

CS FOR SENATE BILL NO. 87(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE EDUCATION COMMITTEE

Offered: 3/29/17

Referred: Finance

Sponsor(s): SENATOR MACKINNON

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to energy efficiency standards and standardized options for building**
2 **and equipment components for school construction and major maintenance; relating to**
3 **school construction and major maintenance grants and bond debt reimbursement;**
4 **establishing a working group to make recommendations relating to energy efficiency**
5 **and standardized components in schools; and providing for an effective date."**

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

7 * **Section 1.** AS 14.11.011(b) is amended to read:

8 (b) For a municipality that is a school district or a regional educational
9 attendance area to be eligible for a grant under this chapter, the district shall submit

10 (1) a six-year capital improvement plan that includes a description of
11 the district's fixed asset inventory system and preventive maintenance program **not**
12 [NO] later than September 1 of the fiscal year before the fiscal year for which the
13 request is made; the six-year plan must contain for each proposed project

1 (A) a detailed scope of work, a project budget, and
2 documentation of conditions justifying the project;

3 (B) information demonstrating that the project
4 incorporates standardized options for building and equipment
5 components and is in compliance with the energy efficiency standards
6 adopted by the department under AS 14.11.104; and

7 (C) documentation of the building commissioning process
8 the district uses for both new construction and major maintenance
9 projects to verify and document that the building and all building and
10 equipment components perform interactively in accordance with the
11 equipment design and project requirements;

12 (2) evidence that the district has secured and will maintain adequate
13 property loss insurance for the replacement cost of all facilities for which state funds
14 are available under AS 14.11.005 or 14.11.007 or has a program of insurance
15 acceptable to the department;

16 (3) evidence acceptable to the department that the proposed project
17 should be a capital improvement project and not part of a preventive maintenance
18 program or regular custodial care program; and

19 (4) evidence acceptable to the department that the district

20 (A) has a preventive maintenance plan that

21 (i) includes a computerized maintenance management
22 program, cardex system, or other formal systematic means of tracking
23 the timing and costs associated with planned and completed
24 maintenance activities, including scheduled preventive maintenance;

25 (ii) addresses energy management for buildings owned
26 or operated by the district;

27 (iii) includes a regular custodial care program for
28 buildings owned or operated by the district;

29 (iv) includes preventive maintenance training for
30 facility managers and maintenance employees;

31 (v) includes renewal and replacement schedules for

1 electrical, mechanical, structural, and other components of facilities
 2 owned or operated by the district; and

3 (B) is adequately adhering to the preventive maintenance plan.

4 * **Sec. 2.** AS 14.11.013(a) is amended to read:

5 (a) With regard to projects for which grants are requested under AS 14.11.011,
 6 the department shall

7 (1) annually review the six-year plans submitted by each district under
 8 AS 14.11.011(b) and recommend to the board a revised and updated six-year capital
 9 improvement project grant schedule that serves the best interests of the state and each
 10 district; in recommending projects for this schedule, the department shall verify that
 11 each proposed project meets the criteria established under AS 14.11.014(b) **and**
 12 **14.11.104** and qualifies as a project required to

13 (A) avert imminent danger or correct life-threatening
 14 situations;

15 (B) house students who would otherwise be unhoused; for
 16 purposes of this subparagraph, students are considered unhoused if the students
 17 attend school in temporary facilities;

18 (C) protect the structure of existing school facilities;

19 (D) correct building code deficiencies that require major repair
 20 or rehabilitation in order for the facility to continue to be used for the
 21 educational program;

22 (E) achieve an operating cost savings, **including savings, as**
 23 **measured by a life-cycle cost analysis, that are achieved through the use of**
 24 **standardized options for building and equipment components and fuel**
 25 **cost reductions resulting from energy efficiency upgrades;**

26 (F) modify or rehabilitate facilities for the purpose of
 27 improving the instructional program;

28 (G) meet an educational need not specified in (A) - (F) of this
 29 paragraph, identified by the department;

30 (2) prepare an estimate of the amount of money needed to finance each
 31 project;

(3) provide to the governor, by November 1, and to the legislature within the first 10 days of each regular legislative session, a revised and updated six-year capital improvement project grant schedule, together with a proposed schedule of appropriations.

* **Sec. 3.** AS 14.11.013(d) is amended to read:

(d) The department shall reduce a project budget by the cost of those portions of a project design that the department determines (1) are for construction of student residential space, planetariums, hockey rinks, saunas, and other facilities for single purpose sporting or recreational uses that are not suitable for other activities; or (2) do not meet the criteria developed under AS 14.11.014(b) **or 14.11.104** that are applicable to the project. This subsection does not apply to funding for swimming pools that meet criteria established by the department.

* **Sec. 4.** AS 14.11.013 is amended by adding new subsections to read:

(f) In reviewing projects under (a) of this section for compliance with the criteria established under AS 14.11.104, the department shall consult with the Alaska Energy Authority.

(g) In this section, "life-cycle cost" has the meaning given in AS 46.11.900.

* **Sec. 5.** AS 14.11.014(b) is amended to read:

(b) The committee shall

(1) review the department's priorities among projects for which school construction grants are requested;

(2) make recommendations to the board concerning school construction grants and make recommendations to the commissioner concerning projects for which bond reimbursement is requested;

(3) develop criteria for construction of schools in the state; criteria developed under this paragraph must include requirements intended to achieve cost-effective school construction;

(4) analyze existing prototypical designs for school construction projects, **including designs acquired by the department under AS 14.11.104;**

(5) establish a form for grant applications;

(6) establish a method of ranking grant projects;

(7) recommend to the board necessary changes to the approval process for school construction grants and for projects for which bond reimbursement is requested;

(8) set standards, based on the standards adopted by the department under AS 14.11.104, for energy efficiency for school construction and major maintenance to provide energy efficiency benefits for all school locations in the state and that address energy efficiency in design and energy systems that minimize long-term energy and operating costs.

* **Sec. 6.** AS 14.11.017(a) is amended to read:

(a) The department shall require in the grant agreement that a municipality that is a school district or a regional educational attendance area

(1) agree to construction of a facility of appropriate size and use that meets criteria adopted by the department, including criteria developed under AS 14.11.014(b) and 14.11.104, if the grant is for school construction;

(2) provide reasonable assurance by a means acceptable to the department, that the cost of the project will not exceed the maximum cost standards established by the department under AS 14.11.104 for [BE UNIFORM WITH THE COSTS OF THE MOST CURRENT CONSTRUCTION OR MAJOR MAINTENANCE PROJECTS, AS APPROPRIATE, IN] the area;

(3) agree to limit equipment purchases to that required for the approved project plan submitted under (5) of this subsection and account for all equipment purchased for the project under a fixed asset inventory system approved by the department;

(4) submit project budgets for department approval and agree that the grant amount may, at the discretion of the department, be reduced or increased by amounts equal to the amounts by which contracts vary from the budget amounts approved by the department; [AND]

(5) submit to the department for approval, before award of the contract, a plan for the project that includes educational specifications, final drawings, and contract documents; and

(6) for a construction or major maintenance project that receives a

grant in an amount equal to 50 percent or more of the cost of the project, agree that the municipality or regional educational attendance area and any contractors, architects, or designers involved in designing and building the facility will not apply for an architectural or design award for the facility; in this paragraph, "architectural or design award" does not include an award for energy efficient or innovative design.

* **Sec. 7.** AS 14.11.017 is amended by adding a new subsection to read:

(d) Notwithstanding (b)(2) of this section, if the cost of a school construction or major maintenance project exceeds the maximum cost standards established by the department under AS 14.11.104, the municipality or regional educational attendance area shall pay the excess from funding sources other than state funding.

* **Sec. 8.** AS 14.11.100 is amended by adding a new subsection to read:

(t) The commissioner may not approve an application for bond reimbursement for indebtedness authorized by the qualified voters of a municipality on or after July 1, 2020, unless the municipality, as a condition of reimbursement,

(1) agrees to construction of a facility of appropriate size and use that meets criteria developed by the department, including criteria adopted under AS 14.11.104, if the bond reimbursement is for school construction; in reviewing a project for compliance with criteria established under AS 14.11.104, the commissioner shall consult with the Alaska Energy Authority;

(2) provides reasonable assurance, by a means acceptable to the department, that the project cost will not exceed the maximum cost standards established by the department under AS 14.11.104 for the area; if the cost of a project exceeds the maximum cost standards, the municipality shall pay indebtedness attributable to the excess from funding sources other than state funding; and

(3) for a project that receives bond reimbursement in an amount equal to 50 percent or more of the cost of the project, agrees that the municipality and any contractors, architects, or designers involved in designing and building the facility will not apply for an architectural or design award for the facility; in this paragraph, "architectural or design award" does not include an award for energy efficient or innovative design.

1 * **Sec. 9.** AS 14.11 is amended by adding a new section to article 1 to read:

2 **Sec. 14.11.104. School facility design and maintenance standards.** (a) The
3 department shall

4 (1) establish, by regulation, energy efficiency standards, including
5 standardized options for building and equipment components, appropriate to each
6 climate zone in the state for the construction and major maintenance of school
7 facilities that receive funding under AS 14.11.005 - 14.11.102; the regulations must
8 include, for each climate zone in the state,

9 (A) energy efficiency standards, consistent with relevant
10 building, plumbing, and electrical codes that will reduce long-term operating
11 costs;

12 (B) standardized options for energy efficient building and
13 equipment components from which a school district may choose when
14 designing a school facility or renovating or upgrading an existing school
15 facility;

16 (C) best practices for improving energy efficiency for existing
17 and newly constructed school facilities; and

18 (D) the maximum acceptable costs for each square foot for
19 construction or major maintenance of an energy efficient school facility; the
20 department shall base the maximum acceptable costs on designs that prioritize
21 classroom infrastructure and functional design; the maximum acceptable cost
22 must be adjusted for different regions within each climate zone;

23 (2) create and make available to school districts a maintenance manual
24 that provides information about maintaining and repairing the standardized options for
25 building and equipment components identified in the energy efficiency standards;

26 (3) consider establishing a statewide maintenance and support team to
27 assist school districts in maintaining and repairing the standardized options for
28 building and equipment components identified in the energy efficiency standards; the
29 department may enter into a contract with a regional or local organization, the Alaska
30 Energy Authority, the Department of Transportation and Public Facilities, or another
31 state agency to establish the maintenance and support team;

(4) require a school district, and, if the department establishes a maintenance and support team under (a)(3) of this section, the maintenance and support team, to report the following information at intervals determined by the department:

(A) maintenance and repairs performed on school facilities and the date the maintenance or repairs are performed;

(B) the condition of school facilities in the school district;

(C) monitoring data regarding facility occupancy, electricity and fuel usage, temperature, and other information related to energy usage and efficiency;

(5) acquire or retain ownership of the design for any school facility for which a grant or bond reimbursement is approved under AS 14.11.005 - 14.11.102 in an amount equal to 50 percent or more of the cost of construction of the facility;

(6) assess, in consultation with the Department of Administration and the Department of Transportation and Public Facilities, state lease payments, payments for state-owned facilities, and the use of school facilities in rural areas to determine whether other state or local services can be located in the same facility as a school to reduce state funding needs; a state or local service may only be located in the same facility as a school if all employees of the state or local service are required to meet background check requirements equivalent to the requirements for teachers under AS 14.20.020(c) and (f).

(b) In this section,

(1) "rural" has the meaning given in AS 14.43.700; and

(2) "state or local service" includes a library, an emergency operations center, a fire department, a health facility, and a similar entity.

*** Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to read:

PUBLIC SCHOOL ENERGY EFFICIENCY AND STANDARDIZED COMPONENTS WORKING GROUP. (a) A working group is established in the Department of Education and Early Development for the purpose of recommending energy efficiency standards and standardized options for energy efficient building and equipment components

1 for public school facilities construction and major maintenance projects approved under
 2 AS 14.11.005 - 14.11.102 for a grant or reimbursement in an amount equal to 50 percent or
 3 more of the cost of the project. The working group consists of 11 members appointed by the
 4 commissioner as follows:

- 5 (1) one member from the Department of Education and Early Development;
- 6 (2) one member from the Alaska Housing Finance Corporation;
- 7 (3) one member from the Alaska Energy Authority;
- 8 (4) one member from the Cold Climate Housing Research Center;
- 9 (5) one member from the Department of Transportation and Public Facilities;
- 10 (6) a superintendent from a rural public school;
- 11 (7) a superintendent from an urban public school;
- 12 (8) three members from the construction industry, one with expertise in
- 13 construction in urban areas and two with expertise in construction in rural areas; and
- 14 (9) one member from the architecture and design industry.

15 (b) The members of the working group shall select a chair and vice-chair. The
 16 working group meets at the call of the chair. A majority of the members of the working group
 17 constitute a quorum, and the working group shall make decisions based on a majority vote.

18 (c) The working group shall develop the following recommendations appropriate to
 19 each climate zone in the state:

- 20 (1) energy efficiency standards consistent with relevant building, plumbing,
- 21 and electrical codes; in recommending energy efficiency standards under this section, the
- 22 working group may develop standards appropriate for the state or base the standards on a
- 23 professionally developed model code, such as the International Energy Conservation Code, or
- 24 an energy code developed by the American Society of Heating, Refrigeration and Air-
- 25 Conditioning Engineers;
- 26 (2) standardized options for energy efficient building and equipment
- 27 components from which school districts may choose when designing new school facilities or
- 28 renovating or retrofitting existing school facilities, including
- 29 (A) heating, ventilation, and air conditioning systems;
- 30 (B) plumbing, sewer, and water systems, including toilets and sinks;
- 31 (C) electrical systems;

- (D) control systems;
- (E) fire alarm systems;
- (F) intercom systems;
- (G) insulation;
- (H) windows and doors;
- (I) backup generators;
- (J) weatherization; and
- (K) other components the working group identifies;

(3) best practices for improving energy efficiency for existing and newly constructed school facilities, including recommendations for motion sensor lights, automatic temperature settings for heating systems, and other recommendations to maximize the energy efficiency of building and equipment components;

(4) the maximum acceptable costs for each square foot for construction of an energy efficient school facility that uses components identified in (2) of this subsection; the working group shall base the maximum acceptable costs on designs that prioritize classroom infrastructure and functional design; the maximum acceptable costs for each square foot must be adjusted for different regions within each climate zone.

(d) The recommendations under (c)(2) of this section must

(1) result in designs for buildings with a 50-year life for new construction or a 20-year life for renovations or energy efficiency upgrades;

(2) achieve economic savings, as measured by a life-cycle cost analysis, through the use of standardized options for building and equipment components and fuel cost reductions resulting from energy efficiency upgrades; and

(3) focus the state's investment in education facilities by prioritizing functional design and classroom infrastructure.

(e) The working group shall complete a report summarizing the working group's recommendations and submit the report electronically, on or before the date 18 months after the effective date of this section, to the senate secretary and the chief clerk of the house of representatives and notify the legislature that the report is available.

(f) The working group may meet by telephone or videoconference. Members of the working group serve without compensation and are not entitled to per diem or travel expenses

1 authorized for boards and commissions under AS 39.20.180.

2 (g) The working group terminates on the date 18 months after the effective date of
3 this section.

4 * **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 APPLICABILITY. Sections 1 - 9 of this Act, and regulations adopted to implement
7 secs. 1 - 9 of this Act, apply to

8 (1) a grant approved on or after the effective date of secs. 1 - 9 of this Act; and

9 (2) approval of bond debt reimbursement under AS 14.11.100 for
10 indebtedness authorized by the qualified voters of the municipality on or after July 1, 2020.

11 * **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 TRANSITIONAL PROVISIONS: REGULATIONS. (a) The Department of Education
14 and Early Development shall adopt regulations necessary to implement the changes made by
15 this Act.

16 (b) The regulations required under AS 14.11.104, enacted by sec. 9 of this Act, must
17 implement the recommendations of the public school energy efficiency and standardized
18 components working group established in sec. 10 of this Act.

19 (c) The regulations take effect under AS 44.62 (Administrative Procedure Act), but
20 not before the effective date of the law implemented by the regulation.

21 * **Sec. 13.** Sections 1 - 9 and 11 of this Act take effect 24 months after the effective date of
22 sec. 10 of this Act.

23 * **Sec. 14.** Section 10 of this Act takes effect immediately under AS 01.10.070(c).

24 * **Sec. 15.** Section 12 of this Act takes effect 18 months after the effective date of sec. 10 of
25 this Act.