

1 Submitted by: Chairman of the Assembly at the
2 Request of the Anchorage School
3 District
4 Prepared by: Wohlforth, Vassar, Johnson
5 & Brecht
6 For Reading: August 17, 2004
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CLERK'S OFFICE

APPROVED

Date: 9-7-04 MUNICIPALITY OF ANCHORAGE

ALASKA

ORDINANCE NO. AO 2004-118

AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED FIFTY-TWO MILLION AND NO/00 DOLLARS (\$52,000,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF EDUCATIONAL CAPITAL IMPROVEMENTS IN THE MUNICIPALITY OF ANCHORAGE AND THE QUESTION OF AN INCREASE IN THE MUNICIPAL TAX CAP LIMITATION TO PAY ASSOCIATED OPERATIONS AND MAINTENANCE COSTS AT A SPECIAL ELECTION IN AND FOR THE MUNICIPALITY OF ANCHORAGE ON NOVEMBER 2, 2004.

THE ANCHORAGE ASSEMBLY HEREBY ORDAINS:

Section 1. It is hereby determined to be for a public purpose and in the public interest of the Municipality of Anchorage (the "Municipality") to incur general obligation bonded indebtedness in an amount not to exceed Fifty-Two Million and no/00 Dollars (\$52,000,000), for the purpose of paying the costs of constructing the Muldoon Area Middle School and related educational capital improvements.

<u>Project</u>	<u>Estimated Cost</u>	<u>Estimated Annual Operation and Maintenance</u>
Muldoon Area Middle School - Construction	\$52,000,000	\$1,943,500

Section 2. The sum of not to exceed Fifty-Two Million and no/00 Dollars (\$52,000,000) shall be borrowed by, for and on behalf of the Municipality for the aforesaid educational capital improvements and shall be evidenced by the issuance of general obligation bonds of the Municipality. The bond proceeds shall be used only for capital improvements and costs of issuance of the bonds. The full faith and credit of the

1 Municipality is pledged for the payment of the principal of and interest on the bonds, and
2 ad valorem taxes upon all taxable property in the Municipality shall be levied without
3 limitation as to rate or amount to pay the principal of and interest on the bonds when due.

4 Section 3. A special election is to be held on November 2, 2004, in and for the
5 Municipality of Anchorage, for the purpose of submitting a general obligation bond
6 proposition to the qualified voters of the Municipality for approval or rejection. The
7 proposition must receive a majority vote of those in the Municipality voting on the question
8 to be approved. The proposition shall be substantially in the following form:

9 PROPOSITION NO. _____

10 EDUCATIONAL CAPITAL IMPROVEMENT BONDS

11 Shall Anchorage borrow up to \$52,000,000 through the
12 issuance of general obligation bonds to pay for construction of
13 a Muldoon Area Middle School and related educational capital
14 improvements within Anchorage and increase the municipal
15 tax cap by an amount of \$1,943,500 to pay for associated
16 annual operations and maintenance costs? The project
17 currently qualifies for 60% State debt reimbursement (subject
18 to annual Legislative appropriation as described below).

19 Voter approval of this bond proposition authorizes for each
20 \$100,000 of assessed real and personal property value (based
21 on the 2004 assessed valuation): (i) an annual increase in
22 taxes of approximately \$20.87 to retire the proposed bonds,
23 and (ii) an annual increase in the municipal tax cap (Charter
24 14.03(b)(2)) of approximately \$9.13 to pay for annual operation
25 and maintenance costs related to the proposed capital
26 improvements.

27 The project currently qualifies for 60% State debt reimburse-
28 ment. If the State chooses to make full reimbursement, the
annual increase in taxes would be \$8.35 (based on \$100,000
of 2004 assessed real and personal property value). State
reimbursement is subject to annual Legislative appropriation

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 debt.

(No. AO 2004-118)

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 616-2004

Meeting Date: August 17, 2004

From: ANCHORAGE SCHOOL DISTRICT

Subject: AO 2004-117
AO 2004-118

Two Ballot Propositions to Provide
for the Issuance of General
Obligation Bonds for Educational
Capital Improvements

The Anchorage School Board approved two ballot propositions to provide for the issuance of general obligation bonds for education-related capital projects on August 2, 2004: ASD Memorandum #4 (2004-2005), Recommendation for Special Election for School Bonds. This recommendation includes proposed Proposition 1 for School Renovations/Additions and Designs in the amount of \$29,950,000 and Proposition 2 for Muldoon area Middle School Construction in the amount of \$52,000,000.

The School Board requests the Anchorage Assembly place the two propositions on the ballot of a November 2, 2004 special election, for consideration by qualified voters of the Municipality of Anchorage. These propositions will pay the cost of capital improvement projects for the Anchorage School District, including, but not limited to, the following:

Proposition 1: \$29,950,000

<u>Projects</u>	<u>Estimated Cost</u>	<u>Estimated Annual Operating and Maintenance</u>
Bartlett High School Phase 3A Design	\$1,000,000	\$ 0
Chugiak High School Phase 4 Design	900,000	0
New Southwest Anchorage area Elementary School Preliminary Design	150,000	0
Clark Middle School Replacement Preliminary Design	400,000	0
East High School Phase 4A Construction and Phase 4B Design	7,000,000	0
Service High School Phase 2B Construction and Phase 3 Design	20,300,000	99,800
West High School/Romig Middle School Planning	<u>200,000</u>	<u>0</u>
Proposition Total	<u>\$29,950,000</u>	<u>\$99,800</u>

The approximate annual amount of taxes on \$100,000 of assessed real and personal property value (based on total 2004 assessed valuation) to retire the proposed debt is \$12.02. However, \$8,900,000 of the bonds qualify for 70 percent State debt reimbursement and \$20,700,000 of the bonds qualify for 60 percent State debt reimbursement. If the State chooses to make full reimbursement, the annual increase in taxes would be \$4.54 (based on \$100,000 of 2004 assessed real and personal property value). State reimbursement is subject to annual legislative appropriation. An annual increase in the municipal tax cap of approximately \$.47 on \$100,000 of assessed real and personal property value (based on total 2004 assessed valuation) is to pay for annual operation and maintenance costs related to the proposed capital improvements.

Proposition 2: \$52,000,000

<u>Project</u>	<u>Estimated Cost</u>	<u>Estimated Annual Operating and Maintenance</u>
Muldoon area Middle School Construction	\$52,000,000	\$1,943,500

The approximate annual amount of taxes on \$100,000 of assessed real and personal property value (based on total 2004 assessed valuation) to retire the proposed debt is \$20.87. However, the entire \$52,000,000 of bonds qualify for 60% State debt reimbursement. If the State chooses to make full reimbursement, the annual increase in taxes would be \$8.35 (based on \$100,000 of 2004 assessed real and personal property value). State reimbursement is subject to annual legislative appropriation. An annual increase in the municipal tax cap of approximately \$9.13 on \$100,000 of assessed real and personal property value (based on total 2004 assessed valuation) is to pay for annual operation and maintenance costs related to the proposed capital improvements.

A brief description of the projects in the two bond proposals is provided beginning on page 3 of this memorandum.

Supporting Information

Since 1993, the Anchorage School District has received voter approval for a total of \$880 million in school construction and renovation bonds. Of this amount, approximately \$681 million has received up to 70 percent State reimbursement through grant funds or debt reimbursement programs.

Recent bond issues have focused on replacing, renovating, or adding high schools. These projects have included a replacement school for Dimond High; new high schools in South Anchorage and Eagle River; and renovation and upgrades at Chugiak, East, Service and Bartlett High Schools.

Proposition 1 of this bond proposal continues phased implementation of the high school renovation projects. It also includes funding for development of design/build proposals for replacing Clark Middle School and constructing a new Southwest Anchorage area Elementary School.

Proposition 2 of this bond proposal includes construction funding for a new Muldoon area Middle School.

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 \$1.4 billion. The District has 94 facilities, housing approximately 50,000 students and 5,000 staff members. The combination of aging building components and functional obsolescence from an educational standpoint dictate a facility updating process. This is currently focused on the secondary school level. Also, geographic distribution of students continues to shift as new housing developments come on line and other demographic impacts lead to crowded schools in some sections of the District. To meet short-term capacity needs in affected schools, the Anchorage School District uses over 130 relocatable units.

The projects selected for the proposed bond propositions are high school continuation/completion projects that have been several years in the process and which need to be completed as soon as possible, for economic and education reasons; preliminary design for a replacement of Clark Middle School, which has reached the end of its physical and programmatic life; design for a new Southwest Anchorage area Elementary School to ease the current and projected overcrowding in that area; and a new Muldoon area Middle School to relieve the overcrowding at Wendler, Clark, and Central middle schools and nearby elementary schools.

Capital Request Advisory Committee

The District's Capital Request Advisory Committee (CRAC) met on July 27, 2004 to review options and develop recommendations for this proposed special election. The Committee recommended the projects listed in the proposed Proposition 1 and Proposition 2. However, the Committee's recommendation was for a single proposition, combining the new Muldoon area Middle School with the other projects. 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 concurs with the projects recommended by the CRAC. However, the Administration believes that the Muldoon area Middle School should be a separate proposition from the rest of the projects.

Discussion of Debt Retirement Funding From HB 2003

HB 2003 passed in May 2002 provides for 60 percent or 70 percent debt reimbursement on school construction projects that have received local voter approval between June 30, 1999 and December 31, 2004. \$8,900,000 of Proposition 1 is eligible for 70 percent reimbursement. \$20,700,000 of Proposition 1 and the \$52,000,000 in Proposition 2 is eligible for 60 percent debt reimbursement. The total reimbursement amount for the \$81,950,000 proposed will be approximately \$49,850,000, leaving approximately \$32,100,000 of un-reimbursed principal for local taxpayers to repay.

Project Descriptions

Bartlett High School Phase 3A Design

Phased funding over time will bring the school up to current District Educational Specifications by establishing Core Academic Areas supported by major educational components. Built in the early 70's as a junior and senior high school each with separate entries, this phased project will unite the school by re-directing the Main Entry into the

1 school's heart, "Main Place," and providing flexibility to accommodate smaller learning
2 communities.

3
4 Phase 3A will provide for renovation of the core academic classrooms in the west wing, the
5 Technology Education classrooms, and Intensive Needs area.

6 7 Chugiak High School Phase 4 Design

8
9 Prior capital projects at Chugiak High School have provided for renovation of the classrooms
10 in Family Consumer Science, Art, Technology, Science, House 2, and House 3, as well as
11 constructing a new gymnasium, cafeteria, and kitchen. Phase 4 will complete the renovations
12 at this school, which include minor renovations to House 1; major classroom renovations to
13 House 4; site improvements in bus loading and parking; and athletic fields.

14 15 New Southwest Anchorage Area Elementary School Preliminary Design

16
17 The southwest area of Anchorage has been experiencing consistent growth, and more
18 residential development is scheduled for the next several years. Already, the schools serving
19 this area are operating over capacity. The funds from this proposition will be used to develop
20 a preliminary plan for a new elementary school in the southwest area of Anchorage.

21 22 Clark Middle School Preliminary Design

23
24 Planning accomplished to date has indicated that Clark Middle School should be replaced,
25 rather than renovated, due to the unsuitability of the current structure to meet current
26 education specifications, and the cost of renovation. The funds requested in this bond
27 proposition will be used to accomplish preliminary design and to develop a detailed Request
28 for Proposal (RFP) to solicit offers from design/build teams to adapt one of the existing
29 middle school plans for construction on this site. There are a number of issues at the Clark
30 site that need to be analyzed prior to preparation of the RFP, including geo-technical, utility
31 easements, options for dealing with the current facility during construction, future status of
32 the Municipal Library, and other program and technical details. The funds requested will be
33 used to carry out this preliminary investigation as well as for the preparation of the actual
34 Request for Proposal.

35 36 East High School Phase 4A Construction and Phase 4B Design

37
38 Funds in this bond will continue the project of bringing the school up to current Districtwide
39 High School Educational Specifications by establishing academic areas supported by major
40 educational components. This portion of the work will incorporate the following:

41
42 Phase 4A Construction: This phase will renovate the old performing arts area for the
43 permanent location of the library and will complete the south classroom wing.

44
45 Phase 4B Design: This phase will renovate the southwest (Benson Building) classroom wing,
46 and improve the access and safety for bus parking.

1 Service High School Phase 2B Construction and Phase 3 Design

2
3 Funds in this bond will continue the project of bringing the school up to current Districtwide
4 High School Educational Specifications by establishing academic areas supported by major
5 educational components. This portion of the work will incorporate the following:

6
7 Phase 2B Construction: This phase will renovate and provide an addition to the east
8 classroom wing, and relocate the art classrooms.

9
10 Phase 3 Design: This phase will renovate the IMC and Administration areas.

11
12 West High School/Romig Middle School Planning

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14 West High School is the oldest high school in Anchorage. It has had improvements in prior
15 capital projects, including a new science wing, pool, and systems upgrades. However, both
16 West High School and Romig Middle School have additional work required to bring them
17 into compliance with the current educational specifications. This project will begin the
18 planning for the necessary improvements.

19
20 Muldoon area Middle School Construction

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22 The voters have previously approved funding for purchase of property and design of a new
23 Muldoon area Middle School. This proposition will fund the construction cost for this
24 school.

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26 The information that has been provided in this memorandum should assist the Assembly in
27 making decisions regarding placing the recommended bond propositions on the ballot for the
28 November 2, 2004 Special Municipal Election.

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30 Respectfully submitted,

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32 Carol Comeau
33 Superintendent
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Municipality of Anchorage
MUNICIPAL CLERK'S OFFICE
Agenda Document Control Sheet

As 2004-118

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

1	SUBJECT OF AGENDA DOCUMENT AO 2004-118 An Ordinance Providing For The Submission To The Qualified Voters Of Anchorage, Alaska, The Question Of The Issuance Of Not To Exceed \$,52,000,000 Of General Obligation Bonds Of The Municipality Of Anchorage To Pay	DATE PREPARED August 10, 2004
		Indicate Documents Attached <input checked="" type="checkbox"/> AO <input type="checkbox"/> AR <input checked="" type="checkbox"/> AM <input type="checkbox"/> AIM
2	DEPARTMENT NAME Chief Financial Officer	DIRECTOR'S NAME Janet Stokesbary
3	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY Wholforth, Vassar, Johnson & Brecht	HIS/HER PHONE NUMBER (907) 742-4369
4	COORDINATED WITH AND REVIEWED BY	INITIALS
	Mayor	
	Heritage Land Bank	
	Merrill Field Airport	
	Municipal Light & Power	
	Port of Anchorage	
	Solid Waste Services	
	Water & Wastewater Utility	
	Municipal Manager	
	Cultural & Recreational Services	
	Employee Relations	
	Finance, Chief Fiscal Officer	
	Fire	
	Health & Human Services	
	Office of Management and Budget	
	Management Information Services	
	Police	
	Planning, Development & Public Works	
	Development Services	
	Facility Management	
	Planning	
	Project Management & Engineering	
	Street Maintenance	
	Traffic	
	Public Transportation Department	
	Purchasing	
	Municipal Attorney	
	Municipal Clerk	
	Other	
	Carol Comeau, Superintendent	<i>Carol S Comeau</i>
	Janet Stokesbary, Chief Financial Officer	<i>Janet Stokesbary</i>
		August 10, 2004
		August 10, 2004
5	Special Instructions/Comments	
6	ASSEMBLY HEARING DATE REQUESTED <i>8/10/04</i>	7 PUBLIC HEARING DATE REQUESTED September 9, 2004

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M.O.A.

CLERK'S OFFICE

2004 AUG 10 PM 12:30