

# **Frequently asked questions about school renewal projects bond issues**

## **General questions**

### **Why does the school district have bond propositions on the ballot every year?**

The district's mission is to educate students for success in life. Maintaining quality school facilities is essential to the support of this mission. This is no small task for a school district among the 100 largest in the U.S. The district owns 93 schools and six support facilities, consisting of more than 7.5 million square feet of space, at a present value of about \$1.7 billion. A quality school's functional life without major renewal ranges from between 30 years to 50 years maximum. For 93 schools, this would require the district to present bond ballot propositions for two to three major renewals every year. This does not consider that many schools were built during the 60s and 70s at a time of pronounced population growth; they are now candidates for renewal.

### **Why is the district requesting voter approval of bond issues at a time of economic uncertainty?**

One reason is that the school district is a "forever" owner of school facilities. The district is a steward of the taxpayers' investment. This stewardship includes continual responsibilities, some of which are:

- design and construct facilities with durability,
- care for facilities through preventative maintenance and a committed custodial program,
- renew and extend facilities functional service so long as it remains cost effective,
- reconfigure existing facilities to support changing educational programs and their technologies, and
- design flexibility into new and renewed facilities to accommodate education changes over a facility's 50-year life.

Another reason is that the state has committed to project reimbursements of 60 to 70 percent through November 2010. This is a good deal for district taxpayers. There is no certainty that the program will continue beyond 2010.

### **How does the district determine projects for bond proposals?**

The district develops a ten-year Capital Improvement Plan (CIP). This serves as a guide for future capital bond request ballot propositions. Projects are selected for the CIP based on evaluation of several factors:

- condition surveys of facilities' sites, major building systems (such as mechanical and electrical) and interior and exterior finishes;
- assessment of facilities' ability to meet districtwide educational specifications;
- enrollment history and projections;
- input from the community on their educational goals and needs; and
- project scopes and cost estimates.

This information is analyzed and evaluated by the facilities department, district administration and the superintendent. Proposed projects and their priorities are then included in a draft CIP.

The CIP is reviewed by a Capital Request Advisory Committee comprised of public representatives from all school attendance areas and the community at large. This community-based citizens group meets regularly to review facility needs and recommend bond propositions to the superintendent. The superintendent recommends the CIP to the Anchorage School Board for approval. They hold a public hearing and then act on recommendations. The CIP is also reviewed by the municipal Planning and Zoning Commission, and submitted to the Anchorage Assembly.

The school board and district administration provide extensive project information to the assembly. The assembly has authority to change proposed bond issue projects before approving them to be placed on bond ballot propositions.

#### April 2009 bond proposition questions

#### **What ASD projects are on the proposed April 2009 bond issue?**

The district has two bond propositions:

- Proposition 1 would complete the renewal of Service High School, comply with a utility requirement to extend a water and sewer line at Eagle River High School, and complete the design for Girdwood K-8 school's renewal.
- Proposition 2 funds building system renewal projects throughout many district schools. These include traffic safety, roof repair, mechanical and electrical upgrades. It also includes districtwide site acquisition for a future school.

#### **Why is Service High School the district's highest priority?**

In the late 1990s, the school board made a commitment to renew its high schools. This commitment has been reflected in the district's capital improvement plans since then. Prior to then, the district focused on needed elementary school renewals. Because high schools are much larger and renewals are much more expensive, the decision was made to create master plans with phased projects spread over multiple years. Phasing would also allow classes to continue to function during construction.

Other high schools chose to prioritize more expensive projects, such as auditoriums, early in the phases. Service High School chose to focus on classrooms first. Due to inflation in construction costs and volatile energy costs, the district and the Capital Request Advisory Committee recommended that the most expensive project be funded now, rather than be vulnerable to higher costs later.

Built in 1971, Service started off as a junior and senior high school until junior high students moved to Hanshew in 1984. In 2000, the district created a master plan to renovate and renew the facility originally built to serve two separate programs. To date, less than 50 percent of the master plan work is completed. This remaining scope is equivalent to constructing three new elementary schools or one new middle school.

The district revisited Service High School renewal's 2000 master plan to investigate cost saving measures that would not significantly affect a commitment to deliver a complete educational program. Estimated cost savings of \$23 million were realized through consolidating phased funding to one-time, and reconfiguring master plan components through innovative design solutions to achieve a one year reduction in construction.

### **What building system renewal projects are covered by Proposition 2?**

- Code/sprinklers: Aquarian Charter School (district-owned building).
- Roof replacements: Creekside Park and Inlet View elementary schools.
- Building renewal: South and West high schools.
- Electrical: Campbell, College Gate, Gladys Wood, Ravenwood, Turnagain, and Wonder Park elementary schools, West High School, Information Technology Building, and Operations Building.
- Mechanical: Hanshew Middle School and Stellar Secondary School.
- Traffic safety: Huffman Elementary School and Mears Middle School
- Field renewal: Bartlett High School.
- Security system upgrades: Trailside Elementary School, Goldenview, Mears and Wendler middle schools, and King Career Center.

### **Where can I find out more detailed information about the school bond propositions?**

Complete project descriptions can be found in Anchorage School Board memorandum # 145 (2008-09) accessed through the district's Web site at [www.asdk12.org/bonds](http://www.asdk12.org/bonds).

### **General facilities and maintenance questions**

#### **Are Proposition 2's building systems renewal projects a result of poor maintenance?**

No, the district builds durable facilities with cost effective systems and finishes to withstand Anchorage's sub-arctic climate and extensive use by students, staff and the general public. The district takes care of these facilities through routine preventative maintenance and custodial programs, building systems renewal projects, and capital construction renewal projects. Routine maintenance is funded through the operating budget; capital and building system renewal projects are funded through bonds, legislative appropriations and grants.

The district's current regular operating budget allocates \$22.7 million for routine, day-to-day maintenance; this covers items such as painting, repairing roof leaks, replacing broken glass, fixing locks, plowing snow, repairing fences, and maintaining plumbing, heating, electrical and roofing systems, etc. As with a homeowner's roof, there comes a "critical" point when the cost of repairs becomes excessive and the entire roof needs to be replaced and renewed to extend the home's life. Building system renewal projects involve major expenses not covered by the regular operating budget.

Bonds can be sold to finance building systems renewal projects because they are capital construction projects intended to extend school facilities' functional life; for example,

repairs keep the roof operable during the original 20 years of its life; a new roof helps extend it another 20 to 30 years.

More than half of the district's 93 schools and six support facilities are at least 25 years old. In order to keep ahead of exceeding the "critical point" of cost at these 99 facilities, the district would need to request funding for at least four renewal projects per year. This assumes all facilities' original construction was spread out over the years; reality is that most construction occurred during concentrated periods of population growth.

### **Why do schools cost more than commercial buildings?**

Schools have a different occupancy classification and more stringent building code requirement than most standard commercial structures. Schools must be constructed to meet much higher seismic, fire and life safety standards to protect children in the event of fire, earthquake or other emergencies. In addition, school facilities involve more complex and intensive technological and mechanical systems, such as laboratories and kitchens. This construction is more expensive for schools than for commercial buildings. Materials used in school construction must be of higher durability and quality than standard buildings in order to withstand the heavy use and potential abuse. These materials typically have higher initial costs but lower long term costs when considering reduced maintenance and repair over time. Lower cost materials and equipment typically have shorter life expectancies and require more frequent replacements.

### **General bond questions**

#### **What will be the state reimbursement for these bonds?**

The state's current debt reimbursement program expires in November 2010 with no assurance of extension. Through this program, the state has approved 60 percent reimbursement for renewal of Service High School and completion of Girdwood K-8 School's design. The districtwide building renewal projects and the Eagle River High School water and sewer extension project are approved for 70 percent reimbursement from the state. Districtwide site acquisition is not eligible for debt reimbursement at this time. You can find out more about the State of Alaska's funding program for school construction at [www.eed.state.ak.us/facilities/facilitiespl.html](http://www.eed.state.ak.us/facilities/facilitiespl.html).

#### **What is the total cost per year for the district's bonds on \$100,000 assessed property value?**

If voters approve both school bond propositions, the total cost to retire the debt is \$10.63 per year per \$100,000 of assessed property value, after state reimbursement. If there were no state debt reimbursement, the cost to taxpayers would be \$25.55 per year per \$100,000 of the assessed property value. However, the Alaska Legislature has fully funded the debt reimbursement program every year since 1992.

#### **How much existing bond debt does the school district pay off annually?**

The school district makes annual payments on principal and interest for school bonds approved by voters. Over the next five years, the district will pay off between \$49.5 and \$55.5 million of bonds each year.

**What is the total amount of existing bond debt for the district?**

The district currently has \$772 million of existing bond debt principal. A variety of state reimbursement plans combined pay 54.5 percent of the total debt. The district currently has a highly rated bond status, making the bonds more attractive to investors.

**What is the mill rate (used to calculate property taxes) for the operation of schools and for the debt service on existing bonds?**

Here is a chart of the last five years' mill rates and the estimated mill rate for the proposed 2008-09 school year budget.

School Year	General Fund	Debt Service	Total
2004-05	5.99	1.26	7.25
2005-06	6.19	1.40	7.59
2006-07	5.79	1.34	7.13
2007-08	5.54	1.25	6.79
2008-09	5.85	1.27	7.12

**What will the district do if the bonds do not pass?**

The district will continue to use the facilities as they currently exist and maintain them to the best of its ability. However, if bonds are not passed, operating budgets for preventative maintenance and repairs will increase to maintain minimally acceptable conditions. Because there is pressure to minimize budget growth, an increase in the operating budget for maintenance takes away funds that would otherwise be spent on education in classroom. Eventually systems wear out and fail. At worst, building systems failure can cause school closures.

**How much is the district spending on this information campaign?**

In January, the school board approved \$45,000 for the district to provide the public with factual information on its proposed bond projects. The purpose of the district's campaign is to provide information so that citizens can use the information to assist them in making educated, responsible decisions.

The "School Bonds Yes!" political organization, which can advocate for bonds, is separate from the district. The district does not provide money to this organization.