

SB

181

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. SB 181

Revision Date: _____

Department Affected: Education

Title: An Act relating to grants for school construction and providing for an effective date.

BRU: Executive Administration

Sponsor: Senate Finance Committee

Component: CIP Overhead and Associated Costs

Requestor: Senate Finance Committee

COMPONENT SERIAL NO. 156

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	50.0	50.0	50.0	50.0	50.0	50.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	50.0	50.0	50.0	50.0	50.0	50.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	50.0	50.0	50.0	50.0	50.0	50.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	50.0	50.0	50.0	50.0	50.0	50.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary.)

(See Attached)

Prepared by: Gary M. Bader *Gary M. Bader*

Phone: 465-2875

Division: Administrative Services

Date: 4/8/93

Approved by Commissioner: _____ *John Mahoney*

Jerry Covey

Agency: Education

Date: 4-8-93

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FISCAL NOTE SB181

"An Act relating to grants for school construction: and providing for an effective date."

This bill would establish a grant review committee for school construction grants. This committee shall consist of the commissioner or appointed designee and five other people selected by the commissioner who have the following qualifications:

1. one person licensed under AS 08.48 as an engineer,
2. one person with a teaching certificate issued by the Department of Education
3. one person licensed as a construction contractor under AS 08.18
4. one person licensed under AS 48.48 as an architect
5. one person with five years of experience in facilities management

Members of the committee are to serve without compensation with the exception of the reimbursement of all related per diem and travel expenses.

The duty of this committee is to review grant applications. The applicants will be evaluated by such factors as emergency requirements; priorities assigned by the districts; new local elementary and secondary programs; existing regional, community and school facilities and their present condition; and alternate education program options.

It is assumed that DOT/PF will provide a standard regional design specification for the construction of schools for the arctic, interior, western and southeastern region of the state. For each school construction project for which a grant is requested under AS 14.11.011., the department shall determine which standard regional school design is applicable.

Contractual:

Contract with a school facilities expert to develop educational specifications and assist the department in conferring with DOT/PF in the development of prototypical school designs.

Total: \$50.0

**SPONSOR STATEMENT
FOR
SENATE BILL NO. 181**

The continued development and maintenance of Alaska's educational infrastructure has become an increasingly important issue in Alaska. Several approaches have been suggested to resolve our current problems in constructing and maintaining Alaska's schools, but all of these approaches sacrifice a long term solution in favor of short term spending plans. Senate Bill 181 is part of a three-bill package which proposes a long term solution to constructing and maintaining Alaska's educational infrastructure.

As serious consideration was being given this year to the list of school construction, maintenance, and repair projects assembled by the Department of Education (DOE), several problems with the way this list is assembled became apparent. Priorities were established in the DOE regulations which were not intended in the enabling legislation (HB37). Review of projects were completed by individuals with little or no background in school construction and maintenance. Also there was a great deal of variance in both scope and cost between projects which were intended to solve the same educational infrastructure problem for a similar number of students. This bill attempts to solve several of these observed problems.

Senate Bill 181 requires the Department of Education, in cooperation with the Department of Transportation, to establish standard school designs for the four climatic regions of Alaska. These school designs would be structured so that they could be expanded incrementally to accommodate additional students. A grant review committee is established which will be responsible for selecting the school construction and maintenance projects. This committee will include the Commissioner of DOE, an engineer, a construction contractor, an architect, a facility manager, and a certified educator. Past criteria used to prioritize schools on the DOE list are replaced so that urban and rural school priorities are placed on an even plane.

There are two companion bills to SB 181. Senate Joint Resolution No. 30 proposes the establishment of a constitutional school construction and maintenance fund. Senate Bill No. 180 reestablishes reimbursement of school construction debt for a limited period of time with specific borrowing caps established for Alaskan communities.

FISCAL NOTE

Revision Date:
Title: School Construction Grants

Department Affected: DOT&PF
BRU: E&OS

Sponsor: Senate Finance Committee
Requestor:

Component: Design & Const. Stds.
Component Serial Number: 547

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	25.0	25.9	26.8	27.7	28.7	29.7
CONTRACTUAL	59.1	61.1	63.2	65.3	67.6	69.9
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING:	84.1	87.0	90.0	93.0	96.3	99.6

CAPITAL	32,675.0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

1002 FEDERAL RECEIPTS	0	0	0	0	0	0
1003 GF MATCH	0	0	0	0	0	0
1004 GF	32,759.1	87.0	90.0	93.0	96.3	99.6
1005 GF/PROGRAM RECEIPTS	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL FUNDING:	32,759.1	87.0	90.0	93.0	96.3	99.6

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	**	0	0	0	0	0

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

** See page two (Fiscal Note Summary) for comments pertaining to staffing requirements. Monetary amounts shown for FY 95 and beyond have been inflated by 3.5% annually.

See attached summary and three page analysis for details and assumptions.

Prepared by: Roger W. Allington, Director

Phone: 465-2951

Division: Engineering and Operations Standards

Date: April 8, 1993

Approved by Commissioner: B.A. Campbell
Bruce A. Campbell

Phone: 465-3900

Agency: Department of Transportation and Public Facilities

Date: April 8, 1993

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ANALYSIS (cont. from page 1):

Fiscal Note Analysis for SB 181

Fiscal Note Summary:

The proposed legislation is anticipated to have the following impacts.

Section 4 Impacts - FY 94 and 95 (Capital funds for design criteria, specs and prototypes)

Expenditures: Personal services, contractual and travel costs total \$32.7MM.

Personnel: Depending on the required number of prototypes required and the magnitude of funding provided, additional CIP positions may be required.

Section 5 Impacts - FY 94 and beyond (Operating funds for grant review committee activities inflated annually by 3.5%.)

Expenditures: Personal services, contractual and travel costs of \$84,125.

Personnel: No additional personnel are anticipated for these projects.

Program Description:

The proposed bill would require the Department of Transportation and Public Facilities (DOT&PF) to consult with the Department of Education (DOE) in the development of standard regional school designs and specifications (per Sec. 4 of the proposed legislation). Additionally, it is anticipated that the department would be extensively involved in the grant review process (per Sec. 5 of the proposed legislation).

Background Information Relating to the Proposed Legislation:

Definition of the fundamental school construction (program) needs, appropriate design standards and concerns (criteria), and the minimum acceptable construction specifications together with the development of a series of *prototypical* school designs have long been a desire of many different entities within the State of Alaska. It is believed that -- when created -- these documents could be used to formulate a basis on which school construction grants would be funded.

Program Implementation and Resulting Fiscal Impacts:

Despite the fact that the bill contains an effective date, the program would likely "come on line" in somewhat of a staged process. Because sections 3 and 4 are fundamental to the other sections, the requirements of these sections will have to met before the full effect of the legislation will be apparent. Section 4 especially will require an extensive amount of time and effort (by both DOT&PF and the Department of Education) to complete the mandated design criteria, construction specifications and *prototype* designs. As all three elements are intertwined, it should be expected that they will be developed as a package as opposed to piecemeal elements. At a minimum eighteen months to two years should be allocated in the preparation of this component of the legislation. The costs of the developmental aspects associated with this "staged process" appear in the earlier portion (FY 94 and 95) of the fiscal note. Additionally, the anticipated monetary and manpower impacts of section 5, dealing with the "grant

review committee", are included in the FY94 and 95 and are carried into FY 96 and beyond.

Analysis and Assumptions:

The following detailed analysis, covering the five sections of the bill and focusing on the department's specific areas of program involvement, was developed around the following assumptions.

- *Due to a lack of detail and the overall uncertainty of what is expected, the assumptions and resulting cost calculations are assumed to represent a "worse case" scenario.*
- *It is assumed that due to program differences (five in total), school size differences between communities in a given region (large districts VS. small) and the climatic conditions present in each of the four defined regions, that up to 36 prototype schools may have to be designed.*
- *Schools of less than 100 students are considered "small" schools for the purpose of this analysis.*
- *No departmental costs have been developed for the procurement or administration of the consultant contracts. The analysis recognizes that some costs will occur, but it also assumes that there will be some duplication of design effort amongst the 36 school types resulting in some design costs that can then be used to offset administrative costs.*
- *Costs shown in this report reflect a facility based prototype design cost approach. While not done at this time, some consideration towards a component/matrix design approach or perhaps a review of existing (or proposed) designs should be considered. This would allow for communities to build to a higher level of quality provided that the life cycle costs supported a higher initial capital cost.*

Proposed Legislation Section 1 (page 1)

No departmental comment as a result of this section.

Proposed Legislation Section 2 (page 1)

No departmental comment as a result of this section.

Proposed Legislation Section 3 (page 2)

No departmental comment as a result of this section.

Proposed Legislation Section 4 (page 2)

As a result of a lengthy discussion with the project manager ¹ for the new middle school being constructed in Juneau, several new elements of information were presented. This information has been utilized to formulate a number of the preceding assumptions and in brief consists of the following.

- Bare bones cost for new middle school is \$15.1 MM, or \$166.30 / square foot or \$21,570 / student.
- Programmed (desired) square footage / student at a middle school is 150, actually being provide is 128.

¹ Comments were provided By Ms. Cathy Fritz, CBJ Architect and project manager for the \$15.1 million middle school (currently under construction) and a future \$40 million high school facility.

- Ratio of design costs to actual construction costs express as a percentage 7.3%
- Junior high and high school construction costs are \$44,444 / student or approximately 2.06 times the cost of elementary and middle school costs.
- Significant program differences exist between special ed., elementary, middle, jr. high and high school programs that it would necessitate the design of prototypes in each of these areas.

Combining this input together with the assumptions presented earlier would yield design costs for the 36 *prototype* schools as follows:

FOR EACH REGION

Elementary Schools (1): 600 students = 90,000 sq. ft. yields construction costs of	\$15.0MM
Elementary Schools (1): 100 students = 15,000 sq. ft. yields construction costs of	\$ 3.0MM
Middle Schools (1): 600 students = 90,000 sq. ft. yields construction costs of	\$15.0MM
Middle Schools (1): 100 students = 15,000 sq. ft. yields construction costs of	\$ 3.0MM
Jr. High Schools (1): 600 students = 2.06 times middle school const. costs, or	\$30.9MM
Jr. High Schools (1): 100 students = 2.06 times middle school const. costs, or	\$ 6.2MM
High Schools (1): 600 students = 2.06 times middle school const. costs, or	\$30.9MM
High Schools (1): 100 students = 2.06 times middle school const. costs, or	\$ 6.2MM
Special Ed Schools (1): 50 students = 10,000 sq. ft. yields construction costs of	<u>\$ 1.7MM</u>
Total anticipated <i>prototype</i> construction cost per region yields	\$111.9MM

When this is applied to the four regions described within Section 4 of the bill a total construction costs can be computed \$111.9 (4) yields \$447.6MM

And applying the Design/Construction Cost ratio of 7.3% to this total construction cost number yields the anticipate consultant costs \$32.67MM

Proposed Legislation Section 5 (page 2)

Regardless of whether or not DOT&PF personnel are used there will be a cost associated with the grant review process. The review process will require approximately two man months at three quarter time (approximately 275 man hours) of effort in each of the following professional areas:

Personal Services/Contractual where:

- "one person licensed under AS 08.48 as an engineer",
- "one person licensed under AS 08.48 as an architect",
- "one person shall have five years of experience in facilities management",

Costs associated with this phase include:

An Engineer at \$80/hour times 275 hours yields	\$22,000
An Engineer at \$75/hour times 275 hours yields	\$20,625
A Facility manager at \$60/hour times 275 hours yields	<u>\$16,500</u>
Total anticipated personal service costs are ²	\$59,125

² Caliber of individuals depicted under this section of the analysis are commensurate with a range 22 position for the registered Architect and Engineer and a range 20 position for the Facility Manager.

Travel Expense for the three evaluators where:

• three trips are required for each evaluator to attend meetings directly associated with the ranking process	\$4,500
• a travel allowance to review and assess specific school facilities and to compare them against the individual school district/REAA grant request. Lump Sum	\$7,000
Associated per diem allowance (45 days/person @ \$100/day)	<u>\$13,500</u>
Total anticipated travel costs are	\$25,000

Total anticipated costs as associated with section 5 requirements \$82,125

Comparable costs to utilize DOT&PF personnel in lieu of outside consultants would total approximately \$42,000; however, availability of personnel is uncertain.

ARTHUR R JACOBS PE
7060 Saturn Circle
Anchorage AK 99504

6 April 1993

APR 8 1993

Senator Loren Leman
Alaska State Legislature
State Capitol
Juneau AK 99801-1182

Subject: Senate Bill 181

Dear Loren:

I am writing to propose an amendment to the referenced Senate bill, which deals with construction grants for schools.

Section 4 of the bill dictates to the Department of Education that it shall develop "standard regional school designs". This procedure has been tried before, by various school districts thruout the State, and has been found to be unacceptable for various reasons. The amendment which I propose addresses the implied concern for over-designed luxurious schools built at State expense without imposing standard cookbook designs:

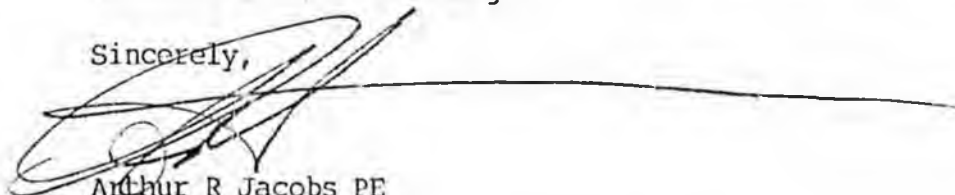
"Sec 4 AS 14.11.013 is amended by adding a new subsection, to read:

(f) The Department shall develop standard educational specifications for elementary, junior high and high schools, and shall, in consultation with the Department of Transportation and Public Facilities, develop standard regional design specifications for the construction of schools thruout the State. For each school construction project for which a grant is requested under AS 14.11.011, the Department shall determine which standard regional specifications are applicable to that project. If the school district involved wishes to exceed the minimum requirements of either the standard educational specifications or the standard regional design specifications it may do so, but such excesses must be funded without the use of State monies."

I believe the above wording is directly to the point of the intent of the legislation, but is less onerous than the existing wording.

In the event you are not a member of one of the assigned committees, please use your contacts with those directly involved to advance the above wording.

Sincerely,



Arthur R Jacobs PE



*Department of Transportation
and Public Facilities*

POSITION PAPER

BILL NO: SB 181

APPROVED: B.A. Campbell
BC

TITLE: School Construction Grants

DATE: 04/08/93

This bill could develop into a reasonable and appropriate response to the need for adequately funding and controlling the costs of school construction within the State of Alaska. Costs associated with school construction -- under the proposed legislation -- are significant, and it is impossible for DOT&PF to take a "Pro" or "Con" position without further direction and information from the sponsoring legislators and the Department of Education. As such the department's associated Fiscal Note is based almost exclusively upon assumptions, some of which may be incorrect. For these reasons, and recognizing the significant impact associated to the department, I would like to reserve the opportunity to provide additional input on this bill as its development progresses.