ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #047 (2022-2023) October 18, 2022

TO: SCHOOL BOARD

FROM: DR. JHARRETT BRYANTT, SUPERINTENDENT

SUBJECT: APPROVAL OF APRIL 2023 BOND PROPOSAL

ASD Core Value: *The District will be open, transparent & accountable to the public.*

RECOMMENDATION:

It is the Administration's recommendation that the Anchorage School Board approve the following bond proposal:

Proposition I – Districtwide Roof Replacement and Improvements, Security Improvements, Deferred Requirements and Building Life Extension and Safety Improvements, in the amount of $37.787 million.

The bond proposition is summarized below:

College Gate Elementary School Roof Replacement & Seismic Structural Upgrades	$6,383,000
East High School Academic Area Safety Improvements	$6,073,000
1990 Prototypical Roof Improvements (Kasuun and Kincaid elementary schools)	$11,750,000
Warehouse/Purchasing Roof Replacement & Seismic, Structural Upgrades	$4,110,000
Prioritized Security Vestibule & Security Improvements	$9,471,000
Proposition I Total	**$37,787,000**

Individual project descriptions are provided in Attachment A.

PERTINENT FACTS:

At the October 4, 2022 School Board meeting, the Board approved ASD Memorandum #024S, Approval for Budget Revisions for FY 2022-2023. This memo allocated $45.8 million of School Bond Debt Reimbursement (SBDR)

towards capital projects focused on secure vestibule and security improvements, failing boilers, leaking roofs, seismic upgrades, security camera systems, core safety projects and future design needs, all of which were included in the April 2022 School Bond.

The Capital Planning & Construction (CP&C) staff prepared a prioritized list of unfunded, emergent requirements utilizing the District's Facility Condition Assessment Program. This consolidated list was prioritized into one, two and three-to-five-year requirements by CP&C and Maintenance & Operations staff.

Overall Debt Service

As of June 30, 2022, the District had $462 million of outstanding bonds, down $136 million from the same time 10 years ago. In the last two fiscal years, ASD has paid off $110.19 million of debt. During that time, the District has not received any new voter authorization to additional debt to fund capital improvements.

The District works closely with the municipal administrators and financial advisors to engage the market to reduce the debt and interest rates regularly. Over the past five years, the District refunded $214.9 million in existing debt at an improved rate, reducing the overall debt service by nearly $24.9 million. This includes $30.85 million that was refunded in December 2021, which resulted in an additional $4.9 million in savings.

In the next five years, the District anticipates paying off approximately $197.81 million in principal, averaging about $39.56 million each year.

State Debt Reimbursement

Of the $462 million bonds outstanding as of June 30, 2022, the state debt reimbursement program is expected to cover 29.6 percent. This, however, is subject to appropriation and is susceptible to governor's vetoes or legislative action.

House Bill 106, approved into law in March 2020, enacted a sunset of Alaska statutes related to the state debt reimbursement program effective January 1, 2015 through July 1, 2025. Per AS 14.11.100, if the legislature does not take further action on these statutes, reimbursement rates of 50% for projects for new construction that qualify for space and 40% for projects that add space, including replacing space, but do not qualify for space would be reinstated.

Cost of $37.787 Million Bond Proposal to the Local Taxpayers

The approximate amount of annual taxes on $100,000 of assessed property valuation to retire the proposed debt of $37.787 million is $8.03. The calculation of estimated taxes is based on an estimated 4.5 percent weighted interest rate for twenty years, as shown in attachment B.

The amount of annual taxes on $100,000 of assessed property valuation reduced due to bond debt retirement over the two years proposed FY 2021-23 of $104.12 million is $11.80. The difference between what is proposed and what will be retired is $3.77 per $100,000 of assessed valuation, or a decrease of about 3.15%, if this proposition was sold at one time. However, most bond authorizations are sold over a three-to-five-year period.

JB/JA/RH/TF/AR/EK/LAMJR/RML/jb

Attachments:
A. April 2023 Proposed Bond Projects
B. 2023 Bond Reimbursement Rate and Taxes

Prepared by: Rachel Molina Lodoen, Project Support Manager
Larry Morris, Planning & Design Supervisor
Edie Knapp, Construction Supervisor
Andy Ratliff, Senior Director of Management & Budget
Thomas Fenoseff, Senior Director, Capital Planning & Construction

Approved by: Rob Holland, Acting Chief Operating Officer
Jim Anderson, Chief Financial Officer