

1 IN THE HOUSE

BY SWACKHAMMER

2

HOUSE BILL NO. 380

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to state aid for school construc-  
7 tion; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 14.07.020(13) is amended to read:

10 (13) administer the grants awarded under AS 14.11 [AS 14.-  
11 11.020];

12 \* Sec. 2. AS 14.07.170 is amended by adding a new subsection to read:

13 (b) The board shall review grant applications recommended under  
14 AS 14.11.013 and may approve grant applications under AS 14.11.015.

15 \* Sec. 3. AS 14.08.101(7) is amended to read:

16 (7) recommend to the department projects for construction,  
17 rehabilitation, and improvement of schools and education-related  
18 facilities as specified in AS 14.11.011(b) [AS 14.11.010(a)], and  
19 plan, design, and construct the project when the responsibility for it  
20 is assumed under AS 14.11.020;

21 \* Sec. 4. AS 14.11 is amended by adding a new section to read:

22 Sec. 14.11.005. SCHOOL CONSTRUCTION GRANT ACCOUNT. There is  
23 created a school construction grant fund as an account in the general  
24 fund. The fund shall be used to make grants to districts in the state  
25 public school system for the costs of school construction. Legisla-  
26 tive appropriations for school construction shall be deposited in the  
27 fund, and the proceeds from the sale of general obligation bonds for  
28 school construction may be deposited in the fund.

29 \* Sec. 5. AS 14.11 is amended by adding new sections to read:

1           Sec. 14.11.011. GRANT APPLICATIONS. (a) A district may submit  
2 a grant request to the department for a school construction grant.

3           (b) To be eligible for a school construction grant the district  
4 shall submit

5           (1) a six-year capital improvement plan no later than  
6 September 1 of the fiscal year before the fiscal year for which the  
7 request is made; the six-year plan must contain for each proposed  
8 project a detailed scope of work, a project budget, and documentation  
9 of conditions justifying the project; and

10           (2) evidence that the district has secured and will main-  
11 tain adequate property loss insurance for the replacement cost of all  
12 facilities for which state funds are available under AS 14.11.005, or  
13 a program of insurance acceptable to the department.

14           Sec. 14.11.013. DEPARTMENT REVIEW OF GRANT APPLICATIONS. (a)  
15 With regard to projects for which grants are requested under AS 14.-  
16 11.011, the department shall

17           (1) annually review the six-year plans submitted by each  
18 district and recommend to the board a revised and updated six-year  
19 construction grant schedule that serves the best interests of the  
20 state and each district; in recommending projects for this schedule,  
21 the department shall verify that each proposed project qualifies as a  
22 project required to

23           (A) avert imminent danger or correct life-threatening  
24 situations;

25           (B) house students who would otherwise be unhoused;

26           (C) protect the structure of existing school facil-  
27 ities;

28           (D) correct building code deficiencies that require  
29 major repair or rehabilitation in order for the facility to

1 continue to be used for the educational program;  
2 (E) achieve an operating cost savings;  
3 (F) modify or rehabilitate facilities for the purpose  
4 of improving the instructional program;  
5 (G) meet an educational need not specified in (A) -  
6 (F) of this paragraph, identified by the department;  
7 (2) prepare an estimate of the amount of money needed to  
8 finance each project;  
9 (3) provide to the governor, by November 1, and to the  
10 legislature within the first 10 days of each regular legislative  
11 session, a revised and updated six-year construction grant schedule  
12 together with a proposed schedule of appropriations.  
13 (b) In establishing priorities among projects for which grants  
14 are requested, the department shall evaluate at least the following  
15 factors:  
16 (1) emergency requirements;  
17 (2) priorities assigned by the district to the projects  
18 requested;  
19 (3) the number of students without classroom space;  
20 (4) new local elementary and secondary programs;  
21 (5) existing regional, community, and school facilities,  
22 and their condition; and  
23 (6) alternate options for accomplishing the project's  
24 objectives.  
25 (c) The department may reject project requests and omit them  
26 from the six-year schedule due to  
27 (1) incomplete information or documentation provided by the  
28 district;  
29 (2) a determination by the department that existing

1 facilities can adequately serve the program requirements, or that  
2 alternative projects are in the best interests of the state;

3 (3) a determination that the project is inappropriate for  
4 school construction and should be a district maintenance or operations  
5 expenditure;

6 (4) a determination that the project is not in the best  
7 interest of the state.

8 (d) The department shall reduce a project budget by the cost of  
9 those portions of a project design that the department determines are  
10 for construction of student residential space, hockey rinks, plane-  
11 tariums, saunas, and other facilities for single purpose sporting or  
12 recreational uses that are not suitable for other activities. This  
13 subsection does not apply to funding for swimming pools that meet  
14 criteria established by the department.

15 (e) A district may request the department to reconsider a deci-  
16 sion to reduce, reject, or omit a project request if the request is  
17 made within 30 days after the publication date of the approved grant  
18 schedule. The department may amend the approved grant schedule after  
19 reconsidering the district's request. After reconsideration, a dis-  
20 trict may appeal the decision of the department under this section to  
21 a hearing officer under procedures adopted by the department.

22 Sec. 14.11.015. APPROVAL OF GRANT APPLICATIONS. The board shall  
23 review grant applications that have been recommended by the department  
24 under AS 14.11.013, and may approve a grant application if the board  
25 determines that the project meets the criteria specified in AS 14.11.-  
26 013(a)(1). The department may not award a school construction grant  
27 unless the grant application is approved by the board.

28 Sec. 14.11.017. SCHOOL CONSTRUCTION GRANT CONDITIONS. The  
29 department shall require in the grant agreement that the district

1 shall

2 (1) agree to construction of a facility of appropriate size  
3 and use that meets criteria adopted by the department, which must  
4 include guidelines for purchasing equipment;

5 (2) demonstrate by a means acceptable to the department  
6 that the proposed project should be a capital construction project and  
7 not part of a preventive maintenance program or regular custodial care  
8 program;

9 (3) submit project budgets for department approval and  
10 agree that the grant amount may, at the discretion of the department,  
11 be reduced or increased by amounts equal to the amounts by which  
12 contracts vary from the budget amounts approved by the department; and

13 (4) submit to the department for approval, before award of  
14 the construction contract, a plan for school construction that in-  
15 cludes educational specifications, final construction drawings, and  
16 contract documents.

17 \* Sec. 6. AS 14.11.100(a)(5) is amended to read:

18 (5) subject to (h), (i), and (j) of this section, 80 per-  
19 cent of

20 (A) payments made by the municipality during the  
21 fiscal year for the retirement of principal and interest on  
22 outstanding bonds, notes or other indebtedness authorized by the  
23 qualified voters of the municipality after June 30, 1983, but  
24 before July 1, 1988, to pay costs of school construction, addi-  
25 tions to schools, and major rehabilitation projects that exceed  
26 \$25,000 and are approved under AS 14.07.020(11); and

27 (B) cash payments made after June 30, 1983, by the  
28 municipality during the fiscal year two years earlier to pay  
29 costs of school construction, additions to schools, and major

1 rehabilitation projects that exceed \$25,000 and are approved by  
2 the department before July 1, 1989, under AS 14.07.020(11).

3 \* Sec. 7. AS 14.11.130 is repealed and reenacted to read:

4 Sec. 14.11.130. CONSTRUCTION OF CHAPTER. This chapter may not  
5 be construed to prevent a district from using other revenue to include  
6 additional or expanded facilities as part of approved school construc-  
7 tion projects.

8 \* Sec. 8. AS 14.11.135(3) is amended to read:

9 (3) "costs of school construction" means the cost of  
10 acquiring, constructing, enlarging, repairing, remodeling, equipping  
11 or furnishing of public elementary and secondary school buildings and  
12 includes the sum total of all costs of financing and carrying out the  
13 project; these include, but are not limited to, the costs of all  
14 necessary studies, surveys, plans and specifications, architectural,  
15 engineering or other special services, acquisition of real property,  
16 site preparation and development, purchase, construction, reconstruc-  
17 tion and improvement of real property and the acquisition of machinery  
18 and equipment as may be necessary in connection with the project [; AN  
19 ALLOCABLE PORTION OF THE ADMINISTRATIVE AND OPERATING EXPENSES OF THE  
20 GRANTEE; THE COST OF FINANCING THE PROJECT, INCLUDING INTEREST ON  
21 BONDS ISSUED TO FINANCE THE PROJECT; AND THE COST OF OTHER ITEMS,  
22 INCLUDING ANY INDEMNITY AND SURETY BONDS AND PREMIUMS ON INSURANCE,  
23 LEGAL FEES, FEES AND EXPENSES OF TRUSTEES, DEPOSITARIES, FINANCIAL  
24 ADVISORS, AND PAYING AGENTS FOR THE BONDS ISSUED AS THE ISSUER CONSID-  
25 ERS NECESSARY];

26 \* Sec. 9. AS 14.11.135 is amended by adding a new paragraph to read:

27 (5) "district" means the districts described in AS 14.12.-  
28 010.

29 \* Sec. 10. AS 46.11.900(8) is amended to read:

1           (8) "state financial assistance" means a loan, grant, guarantee,  
2 insurance, payment, rebate, subsidy, or other form of state assistance  
3 other than aid under AS 05.35.010 - 05.35.070, AS 14.11, [AS 14.11.-  
4 100 - 14.11.135,] and AS 29.60, including the purchase by a state  
5 agency of a loan to finance the construction of a new residential,  
6 commercial, or industrial building;  
7       \* Sec. 11. AS 14.11.010, 14.11.102, 14.11.105, 14.11.110, 14.11.115,  
8 14.11.120, and 14.11.125 are repealed.  
9       \* Sec. 12. This Act takes effect July 1, 1988.