

HB 135 Participating Share Issue Examples

GR 03-003 Tuluksak School Improvement

In April 2002, the Yupiit School District, a small district in Western Alaska with three school sites, had replacement school projects at priorities 1, 2, and 3 on the FY2003 School Construction Grant Fund list. All three of these schools received FY2003 funding through HB2002 for a combined state share of \$50,031,617 and total participating share of \$1,021,053. This was a significant amount for that district to provide within the required 36 months. A waiver was requested under the statute and granted for the Tuluksak School Improvement project in the amount of \$30,000 (the remaining participating share was met with a \$300,000 cash and \$691,053 in-kind contribution). If the timeline could have been extended, it's likely this waiver would have been unnecessary.

GR 09-034 Hoonah Major Maintenance (funding delay)

The capital bill passed by the legislature in 2008 contained language to reappropriate major maintenance grant funds, in accordance with DEED's rankings, that were determined not to be required by the named projects. Two grant projects chose in favor of debt reimbursement and declined their grant funds in 2010. The department funded projects according to the ranking, and districts accepting the reappropriated funding were required to provide evidence of participating share prior to July 1, 2011. In October 2010, DEED sent Hoonah a letter offering \$5,106,199 in grant funds, which provided only an eight month window for Hoonah to provide the corresponding local share of \$1,276,550. In February 2011, Hoonah accepted state funding after the City approved two ordinances to go before the voters in April 2011—one for the issuance of general obligation bonds, and one to increase the sales tax to fund the debt. The voters approved the measures and Hoonah was able to confirm it had submitted an application for a general obligation loan to fund the participating share prior to the July 1, 2011 date, but the loan application was not approved until late July and, in technical violation of the statute, funding was not provided until mid-September 2011.

GR 12-007 Arctic Village K-12 School Soil Remediation (project delay)

In 2011 the FY2012 capital budget included an allocation for soil remediation in the Yukon Flats School District community of Arctic Village. Several factors in the project environment combined to delay the start of the project including: changeover in district personnel, uncertainty whether the technical solution would be acceptable for the community, which local or state entity was the most appropriate to manage and execute the project, etc. By the time the 36 months allowed for the district to provide its participating share of \$112,593 was reached, a project agreement had not been executed with the district. This led to the unusual occurrence of establishing a partial agreement to document a small initial payment and for certification of the district's participating share contribution. The ability to extend the timeline for the participating share would have allowed best practices to be used in executing the transfer agreement with the district.

GR 16-016 Kivalina K12 Replacement School (partial funding; project delay)

In 2015 the legislature appropriated FY2016 capital budget funding in the amount of \$43,237,400 - the value of the December 2013 initial list for FY2015 grants - for the construction of a new school near the community of Kivalina in the Northwest Arctic Borough. The recommended state share amount on the department's final FY2016 School Construction Grant Fund list was \$50,475,822. This left the project short-funded by approximately 15% and has delayed its initiation. In addition, the school project is delayed, awaiting a design and construction schedule for a road to the proposed site. The school district and borough have been strategizing on how to meet the participating share of \$10,809,350. To comply

with the current statute, those funds must be provided by the borough not later than April 28, 2018. If not provided, the grant funding would be jeopardized.

GR 17-001 Kachemak Selo New K-12 School (project delay)

In 2016, the FY2017 capital budget funded a state share of \$10,867,503 for construction of a new school in the Kenai Peninsula Borough community of Kachemak Selo, with a corresponding 35% district participating share of \$5,581,733. The project has been delayed while the borough and school district examine the project design and funding level prior to signing a project agreement with DEED. This could eventually lead to an issue with satisfying the participating share in the time period currently required under statute.