMENTS

Branzon Anania congratulated Elwin on his retirement and thanked Lori for her work and also congratulated her on her promotion.

Wayne Marquis recognized Elwin for all his work over the years, especially at times when Facilities needed the backing.

Kevin Lyon said thanks to Elwin and mentioned that since he learned how to write an application to him with an emphasis on the numbers, they started scoring a lot better. He wished Lori good luck in her new position.

Douglas Hayman appreciated all the wisdom in the room and is looking forward to learning a new skill set. He thanked Lori for being so helpful in getting him ready for committee membership.

Larry Morris recalled his journey to the BRGR, from Fairbanks, to DEED, Anchorage, and finally a member of the committee. He is looking forward to future meetings and trying to improve educational facilities.

Randy Williams said it's been a great four years learning, and he looks to another great four years ahead. He has the deepest gratitude for both Elwin and Lori, saying they were the glue that held everything together.

Dale Smythe appreciated the fantastic work from Wayne and Wayne over the years. He thanked Lori for her fantastic attitude, enthusiasm, knowledge, and willingness to help. He congratulated Elwin on his retirement and said he had done more behind the scenes than was realized.

Elwin Blackwell said it had been a real pleasure and is very appreciative of the work done on the CIP application. He thanked Larry and Doug for applying to be on the committee and Randy for wanting to stay.

ADJOURN

Chair Blackwell adjourned the meeting at 2:54 p.m.