

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #120 (2000-2001)

November 20, 2000

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: DISCUSSION ON POTENTIAL BOND PROPOSITION PROJECTS

PERTINENT FACTS:

INTRODUCTION AND OVERVIEW:

Year 2001 Bond Package:

Since 1993, the Anchorage School District has received voter approval for a total of \$580 million in school construction and renovation bonds. Various projects totaling \$350.8 million received 70 percent State reimbursement through grant funds or the debt reimbursement program. The District's student population has increased by more than 7,000 students since 1990. In the current school year, student population increased overall from the 1999-2000 levels, with increases in the secondary grades exceeding reductions in the primary grades.

Beginning last year, the District began a major undertaking of phased renovations of its older 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 and future bond proposals include funding for additional renovations at the high schools.

The 2000 bond issue funded projects totaling \$77.9 million. After the bonds passed, the legislature passed HB 281, which provided funding for debt reimbursement of 70 percent of \$77.9 million in bond funded projects. However, this reimbursement is not currently available for these projects. This issue will be discussed in more detail in the Discussion portion of this memorandum.

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 28 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. The best way to quantify the extent of the problem is through facility condition audits. These audits cover subsystems in a school facility, providing general plans and detailed cost estimates for proposed improvements.

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 Other examples of functional obsolescence are outdated science rooms that limit curriculum options.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

The District takes its responsibility seriously in planning for renovations, additions or other projects to keep its physical plant in top shape. The retrofit study in 1992 was a comprehensive review of the overall functionality of each school. This study was used to develop a priority listing of schools for renewal projects and formed the basis for much of the Six-Year Capital Improvement Program plan that is now in place.

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. In recent years, Anchorage has constructed new elementary capacity. Now, the high schools are experiencing significant growth. Both the south Anchorage and Eagle River area need additional high school space. South Anchorage's needs will be addressed with the completion of the new South Anchorage High School

presently funded and the Eagle River area with the eventual construction of a second school, which is funded for design.

Effective use of our operation and maintenance funding is critical to keeping our schools in good condition. The District has a computerized preventative maintenance program. We continually review our maintenance program to implement better ways of doing business. We have regionalized maintenance teams to provide better service and reduce travel time. We are implementing an apprenticeship program at no cost to the District that will improve worker skills and productivity.

DISCUSSION OF DEBT RETIREMENT FUNDING FROM HB 281:

HB 281, passed in May 2000, provides funding for debt reimbursement on \$77.9 million of ASD construction projects. HB 281 states that the reimbursement is eligible only for projects that received Department of Education and Early Development (DEED) approval prior to the bond elections. Therefore, the 2000 bond issue, in the amount of \$77.9 million, is currently ineligible for debt reimbursement. The only exception is the Wendler Middle School renovation project in the amount of \$6 million, which did receive prior DEED approval and could be eligible for debt reimbursement.

There are two possible ways of utilizing the funding from HB 281. One option is to use the reimbursement for future bond projects from 2001 and later bond authorizations. Any projects that receive EED approval and meet the requirements for debt reimbursement, if they are authorized by bonds prior to July 1, 2004, would be eligible for reimbursement.

The other option is to ask the Legislature to amend the language in AS 14.11.100 to allow the application of the funds authorized in HB 281 to existing bond-funded projects, primarily from the 1999 and 2000 bonds. While the 2000 bond totaled \$77.9 million, the same amount as authorized by the Legislature for reimbursement, it is likely that at least some of these projects would not be eligible for reimbursement. This is particularly true for projects that add square footage, which exceeds DEED limits for the District. The following schedule shows the projects from the 2000 bond, with an estimate of their eligibility (since none have received DEED approval, there is no certainty of which will be eligible).

PROJECT - 2000 BOND	PROJECT BUDGET	ESTIMATE OF ELIGIBILITY
D/W Renewal and Code Upgrades	\$5,355,000	High
D/W Roof Replacements and Repairs	\$3,437,000	High
D/W Electrical Upgrades in support of computers	\$5,866,000	High
D/W Traffic Safety Upgrades	\$ 600,000	High
Bartlett High Phase I Renovation	\$5,000,000	High
Girdwood K-8 School Roof Replacement/ Upgrades	\$1,500,000	High
Service High Phase I Renovation	\$7,140,000	High
Wendler Middle School Phase I Design and Site Work	\$6,045,000	Approved
Subtotal of Projects with High Estimate of Eligibility	\$34,943,000	
East High Phase I	\$10,422,000	Medium
Chugiak High Phases II and III	\$20,805,000	Medium
Denali Replacement	\$11,730,000	Low
Total Bond Issue	\$77,900,000	

The 1999 bond was eligible for debt reimbursement from SB 11. A total of \$125 million was available for this bond. This reimbursement was applied to portions of the Dimond, Chugiak, and New South Anchorage High School projects. Of \$47.8 million in non-reimbursement projects, the following are likely to receive EED approval for eligibility.

NON-REIMBURSEMENT PROJECTS- 1999 BOND	PROJECT BUDGET	ESTIMATE OF ELIGIBILITY
D/W HVAC	\$3,050,000	High
D/W Roof Replacements and Repairs	\$2,900,000	High
Dimond High Replacement- Balance of Project	\$7,840,000	High
New South Anchorage High- Balance of Project	\$5,640,200	High
Chugiak High Renovation Phase I- Balance of Project	\$7,168,911	High
Central Middle School- Renovation	\$3,000,000	High
Subtotal of Projects with high estimate of eligibility for HB 281 Debt Reimbursement	\$29,599,111	
Government Hill Elementary Addition/ Renovation	\$9,800,000	Low
Russian Jack Elementary Replacement	\$2,000,000	Low
Electrical Support for Elementary Schools	\$400,000	Low
New Chugiak/Eagle River Area Secondary School Design	\$3,000,000	Low
New Muldoon Area Secondary Design	\$3,000,000	Low

Subtotal of Projects with low estimate of eligibility for HB 281 Debt Reimbursement	\$18,200,000	
Total of Non-Reimbursement Projects	\$47,799,111	
REIMBURSEMENT PROJECTS 1999 BOND		
Dimond High Replacement	\$60,160,000	Funded
New South Anchorage High	\$62,359,800	Funded
Chugiak High Renovation Phase I	<u>\$2,831,089</u>	Funded
Total 1999 Bond	\$173,150,000	

DISCUSSION OF 2001 BOND PROJECTS:

The School Board is continuing to be involved in the process of identifying the projects to be considered in upcoming bond issues. To this end, the Facilities Department has assembled a non-prioritized project list we believe should be considered, which is included as Attachment A. Also attached to this memorandum is additional information to assist the Board in this process. Attachment B is the current 2000-2006 Six-Year CIP. This document will be updated in February to reflect the Board's recommended CIP plans. Attachment C is the Project Descriptions for Capital Projects. Attachment D is the Project Descriptions for Major Maintenance Projects.

The District anticipates providing this same information to the District's Capital Request Committee for their consideration this month.

The list of projects for the Board's review originates from several sources. It is comprised of projects from previously proposed bond packages, including continuing support for Districtwide Renewal and Replacement, ADA/Code, electrical, mechanical, roof replacement projects; continuation of renovation project at the Wendler Middle School; and additional phases of work at Service, Chugiak, East, and Bartlett High Schools. It includes one project, KCC code compliance, which has been added in response to code deficiencies identified during the recent electrical upgrade project. It also includes additional needs that have been identified for mechanical and electrical upgrade projects; the first phase of an Energy Conservation Study; replacement of heavy equipment for Maintenance and Operations Departments; and an evaluation of schools to be used for shelters in the event of a major earthquake.

Additionally, we have listed funding for audits and planning at four elementary schools, one K-8, and two middle schools. These include Airport Heights, Eagle River, O'Malley and Mt. View Elementary Schools; Girdwood K-8; Gruening and Clark Middle Schools.

The proposed list also includes six remaining older elementary schools that the Retrofit Study ranked lower in priority. As higher ranked schools have been funded, these schools have been waiting in anticipation of their school rising to the top to see their needed improvements accomplished. With their inclusions for funding, we can then retire the study.

Finally, the proposed list includes three new schools: a New ABC Elementary School, a New Chugiak/Eagle River Secondary School, and a New Muldoon Middle School.

CC/GV/RA/sl

Attachments

Attachment A, Projects Not Yet Funded

Attachment B, CIP Recommendations and Project Schedule

Attachment C, Project Descriptions – Capital Projects

Attachment D, Project Descriptions – District Wide Maintenance

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