Municipal Clerk's Office Approved

Date: January 11, 2022

MUNICIPALITY OF ANCHORAGE

ORDINANCE No. 2021-118

AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED ONE HUNDRED ELEVEN MILLION NINETY THOUSAND DOLLARS (\$111,090,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF CAPITAL IMPROVEMENTS FOR THE ANCHORAGE SCHOOL DISTRICT AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 5, 2022.

Prepared by

K&L GATES LLP

MUNICIPALITY OF ANCHORAGE ORDINANCE No. 2021-118

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This Table of Contents and the cover page are for convenience of reference and are not intended to be a part of this ordinance.

Requested by: Chair of the Assembly at

the Request of the

Anchorage School District

Prepared by: Cynthia M. Weed, Bond

Counsel

K&L Gates LLP

For Reading: December 21, 2021

MUNICIPALITY OF ANCHORAGE, ALASKA ORDINANCE No. 2021-118

 AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED ONE HUNDRED ELEVEN MILLION NINETY THOUSAND DOLLARS (\$111,090,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF CAPITAL IMPROVEMENTS FOR THE ANCHORAGE SCHOOL DISTRICT AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 5, 2022.

WHEREAS, the existing educational facilities serving the Municipality of Anchorage, Alaska (the "Municipality") are in need of building systems renewal, and replacements, planning and design, renovations, upgrades and construction projects; and

WHEREAS, the Assembly of the Municipality and School Board have identified necessary construction, renovations, replacements, upgrades, planning and design and improvements to school facilities; and

 WHEREAS, in order to provide funds to perform the necessary construction, renovations, replacements, upgrades, planning and design and improvements as further described in Section 1 of this ordinance (the "Projects"), it is deemed necessary and advisable that the Municipality issue and sell its general obligation bonds in the principal amount of not to exceed \$111,090,000 (the "Bonds"); now, therefore.

THE ANCHORAGE ASSEMBLY ORDAINS:

<u>Section 1</u>. <u>Purpose</u>. The Assembly hereby determines that the education facilities and building systems are in need of construction, renewal, replacement, planning, design, renovation and upgrades (the "Projects"). Specifically, the Projects include construction of a replacement school for Inlet View Elementary School, roof replacements and structural/seismic upgrades at Campbell, Chinook, Chugiak, College Gate, Ursa Minor, Kasuun, Kincaid, Lake Hood, Muldoon, Northern Lights, Russian Jack, Trailside and Tyson Elementary Schools and the Maintenance Building, construction of security vestibules and security improvements at College Gate, Chugach Optional, Birchwood, Bowman, Fire

Lake, Government Hill, Kincaid, Northwood, Ocean View, Spring Hill, Trailside and Ursa Minor Elementary Schools, construction of building life extension projects at Lake Otis Elementary School, safety improvements at East High School, exterior site improvements to Kincaid Elementary School, boiler replacement at Birchwood Elementary School, and planning and design projects for 2024 deferred capital requirement projects.

The Projects are described in more detail in the Assembly Memorandum accompanying this ordinance. The cost of all necessary planning, acquisition of property for, site preparation, construction, installing and equipping of the Projects, architectural, engineering, design, and other consulting services, inspection and testing, administrative and relocation expenses, costs of issuance of the Bonds (hereinafter defined) and other costs incurred in connection with the Projects shall be deemed to be costs of the approved Projects. The approved Projects may be completed with all necessary equipment and appurtenances.

The School District shall determine the application of available money as between the various Projects set forth above so as to accomplish, as nearly as may be, all of the Projects described or provided for in this section.

If the School District shall determine that it has become impractical to accomplish any portion of the approved Projects by reason of changed conditions or needs, incompatible development or costs substantially in excess of those estimated, the School District shall not be required to accomplish such portions and shall apply Bond proceeds as set forth in this section.

If the approved Projects have been completed in whole or in part, or their completion duly provided for, or their completion found to be impractical, the School District may apply Bond proceeds or any portion thereof to other School District capital improvements as the School Board in its discretion shall determine and, if otherwise, then solely to payment of principal or interest on the Bonds, as provided in the Home Rule Charter. In the event that the proceeds of sale of the Bonds, plus any other money of the School District legally available, are insufficient to accomplish the approved Projects, the School District shall use the available funds for paying the cost of those portions of the approved Projects for which the Bonds were approved deemed by the School Board most necessary and in the best interest of the School Board. No Bond proceeds shall be used by the Municipality for any purpose other than a capital improvement of the Municipality.

For the purpose of providing funds for the undertaking of the Projects, which are hereby found to be a public purpose and in the public interest, the Municipality hereby proposes to issue general obligation bonded indebtedness in an amount not to exceed One Hundred Eleven Million Ninety Thousand Dollars (\$111,090,000) (the "Bonds").

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<u>Details of Bonds</u>. The Bonds shall be sold in such amounts and at such time or times as deemed necessary and advisable by the Assembly and as permitted by law and shall mature over a period of not to exceed 20 years from date of issue. The Bonds shall be issued in an aggregate principal amount of not to exceed \$111,090,000. The Bonds shall bear interest to be fixed at the time of sale or sales thereof. The exact form, terms, conditions, contents, security, options of redemption, and such other matters relating to the issuance and sale of said Bonds as are deemed necessary and advisable by the Assembly shall be as hereinafter determined and/or delegated by ordinance and/or resolution of the Assembly.

The full faith and credit of the Municipality is pledged for the payment of the principal of and interest on the Bonds, and ad valorem taxes upon all taxable property in the Municipality shall be levied without limitation as to rate or amount to pay the principal and interest on the Bonds when due.

Ballot Proposition. The Assembly hereby submits to the qualified Section 3. voters of the Municipality the proposition of whether or not the Municipality should issue the Bonds for the purpose of financing the costs of the approved Projects at the regular municipal election to be held on April 5, 2022.

The Clerk shall prepare the ballot proposition to be submitted to the voters as provided by this ordinance and the Municipal Code and shall perform all necessary steps in accordance with law to place this proposition before the voters at the regular election. The proposition must receive a majority vote of those in the Municipality voting on the question to be approved. The proposition shall be substantially in the following form:

PROPOSITION NO.

CAPITAL IMPROVEMENTS FOR THE ANCHORAGE SCHOOL DISTRICT BONDS

For the purpose of providing educational capital improvements, construction, upgrades, design, planning, and renovation of school facilities and educational facility building life extension projects within Anchorage, as provided in AO 2021-118, shall Anchorage borrow money and issue up to \$111,090,000 in principal amount of general obligation bonds?

The general obligation bond proceeds will be used to pay costs of constructing, renovating, installing, designing, acquiring and equipping educational capital planning. improvement projects including, but not construction of a replacement school for Inlet View

Elementary School, roof replacements and structural/seismic upgrades at Campbell, Chinook, Chugiak, College Gate, Ursa Minor, Kasuun, Kincaid, Lake Hood, Muldoon, Northern Lights, Russian Jack, Trailside and Tyson Elementary Schools and the Maintenance Building, construction of security vestibules and security improvements at College Gate, Chugach Optional, Birchwood, Bowman, Fire Lake, Government Hill, Kincaid, Northwood, Ocean View, Spring Hill, Trailside and Ursa Minor Elementary Schools, construction of building life extension projects at Lake Otis Elementary School, safety improvements at East High School, exterior site improvements to Kincaid Elementary School, boiler replacement at Birchwood Elementary School, and planning and design projects for 2024 deferred capital requirement projects.

Voter approval of this bond proposition authorizes for each \$100,000 of assessed taxable property value (based on the estimated 2022 assessed valuation) an annual increase in taxes of approximately \$24.73 to retire the proposed bonds.

The debt will be paid from real and personal property taxes levied and collected areawide in Anchorage. Anchorage will also pledge its full faith and credit for payment of the bonds.

YES		NC
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<u>Section 4</u>. <u>Effective Dates.</u> Section 2 of this ordinance shall become effective only if the proposition described in Section 3 is approved by a majority of the qualified voters voting on the proposition at the regular election held on April 5, 2022. The remaining sections of this ordinance shall become effective upon passage and approval by the Assembly.

PASSED AND APPROVED by the Assembly of the Municipality of Anchorage, this 11th day of January, 2022.

	Jurance	
	Chair	_
ATTEST:		

Jennifer Veneklasen

Municipal Clerk

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 789-2021

Meeting Date: December 21, 2021

		meeting Bute. Becchiber 21, 2021									
1 2	From: ANCHORAGE SCHOOL DISTRICT										
3 4 5 6 7	Subject: AO 2021-118 One Ballot Proposition to Provide For the Issuance of General Obligation Bonds for Educational Capital Improvements										
8 9	The ordinance will place a general obligation bond proposition for the Anchorage School District on the ballot for the regular Municipal election to be held on April 5, 2022.										
10 11 12 13	The Anchorage School Board approved one ballot properties of the properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved one ballot properties of the Anchorage School Board approved on	ital projects on November 17, 2021: ASD roval of April 2022 Bond Proposal. This									
15 16	recommendation includes proposed Capital Imp\$111,090,000.										
18 19 20	2021-118 on the April 5, 2022 ballot for consideration by qualified voters of the Municipality of Anchorage. The proposition will pay the cost of capital improvement projects for the										
21 22 23	Proposition: \$111,090,000	Estimated Annual Estimated Operating &									
24 25	<u>Projects</u>	<u>Cost</u> <u>Maintenance</u>									
26 27 28	Inlet View Elementary School Replacement Construction	\$ 30,967,000									
29 30 31	9 East High School Academic Area Safety \$ 6,073,000 Improvements										
32 33 34 35 36 37	14 Roof Replacement and Structural/Seismic Improvement Projects at the following elementar schools: Campbell, Chinook, Chugiak, College Gate, Ursa Minor, Maintenance Building, Kasuun, Kincaid, Lake Hood, Muldoon, Northern Ligh										
38 39 40 41 42 43	Russian Jack, Trailside, and Tyson Deferred Requirements Projects to Include: Kincaid Exterior Site Improvements & Birchwood Boiler Replacement	\$9,557,000									

1 Lake Otis Elementary Building Life Extension \$12,942,000 2 3 Prioritized Security Vestibule & Security Improvements \$16,030,000 4 at the following elementary schools: 5 College Gate, Chugach Optional, Birchwood, 6 Bowman, Fire Lake, Government Hill, Kincaid, 7 Northwood, Ocean View, Spring Hill, Trailside, 8 Ursa Minor 9 10 Planning & Design Projects for \$2,780,000 11 2024 Deferred Requirements Projects

Proposition Total <u>\$111,090,000</u> <u>\$0</u>

This proposal provides for educational capital improvement replacement, building life extension, security improvements, seismic resilience and safety, and planning and design projects. The approximate annual amount of taxes on \$100,000 of assessed real and personal property value (based on the estimated 2020 assessed valuation) to retire the proposed debt is \$24.73. Voters will not be asked to approve an increase in annual operating costs.

The projects are described in more detail per ASD Memorandum #041 (2021-2022), Attachment A-AMENDED.

24 DOCUMENTATION OF NEED:

The District operates and maintains the largest physical plant of any public entity in the State, with approximately 7.8 million square feet of facilities. The replacement value of District buildings exceeds \$2 billion. The District is responsible for 91 facilities, housing approximately 43,600 students (more students than the total of the next three largest Alaska districts), and more than 5,700 staff members. Anchorage educates nearly 32 percent of the State's total student population. Not only is the facility inventory large, it is aging. The average age of district facilities is 36 years. Approximately 30 percent of the facilities are more than 50 years old, including 12 facilities that are 60 years or older.

Facility systems have an expected life span and the extreme conditions of Alaska only shorten their life expectancy. Roofs (20-25 years) deteriorate and leak; boilers (25-30 years), plumbing and ventilation systems wear out; and other systems such as fire alarms, security systems, intercoms, etc. (10-15 years), age to the point where they are no longer supported. Various code changes over the years and in some situations, legal compliance requires facilities to be updated. Moreover, roof replacements and other upgrades often require seismic structural upgrades to meet more stringent building codes.

Functional obsolescence is another challenge facing older schools. LED lighting is quickly replacing florescent lighting to capture energy savings. Over the life of a school, programmatic changes take place that require updating the facility. For example, there is continual need to update electrical distribution systems in schools to accommodate current technology. Additionally, current educational delivery methods require physical layouts that are often different and more flexible than those of 30 to 40 years ago.

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1 | Capital Planning Management

2 |Since 2009, the District has implemented a Facility Condition Assessment Program (FCAP) to 3 identify and prioritize facility capital requirements more strategically based on quantitative data. The District has integrated the use of VFA software to assist in assessing facility conditions, maintaining the facility condition database, and analyzing the information to determine and forecast capital planning needs.

The FCAP centralizes information on facilities' component and system conditions as well as remaining life expectancy. This information is collected during facility condition assessments utilizing a systematic and consistent methodology. The collected information serves as a basis for identifying, prioritizing and estimating costs of the District's capital needs and is used for 12 |both short term and long term planning purposes.

14 | Facility Condition Assessments

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15 The District contracts annually with VFA (a nationally recognized firm) to maintain the FCAP. 16 From 2009 to 2013, all District-owned facilities were assessed by a team of engineers and 17 architects. Currently, the District performs facility condition assessments internally 18 |throughout the year.

20 The facility condition assessment process is a field assessment by which building system 21 components are evaluated based on condition and age of the system. Results of the initial 22 assessment identified aging system requirements, in addition to recommended replacement 23 | year and estimated cost. These data are maintained in the FCAP database and validated 24 annually by District staff that provide quality control and incorporate institutional knowledge 25 on the collected information.

27 Based on the facility condition assessment, a Facility Condition Index (FCI) is calculated to 28 determine its relative condition and estimated investment cost versus like replacement cost. 29 All District facilities have an individual FCI and a Districtwide FCI can also be determined to 30 | measure the condition of the physical plant. According to the national standard, an FCI less 31 than .05 is considered Excellent, .05-.10 is considered Good and .10-1.0 ranges from Fair to 32 Poor. With an estimated ~\$2 billion Current Replacement Value (CRV) and a ~\$824 million 33 | deferred requirements backlog, the District's current FCI is ~0.34.

35 | According to the National Council of School Facilities "2016 State of Our Schools Report", best 36 practice within the facility management industry is to re-invest three percent of the CRV 37 | annually for Minor Repair/Preventive Maintenance. This amount covers annual maintenance 38 and operations, typically funded through the General Fund. Additionally, four percent of the 39 CRV is recommended to include renewals and alterations and reduce deferred capital 40 requirements, normally funded through Capital Funds. Capital funding includes two percent 41 for key component renewals (roofs, boilers, etc...); one percent for alterations to meet 42 programmatic changes and technological developments, and one percent for the systematic 43 | reduction of deferred requirements. For the District, this would equate to ~\$60 million/year 44 | for Minor Repair/Preventive Maintenance, \$40 million for key component renewals (roofs, boilers, etc...), \$20 million for alterations to meet programmatic changes and technological developments, and \$20 million for systematic reduction of deferred requirements.

48 Educational Adequacy Assessments

49 Educational program requirements are defined by Districtwide educational specifications for 50 elementary, middle, and high school levels, which were approved by the School Board on September 6, 2012. The Educational Adequacy Index (EAI) reflects the ability of a school to meet their educational program requirements by evaluating the quantity, configuration, size, and existence of spaces defined by educational specifications. For example, a school would have a higher EAI if it did not have enough classrooms to offer health classes, or a gymnasium in addition to a multi-purpose room in order to allow for concurrent lunches and physical activity.

8 To date, all District-owned school sites have been assessed for educational adequacy except for the King Technical High School. In 2010, 16 locations were assessed, 19 sites were assessed in 2011, 50 sites were assessed in 2012, and Aquarian Charter School was assessed in 2015.

Much like the FCI, an EAI is the ratio of the cost to correct educational specification deficiencies divided by the replacement cost of the facility. Unlike the FCI, an industry standard does not exist for an EAI. However, a high EAI reflects greater challenges with education program delivery compared to a school with a smaller EAI. Addressing EAI deficiencies often requires extensive renovations.

18 CITIZEN'S REVIEW PROCESS

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19 Capital Improvement Advisory Committee

The CIAC held meetings in May and July 2021 to review options and develop recommendations for the 2022-2028 Capital Improvement Plan and 2022 bond proposal. The CIAC co-chair prepared a summary of the committee's recommendation (ASD Memorandum #041 (2021-2022) AMENDED, Attachment B). The committee generally supports the Capital Improvement Plan and recognizes the significant advantages in going to a multi-year bond cycle.

On November 17, the School Board approved a revised, total bond amount of \$111.09 million.
 This represents a 15.72 percent increase from the \$95.997 million recommended by the District
 Administration. The School Board amended the District's recommendation by adding Inlet
 View Elementary School Replacement Construction and Chugiak Elementary School Roof
 project, and removing Spring Hill Elementary School Roof Replacement.

33 OVERALL DEBT SERVICE

As of June 30, 2021, the District had \$452 million of outstanding bonds, down \$249 million from the same time 10 years ago. In the last two fiscal years, ASD has paid off \$115.67 million of debt. During that time, the District received voter authorization to incur approximately \$82.833 million of new debt to fund capital improvements.

The District works closely with the Municipal Administration and financial advisors to engage the market to reduce the debt and interest rates regularly. Over the past four years, the District refunded \$184.1 million in existing debt at an improved rate, reducing the overall debt service by nearly \$20.0 million. This includes \$66.54 million that was refunded in August 2020, which resulted in an additional \$8.1 million in savings.

In the next five years, the District anticipates paying off approximately \$207.95 million in principal, averaging about \$41.59 million each year.

48 STATE DEBT REIMBURSEMENT

49 Since 1970, the State of Alaska has provided school districts up to 70 percent debt reimbursement for qualified, voter-approved capital improvement school bonds. Senate Bill

1 237, passed by the Legislature in July 2010, provided 60 percent or 70 percent debt reimbursement on school construction projects that have received local voter approval after October 1, 2006. School construction projects that do not include additional square footage are typically eligible for 70 percent reimbursement.

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Of the \$452 million bonds outstanding as of June 30, 2021, the State debt reimbursement program is expected to cover 36.2 percent. This, however, is subject to appropriation and is susceptible to governor's vetoes or legislative action.

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House Bill 106, approved into law in March 2020, enacted a sunset of Alaska statutes related 11 to the State debt reimbursement program effective January 1, 2015 through July 1, 2025. After 12 | five years, if the legislature does not take further action on these statutes, reimbursement rates 13 of 50 percent for major maintenance and 40 percent for school construction would be reinstated for eligible projects under AS 14.11.100.

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16 It is the District's hope that the information provided in this memorandum assists the Assembly in making a decision regarding the placement of the District's recommended bond proposition on the ballot for the April 5, 2022 Municipal Election.

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Respectfully submitted,

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> Dr. Deena Bishop Superintendent

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25 Attachments



Agenda Item Details

Meeting Nov 17, 2021 - School Board Meeting - Continued from November 16

Category F. Action Items

Subject 4. ASD Memorandum #041 - Approval of April 2022 Bond Proposal - AS AMENDED

Access Public

Type Action

Recommended Action To approve Proposition I – Districtwide Roof Replacement and Improvements, Security

Improvements, Deferred Requirements and Building Life Extension and Safety

Improvements, and Planning & Design Projects, in the amount of \$111.090 million as

outlined in this memorandum.

Public Content

ANCHORAGE SCHOOL DISTRICT ANCHORAGE, ALASKA

ASD MEMORANDUM #041 (2021-2022) **AMENDED** November 16, 2021

TO: SCHOOL BOARD

FROM: DR. DEENA BISHOP, SUPERINTENDENT

SUBJECT: APPROVAL OF APRIL 2022 BOND PROPOSAL

ASD Core Value: The District will be open, transparent & accountable to the public.

RECOMMENDATION:

It is the Administration's recommendation that the Anchorage School Board approve the following bond proposal:

Proposition I – Districtwide Roof Replacement and Improvements, Security Improvements, Deferred Requirements and Building Life Extension and Safety Improvements, and Planning & Design Projects, in the amount of \$111.090 million.

The bond proposition is summarized below:

Inlet View Elementary School Replacement School Construction	\$30,967,000
East High School Academic Area Safety Improvements	\$6,073,000
Roof Replacement and Improvement Projects: Chinook, Campbell, College Gate, Ursa Minor, 1990 prototypical elementary schools, and Maintenance Building	\$32,741,000
Deferred Requirements Project: Kincaid Elementary Site Improvements, Birchwood Elementary Boiler Replacement	\$9,557,000
Lake Otis Elementary Building Life Extension	\$12,942,000
Prioritized Security Vestibule & Security Improvements	\$16,030,000
Planning & Design Projects – 2024 Deferred Requirements Projects	\$2,780,000

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Proposition I Total \$111,090,000

Individual project descriptions are provided in Attachment A.

PERTINENT FACTS:

The Capital Planning & Construction (CP&C) staff prepared a prioritized list of unfunded, emergent requirements utilizing the District's Facility Condition Assessment Program. This consolidated list was prioritized into one, two and three-five year requirements by CP&C and Maintenance & Operations staff.

The District's Capital Planning Committee (CPC) met to discuss unfunded facility requirements, proposed Courses of Action, and discuss strategies for a recommendation for a 2022 bond proposal. The CPC supported a single bond proposal.

The Capital Improvement Advisory Committee (CIAC) supports the 2022 bond which is primarily focused on deferred requirements projects. The CIAC met on several occasions to discuss unfunded facility requirements and develop a recommendation for a 2022 bond proposal (Attachment B). The projects identified are the highest priority and focus on safety and protection of District facilities. The CIAC supports the Capital Improvement Plan and multi-year bond cycle.

On October 15, and November 5, the Administration briefed the Superintendent who approved the aforementioned recommendation to the Anchorage School Board.

At the November 1, 2021 Regular Meeting, the Anchorage School Board expressed interest in adding the Inlet View Elementary School replacement project to the 2022 bond proposal. The Board directed the Administration to provide additional bond proposition options for discussion and vote at the November 16, 2021 School Board meeting (attachments D and E).

At the November 16, 2021, and continued to November 17, 2021 Regular Meeting, the Anchorage School Board approved a revised, total bond amount of \$111.090 million by adding for Inlet View Elementary School Replacement Construction, Chugiak Elementary School Roof project, and removing Spring Hill Elementary School Roof Replacement.

Overall Debt Service

As of June 30, 2021, the District had \$452 million of outstanding bonds, down \$249 million from the same time 10 years ago. In the last two fiscal years, ASD has paid off \$115.67 million of debt. During that time, the District received voter authorization to incur approximately \$82.833 million of new debt to fund capital improvements.

The District works closely with the municipal administrators and financial advisors to engage the market to reduce the debt and interest rates regularly. Over the past four years, the District refunded \$184.1 million in existing debt at an improved rate, reducing the overall debt service by nearly \$20.0 million. This includes \$66.54 million that was refunded in August 2020, which resulted in an additional \$8.1 million in savings.

In the next five years, the District anticipates paying off approximately \$207.95 million in principal, averaging about \$41.59 million each year.

In December of 2021, the District anticipates selling voter-approved bonds funds for \$67 million to cover cash flow requirements as described below:

- \$6.3 million for projects approved by the 2017 ballot proposition:
 - Muldoon Roof
 - Northwood ABC Roof
 - King Career Center Roof
 - West Roof
 - Rogers Park Roof & HVAC
 - Willow Crest Roof & HVAC

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- West Gym/Auditorium HVAC
- West/Romig IMC
- Earthquake recovery projects
- \$7.5 million for projects approved by the 2018 ballot proposition:
 - Birchwood Roof
 - Bowman Roof Improvements
 - Kasuun Roof Improvements
 - Northern Lights Roof Improvements
 - Russian Jack Roof Improvements
 - Trailside Roof Improvements
 - Lake Hood Roof Improvements
 - Mears Roof Replacement
 - East Gym Safety Improvements
 - Service Fire Suppression
 - Chugiak High Gym Roof Restoration
 - Mears Exterior Siding
 - Earthquake recovery projects
- \$14.4 Million for projects approved by the 2019 ballot proposition
 - Prioritized Roof, Mechanical, and Site Planning & Design projects
 - Orion Elementary Partial Roof Replacement
 - Eagle River Elementary School Roof Replacement
 - Government Hill Elementary School Roof Replacement
 - Bear Valley Elementary School Domestic Water Improvements
 - O'Malley Elementary School Safety Improvements
 - Homestead Elementary School Safety Improvements
 - Taku Elementary School Roof Replacement & Restoration
 - Chuqiak High School Planning & Design Roof Replacement
 - · Aurora Elementary School Boiler Replacement
 - Bayshore Elementary School Boiler Replacement
 - · Bear Valley Domestic Water System
 - Homestead Elementary School Safety Improvements
 - · O'Malley Elementary School Safety Improvements
 - Prioritized Elementary Schools Security Projects
 - Earthquake Recovery Eagle River and Chugiak Area
- \$38.8 Million for projects approved by the 2020 ballot proposition
 - Earthquake Recovery Projects
 - Inlet View Elementary Replacement Design
 - Prioritized Planning & Design Projects
 - Aquarian Charter Improvements

State Debt Reimbursement

Of the \$452 million bonds outstanding as of June 30, 2021, the state debt reimbursement program is expected to cover 36.2 percent. This, however, is subject to appropriation and is susceptible to governor's vetoes or legislative action.

House Bill 106, approved into law in March 2020, enacted a sunset of Alaska statutes related to the state debt reimbursement program effective January 1, 2015 through July 1, 2025. After five years, if the legislature does not take further action on these statutes, reimbursement rates of 50% for major maintenance and 40% for school construction would be reinstated for eligible projects under AS 14.11.100.

Cost of \$111.090 Million Bond Proposal to the Local Taxpayers

The approximate amount of annual taxes on \$100,000 of assessed property valuation to retire the proposed debt of \$111.090 million is \$24.73. The calculation of estimated taxes is based on an estimated 4.5 percent weighted interest rate for twenty years, as shown in attachment C.

The amount of annual taxes on \$100,000 of assessed property valuation reduced due to bond debt retirement over the two years proposed FY 2021-23 of \$102.26 million is \$11.80. The difference between what is proposed and what will be retired is \$12.93 per \$100,000 of assessed valuation, or an increase of about 12.15%, if this proposition was sold at one time. However, most bond authorizations are sold over a three to five-year period.

DB/JA/TR/TF/AR/EK/LAMJR/RML/jb

Attachments:

- A. April 2022 Proposed Bond Projects
- B. CIAC Recommendation
- C. 2022 Bond Reimbursement Rate and Taxes

Prepared by: Rachel Molina Lodoen, Project Support Manager

Larry Morris, Planning & Design Supervisor Edie Knapp, Construction Supervisor

Andy Ratliff, Senior Director of Management & Budget

Thomas Fenoseff, Senior Director, Capital Planning & Construction

Approved by: Thomas J. Roth, Chief Operating Officer Jim Anderson, Chief Financial Officer

Administrative Content

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ASD 2022 School Bond Proposal

School Name	Project Description	Estimated Project	Cumulative	Projected Life
DD OD OUTTON I	,	Amount	Project Amount	Expectancy
PROPOSITION I				
Capital Improvement Projects				
Inlet View Elementary School Replacement Construction	Construction funding to replace Inlet View Elementary School including the demolition of the existing building and the construction of a new building on the existing site. This work will include new building, site circulation, and site improvements.	\$30,967,000	\$30,967,000	50 + years
East High School Academic Area Safety Improvements	Construction funding to address missing fire suppression system in unprotected areas, structural/seismic renovations, updated lighting, and address accessibility in toilet rooms.	\$6,073,000	\$37,040,000	50 + years
	Subtotal - Safety & Code Upgrades	\$37,040,000		
Deferred Requirements Projects				
Campbell Elementary School Roof Replacement	Replace the low sloped roof sections installed in 1994; these roof sections are failing. This work will include structural/seismic renovations.	\$5,950,000	\$42,990,000	25+ years
Chinook Elementary School Roof Replacement	Replace the low sloped roof sections installed between 1994 and 2003; these roof sections are failing. Roof restoration for roof sections with built-up roof assembly. This work will include structural/seismic renovations.	\$5,489,000	\$48,479,000	25+ years
Chugiak Elementary School Roof Replacement	Replace the low sloped roof sections installed in 1995; these roof sections beyond the expected life of the system and failing. This work will include structural/seismic improvements.	\$5,900,000	\$54,379,000	25+ years
College Gate Elementary School Roof Replacement	Replace the entire roof over the building. The existing roof was installed between 1994 and 1996 and is failing. The work will include structural/seismic renovations.	\$6,663,000	\$61,042,000	25+ years
Ursa Minor Elementary School Roof Restoration	Roof restoration for all roof sections with EPDM roof assembly, installed in 1998.	\$1,804,000	\$62,846,000	25+ years
1990 Prototypical Roof Improvements	Replace the high-low sloped roof sections at Kasuun, Kincaid, Lake Hood, Muldoon, Northern Lights, Russian Jack, Trailside, and Tyson . These roof sections were installed in 2000 that is failing.	\$5,379,000	\$68,225,000	25+ years
Maintenance Building Roof Restoration	Roof restoration for roof sections with EPDM roof assembly, installed between 1976 and 2006.	\$1,556,000	\$69,781,000	25+ years
Kincaid Elementary School Site Improvements	Renovate the parking lot and bus drive drainage, circulation, site lighting, and sidewalks. The existing parking lot and bus drive have significant heaving due to improper drainage and freeze thaw cycles.	\$5,725,000	\$75,506,000	25+ years
Birchwood Boiler Replacement	Replace the existing boiler system, the system is beyond the expected life and is failing. The existing boiler was installed in 1994.	\$3,832,000	\$79,338,000	25+ years

ASD 2022 School Bond Proposal

School Name	Project Description	Estimated Project Amount	Cumulative Project Amount	Projected Life Expectancy
Lake Otis Elementary School Building Improvements	Design and construction funding for building renovations including special education area, building lighting, playground, roof, exterior doors and windows, sanitary system, HVAC, Water system, and site lighting renovations. These systems are beyond the expected life.	\$12,942,000	\$92,280,000	25+ years
Prioritized Security Vestibule and Security Improvements	\$16,030,000	\$108,310,000	25+ years	
	Subtotal -Deferred Requirements Projects	\$71,270,000		
Planning & Design for 2022 Deferred Req	uirement Projects			
Planning & Design for 2024 Deferred Requirement Projects	Funding for planning and design for deferred requirement projects in 2024.	\$2,780,000	\$111,090,000	TBD; based on planning effort
	Subtotal - Safety & Code Upgrades	\$2,780,000		
	Trus W. T	#111 000 000		
	Total Proposition I	\$111,090,000		

Date: September 20, 2021

To: Dr. Deena Bishop, Superintendent

Thru: Tom Roth, Chief Operating Officer

From: John Bulkow, Co-chair, Capital Improvement Advisory Committee

Subject: CIAC Recommendation for 2022-2027 CIP/2022 Bond

The Capital Improvement Advisory Committee (CIAC) met via Zoom May 10th, May 24th, and July 13th to discuss the CIP for the District. Discussion was also conducted via email. Unfortunately, the committee had a couple of stalwart members retire this year and participation by the remaining members has been sparse. We need to work at rejuvenating the CIAC membership to restore a more reliable reflection of the voice of the community.

Over the past several years the CIAC recommendation has almost always included a statement such as the following from 2019: "ASD could help its position with the public and state administration by showing it is doing everything it can to reduce capital costs. Some members of the CIAC, and many from the community at large, believe it would be good to take a hard look at possibly closing or repurposing another school." When ASD presented the options being considered for this year's CIP, the CIAC quickly coalesced around the attached Option C. But while supporting the proposed closure of Abbott Loop, the CIAC recommends this Option C be modified to delay the decision on the closure of Wonder Park.

The CIAC also supports the demolition and reconstruction of Tudor Elementary in Option C. This school is a stark example of the long term effects of our failure to keep up with deferred requirements in the District. In the past we would use FCI rankings to determine which school would be next in line for renovation. For the past several years we have moved away from renovations and focused on deferred requirements. Deferred requirement projects have been ranked not by FCI but by how critical each project is to safety and protecting the structure from further damage. In Tudor Elementary so many deferred requirement projects are in the near-term queue that it makes more sense to simply rebuild. On our current trajectory in the ASD, we should expect to see more such instances of schools in this situation.

The CIAC is concerned about the methodology of determining which schools to close and which schools to rebuild. Rather than a district wide systemic evaluation, it feels as if Abbott Loop and Wonder Park simply had the bad luck to have a large dollar amount of near term deferred needs when the District is in need of reducing capacity. At the same time, Tudor had the good luck to need work at a time when Abbott Loop would be available to house students during a rebuild. The CIAC would like to work with ASD over the next year to develop a more system-wide evaluation procedure. The Abbott Loop-Tudor couplet is too good of an opportunity to pass up. The CIAC recommends delaying a decision on the closure of Wonder Park in the current CIP. Including Wonder Park at this time could cause needless distress in the Wonder Park community, while a more systemic look could present a better candidate for closure than Wonder Park.

Note that Central Middle School is nowhere on the CIP. The combination of this school's FCI, EAI, size, and location relative to other middle schools with excess capacity has made it a perennial candidate for possible closure. Moving PAIDEIA into the facility certainly helped with the facility utilization, but the

District has other facilities with capacity to house PAIDEIA. The CIAC encourages the ASD to further consider the future of this facility as it looks to 'right-size' the overall facilities capacity.

The CIAC also discussed the upcoming project at Inlet View Elementary. Concern was raised over the advisability of rebuilding this school in its current location. This concern is based on a draft version of a FEMA Region X Risk Report and a corresponding draft version Municipality of Anchorage Risk Report. The reports depict the Inlet View location within the Bootlegger Cove Special Landslide Areas, and thus at risk in a large seismic event. This concern is not substantially different than the seismic concerns raised when the voters approved design funds for this project last year. The CIAC is split on continued support the Inlet View project. ASD should anticipate probable community push-back on including the Inlet View project in the upcoming bond.

Each year lately the CIP has shown how the ASD should be spending \$80 million/year in renewing District facilities. This current CIP, with its recommendation for school closures and complete rebuilds, demonstrates the long-term effects of failing to meet that benchmark. The State's failure to support public school facilities continues to place an ever-growing tax burden on the people of Anchorage. The CIAC again encourages ASD to pursue every avenue to make the State of Alaska fulfill its constitutional obligation to fund construction and large deferred maintenance projects. Preferably by simply building such funds into a funding formula that suitably splits the costs between state and local governments without resorting to cost inflating bonds.

John Bulkow
Capital Improvement Advisory Committee Co-Chair (in need of a Co-Chair)

FY 2022-2027 CIP Table 1 - Option C

CII Table I - Option C												
	1		2		3		4		5		6	
	2022		2023		2024		2025		2026		2027	
Targeted Capital Investment	\$110,190,000		\$0		\$95,360,000		\$0		\$100,000,000		\$0	
Projected Bond Amount	\$94,774,000		\$0		\$112,322,500		\$0		\$108,144,000		\$0	
Anticipated Debt Retirement	\$50,265,000		\$51,995,000		\$43,365,000		\$35,515,000		\$26,805,000	1	\$27,910,000	
Elementary Schools Abbott Loop Elementary School -												
Consolidation of program into Adjacent Schools							Abbott Loop Elementary School Demolition	\$0				
Inlet View Elementary School K-6	Inlet View Elementary School Replacement BOND & Construction	\$30,967,000	Inlet View Elementary School Replacement Construction									
Tudor Elementary School K-6 Renovation	Tudor Elementary School BOND Design	\$1,000,000			Tudor Elementary School BOND Construction	\$43,320,000	Tudor Elementary School Construction					
Wonder Park Elementary School - Consolidation of program into Adjacent Schools					Wonder Park Elementary School BOND Demolition	\$3,500,000						
Middle Schools												
Romig Middle School					Romig Middle School Renovation Design	\$2,426,500			Romig Middle School Renovation	\$24,711,000	Romig Middle School Renovation Construction	
High Schools					reene variou B esign							
Bartlett High School									Bartlett High School Building Improvements Planning & Design	\$12,000,000		
East High School	East HS BOND (Academic Area Safety)	\$6,073,000	East HS Construction (Academic Area Safety)									
Alternative Schools												
Whaley School									Whaley School Planning & Design	\$3,116,000	Whaley School Planning & Design	
	Subtotal	\$38,040,000	Subtotal	\$0	Subtotal	\$49,246,500	Subtotal	\$0	Subtotal	\$39,827,000	Subtotal	\$0
Deferred Requirements Projects												
•	Spring Hill Elementary School Roof Replacement	\$5,170,000			Chugiak High School Roof Replacement	\$17,912,000			Bear Valley Elementary School Building Improvements	\$9,151,000		
	Chinook Elementary School Roof Replacement	\$5,489,000			Northern Lights ABC Partial Roof Replacement	\$1,744,000			Spring Hill Elementary School Building Improvements	\$8,158,000		
	Campbell Elementary School Roof Replacement	\$5,950,000			Kasuun Elementary School Partial Roof Replacement	\$1,744,000			SAVE High School Building Improvements	\$3,923,000		
	College Gate Elementary School Roof Replacement	\$6,663,000			Chugiak Elementary School Roof Replacement	\$5,900,000			King Tech High School Building Improvements	\$18,562,000		
	Improvements	\$5,725,000			Scenic Park Elementary School Roof Replacement	\$5,900,000			Ursa Major Elementary School Building Life Extension	\$24,323,000		
	Birchwood Boiler Replacement	\$3,832,000			Ursa Minor Elementary School Roof Restoration	\$1,922,000						
	Warehouse-Purchasing Roof Replacement	\$5,682,000			Lake Otis Elementary School Building Improvements	\$13,789,000						
	Alpenglow Elementary School Partial Roof Replacement	\$4,502,000			Benny Benson Secondary School Building and Roof	\$6,419,000						
	Maintenance Building Roof Restoration	\$1,556,000			Prioritized Security Vestibule Projects	\$4,379,000						
	Prioritized Security Vestibule Projects	\$9,030,000										
	Planning & Design for 2024 Deferred Requirements Projects	\$3,135,000		\$0	Planning & Design for 2026 Deferred Requirements Projects	\$3,367,000		\$0	Planning & Design for 2028 Deferred Requirements Projects	\$4,200,000		\$0
		\$56,734,000		\$0		\$63,076,000		\$0		\$68,317,000		\$0
Percent Total Deferred Requirements		60%		0%		56%		0%		63%		0%
Total		\$94,774,000		\$0		\$112,322,500		\$0	<u> </u>	\$108,144,000		\$0

Projects identified as potential 2022 "Deferred Requirements Projects" are the highest prioritized projects-to-date on ASD's Facilities Unfunded Needs List. Cost estimates as

ANCHORAGE SCHOOL DISTRICT APRIL 2022 SCHOOL BOND PROPOSAL CALCULATION OF ESTIMATED TAXES FOR DEBT SERVICE ON \$100,000 ASSESSED VALUATION

	<u>Term</u>	Bond Proposition <u>Amount</u>	Est. State Debt Reimb. <u>By Project</u>	[1] Annual Debt Prin. & Int. 4.50%		[2] Per \$100,000 Assessed Val. \$ 34,546,752,248		State Debt Reimb. Per \$100,000		Tax	operty kes Per 00,000
Proposition I - Districtwide Building Life Extension Pr	ojects										
Inlet View Elementary School Replacement	20	\$30,967,000	0%	\$	2,380,624	\$	6.89	\$	-	\$	6.89
East High School Academic Area Safety Improvements	20	\$6,073,000	0%	\$	466,869	\$	1.35	\$	-	\$	1.35
Roof Replacement and Improvement Projects: Spring Hill, Chinook, Campbell, College Gate, Ursa Minor, Lake Otis, 1990 prototypical elementary schools, Chugiak high, and Facilities Support Center	20	\$32,741,000	0%	\$	2,517,002	\$	7.29	\$	-	\$	7.29
Deferred Requirements Project: Kincaid Elementary Site Improvements, Birchwood Elementary Boiler Replacement	20	\$9,557,000	0%	\$	734,705	\$	2.13	\$	-	\$	2.13
Lake Otis Elementary Building Life Extension	20	\$12,942,000	0%	\$	994,931	\$	2.88	\$	-	\$	2.88
Prioritized Security Vestibule & Security Improvements	20	\$16,030,000	0%	\$	1,232,325	\$	3.57	\$	-	\$	3.57
Planning & Design Projects - 2022 Deferred Requirements Projects	20	\$2,780,000	0%	\$	213,716	\$	0.62	\$	-	\$	0.62
Proposition 1 Total		\$ 111,090,000	0%	\$	8,540,172	\$	24.73	\$	-	\$	24.73

^[1] Estimate of Bond Sale

^[2] Estimate as of December 2020



MUNICIPALITY OF ANCHORAGE ASSEMBLY MEMORANDUM

No. AM 42-2022

Meeting Date: January 11, 2022

uhiooti

VICE-CHAIR CONSTANT

Subject:

From:

SUPPLEMENTAL MEMORANDUM RELATING TO ITEM 14.A., AO NO. 2021-118: AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED ONE HUNDRED ELEVEN MILLION NINETY THOUSAND DOLLARS (\$111,090,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF CAPITAL IMPROVEMENTS FOR THE ANCHORAGE SCHOOL DISTRICT AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 5, 2022.

The School Bond package submitted to the Assembly by the Anchorage School Board includes proposed construction funds for a new Inlet View Elementary School, intended to replace the second oldest school in the Anchorage School District's (ASD) inventory. My association with this process began in 2015, before I served on the Assembly, when the School Board considered shutting down several schools in Anchorage with Inlet View near the top.

Working with a small band of parents from the Inlet View PTA and other neighbors, we convinced the School Board to retain Inlet View and in 2019, the Board and Assembly included funding for design of a new building in the 2020 school bond. Voters overwhelmingly approved in April 2020.

Almost immediately on passage, the District impaneled a Building Design Committee (BDC) composed of school staff and parent-neighbors. The committee worked through a design process facilitated by NVision Architecture and including CRW Engineering Group, LLC, and Corvus Design, Inc. (the Contractors).

Contemporaneously, the COVID-19 pandemic began its global scourge causing a rapid transformation of public life, including the shift from in-person to virtual formats for nearly all meetings, the effects of which we are still managing today. Much of the BDC work was conducted virtually.

As much as possible, the process followed the standard ASD building design process; including a series of meetings and presentations, a design charette, and outreach to the local community council. The resulting design selection remained on the original site but moved the footprint of the building from the north, original location, to the southern portion of the site, with the intent to keep students on site during construction. Detailed arguments for why the southern footprint was selected were made by the BDC.

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on the north footprint.

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After robust interest was expressed by a number of residents residing near the school site for additional community input, the South Addition Community Council (the Council) scheduled a series of meetings with the Contractors to provide additional opportunity for neighborhood input.

At this point in time, a number of neighbors raised concerns about the selected

design which would move the school building from the original footprint to the

southern end of the original site. The initial concerns raised included shading of neighboring properties and traffic flow problems that might arise. Those concerns

evolved to include potential safety and cost problems identified by a robust group of neighbors. Two factions emerged at the meeting. Those generally in support of the

design as proposed and those who support the project but want the school to remain

At the request of a majority of the voting members of the council, two additional neighbors were added to the BDC which provided an opportunity to cure any potential Open Meetings violations and also allowed members who dissent from the current design to be heard.

In order to facilitate further understanding and input to the design process, the Contractors established a detailed project website which includes designs, public comments, and other project details.

The project website is currently hosted here: https://inletviewreplacement.com/

After much additional process, the community divide remains. One set of neighbors believes in the merits of the current proposed design. Another set of neighbors dissents. Although unfortunate, this is not unusual.

The dissenting neighbors have asked for some form of remand of the bond proposal to the School Board with a mandate from the Assembly that the design remain on the north footprint. Short of that, they request the Assembly add funds to the bond with a mandate that the funds be used to redesign the school on the north footprint.

After much investigation, I find no path to meet that request. Design level details legally belong to the Anchorage School Board. It is improper for the Assembly to insert itself so deeply into the design process that it uses blunt political power to force an elected body to act in accordance with our will. It is a long held understanding that the Assembly's role is to approve or deny funding requested by the School Board, even possibly to increase or decrease the amount. But it is also long held that the Assembly not make specific changes to budgets and projects approved by the school board lest we substitute our judgment for the judgment of those elected to make such decisions.

Even considering that the Assembly does maintain the authority to increase or decrease an ASD budget, there is no mechanism for the Assembly to require those funds be spent how we want. The bond amount could possibly be increased, but the funds would be spent as the School Board determines, not the Assembly.

opinions will not be lost in the shuffle of time.

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Respectfully submitted: Christopher Constant, Vice Chair

I ask that the Anchorage School District continue working closely with the concerned neighbors to mitigate their concerns meaningfully as the design process moves forward. Review again the location of the building footprint again if possible. Closely consider the traffic impacts of the new site as there are some properties that appear

Several communications have been created by interested neighbors. It is my intent

to incorporate these documents into the formal record of AO 2021-118 so that their

to be substantially impacted by the proposed site plan.

I ask that the neighbors continue to advocate robustly for their respective opinions, but to remember that this is a conversation among neighbors first about the bright future of their neighborhood. And to treat each other gently, as these are trying times.

Finally, I ask members of the Assembly to approve sending this bond package to the qualified voters of Anchorage. I, and many other neighbors, have been engaged in the effort to renew the future of Inlet View Elementary School since 2015. Many have fought for this moment much longer.