

**BOND REIMBURSEMENT & GRANT REVIEW COMMITTEE**

Monday, June 27, 2022 – 1:30 p.m. – 3:44 p.m.

Held via Videoconference

**APPROVED MEETING MINUTES**

**Committee Members Present**

Elwin Blackwell, Chair  
Sen. Roger Holland  
Branzon Anania  
Randy Williams  
Dale Smythe  
James Estes  
Kevin Lyon  
David Kingsland

**Staff**

Tim Mearig  
Lori Weed  
Sharol Roys  
Wayne Norlund

**Additional Participants**

David Landis, SERRC  
Jamie Burgess, Nome City SD

**June 27, 2022**

**CALL TO ORDER and ROLL CALL**

Chair Elwin Blackwell called the meeting to order at 1:30 p.m. Roll was taken, and a quorum was established to conduct business. Representative Ortiz was excused.

**CHAIR’S OPENING REMARKS**

Chair Blackwell welcomed everyone and thanked the members for attending the meeting.

**AGENDA REVIEW / APPROVAL**

Dale Smythe **MOVED** to approve the agenda as presented, **SECONDED** by David Kingsland. Hearing no objection, the motion **PASSED**.

**PAST MEETING MINUTES REVIEW / APPROVAL – April 19-20, 2022**

Branzon Anania **MOVED** to approve the minutes from April 19 and 20, 2022 as presented, **SECONDED** by Dale Smythe. Hearing no objection, the motion **PASSED**.

**PUBLIC COMMENT**

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

**DEPARTMENT BRIEFING**

***Preventive Maintenance Update***

Tim Mearig reported on the status of the assessment of school district eligibility for capital project applications as it relates to district preventive maintenance and facility management programs. Ten districts were not certified as of June 1st, but Craig City School District has since achieved provisional status, and several districts are working to correct deficiencies and should receive provisional status by the time this process ends on August 15th.

### ***CIP Workshop***

The CIP workshop held on May 12th was a great opportunity to go through the FY2024 CIP application and support materials. The implementation and impact of the *Alaska School Design and Construction Standards*, which was adopted by the committee in April, was discussed.

### ***Cost Model Update***

The DEED *Program Demand Cost Model* is an estimating tool that allows anyone to get a reasonable cost estimate prepared for a capital project. The update for the Cost Model reflected an escalation of the model school costs of over 14 percent.

### ***Capital Needs Forecast Database***

This statewide capital needs forecasting tool project was awarded to Inzata Analytics and will match up capital needs with proposed or projected funding from various funding streams. The department is working on providing Inzata with data from its databases and renewal and replacement tool data information. An update could be provided as early as December, but the official project timeline remains April 2023.

### ***Legislative Action***

Lori Weed reported that the legislature passed a combined operating and capital budget bill, and it has been forwarded to the Governor. If there are no amounts vetoed, the allocations include \$100 million for the major maintenance grant fund, \$32.8 million for REAA fund capitalization, and \$54.9 million for Napakiak, as well as allocations for debt reimbursement and supplemental debt reimbursement.

Randy Williams asked if the cost escalations for the major maintenance items were likely to be more expensive and if there was a plan to cover that. Tim replied that not all the projects on the list will be facing increased costs, because about a third of the projects on the list are substantially complete and just waiting for funds. A few districts did some of their own work, and another portion of the projects on the list will not be ready for construction this year.

### **PROTOTYPICAL DESIGN COMMITTEE POSITION PAPER UPDATE**

Tim Mearig explained that this policy for evaluation and use of prototypical design attempts to realize a cost savings in building the same school design multiple times. This topic has not been utilized for the past ten years due to little or no population growth, and new schools are only being built to replace old ones.

Revisions in the document reflect changes from the 2004 guidelines. Version 1 makes minor changes and clarifies some of the language. Version 2 is a more robust update applying some scoring elements that would support reuse of building designs. Randy Williams said he was in favor of Version 2 and agreed that these advisories belonged in the Design and Construction Standards. In response to a question from Dale Smythe, Randy explained that he liked the reference to designs and building systems, making it clear that they can be two different things. He said he also liked the modularity of the buildings, which allow the addition or subtraction of wings, and in general liked the philosophy of steering away from a cookie cutter design.

Tim stated that Version 2 refers to specific CIP application elements and also includes definitions to help bring clarity. He noted that Version 1 has broader language of what an acceptable prior prototypical design is. Version 2 requires that a reused building system design be framed within a published district standard. Kevin Lyon stated he supported Version 2 because Version 1 is too open.

Branzon Anania asked what would be considered a prototype building system as opposed to just something in a past project. Tim referred to Section 2 of Version 2 where prototype designs are discussed and defined and how different uses of a prior design can be incorporated into a CIP application.

Randy Williams **MOVED** that the committee approve Version 2, the guidelines as presented, to move it to public comment, **SECONDED** by David Kingsland. Hearing no objection, the motion **PASSED** by unanimous consent.

### **BRIEFING PAPER: INSUFFICIENT / ADDITIONAL PROJECT FUNDING**

This paper sets out two options for dealing with projects that are overbudget and cannot be completed with their approved funds. Option 1 allows the submittal of an application for additional funding in certain circumstances. Option 2 would move a project to the top of the priority list or at least give some point consideration to the project.

Jamie Burgess, Superintendent of Nome Public Schools, described the bidding for a roofing project in Nome that is overbid and cannot be awarded. The bidding started during the pandemic, and the two bids received were very high. The district decided not to award and to try again the next year, which they did, and the one bid received was almost double the construction budget. Ms. Burgess wonders if the roofing project could be changed to a partial project, but that was not the scope of the original project. The district is facing some challenges with this project: an Arctic environment, and a rural community with few vendors. She stressed that this situation was not a result of any lack of preparation on the district's part, and that either Option 1 or Option 2 would be helpful in moving forward to get the project completed.

Dale Smythe asked for a review of the methods for dealing with unforeseen circumstances for a project. First the contingency, which is based on elements unknown at the time, such as things below grade or within the walls. Second, the escalation for not knowing when the project might be awarded. Tim Mearig said it seems like the CIP application process is silent on what to do with a project that was never able to go to bid for lack of money or a project that had overruns in construction. There is no CIP guidance on how to support a project to make sure that the state knows that only costs that were unavoidable and unforeseen and not the result of imprudent management are being requested. For the roofing project in Nome, the question is whether the state should be under an obligation to purchase the roof for \$182 a square foot because the bid came in at that amount. Tim said that guidance for those kinds of factors could be included in the CIP.

Dale Smythe asked for clarification because it seemed to him there were two scenarios in play: what the state's obligation is to a project once it's been awarded versus what that obligation is prior to award. Tim did not see it that way and replied that when a project is evaluated and

placed on the list, the state is committing that is a viable project and needs to be done. The price that is assigned is the best understanding of what the market-based, reasonable, cost-effective price is at the time. There is no clear answer and no guidance as to what happens if that price increases significantly.

Randy Williams wanted clarification about what needed to be accomplished at this meeting noting that no motion was needed. He thought the two recommendations were both appropriate and that the applicants deserved to know what to expect if their project runs into these situations. Tim said that both options could be implemented or just one or the other.

Dale Smythe is still of the opinion that there are two distinct situations, and guidance should be provided for both scenarios. He would like to see a separate procedure for projects that have already been awarded and are under construction for funding reconsideration.

Randy Williams offered to participate in a group effort to formulate some recommendations for both options. James Estes supported Randy's comments to move forward with both options.

Chair Blackwell asked what the department's availability was to produce guidance applicable to these situations. Tim replied that the department would have time between now and April to add this to the committee's work plan on how to be clear to districts regarding projects that either didn't get funded or projects that had overruns during construction. If the committee wants the projects that were funded in a prior year to have a higher point consideration, that would require a regulation change through the State Board.

Lori Weed mentioned that nothing prevents a district from applying for additional funds for construction alternates or additional funding to complete the initial base bid construction. Tim agreed but mentioned that there is not a lot of guidance on some of the nuances that might be encountered.

Chair Blackwell estimated it would take about a year to accomplish these changes, especially if there are any regulatory changes. Tim suggested that the department could take action if there was consensus among the members of what the committee would like to see. Chair Blackwell agreed, and committee members offered the following comments.

Randy Williams wanted the affirmation clear that applicants can reapply for additional funding under current guidelines in certain situations. He supports recommendation 1 to add application guidance in the CIP application. He also supports recommendation 2 to provide a pathway for identifying whether additional scoring points are warranted for projects that do come back for additional money.

Dale Smythe agreed with the current process for additional funding and thought that should be encouraged. He would like to see a separation of projects that have been funded and under construction started/awarded versus ones that have not been funded. And for projects under construction, he would encourage a process other than CIP and one that could be described as a separate way to review and consider additional funding.

James Estes supports both recommendations as stated by Randy.

Kevin Lyon supports recommendation 1 whereby the applicant can reapply for the scope that's been dropped from the project. He said they definitely need to look at recommendation 2 and see what that additional scoring looks like and what comes out when it's applicable.

David Kingsland supports recommendation 1. He liked what Randy said about recommendation 2 but is still undecided on that one.

Branzon Anania encouraged moving forward on both recommendations.

Chair Blackwell supports the reapplication in subsequent CIP years for additional funding if need be. He also supports both recommendations.

### **SPACE GUIDELINES ACCURACY REVIEW / RECOMMENDATIONS**

Dale Smythe, chairman of the School Space Subcommittee, summarized the report in the packet and asked for discussion on the following two recommendations.

Recommendation No. 1 is to change measuring space from the exterior to the interior, which would not limit the potential wall assembly R-value. Recommendation No. 2 attempts to resolve some of the percent limitations relative to water storage, water treatment, or sewer treatment. Rural schools, in particular, often need more space than is currently allowed, and this change provides for a variance request process to be individually reviewed by the department.

Branzon Anania supports recommendation 1 to take the exterior wall out of the equation. Randy Williams thought the subcommittee was headed in the right direction. David Kingsland liked recommendation 2, especially section C for space to support dry and frozen food storage. Kevin Lyon supports both recommendations.

Tim Mearig appreciates the work the subcommittee has invested in this project. He had the following comments and concerns:

- The accuracy might be unchanged by changing one word from exterior to interior. It might be just as easy to measure to one or the other of those with equal accuracy.
- Definitions are needed for basements, mezzanines, floor tiers, penthouses, and other words.
- Exterior wall thicknesses have increased, and the department thought about 3 percent, but the subcommittee's study showed a little over 1 percent.
- Exterior wall detail A on page 2 of the report shows an R-30 wall at two different thicknesses and offers two different space calculations, which seems inconsistent.
- Increasing opportunities for variances is good as long as they can be clearly defined and measured.
- Recommendation 2 C for dry and frozen food storage might already be in the current guidelines, and that should be checked for accuracy.

Dale Smythe questioned Tim's comment about wall detail A and explained that it was for information and showed the difference between where a SIP panel was used and a space where

electrical was allowed. He agreed they had the same R-value, but the point was that it had the same interior space available to students.

Dale will look into the dry and frozen food storage question, but even if it is in current guidelines, it must not be adequate because it doesn't seem to be giving them what they need.

Dale added that another benefit of moving the measurement to the interior is that the allowable space remains the same, and the site and other elements that are controlled by budget are then dealt with through the design process and limited, but the school is not being penalized for it.

There will be an update and more refinement on the school space project at the December meeting.

#### **COMMITTEE MEMBER COMMENTS**

Chair Blackwell appreciated the time the committee members put in both for these meetings and outside of these meetings in subcommittees, and he feels that progress is being made.

#### **ADJOURN**

Without objection, the meeting adjourned at 3:44 p.m.