

HB

445

HFIN

FILE

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: April 7, 2000

FURTHER REFERRALS:

Date of Committee Action: 4/12/00

The FINANCE Committee considered:

HB 445

HOUSE BILL NO. 445

SCHOOL CONSTRUCTION PROGRAM

"An Act relating to a rural school construction and planned maintenance pilot program; and providing for an effective date."

recommends it be replaced

with the following committee substitute

CS HB 445 (Fin)

the same title
 a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) HFC

zero fiscal note(s) _____

| SIGNING WITH RECOMMENDATIONS | | DP | DNP | NR | AM |
|------------------------------|-----------|-------------------------------------|-----|-------------------------------------|----|
| <i>[Signature]</i> | Mulder | <input checked="" type="checkbox"/> | | | |
| <i>[Signature]</i> | Bunde | | | <input checked="" type="checkbox"/> | |
| <i>[Signature]</i> | Austerman | <input checked="" type="checkbox"/> | | | |
| <i>[Signature]</i> | J. DAVIES | | | <input checked="" type="checkbox"/> | |
| <i>[Signature]</i> | Gussendat | | | <input checked="" type="checkbox"/> | |
| <i>[Signature]</i> | Moses | | | <input checked="" type="checkbox"/> | |
| <i>[Signature]</i> | G. DAVIS | <input checked="" type="checkbox"/> | | | |
| <i>[Signature]</i> | Williams | <input checked="" type="checkbox"/> | | | |
| <i>[Signature]</i> | Foster | | | <input checked="" type="checkbox"/> | |
| <i>[Signature]</i> | Phillips | <input checked="" type="checkbox"/> | | | |

CO CHAIR'S SIGNATURE

[Signature]

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB 445

Revision Date: _____
Title: School Construction Program

Dept. Affected Education & Early Development
BRU Education Support Services
Component Education Facilities Support

Sponsor: House Finance Committee
Requester: _____

Component Serial No. 1957

Expenditures/Revenues

(Thousands of Dollars)

| OPERATING EXPENDITURES | FY 01 | FY 02 | FY 03 | FY 04 | FY 05 | FY 06 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|----------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|----------------------|--|--|--|--|--|--|

| | | | | | | |
|--------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES | | | | | | |
|--------------------|--|--|--|--|--|--|

FUND SOURCE

(Thousands of Dollars)

| | | | | | | |
|----------------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| 1091 Designated Program Receipts | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

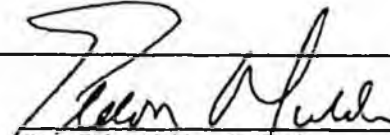
Estimate of any current year (FY98) cost: _____

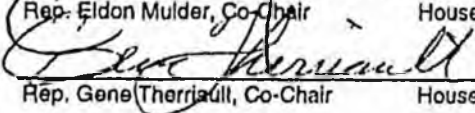
POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| Full-time | 0 | 0 | 0 | 0 | 0 | 0 |
| Part-time | 0 | 0 | 0 | 0 | 0 | 0 |
| Temporary | | | | | | |

ANALYSIS: *(Attach a separate page if necessary)*

Prepared by


Rep. Eldon Mulder, Co-Chair House Finance Committee


Rep. Gene Theriault, Co-Chair House Finance Committee

Phone 465-2647

Phone 465-4797

Date 4/11/00

4-12-00

Subject: HB 445**Date:** Tue, 11 Apr 2000 19:50:17 -0800**From:** Robertson <wtws@alaska.net>**To:** Representative Con Bunde <Representative_Con_Bunde@legis.state.ak.us>

Dear Representative Bunde:

HB 445 seems to indicate that the traditional design/bid/build approach to state procurement of rural school facilities is proposed to be replaced by what appears to be a design/build/operate method. I am opposed to this method unless there are stipulations that control the methodology in awarding contracts. In review the draft legislation, it would appear that the rural school districts would have no guidelines imposed upon them in awarding contracts. Based on the state's past failures in controlling costs on rural programs, I am against providing rural school districts with authorization to change their procurement methods without corresponding checks and balances.

Thank you for your consideration.

Bill Robertson
6740 Crooked Tree Circle
Anchorage, Alaska

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB 445

Revision Date: _____
Title: School Construction Program
Sponsor: House Finance Committee
Requester: _____

Dept. Affected Education & Early Development
BRU Education Support Services
Component Education Facilities Support
Component Serial No. 1957

Expenditures/Revenues

(Thousands of Dollars)

| OPERATING EXPENDITURES | FY 01 | FY 02 | FY 03 | FY 04 | FY 05 | FY 06 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|----------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|----------------------|--|--|--|--|--|--|

| | | | | | | |
|------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|------------------------|--|--|--|--|--|--|

FUND SOURCE

(Thousands of Dollars)

| | | | | | | |
|----------------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| 1091 Designated Program Receipts | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY98) cost: _____

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| Full-time | 0 | 0 | 0 | 0 | 0 | 0 |
| Part-time | 0 | 0 | 0 | 0 | 0 | 0 |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

Prepared by Eldon Mulder
Rep. Eldon Mulder, Co-Chair House Finance Committee
Gene Thériault
Rep. Gene Thériault, Co-Chair House Finance Committee

Phone 465-2647
Phone 465-4797
Date 4/11/00

*Amended
on page 2*

1-LS1596G
Ford
4/12/00

Adopted

CS FOR HOUSE BILL NO. 445(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a rural school construction and planned maintenance pilot
2 program; and providing for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new
5 section to read:

6 **LEGISLATIVE FINDING AND INTENT.** (a) The legislature finds that traditional
7 procurement techniques are often too slow and lead to cost overruns.

8 (b) It is the intent of the legislature to

9 (1) collaborate with the Department of Education and Early Development to
10 meet capital improvement project needs and create a pilot project program combining private
11 sector development techniques with public procurement; and

12 (2) create a program that can lead to efficacy in design, firm price proposals,
13 and prompt, timely project completion.

14 * **Sec. 2.** AS 14.11.020 is amended by adding a new subsection to read:

L

1 (e) This section does not apply to a school construction project described under
2 AS 14.11.030.

3 * Sec. 3. AS 14.11 is amended by adding a new section to read:

4 **Sec. 14.11.030. Rural school construction and planned maintenance pilot**
5 **program.** (a) The department shall establish a rural school construction and planned
6 maintenance pilot program for the purpose of building educational facilities.

7 (b) The department shall implement the pilot program required in (a) of this
8 section by contracting with private sector developers selected through a request for
9 proposals process. The request for proposals required under this subsection must

10 (1) solicit proposals for the development of each school construction
11 project funded for construction in fiscal year 2001 and located within rural educational
12 attendance areas; and

13 (2) allow a responder to propose development of single or multiple
14 schools.

15 (c) Requests for proposals issued by the department under this section must
16 use a qualifications-based selection process. Criteria for evaluation and selection must
17 be based on

18 (1) obtaining the best value to the state in terms of containment of cost
19 overruns and a guarantee of a firm fixed price, firm fixed ~~price~~ delivery schedule with
20 developer guarantees, local hire programs, post construction maintenance plan, and
21 utilization of existing planning and design elements;

22 (2) qualifications and experience in

23 (A) acting as a turnkey developer;

24 (B) completing projects in rural Alaska;

25 (C) development of schools;

26 (D) financial matters;

27 (E) facility management and maintenance;

28 (3) proposed methodologies to reduce capital construction costs,
29 establish timely completion schedules, and provide a private sector facility maintenance
30 plan for a period of time following completion.

31 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

**Rural Schools
Capital Construction &
Planned Maintenance
Pilot Program**

This Pilot Program will combine community input, design, construction, private financing and an ongoing maintenance program to address rural school needs in the most effective manner.

It also will combine public sector (State of Alaska) priority needs and finance methodologies with private sector development techniques to meet community needs more quickly, inexpensively and reliably.

A long-term Planned Maintenance Program will be included in the facility development process from the earliest stages of program and design development.

This Pilot Program will place an emphasis on accountability at the start of the delivery process.

**Primary
Program
Features**

*Meets DOE Programmatic and
Selection Requirements*

The program will follow existing DOE selection criteria for establishing needs of rural schools and communities.

*5% Cost Savings Goal
Over DOE Approved Amounts*

This Pilot Program will divide the development process into Phase I (design) and Phase II (delivery). Because risk can be more immediately evaluated and managed in the two (2) phase development method, contingencies can be reduced. A goal of 5% savings should be achievable and will be confirmed in Phase I of the development process.

*Firm Fixed Price,
Guaranteed*

Utilizing the methods described above, Firm Fixed Prices will be established early constructibility reviews of design and the elimination of contractor generated change orders. Guarantees will be provided in the form of surety bonding and liquidated damages provisions.

*Firm Fixed Schedule,
Guaranteed*

Utilizing the methods described above and logistics plans developed concurrent with facility design, delivery schedules will be clearly defined and more reliable. Guarantees will be provided in the form of surety bonding and substantial liquidated damages provisions.

*Competitive Bidding and
Cost Verification Provided*

Contracts for General Construction will be competitively awarded through a qualifications and bidding process. Appropriateness of final costs will be verified by third party independent cost estimators employed directly by the state. No qualified providers of construction services will be denied the opportunity to provide services.

Local Hire Programs All construction activities will include local hire programs with specific training opportunities and goals established with community input.

Labor Laws All work will be completed meeting all Davis Bacon wage scales and all other labor law provisions including certified payrolls.

Planned Maintenance Program A three (3) year Planned Maintenance Program (PM) will be established and administered by the development team based on private sector real estate management techniques. The program will include ongoing support and conformance reviews. It will also be the maintenance results standard to which the development team will be held accountable. The PM will be based on an interactive and collaborative approach with local districts on site at regular, three (3) month intervals.

PM Training Program The Planned Maintenance Program will be provided both on site and in urban vocational training sites which are designed to train specifically for rural facility work. For local hire programs, training will be designed to complement that received during construction.

Financing Private sector financing at tax exempt rates can be provided. However, the State, through AHFC, has a powerful finance team which has delivered excellent results. Careful coordination between an AHFC finance package and the delivery team will be essential to cost control savings. The development team will remain 100% accountable for costs while AHFC will provide a single point of contact for establishing finance details.

*Local Input on
Facility Programs and Designs*

Facility development will build on the existing methodologies currently used by local REAA's and school districts. District selected architects will provide typical services utilizing development guidelines established to coordinate schedules, pricing methodologies, logistical requirements and prototypical design philosophies.

Prototype

Prototype designs have worked well in urban locations where coordinated planning for different schools can be accomplished. For the initial implementation of this Pilot Program, schools will typically be designed to a 35% level. The completion of designs will strive for prototype systems and components. Round II of this Pilot Program will accommodate prototype designs when starting early in the delivery process. The central role of the development team will allow for coordination of prototype solutions throughout a region.

