

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #195 (2007-2008)

January 28, 2008

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: APPROVAL OF FUNDING FOR CAPITAL PROJECTS USING
INTEREST EARNINGS

ASD Goal: Establish and maintain a supportive and effective learning environment by providing safe, caring, barrier-free schools. Effective consultation with community to ensure wise use of financial resources and responsible construction and maintenance of facilities, and effective communication with students, staff, parents, community and government at all levels.

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the use of Capital Projects Fund Interest Earnings in a total amount of \$3,000,000, to augment the funding for the Public Sewer Service for Birchwood ABC School and Chugiak High School.

PERTINENT FACTS:

The Northern Communities Water & Sewer Extension Project was initiated to extend the northern reach of public water and sewer, including sewer service to Chugiak High School and Birchwood ABC School. Chugiak High School and Birchwood ABC School sewer services are currently provided by on-site septic systems. This project was to be completed with grant funding from the U.S. Environmental Protection Agency (EPA) as well as Anchorage Water and Wastewater Utility (AWWU) and District funding sources.

In 2002 the Anchorage voters approved a \$2.2 million bond for the sewer connection of these two facilities to the public utility. The project was structured as a cooperative agreement with AWWU providing funding, project management, design and construction of the work and the District providing oversight and funding. Additional funding was obtained through a \$3.96 million EPA grant for the Northern Communities Water and Sewer Extension.

The project has experienced delays and cost increases resulting in insufficient funds to complete the project. The funding from the 2002 bond was adequate to complete the installation of the on-site underground piping at Birchwood ABC and Chugiak High Schools during the summer of 2006. AWWU has requested an additional \$3 Million from the District to build the required sewer lift stations, complete the remaining underground piping and to finish connecting the schools to the system.

AWWU has agreed to contribute the entire EPA grant funding to supplement the District's funding for the completion of the District's portion of the sewer connection. The EPA grant is due to expire. AWWU will need to move forward with their portion of the project with, or without, the District's participation, in conjunction with the State of Alaska's upgrades to the nearby Old Glenn Highway project in 2008. If the District is unable to participate at this time, AWWU will complete the sewer line installation to within approximately one mile of Chugiak High School. This would require the District, at a later date; to fully fund the remaining scope at a significantly higher cost, due to inflation and the loss of the supplemental funding from the EPA grant.

It is beneficial to the District to fund the required \$3 million from capital interest earnings at this time to complete this project and transition both Birchwood ABC and Chugiak High School from on-site septic systems to the public sewer system and accomplish the project earlier at a much reduced cost to the District now.

GV/RA/PC/JA/MP/jg

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