

## **BOND REIMBURSEMENT & GRANT REVIEW COMMITTEE**

Thursday, September 5, 2019

2:00 p.m. – 4:00 p.m.

Teleconference

### **DRAFT MEETING MINUTES FOR APPROVAL**

#### **Committee Members Present**

Rep. Tammie Wilson  
Sen. Cathy Giessel  
Randy Williams  
Dale Smythe  
James Estes  
Don Hiley

#### **Staff**

Elwin Blackwell  
Wayne Marquis  
Tim Mearig  
Larry Morris  
Sharol Roys  
Lori Weed

#### **Additional Participants**

Dana Menendez, ASD  
Katherine Hopewell, ASD  
Jobe Bernier, nVision Architecture  
Barbara Barnes, Legislative Aide

**September 5, 2019**

#### **CALL TO ORDER and ROLL CALL at 2:00 p.m.**

Acting Chair Elwin Blackwell called the meeting to order at 2:00 p.m. Roll call and introduction of members and guests present; Chair Heidi Teschner, excused; David Kingsland, excused; William Glumac, not present.

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

Acting Chair Elwin Blackwell shared his appreciation for the committee members' time and efforts in trying to improve the standards and move the school facilities in the state forward into the future.

#### **REVIEW AND APPROVAL OF AGENDA**

Agenda reviewed and approved as presented by unanimous consent.

#### **DEPARTMENT BRIEFING**

Tim Mearig directed members of the committee to the department briefing papers and reviewed with them as follows:

##### ***Preventive Maintenance State-of-the-State***

Tim Mearig stated that he wanted to inform the committee on the preventive maintenance assessments of districts this year and how it affected eligibility for the upcoming FY'21 CIP. They ended up with five districts that were not certified as having compliant programs as defined under the statutes and regulations. There are six districts on a provisional status that are eligible for CIP, but they are working through elements of their plans they need to improve on. He noted that all districts knew by August 15<sup>th</sup> whether or not they were going to be eligible for this year.

Tim Mearig noted that regulation requires the department to visit districts every five years, and the briefing paper also contains the list of the districts that will be visited in the coming cycle.

### ***FY 2020 Project Funding***

Tim Mearig reported that the FY 2020 capital budget appropriated \$7,400,000 for K-12 major maintenance. This funding provided sufficient funds for the priority one project, Barnette Magnet School Renovation Phase IV. The state share is \$7,365,723, and the district share is \$3,966,158. The state share was a direct appropriation from the legislature.

Tim Mearig stated that the department didn't have any major maintenance residual funds to apply to the program this year from the last funds. He stated that the school construction projects that have been approved this year include the construction phase of the project in Eek and the replacement school design phase for the school in Hollis. Both of these projects were funded from the REAA and Small Municipality Fund. There were no direct appropriations, nor was there any available funding in the school construction fund for any other projects to be funded.

Tim Mearig reported that as debt reimbursement projects reach completion, the recipients may decide to pay down the bond principal or redirect the remaining project balance to a voter and DEED-approved project. Two municipal districts, Kenai and Anchorage, have received DEED approval to redirect prior voter-approved funds to new projects in 2019.

Tim Mearig directed members of the committee to the worksheet on the REAA fund to review the history since they first provided funding through that fund in 2013 to where they are with the 2020 work. He noted that \$15 million was never expended out of that fund and was disencumbered from previous projects so it could be applied to other projects on the priority list.

## **PUBLICATION UPDATES**

### ***Guide for School Facility Condition Surveys***

Tim Mearig referred committee members to the briefing paper for further detail on the background of the *Guide for School Facility Condition Surveys* and explained that the guide is fairly old now in its current rendition, and it dates back to 1997. It has been on this committee's goals to update this guide as part of the department's and committee's work. He stated that although there are a number of districts preparing applications for state aid using this document, it has not been widely used and is best viewed as a resource tool the department has made available to districts if districts don't have a facility condition survey developed to use. He noted that facility condition surveys are extremely important to the CIP process, but despite their importance, there isn't any guide or standards body that has set out what they should contain.

An analysis of the 1997 document resulted in the following:

1. Provides an adequate tool, but its use requires considerable patience and attention to detail, both in the field and in the office.
2. The room-by-room format can be cumbersome to use in larger schools and education-related facilities.
3. Format and structure have no particular alignment with other DEED publications such as the Cost Model, CostFormat, LCCA Handbook, and other building system-based documents.
4. The final record with its checklist/tabular format, suggests robust data; however, due to the word processing-based platform, information doesn't translate to data or

quantification (i.e., numbers of deficient components, square footage of deficient materials, etc.).

5. Though it provides opportunity for narrative descriptions of systems and conditions, the format drives a “check-the-box-and-done” mentality.
6. There is very little provision for documentation through photographs.
7. After 25-plus years, some survey elements are dated, particularly in the areas of infrastructure and technology but also playgrounds and other ancillary areas.
8. Could include specific provisions/tests for ADAAG accessibility instead of suggesting a separate survey be done and attached.
9. Site Civil is limited and does not include questions specific to geotechnical issues.

Tim Mearig stated that in 2011, the department’s facilities manager began researching and developing an alternative tool in response to items three and five on the preceding deficiency list. He stated that there are two documents available for the committee to review, one is the current document with some suggested edits that could be done if they were going to briefly update the document. The other is an alternative format guide, which is more narrative in function but could also include photographs to document additional information. He referenced that the alternative tool can be found from page 76 to 81 in the committee meeting packet.

Tim Mearig discussed the options the committee can consider as follows:

**Option 1: Incremental Update**

This option would provide an updated 2nd edition of the 1997 publication but use the same basic word processing, checklist-based structure. Items five through nine of the opportunities listing would be the focus of the update. Additional feedback could be sought regarding the content of each checklist and/or additional checklists.

**Option 2: Conversion to Database or Spreadsheet**

This option would develop a data-centric tool with input forms for the checklists and a series of queries and reports to compile the survey conditions. This type of tool lends itself to continuous update and metrics such as Facility Condition Index (FCI). Although the department could create, with some time and training, a workable tool under this option, it’s worth noting that there are several commercial ones available.

**Option 3: Switch to Narrative Template**

This option would sunset the 1997 publication and provide a new condition survey tool with a more narrative structure. In developing this tool, some enhanced features should be considered. Close alignment with the department’s cost-oriented publications should be achieved. Specific consideration should be given to how photographic documentation could be incorporated. One caveat for this option would be a recognition that many design firms already have a similar narrative-style format they use to provide condition surveys for clients.

The Facilities section has no preference among the presented options at this time. There may also be additional options such as development of both a checklist-based and narrative-based format but moving in all formats to better alignment with the department’s building system based standard. Committee members and guests engaged in an in-depth dialogue and provided feedback and asked questions of the department and members as follows:

- It would be appreciated to have a standardized format for facilities condition surveys.
- What information is the department looking to get out of these surveys? What information is important to obtain? *Response: The department has really just offered this as a tool for districts that don't have something better to use. But in developing an alternative format, if the structure of the condition survey is aligned to the scoring elements of a capital funding request, it could give more clarity to those preparing the requests and those scoring the requests.*
- Would steer away from a word processing-based format. It would be more useful to have it be an Excel spreadsheet or another database-friendly document.
- Like that Option 1 seems to be a bit more holistic, although worried that it might be a little bit too much freedom for the design team and that designers might take shortcuts. Option 1 seems to support more of the concept of supporting DEED's major maintenance projects rather than identifying minor repairs that districts can make themselves.
- Add an ADA section because a lot of the schools predate the 1990 ADA.
- The 1997 version forces the design team to give a thorough code analysis, but the onsite portion is a little bit more tedious.
- In 2014, the Anchorage School District engaged with the Council of Great City Schools on a management review of their facilities operations. They got back some very specific recommendations on factors they weren't measuring as well as analytic tools and techniques they weren't using. Has the department ever compared the design, the construction, and the maintenance costs and how they compare to other states and other school districts? Anchorage did that and found out that they were, in some cases, spending two to three times in major maintenance projects than other districts in the database of the Council of Great City Schools. Rather than invent a tool that has already been invented, has anyone looked at how other districts in other states measure these items? *Response: Other state efforts related to school facilities have been tracked through the benefit of the State of Alaska having a membership in the National Council of School Facilities. It was noted that what was lacking in the set of metrics for the Anchorage School District was that they did not have a systematic way of assessing the condition of their school facilities. That was recognized by the peer group that did that analysis. They have invested heavily in that since then as a way of tracking those surveys, but the department is unaware of how well that updating is going because their initial try at it was done in 2011 and 2012, so they are in need of some updating. The system was very intensive and expensive through a third-party commercial product that was run by Accruent. Option 2 that is considered in the briefing paper would be similar to what Anchorage has done. The department also keeps an eye on how costs compare to other parts of the country, and they have a lot of cost data that they would be happy to share on how they know that the buildings they are building with state aid are cost effective. Comment to the response: Disturbed as one of the funders for the school system that the largest public school system in Alaska had such a negative report and the department hasn't followed up on that school district. That is where a massive quantity of money is going, and it's shocking that the state isn't following this. Option 2 might be helpful, but no tool is helpful if it's not monitored and the measurements are actually used to figure out where errors are made and what needs to be corrected. There are some fabulous school buildings that are needing constant repair. Further response: When the*

*department is considering state aid, there is an extensive rubric of measurements that they look at in addition to having cost information. And basically every element of a project has to be well supported in terms of whether it's cost effective or not, and the department has statutory authority that's been granted through the legislature to ensure that that happens. They can make reductions to projects, and they can evaluate those projects for cost effectiveness, and they regularly do that on behalf of the state. In every case they are never acting to provide state aid for a school district without ensuring they know what it's going for and that it's based on condition-related assessments and a number of other factors as well that are important when prioritizing state aid.*

- The Fairbanks North Star Borough has purchased a program to do exactly this with all of their buildings, including their school buildings that the borough owns. Has anyone checked in with them to see what kind of program they are using and whether it would fit into what the department is doing? For the first time ever, the borough is looking at every single building they own and assessing their maintenance and starting to calendar a better way of doing maintenance as funding has dried up from the state. *Response: Unaware of what the borough has done. If a district isn't participating in state aid, then the department doesn't know much about their facilities. If a district has ten buildings and they are only asking for state aid on one of those, the department won't have a sense of the conditions of the other buildings until such time as a project application is put forward. It was noted that all of those third-party programs come at a significant cost to both purchase and maintain on an annual basis. It is also a costly effort to do the initial assessment and load the data into the programs.*
- Do we ever ask districts how much their maintenance budget is and prioritize it and ask why this particular school got to the point they did to need state funding versus being able to work within the money the districts are already being given? *Response: The State of Alaska doesn't designate maintenance money within the educational foundation formula. Through district reporting they have a way of understanding how much districts are spending generally on maintenance and operations, and the department indexes that. That actually becomes scoring criteria when they look at prioritizing projects, but they don't really track a district's maintenance budget or give a certain amount of money for maintenance. It was noted that districts walk a fine line to find the balance between keeping money in the classroom for instruction and keeping the buildings maintained. It has largely been left up to the districts to make those determinations as to how much they can afford to put into maintenance.*
- It has been rumored that many times buildings go without having the necessary maintenance because a building has to get to such a state of disrepair to be able to qualify to get money from the state. Is the state asking districts to show that they are trying to keep up their buildings? *Response: The department has a staff member that visits districts on a five-year rotating basis to see that they are truly making an effort to maintain their buildings and are meeting a minimum standard for maintenance. Some districts could probably do better on their maintenance, but the department does have some oversight of that even though they don't mandate how much funding is to be spent for maintenance.*
- The *Guide for Facility Condition Surveys* has mostly been used as a way to indicate deficiencies so that a cost can be put on them, and that is then typically compared to the

renovation or decisions of replacing a school. A combination of the narrative rework of the existing document and the data-driven portion would be the best.

- What are most school districts doing to meet this requirement? *Response: Fewer than ten percent of the condition surveys the department sees are done using the current tool. Most of them are being done through a different format, and sometimes they're just being made up for a specific project without any template. When this document was created, there wasn't any such thing as digital cameras, and the ability to document facility conditions photographically has been very helpful.*
- Only a few of the condition surveys received are based on the format of the guide. The guide works okay on a very small school, but for larger buildings it becomes more cumbersome and less useful. Most of the condition surveys received are more narrative based. Having it fit into the CIP process is much more useful as far as the scoring categories to address those directly, but it's a different use than the facility condition index kind of use.
- The condition survey report is not an ongoing maintenance tool. That is not the intent of that, and it is separate and serves a separate purpose.
- Perhaps a consideration to add to this document would be some element or parts of energy audits. That seems to be the only thing missing that would capture some of the ongoing maintenance costs that are related to elements or deficiencies found within the condition survey.

Acting Chair Elwin Blackwell stated that they will review all of the committee comments on this item and come back at a later meeting with a more focused approach on what a facility condition survey might look like. They will also review what other systems might be available, although cost could be a factor.

### **BRIEFING PAPER – GEOGRAPHIC COST FACTORS 2019**

Committee members were referred to page 82 of their packets. Tim Mearig reported that since 1981, the department has published a cost estimating tool for use by districts in preparing cost estimates for their CIP applications. As part of that tool, there has been a set of geographic cost factors that helped estimate project costs based on the various geographic regions of the state. In the early 2000s, that geographic cost was more extrapolated so that every district had representation. The interesting thing about the geographic cost factor was that it was talked about in a lot of general terms by HMS, Inc., the contractor that originally developed the estimating tool and who has been responsible for updating it all these years since when periodic updates took place. HMS, Inc. discussed elements about what might be part of the geographic cost factor, but there was never any clear designation, rigor, or measurement analysis of what was included or not included.

HMS, Inc. was re-engaged in 2018 to identify a set of clear criteria about what goes into geographic cost factor differentials that has a measurement that is understandable to everyone. HMS, Inc. delivered the updated content to the department in December 2018, and this committee last saw the document at that time. Tim Mearig reviewed the contents of the briefing paper noting what elements were considered in 2018 compared to those that are considered in 2019, which ones had significant changes, and a short narrative describing the changes.

Tim Mearig stated that he believes the consultants did an excellent job in identifying elements that vary the cost of construction across Alaska, and they now have a very specific set of measurements they can evaluate going forward. The department's recommendation to the committee is to exercise Option 4 in the briefing paper to approve use of the 2019 version in next year's cost model and formally update them as part of the contract for the 20<sup>th</sup> Edition.

Tim Mearig opened the floor to committee member feedback as follows:

- Does the state own the work product from HMS, Inc. along with the documentation of methodology for all of the calculations so that if something happened with the contractor, another entity can continue on with that work? *Response: It's true that the state has access to it, but it doesn't have immediate and easy access to every one of the background elements. If a consultant was unable to do this work and the department had to pick it up, it would be a lot of work to duplicate the gathering of data that went into these measurement elements. But the department now has an excellent understanding of what the effort was and what the elements are that may need a routine update.*
- Would agree with Option 4 from the briefing paper. The only thing to add is that a combination of reviewing scheduled values of currently awarded construction projects would give a brief insight periodically into this information as well as for the general conditions, fuel, et cetera. It's another verification of actuals versus even what the cost model is showing. That would take a bit of department effort, but it may be worth it.

General consensus among members of the committee was to exercise Option 4.

#### **BRIEFING PAPER – ASHRAE 90.1 - 2013**

Tim Mearig referred committee members to the briefing paper and explained that it was developed by Larry Morris, and it describes the possible changes that are happening between the 2010 and 2013 editions of the Energy Efficiency Standards.

Larry Morris reported that at the last A4LE state conference, a person from ASHRAE presented and explained that each time an update is done to this code, the cost of implementing the code has to be at least covered, if not result in additional savings from implementing these codes. That was set up as a minimum standard before an update could be adopted.

Larry Morris provided some background information stating that this committee discussed this topic in 2012, and three or four different codes were discussed at the time. ASHRAE 90.1 2010 was recommended to the State Board of Education and became regulation in 2013. Just like many codes, ASHRAE 90.1 updates every three years, so there have been a couple of updates since that time. There will be another update published shortly for 2019. He noted that additional discussion is that Alaska Department of Transportation and Public Facilities (DOTPF) has its energy efficiency policy set in statute, and it is noted that they "shall meet or exceed the most recently published edition of the ASHRAE/IESNA Standard 90.1." DOTPF and DEED are the two largest providers of facility construction and renovations in the state, and there are occasions where DOTPF provides construction services for DEED-owned properties. There could be some considerations to having the same energy code for the two departments.

### **Option 1**

Option 1 would be to not make any recommendations to revise the energy code and remain with ASHRAE 90.1-2010 as its code under the regulation.

### **Option 2**

Option 2 would be to recommend to the State Board of Education to revise the energy code to ASHRAE 90.1-2013.

### **Option 3**

Option 3 would be to recommend to the State Board of Education to revise the energy code to ASHRAE 90.1-2016.

Larry Morris recommends that the committee recommend to the State Board of Education the adoption of ASHRAE 90.1-2016 as the department's energy code. This recommendation would make the department current with DOTPF until 2019 edition is adopted. At that point, the department would only be one cycle behind the current code and not two or three code cycles behind. The total of all changes for the two code cycles are not large, and many of those are currently being used as part of current construction practices.

### **Committee Feedback and Discussion:**

- It seemed in a sense an unfunded mandate, but it is helpful that the Department of Energy has placed some limitations in that there has to be a sufficient payback to make it worthwhile to do so.
- Not necessarily requesting to keep the old code, but they need to consider their clientele and that a one-size-fits-all policy may not work for large and small districts alike. If they adopt a new code, they really need to consider this disparity between the large and small districts and their ability to deal with new technology.
- Support the adoption of the current edition, because that is what makes the most sense as they are looking at modern buildings and trying to keep up within one code cycle. They need to be cognizant that the cost benefit will vary all over Alaska.
- Should they have a component within this that allows them to amend some sections based on Alaska's specific climate because of the impacts on operational costs? *Response: ASHRAE does a good job of vetting the cost effectiveness of their recommendations put out in 90.1, and they do it by climate zone. They are meticulous about looking at specific climates, so it doesn't really need to be micromanaged. Up until this point, DEED has been able to let other entities such as Department of Public Safety and Department of Labor set building safety standards, and DEED had previously referenced them as being required to be followed for school projects. The legislature gave the department and this committee the responsibility of setting some energy standards. The way the department plans to handle this task is through the checklist process that was just implemented, but has not yet been utilized. The checklist will list the things in ASHRAE 90.1 that are important for schools in Alaska. When a checklist is applied to a project, the project design team and owner have an opportunity to provide feedback and negotiate specific items within the checklist, and this should allow flexibility to not have to engage in a formalized amendment process.*



Randy Williams explained that he would like this committee to not have to revisit updating these every three years. He believes that adopting something that says, “The most recently published edition,” of the code would suffice because of ASHRAE having vetted a lot of the upgrades. The caveat to that is that ASHRAE 90.1 is under continuous maintenance, and they actually update it every time there is an amendment approved by ASHRAE. Randomly throughout the three-year cycle, there are changes made to it, which creates a problem as to what the most current published edition is.

Furthermore, Randy Williams shared that he recommends using IECC as their code instead of ASHRAE 90.1. IECC allows the use of 90.1 for compliance, and this will address some of the concerns about one size fits all. 90.1 is a rather complicated document, and the other paths available in IECC are simpler, and there may be less design effort for compliance. The other advantage of using IECC is that a project could comply with the suite of international codes. Even though the state hasn't adopted the energy code, it would mesh in with the other international codes, and it would still allow compliance using 90.1.

Tim Mearig suggested that perhaps a way to handle this would be to wait until such time as another code-adoption body in the state determines an official state code for energy that would be laid out in statute or another department’s regulation, then this body would have an opportunity to rescind their provision and use the other code. Lori Weed added that in DEED’s last regulation project, they wanted to reference a different department’s regulation and just say “current version,” but they were told by the Department of Law that that type of adoption by reference is not allowable because DEED has to allow their own public input, public notice, and state processes to cover which edition they are going to adopt.

Randy Williams **MOVED** to move forward with a regulation change to the Department of Education updating the reference to ASHRAE 90.1 from 2010 to the 2016 version, **SECONDED** by Dale Smythe. A roll call vote was taken with 7 in favor and 0 opposed. The motion **PASSED** unanimously. The department will move forward with making that necessary regulation change and putting it before the State Board of Education for public comment.

## **SUBCOMMITTEE REPORTS**

### ***Design Ratios***

Dale Smyth stated that Larry Morris has provided some recommendations, but he is still assembling new members to participate in this subcommittee. It is still on the docket for more input from the A4LE community prior to their conference in December. The elements on the work plan are still active and accurate, and new dates need to be set for those.

### ***Model School***

Don Hiley reported that their subcommittee addressed geographic factors at the last meeting. They also discussed the Model School File and the standards. One of the things that was addressed was how the Model School was not yet updated. There was some discussion about whether that can be contracted out to be reviewed and kept current, or whether or not it could be possibly reviewed by a volunteer organization, or both. It was noted that there may be funds available for contracting.

Don Hiley stated that the subcommittee also discussed that in reference to building standards, during the previous contract with McDowell Group, one of the underrepresented groups was the design professional community, and perhaps they need to get a little more weigh-in from that group. The subcommittee weighed how much detail they need to go into and how many comments and advice they must receive before proceeding further.

Tim Mearig added that with the McDowell study, they have access to research they have done on about six different state entities that have active construction standards. What they plan to do at the subcommittee level is re-review that and get a little more information from those entities. They plan to bring something back to the full committee with some recommendations about the level of detail they should be considering.

Tim Mearig added that the building standards project will be completely committee, department, and partner driven. There are no budget resources available to involve consultants.

### ***Commissioning Subcommittee***

Randy Williams reported that the task at hand has been to develop recommendations for setting standards for commissioning agent's credentials, and they have made a little bit of progress on that. Department staff came up with a short list of desired credentialing criteria, which was included in the packet in the subcommittee report. He stated that he edited the list of potential organizations and candidate certifications that might apply.

Randy Williams asked members of the committee if they should recommend that the department contact those organizations and ask them whether their credential meets the criteria listed. Hearing no objection from members of the committee, the consensus was that the department should move forward on this.

### ***School Space Subcommittee***

Dale Smythe explained that there is no report at this time as they are still working on getting this subcommittee up and running.

## **BR&GR CALENDAR AND WORK PLAN REVIEW AND UPDATE**

Acting Chair Elwin Blackwell noted that the work plan review and update is not available in this meeting's packet, and will be addressed at the next full-day meeting scheduled for December 4<sup>th</sup> in person in Anchorage. Other future meetings are tentatively scheduled for:

- January 23<sup>rd</sup>, 2020 – teleconference.
- April 2020 – dates to be determined.

## **COMMITTEE MEMBER COMMENTS**

Acting Chair Elwin Blackwell once again thanked members of their committee for their participation today, particularly Senator Giessel and Representative Wilson. He noted that it is a great honor to have the legislators participate in these meetings, and it adds a great deal of value to the work of this committee.

Committee members shared their final comments. Highlights included:

- Thanks for all your efforts.

- Thank you for all your hard work. This is something that has been wanted for a long time, so it's good to see it moving forward.
- There is obviously a lot of commitment to this work.

**MEETING ADJOURNED**

The meeting adjourned at 3:59 p.m.