

SENATE BILL NO. 59

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/22/93
Referred: HES, FIN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to school construction grants and major maintenance grants to
2 school districts; providing for school district participation in the cost of school
3 construction and major maintenance; creating a major maintenance grant fund;
4 and providing for an effective date."

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

6 * Section 1. AS 14.03.150(c) is amended to read:

7 (c) The department may not award a school construction or major
8 maintenance grant under AS 14.11 to a municipality that is a school district or a
9 regional educational attendance area that is not in compliance with (a) of this section.
10 The department shall reduce the amount of state foundation aid under AS 14.17.021
11 for which a school district may qualify, by the amount, if any, paid by the department
12 under (b) of this section.

13 * Sec. 2. AS 14.07.020(a)(11) is amended to read:

14 (11) review plans for construction of new public elementary and

1 secondary schools and for additions to and major rehabilitation of existing public
2 elementary and secondary schools and, in accordance with regulations adopted by the
3 department, determine and approve the extent of eligibility for state aid of a school
4 construction or major maintenance project [BEGUN AFTER JULY 1, 1978]; for the
5 purposes of this paragraph, "plans" include educational specifications, schematic
6 designs, and final contract documents;

7 * Sec. 3. AS 14.11 is amended by adding new sections to read:

8 Sec. 14.11.007. MAJOR MAINTENANCE GRANT FUND. There is created
9 a major maintenance grant fund as an account in the general fund. The fund shall be
10 used to make grants for the costs of school major maintenance. Legislative
11 appropriations for school major maintenance shall be deposited in the fund.

12 Sec. 14.11.008. SCHOOL DISTRICT PARTICIPATION IN GRANT
13 PROGRAM. (a) In order to receive a grant, a school district must provide a
14 percentage share of the project cost, as determined under (b) or (c) of this section.

15 (b) The required participating share for a city or borough school district is
16 based on the district's full value per ADM, which is calculated by dividing the full and
17 true value of the taxable real and personal property in the district, calculated as
18 described in AS 14.17.025(a)(1), by the district average daily membership (ADM) as
19 defined in AS 14.17.250, for the same fiscal year for which the valuation was made.
20 The district's full value per ADM determines the district's required participating share,
21 as follows:

22 Full Value Per ADM	District Participating Share
23 \$1 - \$100,000	5 percent
24 100,001 - 200,000	15 percent
25 200,001 - 600,000	30 percent
26 over 600,000	40 percent

27 The required participating share for a city or borough school district with a full value
28 per ADM of over \$100,000 increases by five percent in each of the three school years
29 that begin in 1994, 1995, and 1996, to total a 15 percent increase for the school year
30 that begins in 1996. Funding under AS 14.11 may not be a source of the district's
31 required participating share.

1 (c) The required participating share for a regional educational attendance area
2 is one percent in the school year that begins in 1994, and increases by 1.4 percent in
3 each of the school years that begin in 1995 and 1996, to total a 2.8 percent increase
4 for the school year that begins in 1996. The required share may be satisfied by federal
5 or local money, locally contributed labor, material, or equipment, or money from other
6 sources, except that funding under AS 14.11 may not be a source of the required
7 participating share. If a regional educational attendance area can demonstrate in
8 writing that it is unable to provide the required participating share, or that the
9 requirement to provide a participating share will jeopardize receipt of federal
10 assistance, the commissioner may waive all or a portion of the required participating
11 share.

12 * **Sec. 4.** AS 14.11.011 is amended to read:

13 Sec. 14.11.011. GRANT APPLICATIONS. (a) A municipality that is a
14 school district or a regional educational attendance area may submit a [GRANT]
15 request to the department for a [SCHOOL CONSTRUCTION] grant under this
16 chapter.

17 (b) For a municipality that is a school district or a regional educational
18 attendance area to be eligible for a [SCHOOL CONSTRUCTION] grant under this
19 chapter, the district shall submit

20 (1) a six-year capital improvement plan that includes a description of
21 the district's fixed asset inventory system and preventive maintenance program no later
22 than September 1 of the fiscal year before the fiscal year for which the request is
23 made; the six-year plan must contain for each proposed project a detailed scope of
24 work, a project budget, and documentation of conditions justifying the project;

25 (2) evidence that the district has secured and will maintain adequate
26 property loss insurance for the replacement cost of all facilities for which state funds
27 are available under AS 14.11.005 or AS 14.11.007 or **has** a program of insurance
28 acceptable to the department; and

29 (3) evidence acceptable to the department that the proposed project
30 should be a capital improvement [CONSTRUCTION] project and not part of a
31 preventive maintenance program or regular custodial care program.

1 • **Sec. 5. AS 14.11.013(a) is amended to read:**

2 **(a) With regard to projects for which grants are requested under AS 14.11.011,**
3 **the department shall**

4 **(1) annually review the six-year plans submitted by each district under**
5 **AS 14.11.011(b) and recommend to the board a revised and updated six-year capital**
6 **improvement project [CONSTRUCTION] grant schedule that serves the best interests**
7 **of the state and each district; in recommending projects for this schedule, the**
8 **department shall verify that each proposed project qualifies as a project required to**

9 **(A) avert imminent danger or correct life-threatening situations;**

10 **(B) house students who would otherwise be unhoused;**

11 **(C) protect the structure of existing school facilities;**

12 **(D) correct building code deficiencies that require major repair**
13 **or rehabilitation in order for the facility to continue to be used for the**
14 **educational program;**

15 **(E) achieve an operating cost savings;**

16 **(F) modify or rehabilitate facilities for the purpose of improving**
17 **the instructional program;**

18 **(G) meet an educational need not specified in (A) - (F) of this**
19 **paragraph, identified by the department;**

20 **(2) prepare an estimate of the amount of money needed to finance each**
21 **project;**

22 **(3) provide to the governor, by November 1, and to the legislature**
23 **within the first 10 days of each regular legislative session, a revised and updated**
24 **six-year capital improvement project [CONSTRUCTION] grant schedule, together**
25 **with a proposed schedule of appropriations.**

26 * **Sec. 6. AS 14.11.013(b) is amended to read:**

27 **(b) In preparing the capital improvement project [CONSTRUCTION] grant**
28 **schedule, the department shall establish priorities among projects for which grants are**
29 **requested and shall award [SCHOOL CONSTRUCTION] grants in the order of priority**
30 **established. In establishing priorities, the department shall evaluate at least the**
31 **following factors:**

- 1 (1) emergency requirements;
- 2 (2) priorities assigned by the district to the projects requested;
- 3 (3) new local elementary and secondary programs;
- 4 (4) existing regional, community, and school facilities, and their
- 5 condition; and
- 6 (5) alternate education program options for accomplishing the project's
- 7 objectives.

8 • Sec. 7. AS 14.11.015 is amended to read:

9 Sec. 14.11.015. APPROVAL OF GRANT APPLICATIONS. (a) The board
10 shall review grant applications that have been recommended by the department under
11 AS 14.11.013, and may approve a grant application if the board determines that the
12 project meets the criteria specified in AS 14.11.013(a)(1). The department may not
13 award a [SCHOOL CONSTRUCTION] grant unless the grant application is approved
14 by the board.

15 (b) To the extent that money is available in the appropriate fund, the
16 [THE] department shall award grants approved under (a) of this section in the order
17 of the projects' priority on the date the appropriation bill funding the appropriate
18 [SCHOOL CONSTRUCTION] grant fund is passed by the legislature, regardless of
19 any appeal pending under AS 14.11.016. Appeals pending under AS 14.11.016 at the
20 time that grants are awarded may not delay the funding of grants awarded under this
21 section.

22 (c) If a project is assigned a new priority ranking under AS 14.11.016 after the
23 date of passage by the legislature of the appropriation bill for the appropriate
24 [SCHOOL CONSTRUCTION] grant fund, the project must be funded from the
25 appropriate fund in accordance with the new priority ranking at the next time that
26 [SCHOOL CONSTRUCTION] grants are awarded.

27 Sec. 8. AS 14.11.017 is amended to read:

28 Sec. 14.11.017. [SCHOOL CONSTRUCTION] GRANT CONDITIONS. (a)
29 The department shall require in the grant agreement that a municipality that is a school
30 district or a regional educational attendance area

- 31 (1) agree to construction of a facility of appropriate size and use that

1 meets criteria adopted by the department if the grant is for school construction:

2 (2) provide reasonable assurance by a means acceptable to the
3 department, that the cost of the project will be uniform with the costs of the most
4 current construction or major maintenance projects, as appropriate, in the area;

5 (3) agree to limit equipment purchases to that required for the approved
6 project [SCHOOL CONSTRUCTION] plan submitted under (5) of this subsection
7 and account for all equipment purchased for the project under a fixed asset inventory
8 system approved by the department;

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

13 (5) submit to the department for approval, before award of the
14 [CONSTRUCTION] contract, a plan for the project [SCHOOL CONSTRUCTION]
15 that includes educational specifications, final [CONSTRUCTION] drawings, and
16 contract documents.

17 (b) The cost of any school construction or major maintenance activity
18 encompassed by the definition of "costs of school construction" under AS 14.11.135(c)
19 [AS 14.11.135] is payable under a grant awarded from the appropriate fund under
20 AS 14.11.015 without regard to whether the costs were incurred before [PRIOR TO]
21 the

22 (1) award of the grant;

23 (2) approval of the grant application by the board; or

24 (3) effective date of an appropriation to the appropriate [SCHOOL
25 CONSTRUCTION] grant fund for the year in which the grant is funded.

26 (c) The department, by regulation, may establish the time period in which
27 activities described in (b) of this section must have occurred in order to be paid
28 under a grant.

29 * Sec. 9. AS 14.11.019 is amended to read:

30 Sec. 14.11.019. [SCHOOL CONSTRUCTION] GRANT APPROPRIATIONS.

31 Within the general appropriation bill submitted to the legislature under AS 37.07.020,

1 the governor shall include an appropriation for [SCHOOL CONSTRUCTION] grants
2 in the succeeding fiscal year as determined by the six-year capital improvement
3 project [CONSTRUCTION] grant schedule prepared under AS 14.11.013.

4 * Sec. 10. AS 14.11.135 is repealed and reenacted to read:

5 Sec. 14.11.135. DEFINITIONS. (a) In this chapter, unless the context
6 requires otherwise,

7 (1) "approved school construction project" means the plan for a new
8 school or an addition to or major rehabilitation of an existing school to the extent that
9 the plan has been [TO WHICH] approved by the commissioner in accordance with
10 AS 14.07.020(a)(11);

11 (2) "district" means the districts described in AS 14.12.010.

12 (b) In AS 14.11.005 - 14.11.019, unless the context requires otherwise,

13 (1) "capital improvement project" means school construction or major
14 maintenance;

15 (2) "grant" means a grant under this chapter for school construction or
16 for major maintenance;

17 (3) "major maintenance" means a project described in
18 AS 14.11.013(a)(1)(C) or (D);

19 (4) "project" means a capital improvement project;

20 (5) "school construction" means a project described in
21 AS 14.11.013(a)(1)(A), (B), (E), (F), or (G).

22 (c) In AS 14.11.100 - 14.11.102, unless the context requires otherwise, "costs
23 of school construction" means the cost of acquiring, constructing, enlarging, repairing,
24 remodeling, equipping, or furnishing of public elementary and secondary schools that
25 are owned or operated by the state, a municipality, or a district and includes the sum
26 total of all costs of financing and carrying out the project; these include the costs of
27 all necessary studies, surveys, plans and specifications, architectural, engineering or
28 other special services, acquisition of real property, site preparation and development,
29 purchase, construction, reconstruction and improvement of real property and the
30 acquisition of machinery and equipment as may be necessary in connection with the
31 project; an allocable portion of the administrative and operating expenses of the

1 **grantee; the cost of financing the project, including interest on bonds issued to finance**
2 **the project; and the cost of other items, including any indemnity and surety bonds and**
3 **premiums on insurance, legal fees, fees and expenses of trustees, depositories, financial**
4 **advisors, and paying agents for the bonds issued as the issuer considers necessary.**

5 • **Sec. 11. APPLICABILITY.** The changes made by this Act apply to grants awarded
6 under AS 14.11.005 - 14.11.019 after June 30, 1993.

7 • **Sec. 12.** This Act takes effect July 1, 1993.