

ANCHORAGE SCHOOL DISTRICT  
ANCHORAGE, ALASKA

ASD MEMORANDUM #315 (2000-2001)

May 21, 2001

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: SERVICE HIGH SCHOOL ELECTRICAL UTILITY UPGRADE

RECOMMENDATION:

It is the Administration's recommendation that the School Board appropriate funding in the amount of \$240,000 and authorize the Superintendent to enter into an agreement with Chugach Electric Association (CEA) to replace the electrical service at Service High School and for CEA to assume ownership of the new primary service. It is also the Administration's recommendation that the School Board approve and authorize the Superintendent to process budget transfers to cover the \$240,000 required for this project.

PERTINENT FACTS:

The electrical service at Service High School was originally constructed using direct buried cable approximately 30 years ago. This primary (12.47 kilovolt) system, owned by the Anchorage School District, is now at the end of its useful life. This reliability problem became evident during a power outage this past December in which the cable insulation failed, resulting in a direct short to ground. Compounding the repair was the fact that the District has no technicians licensed to work on this high voltage system.

CEA's responsibility currently ends at the pole on the south side of Abbott Road. After the upgrade, CEA will assume ownership and maintenance of the high voltage side of the loop up to the main distribution panel in each building, including the underground cable, conduits and transformers.

In February, Maintenance and Facilities began discussions with CEA to determine if we could convert the school's service from a primary metered source to multiple secondary metered sources. After this conversion, the loop feeding the buildings would be owned and maintained by CEA and the District's maintenance responsibilities would be limited to the main distribution panels at each building. Due to the extensive on-site facility upgrade currently underway and the continuing degradation of the present system, now is an opportune time to coordinate this conversion.

The estimated project cost provided by CEA on March 7, 2001, was \$300,500 to upgrade the system, using their contractors to meet their safety specification. This figure contains no contingency. The Administration recommends budgeting a 10% contingency for a total project budget of \$330,900. Offsetting this cost, the District will receive a “load credit” of \$90,900, which recognizes that the rate tariff (monthly billings) compensates CEA for transportation infrastructure costs. This results in the District’s net budgeted cost to convert from primary to secondary metering at \$240,000.

After construction, the alignment of the cable will be as-built and become the basis for a 20 foot utility easement to CEA to be granted by the Assembly.

The utility expense will increase slightly following the conversion from primary metering to secondary metering. The comparison is as follows:

| 12 months power cost                       | Primary Meter | Secondary<br>Meters<br>(Estimated) |
|--|---------------|------------------------------------|
| 3,494,700 Kwh/year:                        |               |                                    |
| March 2000 – February 2001 Metered charges | \$267,655     | \$273,498                          |
| Line losses to obtain equivalent costs     | <u>0</u>      | <u>(3,630)</u>                     |
| Net annual power cost                      | \$267,655     | \$269,868                          |

To compare the current metering expense with the proposed expense requires an adjustment for transformer and line losses, which amount to approximately 1.4% (estimated \$3,630) and which increase with the age of the distribution cable and transformers. Currently the District pays for this loss as consumed power. Following conversion, CEA will absorb this cost in its secondary metering tariff. The District will save the cost of maintaining the primary service, which must be contracted out since there are no District technicians licensed to work on this high voltage system.

It is anticipated that at year-end the budgeted amount in various accounts within the General Fund will have remaining balances to accommodate a budget transfer to cover the \$240,000 required for this project. For example, various budgeted positions, such as School Board Secretary, Director of Contract Administration, Director of Benefits, Chief Information Officer and various teaching positions have not been filled for part or all of the year.

Based on the above recommendation, the following budget transfer will be made:

Funds will be added to:

| <u>Account Name</u>                                  | <u>Account Number</u> | <u>Amount</u> |
|--|-----------------------|---------------|
| Major Maintenance – Contractual Services – Buildings | 106401-3080           | \$240,000     |

Funds will be subtracted from:

| <u>Account Name</u> | <u>Account Number</u> | <u>Amount</u> |
|---------------------|-----------------------|---------------|
| Various Accounts    | (to be determined)    | \$240,000     |

**CERTIFICATION OF FUNDS:**

**Funds Description:**

- (01) General Fund
- (106401) Major Maintenance
- (3080) Contracted Service-Buildings

**Fund Source:**

|                   | <u>Fund</u> | <u>Funding Source</u> | <u>Account Code</u> | <u>Amount</u> |
|-------------------|-------------|-----------------------|---------------------|---------------|
| Major Maintenance | 01          | 106401                | 106401-3080         | \$240,000     |

CC/GV/RA/MF/sl

Prepared by: Michael W. Franks, Construction Manager  
Ray Amsden, Director of Facilities

Approved by: George Vakalis, Assistant Superintendent of Support Services

ANCHORAGE SCHOOL DISTRICT  
ANCHORAGE, ALASKA

CERTIFICATION OF FUNDS FOR  
SCHOOL BOARD ACTION ITEMS

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(01) General Fund  
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|-------------------|-------------|-----------------------|---------------------|---------------|
| Major Maintenance | 01          | 106401                | 106401-3080         | \$240,000     |

\_\_\_\_\_  
Chief Financial Officer      Date

Funds are available for the recommendation  
in the ASD Memorandum referenced above.

\_\_\_\_\_  
Director, Budget      Date

Instructions:

- \* Prepare this advance certificate form for any School Board memorandum, which requires School Board Financial action.
- \* Examples include: Purchase of goods and services for all funds, awards of construction contracts, purchase of lands and facilities, change orders to construction contracts.
- \* Submit this form with the School Board memorandum to the Chief Financial Officer not later than Tuesday before the respective Board meeting date.
- \* This certification is to be filed with the related School Board memorandum.