

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #136 (2001-2002)

December 10, 2001

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: 2002 GENERAL OBLIGATION BOND RECOMMENDATIONS

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve a Bond proposal package totaling \$96,345,000, comprised of Proposition 1- Major Maintenance, Equipment and Code-Related Projects for \$44,720,000, and Proposition 2- School Renovations/Additions/Replacement for \$51,625,000. These propositions are summarized below:

Proposition 1 - Major Maintenance, Equipment and Code-Related Projects

Districtwide Major Maintenance

Asbestos/ADA/Code Issues	\$1,615,000
Minor Building Renewal Projects	\$7,260,000
Electrical Projects	\$3,285,000
Maintenance Equipment	\$1,650,000
Mechanical Upgrades	\$15,795,000
Roof Replacement and Repairs	\$1,860,000
Traffic Safety Upgrades	\$675,000
Districtwide Major Maintenance Subtotal	\$32,140,000

Code-Related Projects

King Career Center Code Renovation	\$7,300,000
Districtwide Sprinkler Upgrades	\$2,000,000
Code-Related Projects Subtotal	\$9,300,000

Other Major Maintenance Projects

Public Sewer Service for Birchwood Elementary School and Chugiak High School	\$2,200,000
Public Water Connection- Girdwood School	\$250,000
Other Major Maintenance Projects Subtotal	\$2,450,000

Student Transportation

10 Replacement School Buses	\$830,000
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Proposition 1 Total \$44,720,000

Proposition 2 - School Renovations/Additions/Replacement

Bartlett High School

Phase 2 Design Funding \$1,900,000

Chugiak High School

Deferred Phase 3 Design and Construction Funding \$4,300,000

Dimond High School

Demolition Funding (Construction) \$3,000,000

East High School

Deferred Phase 1 Design and Construction Funding \$1,500,000

Phase 2 and Sprinklers Design and Construction Funding \$4,200,000

Phase 3 Design Funding \$1,200,000

Polaris K-12 School

Design Funding \$700,000

Service High School

Deferred Phase 1 Design and Construction Funding \$1,350,000

Phase 2A Design/ Construction Funding \$17,000,000

Wendler Middle School

Phase 2 Construction Funding- Match for EED Grant Funding \$9,800,000

Ptarmigan Elementary School

Design and Construction Funding \$6,400,000

Planning

Whaley School Assessment, Clark Middle School Planning,
Birchwood ABC and Willowcrest Traffic Safety \$275,000

Proposition 2 Total \$51,625,000

PERTINENT FACTS:

Since 1993, the Anchorage School District has received voter approval for a total of \$580 million in school construction and renovation bonds. Of this amount, approximately \$409 million has received up to 70 percent State reimbursement through grant funds or the debt reimbursement program.

In 1999, the District began a major undertaking of phased renovations of its high schools. Prior to 1999, with the exception of West High School, all school construction projects in 1990's had been directed toward elementary and middle schools. The 1999 Bond issue included funding for a replacement school for Dimond High, a new high school in South Anchorage, upgrades at Chugiak High School, planning for new Eagle River secondary and Muldoon middle schools. The 2000 Bond proposal included funding for continuing the secondary

school renovations. Future Bond requests will incorporate the phases needed to conclude the secondary school renovations.

Documentation of Need:

The District operates and maintains the largest physical plant of any public entity in the state, with over 7 million square feet of facilities. The replacement value of District buildings exceeds \$1.2 billion. The District has 94 facilities, housing in excess of 49,000 students and 5,000 staff members. Anchorage educates 37 percent of the total student population of the state. It has more students than the total of the next four largest districts. Not only is the inventory large, it is aging. Sixty-three schools are 20 to 50 years old. Eight are over 40 years old. The District's newest high school is 29 years old.

Building components wear out. Facility systems only last so long. Roofs deteriorate and leak, heating and plumbing systems wear out and fail, ceiling systems give way. Various code changes require updating electrical systems, ADA access, asbestos removal, sprinkler and fire safety upgrades.

Functional obsolescence is another fact of life for older schools. Over the life of a school, programmatic changes take place that demand updating the facility infrastructure. There are schools without adequate electrical capacity to support the operation of computers that are an integral part of the District's educational program. Older schools have outdated science rooms that also limit curriculum options. Without renovation, these schools do not provide our students the same quality educational environment as our newer schools.

Additional capacity to house the constantly growing student population is the third component of capital requirements. Anchorage is the largest district in the state and its overall enrollment has been steadily climbing. To meet short-term capacity needs, the Anchorage School District uses over 133 relocatable units.

Effective use of operation and maintenance funding is critical to keeping Anchorage schools in good condition. The District uses a computerized preventative maintenance program; continually reviews the maintenance program to implement better ways of doing business; has regionalized maintenance teams to provide better service and reduce travel time; has implemented an apprenticeship program at no cost to the District to improve worker skills and productivity.

Capital Request Advisory Committee

The District's Capital Request Advisory Committee met on September 20 and again on October 3, 2001 to review options and develop recommendations for a spring 2002 Bond. Minutes of these two meetings are included with this memorandum as Attachments D and E. It recommended three bond packages totaling \$131,258,000. The Administration has carefully reviewed this recommendation and studied the timing of delivery of the various construction projects included in it. Based on this analysis, the Administration has developed a bond package that can deliver the completed projects at the same point in time as in the Committee's recommendation, but which is substantially less than the Committee's total bond package. The differences between the Administration and Capital Request Advisory Committee proposals are summarized below.

Districtwide Major Maintenance	Capital Request Advisory Committee Recommendation	Administration Recommendation	Difference
Asbestos/ADA/Code Issues	\$1,615,000	\$1,615,000	\$0
Minor Building Renewal Projects	\$6,790,000	\$7,260,000	\$470,000
Electrical Projects	\$2,720,000	\$3,285,000	\$565,000
Maintenance Equipment	\$1,650,000	\$1,650,000	\$0
Mechanical Upgrades	\$14,023,000	\$15,795,000	\$1,772,000
Roof Replacement and Repairs	\$1,860,000	\$1,860,000	\$0
Traffic Safety Upgrades	\$675,000	\$675,000	\$0
Districtwide Major Maintenance Subtotal	\$29,333,000	\$32,140,000	\$2,807,000
 Code-Related Projects			
King Career Center Code Renovation	\$7,300,000	\$7,300,000	\$0
Districtwide Sprinkler Upgrades	\$2,000,000	\$2,000,000	\$0
Code-Related Projects Subtotal	\$9,300,000	\$9,300,000	\$0
 Other Major Maintenance Projects			
Public Sewer Service for Birchwood			
Elementary and Chugiak High	\$2,200,000	\$2,200,000	\$0
Public Water Connection for Girdwood	0	\$250,000	\$250,000
Abbot Loop Water Piping Upgrades	\$325,000		(\$325,000)
Other Major Maintenance Projects Subtotal	\$2,525,000	\$2,450,000	(\$75,000)
 Student Transportation			
10 Replacement School Buses	\$0	\$830,000	\$830,000

	Capital Request Advisory Committee Recommendation	Administration Recommendation	Difference
Bartlett High School			
Phase 2 Design	\$1,900,000	\$1,900,000	\$0
Phase 2 Construction	\$17,200,000	\$0	(\$17,200,000)
Chugiak High School			
Deferred Phase 3 Design and Construction	\$4,300,000	\$4,300,000	\$0
Dimond High School			
Demolition Funding (Construction)	\$3,000,000	\$3,000,000	\$0
East High School			
Deferred Phase 1 Design/Construction	\$1,500,000	\$1,500,000	\$0
Phase 2/ Sprinklers Design/Construction	\$4,200,000	\$4,200,000	\$0
Phase 3 Design	\$1,200,000	\$1,200,000	\$0
Phase 3 Construction	\$11,000,000	\$0	(\$11,000,000)
Polaris K-12 School			
Design	\$350,000	\$700,000	\$350,000
Phase 1 Construction	\$3,150,000	\$0	(\$3,150,000)
Service High School			
Deferred Phase 1 Design and Construction	\$1,100,000	\$1,350,000	\$250,000
Phase 2A Design/ Construction	\$17,000,000	\$17,000,000	\$0
Wendler Middle School			
Phase 2 Construction	\$15,100,000	\$9,800,000	(\$5,300,000)
Ptarmigan Elementary School			
Design and Construction	\$6,200,000	\$6,400,000	\$200,000
Planning			
Whaley School Assessment, Clark Planning, Birchwood and Willowcrest Traffic Safety	\$100,000	\$275,000	\$175,000
Denali Elementary School			
Additional Construction	\$2,800,000	\$0	(\$2,800,000)
Total	\$131,258,000	\$96,345,000	(\$34,912,000)

The rationale for adjustments to the Capital Request Advisory Committee recommendations is given below.

Districtwide Major Maintenance: Project additions and budget changes following the October 3, 2001 Committee meeting. Details of individual adjustments are footnoted on Attachment A: Project Descriptions- Districtwide Major Maintenance Projects.

Public Water Connection for Girdwood School: The opportunity for the District to provide a relatively small match to AWWU to complete this project was not known at the time of the Committee's last meeting.

Abbott Loop Water Piping Upgrades: Incorporated into Districtwide Major Maintenance project schedule.

Student Transportation: This item was not presented to the Committee for its consideration. Added after the committee issued its recommendations.

Bartlett Phase 2 Construction: The construction funds will not be required until 2003 to keep this phased project on schedule. It is anticipated that funding for this phase will be included in the 2003 Bond package.

East Phase 3 Construction: The construction funds will not be required until 2003 to keep this phased project on schedule. It is anticipated that funding for this phase will be included in the 2003 Bond package.

Polaris K-12: Planning and design funds are included in lieu of Phase 1 design and construction funds. The anticipated plan is to complete the preliminary design of the entire renovation/addition project, and then include the total project funding in the 2003 Bond package.

Service Deferred Phase 1 Design and Construction: The increase in proposed bond amount is the result of logistical and timing issues related to the hockey rink and parking area.

Wendler Phase 2 Construction: The Alaska Department of Education and Early Development (EED) has established in its initial list the Wendler renovation project as the number one priority capital improvement project in its statewide Major Maintenance Grant Fund. Because of this high ranking, there is a high probability that the Legislature will provide major maintenance grant funding, to include the number one project in the amount of \$12,821,521 in State funds. With the \$9,800,000 included in the proposed bond package, this project will be fully funded.

Ptarmigan Design and Construction: This increase is for an off-site water main extension that AWWU has recently identified as necessary as part of this project.

Planning: The Administration recommendation includes funding for Clark planning and Willowcrest traffic safety, projects which were not presented to the Committee prior to their recommendation.

Denali Additional Construction Funding: Alternative funding was approved by the Board in Board Memo# 101 (November 12, 2001). The source of funds is a combination of remaining balance of other bond-funded projects and interest earnings.

Project Descriptions for each of the Districtwide Major Maintenance projects are provided in Attachment A. Project Descriptions for all other projects on the proposed bond package are provided in Attachment B.

The projects approved by the Board in the 2001-2007 CIP are included as Attachment C Tables 38 and 39 CIP Recommendations and Project Schedule, 2001-2007.

Discussion of Debt Retirement Funding From HB 281

HB 281, passed in May 2000, provides funding for debt reimbursement for \$77,897,000 of ASD construction projects. To date, EED has approved District projects totaling \$58,154,477. The District is submitting the Denali Replacement project for debt reimbursement in the amount of \$11,730,000. With approval of this project in this amount, there will be \$8,012,523 remaining in debt reimbursement for District projects. This debt reimbursement amount will be applied to the Mechanical Upgrades project included in the Major Maintenance 2002 bond proposition. The information to voters will indicate that \$8 million of the Mechanical Upgrades project will be reimbursed 70% by EED.

Information provided in this memorandum with attachments should assist the School Board in making decisions about items that should or should not be included in the next bond election. Major decisions facing the School Board are the total cost of the bond proposition and the projects to be included on the April 2, 2002 Municipal Ballot.

Cost of Potential Bond Proposals to the Local Taxpayers

The approximate amount of taxes on \$100,000 assessed valuation to retire the proposed debt of \$96,345,000 is \$43.33 based on an estimated 5.02 percent weighted interest rate for twenty years. This amount is based on the assumption that the District will receive State reimbursement for the cost of the buses and 70 percent State debt reimbursement on \$8,012,523 of the Mechanical Upgrades project costs and the corresponding interest.

In addition, the following projects will have increased annual operations and maintenance cost related to the proposed educational capital improvements that will increase the tax cap for every \$100,000 of assessed value by \$1.18:

Wendler Middle School Phase 2 Construction	\$36,307
Ptarmigan Elementary School Design and Construction	\$81,345
Service High School Phase 2A Design and Construction	\$81,142

When the School Board finalizes the approved list of projects, the Administration will work with the Municipal Bond Counsel to complete the actual bond proposition wording. The District must present the finalized Ordinance title to the Municipal Clerk no later than January 16, 2002.

CC/GV/RA/RB/sl

Attachments:

- A. Project Descriptions- Districtwide Major Maintenance Projects
- B. Project Descriptions – Capital Projects and Other Projects
- C. Six Year CIP 2001-2007 (Tables 38 and 39)
- D. Capital Request Committee Meeting Minutes-September 20, 2001
- E. Capital Request Committee Meeting Minutes-October 3, 2001
- F. Project Design and Construction Schedules

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Approved by: George Vakalis, Assistant Superintendent of Support Services