

**HOUSE
COMMITTEE REPORT**

(11)

Date referred: 4/1/86

FURTHER REFERRALS:

DATE: 4-24-86

The FINANCE Committee has considered HB 520

"An Act relating to public school construction; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 520 (Fin) same title
- new title

and recommends No Recommendation

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note 4-23-86 - Note Capital \$15,000,000⁶ New

SIGNING DO PASS:

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SIGNING OTHER RECOMMENDATIONS:

Albert P. Adams - NO Rec.
Mike Demanicki - NO-Rec.
John D. Wilson - NO Rec.
Pat Fournier - NO REC
Rick Kelly (NO REC)
Steve Pappas - No Recommendation
John P. Kelly - NO REC.

Albert P. Adams
Chairman

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSHB 520 (Fin)
 Title: An act relatig to public school construction and providing
 Sponsor: _____
 Requestor: Rep. Frank
 Date of Request: 4/22/86

FISCAL DETAIL

Agency Affected: Department of Education
 Program Category Affected: _____
 BRU, Program or Subprogram(s) Affected: _____

for an effective date.

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

CAPITAL *1 Up to: 15,000,000 15,000,000 20,000,000 20,000,000 20,000,000

REVENUE

FUNDING: (Thousands of Dollars)

GENERAL FUND					
FEDERAL FUNDS					
OTHER					
TOTAL					

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

ANALYSIS: Attach a separate page if necessary

* Debt reimbursement under this bill may not exceed \$15,000,000 for all debts authorized after 7/1/86. Reimbursement of cash payments will be made in the second fiscal year after the cash payment is made by the districts. Reimbursement of cash payments may not exceed \$5,000,000 per year. No additional operating funds are required by the provisions of the Finance Committee Substitute.

Prepared By: Representative Frank Phone: 465-3709
 Division: Subcommittee Chairman Date: 4/23/86

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 520 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public school construction; and
7 providing for an effective date."

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

9 * Section 1. AS 14.11.100(a)(5) is amended to read:

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

12 (A) payments made by the municipality during the
13 fiscal year for the retirement of principal and interest on
14 outstanding bonds, notes or other indebtedness authorized by the
15 qualified voters of the municipality after June 30, 1983, and
16 before July 1, 1986, to pay costs of school construction, addi-
17 tions to schools, and major rehabilitation projects that exceed
18 \$25,000 and are approved under AS 14.07.020(11); and

19 (B) cash payments made after June 30, 1983, and before
20 July 1, 1986, by the municipality during the fiscal year two
21 years earlier to pay costs of school construction, additions to
22 schools, and major rehabilitation projects that exceed \$25,000
23 and are approved under AS 14.07.020(11).

24 * Sec. 2. AS 14.11.100(a) is amended by adding a new paragraph to read:

25 (6) subject to (h), (i), and (j) of this section 70 percent
26 of

27 (A) payments made by the municipality during the
28 fiscal year for the retirement of principal and interest on
29 outstanding bonds, notes or other indebtedness authorized by the

1 qualified voters of the municipality after June 30, 1986, to pay
2 costs of school construction, additions to schools, and major
3 rehabilitation projects that exceed \$25,000 and that are approved
4 under AS 14.11.102; and

5 (B) cash payments made after June 30, 1986, by the
6 municipality during the fiscal year two years earlier to pay
7 costs of school construction, additions to schools, and major
8 rehabilitation projects that exceed \$25,000 and are approved
9 under AS 14.11.102.

10 * Sec. 3. AS 14.11.100(h) is amended to read:

11 (h) In determining an [AN] allocation under (a)(4), [OR] (5), or
12 (6) of this section for school construction begun after July 1, 1982,
13 the costs of school construction must [SHALL] be reduced by the amount
14 of money used for the construction of residential space, hockey rinks,
15 planetariums, saunas, and other facilities for single purpose sporting
16 or recreational uses that are not suitable for other activities and by
17 the money used for construction that exceeds the amount needed for
18 construction of a facility of efficient design as determined by the
19 department. The costs of school construction [AN ALLOCATION UNDER
20 (a)(4) OR (5) OF THIS SECTION] may not be reduced by the amount of
21 money used for construction of a small swimming pool, tank, or water
22 storage facility used for water sports. However, an allocation shall
23 be reduced by the difference between the amount of money used to con-
24 struct a swimming pool that exceeds the standards adopted by the
25 department and the amount of money that would have been used to con-
26 struct a small swimming pool, tank, or water storage facility, as
27 determined by the commissioner.

* Sec. 4. AS 14.11.100(i) is amended to read:

(i) For the purposes of (a)(4), [AND] (5), and (6) of this

1 section

2 (1) an indebtedness for bonds is incurred after the bonds
3 are sold;

4 (2) reimbursement for a cash payment may only be made after
5 the payment is made to a vendor; and

6 (3) payments may not be made for costs that are incurred
7 under a contract after the contract has been released.

8 * Sec. 5. AS 14.11.100(j) is amended to read:

9 (j) The state may not allocate money to a municipality for a
10 school construction project under (a)(5) or (6) of this section unless
11 the municipality complies with the requirements of (1) - (4) of this
12 subsection and the project is approved under AS 14.11.102 [BY THE
13 COMMISSIONER] before the local vote on the bond issue for the project.
14 In approving a project under this subsection, the commissioner shall
15 require

16 (1) the municipality to include on the ballot for the bond
17 issue the estimated total cost of each project including estimated
18 annual operation and maintenance costs and the estimated amounts that
19 will be paid by the state and by the municipality;

20 (2) that the bonds may not be refunded unless the present
21 value of the aggregate [ANNUAL] debt service on the refunding issue is
22 not greater than the present value of the aggregate [ANNUAL] debt
23 service remaining on the original issues; for purposes of this para-
24 graph the present value of debt service shall be determined by using
25 the yield on the refunding issue as the discount rate [ISSUE];

26 (3) that the bonds must be repaid in approximately equal
27 annual principal payments or approximate equal debt service payments
28 over a period of at least 10 years;

29 (4) the municipality to demonstrate need for the project by

1 establishing that the school district has

2 (A) projected long-term student enrollment that indi-
3 cates the district has inadequate facilities to meet present or
4 projected enrollment; or

5 (B) facilities that require repair or replacement in
6 order to meet health and safety laws or regulations or building
7 codes.

8 * Sec. 6. AS 14.11.100 is amended by adding a new subsection to read:

9 (1) An allocation under (a)(6) of this section may not be
10 reduced due to amounts expended by a municipality under (k) of this
11 section.

12 * Sec. 7. AS 14.11.102 is amended by adding a new subsection to read:

13 (b) After reviewing all projects for which retirement of school
14 construction debt is requested, the department shall rank the projects
15 that have been determined eligible for debt retirement under AS 14.-
16 11.100(j)(4) in accordance with the procedures set out in AS 14.11.-
17 010. All projects determined eligible, but for which no approval for
18 debt retirement has been made under AS 14.11.103, shall be included in
19 the same ranking.

20 * Sec. 8. AS 14.11 is amended by adding a new section to read:

21 Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.

22 (a) A request for an allocation of money under AS 14.11.100 for
23 school construction debt retirement shall be submitted to the depart-
24 ment by the school district no later than October 15 of the fiscal
25 year before the fiscal year for which the request is made.

26 (b) Before a project is approved for retirement of school con-
27 struction debt under AS 14.11.100(a)(6), the project must have been
28 determined eligible under the provisions of AS 14.11.102.

29 (c) The department shall approve eligible projects for debt

1 retirement in the order of the priority established under AS 14.11.-
2 102, if the requests meet the requirements of AS 14.11.100, and sub-
3 ject to the provisions of (d) - (e) of this section.

4 (d) Total outstanding state obligation for reimbursement under
5 AS 14.11.100(a)(6)(A) may not exceed \$15,000,000 in a single year.

6 (e) Total outstanding state obligation to reimburse cash pay-
7 ments under AS 14.11.100(a)(6)(B) may not exceed \$5,000,000 in a
8 single year.

9 * Sec. 9. This Act takes effect July 1, 1986.
10

**CSHB 520 (Finance) -- Sectional Analysis - Work Draft of
4/22/86:**

Section 1. Reimbursement for payments made during the year on debt authorized between 6/30/83 and 6/30/86 will be made at the rate of 80%.

Reimbursement for cash payments made two years earlier and between 6/30/83 and 6/30/86 will be made at the rate of 80%.

Section 2. Reimbursement for payments made during the year for retirement of principal and interest on debt authorized after 6/30/86 will be made at the rate of 70%.

Reimbursement for cash payments made two years earlier and after 6/30/86 will be made at the rate of 70%.

Section 3. Technical changes to existing statutory language which specifies that residential space, hockey rinks, planetariums, saunas, etc. are not eligible for reimbursement.

Section 4. Technical change referencing the new reimbursement provisions in AS 14.11.100(i) (Section 2) for projects eligible after 6/30/86.

Section 5. New language in AS 14.11.100(j) (2) says bonds may be refunded provided that the present value of the aggregate debt service on the refunding issue is not greater than the present value of the aggregate debt service remaining on the original issue. The present value of debt service is to be determined by using the yield on the refunding issue as the discount rate.

The Finance CS reverts to existing language which says debt service payments must be over a period of at least 10 years.

Section 6. The effect of section 6 is that interest earned by municipalities from investment of bond proceeds may not be used by the department to offset the amount of debt retirement to be reimbursed by the state.

Section 7. Requires that the department rank all eligible projects in accordance with the procedures in existing language in AS 14.11.010.

Section 8. Requires that requests for allocations be submitted to the department by October 15 of the preceding fiscal year.

Total annual appropriation for reimbursement of debt service approved after 6/30/86 may not exceed \$15 million.

Total annual appropriation for reimbursement of cash payments approved after 6/30/86 may not exceed \$5 million.

Section 9. Effective date is 7/1/86.

**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: _____

REQUEST

Bill/Resolution No.: CSHB - 520 (C & RA)
 Title: ... public school construction.

 Sponsor: Governor
 Requestor: House C & RA
 Date of Request: March 26, 1986

FISCAL DETAIL

Agency Affected: Department of Education
 BRU: Education Finance and Support Services

 Components: Facilities
Debt Retirement

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	Fy 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		100.0	0	0	0	0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		100.0	0	0	0	0

CAPITAL						
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REVENUE						
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FUNDING : (Thousands of Dollars)

GENERAL FUND		100.0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

FY 87 costs are estimated amounts necessary to develop and implement models for cost estimation and life cycle analysis.

Prepared by: Steve Hote *Steve Hote*
 Division: Commissioner's Office

Phone: 465-2800
 Date: March 27, 1986

Approved by Commissioner: Marshall L. Lind
 Agency: Department of Education

Date: March 27, 1986

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

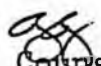
STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 27, 1986

SUBJECT: Sectional analysis of CSHB 520(C&RA)
TO: Representative Peter Goll, Chair
Community & Regional Affairs Committee
FROM: Joyce James 
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1 amends AS 14.08.151. These amendments clarify the manner in which the state conveys title for school sites to regional education attendance areas.

Section 2 rewords AS 14.11.010(b) to allow the Department of Education ("department") to request assistance from other departments when preparing an estimate of the appropriation needed to finance a project.

Section 3 of the bill amends AS 14.11.010(c) by adding new criteria relating to population trends and the condition of facilities that the department will consider when approving projects for appropriation.

Section 4 proposes new language that will require school districts requesting state aid to inventory and inspect the schools in their districts and to revise that inventory on a yearly basis. The provisions of this section also require that school districts provide information relating to maintenance and operation costs.

Sections 5 and 6 limit the state's reimbursement of school debt to principal only for approved projects financed by new municipal debt authorized by local voters after March 30, 1986. If the debt was authorized by local voters before April 1, 1986, the state's reimbursement continues as before. The state's 80% reimbursement of cash payments by municipalities continues after June 30, 1986 only if the project was approved under AS 14.11.102.

Sections 7, 8 and 9 contain a number of amendments to AS 14.11.100(h), (i), and (j), respectively, which are necessary to reflect the new class of reimbursement under the language proposed in AS 14.11.100(a)(6) in section 6 of the bill. Section 9 has a fiscal impact. It amends AS 14.11.100(j)(2) to allow refunding of bonds only in those situations where there is at least a five percent saving in debt service costs. It also amends AS 14.11.100(j)(3) by requiring that the principal on bonds be reimbursed in equal annual payments over a period of 10 years or a term set by the state bond committee.

Section 10 amends AS 14.11 by adding a new section to clarify that the reimbursable portion of municipal school debt is not subject to a municipal debt limit unless a municipality expressly makes it so.

Sections 11 and 12 amend AS 14.11.102 by adding new criteria relating to demonstrated need for a project, that the department will consider when evaluating projects. Other provisions require the department to rank the projects, and develop an estimate of the cost of construction, using appropriate design standards for the geographic location, for those projects likely to receive approval for reimbursement. The department may reject requests for specific reasons, or approve requests in the amount requested, or in a lesser amount.

Section 13 creates a new section in AS 14.11 that address the allocation of money for school debt retirement. A cap on reimbursement is placed upon debt authorized by local voters after April 1, 1986. The department may only allocate money for the reimbursement of principa' paid on new debt if the new yearly payments, when combined with all other yearly reimbursement payments allocated under this class of debt authorized after April 1, 1986, do not exceed \$10,000,000 or a lesser amount set by the state bond committee. No more than \$2,000,000 of this amount may be allocated in a

Representative Peter Goll
Page 3
March 27, 1986

single year, and no more than \$5,000,000 may be allocated in a five-year period. This section also places a cap of \$5,000,000 in a single year on reimbursement of cash payments for projects approved after June 30, 1986.

Section 14 amends AS 14.11 by adding a new section to clarify that a municipality may also acquire or construct school facilities by means other than through state reimbursed financing.

Section 15 amends AS 37.15 to give the state bond committee the ability to manage state-supported school debt, by two different mechanisms. First, it may establish a lower ceiling for allocations for reimbursement of new authorizations of school debt under AS 14.11.100(a)(6) (found in sec. 6), depending on the state's credit standing as well as on the needs for school construction. Second, it may control the term of the obligations to ensure that their maturity structure does not adversely affect the state's credit standing. While a 10-year term is allowed by the proposed provisions of AS 14.11.100(j)(2) (found in sec. 9), the committee is accorded the ability to set a different term when it is in the state's best interest.

If I may be of further assistance, please advise.

JJ:mkr
m4/049

SCHOOL CONSTRUCTION DEBT RETIREMENT - FY07 ESTIMATED STATE AID

ADJUSTED 3/17/06

SCHOOL DISTRICTS	100% BOND SALES PRE 7/1/77 2YR LAG	90% BOND SALES 7/1/77 TO 1/1/02 2YR LAG	80% ESTIMATED CASH PAYMENT 2YR LAG	90% BOND SALES 1/1/02 TO 7/1/03 CURRENT PAY	80% BOND SALES 7/1/03 TO PRESENT CURRENT PAY	Oct. 1985 PASSED BOND PROPOSITIONS FY07 STATE AID EST.	LESS CIG. TAX PAID IN FY05	ESTIMATED TOTAL DEBT RETIREMENT BY DISTRICT FOR FY-07
ANCHORAGE	\$9,040,760	\$1,425,357	\$5,663,383	\$9,262,028	\$0	\$2,763,640	(\$1,079,068)	\$27,076,900
BRISTOL BAY	\$0	\$380,800	\$64,979	\$0	\$0	\$0	(\$11,387)	\$434,470
CORDOVA	\$119,695	\$0	\$16,866	\$0	\$0	\$0	(\$17,524)	\$119,037
DILLINGHAM	\$0	\$0	\$228,818	\$0	\$0	\$0	(\$20,132)	\$208,686
FAIRBANKS	\$3,008,542	\$0	\$236,527	\$9,750,173	\$0	\$2,965,130	(\$307,232)	\$16,453,140
GALENA	\$0	\$0	\$200,146	\$0	\$0	\$0	(\$10,101)	\$190,045
HAINES	\$91,973	\$0	\$91,350	\$0	\$0	\$0	(\$17,287)	\$166,036
JUNEAU	\$690,130	\$327,408	\$122,799	\$5,744,185	\$0	\$99,152	(\$130,529)	\$6,853,140
KENAI	\$7,552,847	\$0	\$2,741,899	\$11,753,022	\$589,948	\$9,371,000	(\$224,383)	\$26,784,326
KETCHIKAN	\$402,940	\$0	\$1,449,226	\$2,391,228	\$0	\$0	(\$77,678)	\$4,165,716
KING COVE	\$0	\$0	\$26,314	\$0	\$0	\$0	(\$8,587)	\$17,727
KODIAK	\$441,203	\$1,128,062	\$94,615	\$2,966,765	\$0	\$0	(\$72,057)	\$4,558,588
KAT-SU	\$2,116,025	\$2,695,586	\$48,134	\$7,446,346	\$2,112,056	\$7,275,148	(\$202,659)	\$21,490,636
KENANA	\$22,000	\$0	\$0	\$0	\$0	\$0	(\$9,404)	\$12,596
KOHE	\$0	\$0	\$0	\$145,800	\$0	\$656,640	(\$29,122)	\$773,318
NORTH SLOPE	\$784,500	\$15,984,698	\$0	\$9,515,250	\$0	\$0	(\$52,718)	\$26,231,730
PETERSBURG	\$389,720	\$0	\$0	\$365,801	\$0	\$0	(\$21,977)	\$733,544
SITKA	\$356,015	\$0	\$501,704	\$0	\$0	\$3,040,000	(\$52,770)	\$3,844,949
UNALASKA	\$0	\$94,896	\$0	\$0	\$0	\$0	(\$9,749)	\$85,147
VALDEZ	\$1,275,514	\$1,643,321	\$268,126	\$0	\$0	\$0	(\$31,198)	\$3,155,763
WRANGELL	\$0	\$126,266	\$0	\$104,888	\$695,976	\$0	(\$18,966)	\$908,164
TOTALS	\$22,091,864	\$23,804,474	\$11,754,874	\$59,446,286	\$3,397,980	\$26,170,710	(\$2,404,530)	\$144,263,658
TOTAL BOND OUTLAYS	\$108,742,604							
PLUS: CASH PAYMENTS	\$11,754,874							
SUB TOTAL	\$120,497,478							
NEW 85: FY07 EST.	\$26,170,710							
SUB TOTAL	\$146,668,188							
LESS: CIG. TAX	(\$2,404,530)							
EST. STATE AID-FY07	\$144,263,658							
						FY 1987 ESTIMATE		\$144,263,658
						FY 1986 APPROPRIATION		\$106,315,600
						ESTIMATED INCREASE		\$37,948,058

NOTE: NUMBERS PRESENTED ABOVE ARE ROUNDED TO THE NEAREST DOLLAR.
SEE SCHOOL DISTRICT SUMMARIES FOR EXACT AMOUNTS.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH 2
JUNEAU, ALASKA 99811
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

March 27, 1986

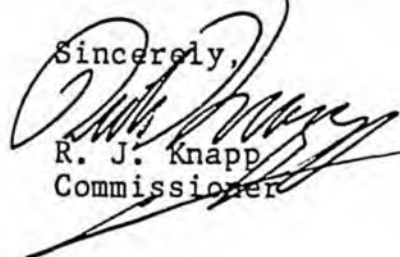
The Honorable Peter Goll
Representative
Alaska State Legislature
P. O. Box V (MS 3100)
Juneau, AK 99811

Dear Representative Goll:

This is to confirm the telephone discussion between you and John Simpson of this office on March 26 regarding the House Community and Regional Affairs' committee substitute for House Bill 520 (school construction).

The funding and position requirement by the Department of Transportation and Public Facilities for the Community and Regional Affairs' substitute for HB 520 would be zero.

Sincerely,



R. J. Knapp
Commissioner

cc: Susan Fleischhauer, Legislative Liaison
John Simpson, Director, HQ, Engineering & Operations
Standards

TABLE 1.21

Debt of Alaska Municipalities
6-30-85
(Dollars)

<u>Boroughs</u>	<u>G.O. Debt</u>	<u>Revenue Debt</u>	<u>Total Debt</u>	<u>School G.O. Debt</u>	<u>% of School Debt Paid by State</u>	<u>Net G.O. Debt</u>	<u>Total Net Debt</u>
ANCHORAGE, MUNICIPALITY OF	358,799,900	347,080,000	705,879,900	139,965,000	94 %	227,232,800	574,312,800
BRISTOL BAY	3,535,000	-	3,535,000	3,535,000	90	353,500	353,500
FAIRBANKS NORTH STAR	80,700,000	-	80,700,000	79,900,000	92	7,192,000	7,192,000
Fairbanks City	9,010,000	61,170,000	70,180,000	-	-	9,010,000	70,180,000
North Pole	1,218,550	-	1,218,550	-	-	1,218,550	1,218,550
TOTAL	90,928,500	61,170,000	152,098,500	79,900,000	92	17,420,550	78,590,550
HAINES	555,000	-	555,000	500,000	100	-	-
Haines City	745,000	-	745,000	-	-	745,000	745,000
TOTAL	1,300,000	-	1,300,000	500,000	100	800,000	800,000
JUNEAU, CITY & BOROUGH	47,651,000	27,480,000	75,131,000	30,209,018	91	20,160,794	47,640,794
KENAI PENINSULA	119,324,005	-	119,324,005	100,120,000	90	29,216,005	29,216,005
Homer City	2,113,000	1,025,000	3,138,000	-	-	2,113,000	3,138,000
Kenai City	5,835,000	235,000	6,070,000	-	-	5,835,000	6,070,000
Seldovia City	378,000	43,000	421,000	-	-	378,000	421,000
Seward City	10,000	7,672,000	7,682,000	-	-	10,000	7,682,000
Soldotna City	2,800,000	-	2,800,000	-	-	2,800,000	2,800,000
TOTAL	130,460,005	8,975,000	139,435,005	100,120,000	90	40,352,005	49,327,005
KETCHIKAN GATEWAY	21,090,000	410,000	21,500,000	16,445,000	92	5,960,600	6,370,600
Ketchikan City	10,840,000	23,280,900	34,120,000	-	-	10,840,000	34,120,000
TOTAL	31,930,000	23,690,000	55,620,000	16,445,000	92	16,800,600	40,490,600
KODIAK ISLAND	25,815,000	-	25,815,000	25,515,000	91	2,596,350	2,596,350
Kodiak City	2,455,000	3,298,000	5,753,000	-	-	2,455,000	5,753,000
TOTAL	28,270,000	3,298,000	31,568,000	25,515,000	91	5,051,350	8,349,350
MATANUSKA-SUSITNA	110,160,000	-	110,160,000	95,120,000	90	24,552,000	24,552,000
Palmer City	2,048,000	290,000	2,338,000	-	-	2,048,000	2,338,000
TOTAL	112,208,000	290,000	112,498,000	95,120,000	90	26,600,000	26,890,000
NORTH SLOPE	1,155,680,000	-	1,155,680,000	207,220,000	97	954,676,600	954,676,600
SITKA, CITY & BOROUGH	12,400,000	53,675,000	66,075,000	2,052,258	100	10,347,742	64,022,742
TOTAL BOROUGHs	1,973,162,405	525,658,000	2,498,820,405	700,581,276	93 %	1,319,795,941	1,845,453,941

TABLE 1.21 (continued)

Cities	G.O. Debt	Revenue Debt	Total Debt	School G.O. Debt	% of School Debt Paid by State	Net G.O. Debt	Total Net Debt
Bethel	556,505	535,000	1,091,505	-	- %	556,505	1,091,505
Cordova	-	1,456,000	1,456,000	-	-	-	1,456,000
Craig	35,646	87,000	122,646	-	-	35,646	122,646
Delta Junction	-	-	-	-	-	-	-
Dillingham	-	286,000	286,000	-	-	-	286,000
Eagle	-	-	-	-	-	-	-
Galena	900,000	-	900,000	-	-	900,000	900,000
Hoonah	-	-	-	-	-	-	-
Hydaburg	-	-	-	-	-	-	-
Kake	-	86,000	86,000	-	-	-	86,000
King Cove	-	-	-	-	-	-	-
Klawock	-	-	-	-	-	-	-
Kotzebue	-	-	-	-	-	-	-
⁵ Nenana	397,356	2,320,000	2,717,356	190,000	100	207,356	2,527,356
Nome	2,161,250	-	2,161,250	-	-	2,161,250	2,161,250
Pelican	-	-	-	-	-	-	-
Petersburg	6,195,000	4,367,835	10,562,835	4,826,500	96	1,561,560	5,929,395
St. Mary's	-	-	-	-	-	-	-
Sand Point	-	-	-	-	-	-	-
Skagway	820,000	-	820,000	-	-	820,000	820,000
Tanana	-	-	-	-	-	-	-
Unalakleet	-	-	-	-	-	-	-
Unalaska	3,299,032	429,216	3,728,248	925,000	90	2,466,532	2,895,748
Valdez	75,833,000	7,650,000	83,483,000	22,585,000	94	54,603,100	62,253,100
Whittier	-	-	-	-	-	-	-
Wrangell	10,750,000	812,600	11,562,600	9,385,777	82	3,053,663	3,866,263
Yakutat	235,193	490,476	725,669	-	-	235,193	725,669
TOTAL CITIES	101,182,982	18,520,127	119,703,109	37,912,277	91	66,600,805	85,120,932
TOTAL MUNICIPALITIES	2,074,345,387	544,178,127	2,618,523,514	738,493,553	93 %	1,386,396,746	1,930,574,873

Sources: Alaska Department of Education and Alaska Taxable 1985, Alaska Department of Community and Regional Affairs.

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December 6, 1985

The Honorable Bill Sheffield
Governor
State of Alaska
3rd Floor, Capitol
Pouch A
Juneau, AK 99811

DEC 10 1985

BUDGET REVIEW

Dear Governor Sheffield:

At the outset, I want to say that the trip you took to New York and Chicago to meet with representatives of the investment community, including the rating agencies, underwriters and other participants, was definitely a success. Since those meetings, we have heard positive comments both about the State's presentations and the desire for many of the representatives to maintain continuing dialogue with the chief financial and administrative officers of the State.

This week, we were informed by Anthony Arthur of Standard & Poor's Corporation that the rating agency is in the process of preparing a review on the rating it assigns to the State of Alaska. It is anticipated that this review will take several weeks to complete and will be distributed in appropriate publications by Standard & Poor's. It is not unusual for a rating agency to conduct this type of review subsequent to a briefing of the type presented by the State in November.

During conversations with Anthony Arthur, he requested that certain materials prepared prior to the presentation be updated so that they will have more current data on which to base their credit review. In particular, it will be necessary for the State to develop more recent information on the debt position of State agencies and the State itself. Members of the Department of Revenue are at present preparing that material. Most importantly in this respect, however, is the subject of school debt. For the first time, we expect the agency to include the proportionate share of local school debt paid by the State in determining the State's overall debt load. Apparently, the agency has not been aware of this school assistance program until recently, and based upon the method employed by the agency in handling local school debt paid by other states, we would anticipate the applicable portion to be added to the

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overall debt liability of Alaska. Due to the fact that the agency will now be including such debt, we can expect Standard & Poor's to ask the following question regarding this matter. The agency will desire to know the policy that the State expects to employ to control the amount of local school debt that will be paid by the State. In fact, if you recall, at the New York luncheon, one analyst raised the issue by asking if the State had plans for controlling local debt issues in the future. In response to this possible inquiry by Standard & Poor's, you should know that in most circumstances in which other states pay a large portion of debt service for local school buildings, before the local issuer is authorized to sell the school debt, approval by the particular state education department is required, which department also receives certain affordability guidelines for the program by the chief financial officers of the individual state. Standard & Poor's would find it helpful to receive some specific discussion on this important point.

In conjunction with this analysis by Standard & Poor's, it will also review the State's proposed two-year debt management policy. Based on recent discussions with Standard & Poor's, we do not expect a definitive response by the agency on the policy until later in the month when all relevant members of the rating committee will be available for the review. It is important for the State to have a plan it can present to the agency for the implementation of this policy whether the implementation is expected to be an executive proclamation, legislation, or the adoption by the Administration of particular guidelines for the State and State agencies to follow.

There are at least two additional items which, I believe, deserve attention at this point: The status of the recommendations of the lease/purchase options for State office buildings and the establishment of the appropriate approach toward analyzing infrastructure financing by the State. With respect to the first matter, as was noted often during our various visits with the investment community, the lease/purchase approach, as proposed by the State Office Building Task Force, is a cost-effective and the preferred method of financing State office facilities. In the past, the issuance of certificates of participation on an ad hoc basis has not been conducive to a well-organized debt management program for financing such facilities. Because of the substantial debt management advantages of utilizing the methodology presented by the Task Force, a process for State implementation of those recommendations would be met with a favorable response by the rating agency during the course of its evaluation. In this respect, any such facilities that would generally fall within those requiring

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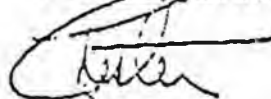
435-20 #3

debt financing should be included immediately within the restrictions of the proposed structure in order for the State to indicate early and convincing adoption of the approach. It would also be helpful to make clear to the rating agency that the Sheffield Administration expects to make the implementation of the recommendations a significant part of the State's overall debt management operations.

Finally, the funding by the State of physical infrastructure requirements has been accomplished in two ways: The use of revenues for capital projects and the issuance of debt to raise proceeds for capital construction requirements. It would be helpful, from the credit analyst's perspective, to have a document which sets forth annually all payments for infrastructure financing by the State to be accomplished during the upcoming year. This information, consolidated into one document, would consist of three major parts. First, the document would present the amount of current revenues being applied to purchase or build long-term capital facilities. Second, the information would set forth the current debt service being paid for all capital facilities directly and indirectly by the State (i.e., general fund expenditures for lease/purchase facilities, general obligation payments, and debt service payments on local school debt). Third, the document would present the security issues to be sold during the current year through both general obligation bonds and related obligations (i.e., lease/purchase debt). Through this document, investors and credit analysts could determine, in a more simplified form, the State's commitment to capital financing of infrastructure requirements. Moreover, it would allow these persons to understand the overall credit of the State in a more comprehensive and persuasive manner.

Obviously, we will keep you informed about the progress of the review by Standard & Poor's on the State. If you have any questions or require any further clarification on the matters discussed in this letter, please do not hesitate to contact us. At present, I expect to be in Alaska in early January and would like the opportunity to meet with you then.

Best regards,



J. Chester Johnson

Offered: 4/1/86
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 520 (C&RA)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to public school construction; and
7 providing for an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 14.08.151 is amended by adding new subsections to read:
10 (c) The interest conveyed to the regional school board under
11 this section is subject to
12 (1) limitations imposed by the state's predecessors in
13 interest;
14 (2) the rights of municipalities established after June 30,
15 1986, that are authorized by AS 29 to operate schools in the com-
16 munity; and
17 (3) other terms, including possibilities of reverter and
18 reversions, that the department holding title imposes.
19 (d) If a school facility constructed by a regional educational
20 attendance area under authority assumed under AS 14.11.020, in which
21 the state retains an interest, ceases to be used for school purposes,
22 the department may dispose of the facility in accordance with law.
23 * Sec. 2. AS 14.11.010(b) is repealed and reenacted to read:
24 (b) With regard to projects requested under (a) of this section
25 the department shall
26 (1) with technical assistance or comments that the depart-
27 ment may request from other state agencies, prepare an estimate of the
28 appropriation needed to finance each project approved for reimburse-
29 ment by the department;

1 (2) rank each project in the order of priority that serves
2 the best interests of the state;

3 (3) recommend to the governor appropriations for projects
4 to be included in the budget submitted to the legislature;

5 (4) provide the governor with a copy of the report of the
6 assembly, council, or regional school board that requested each proj-
7 ect approved by the department;

8 (5) provide to the legislature within the first 10 days of
9 each regular session a summary of the projects requested by each
10 assembly, council, or regional school board.

11 * Sec. 3. AS 14.11.010(c) is amended to read:

12 (c) In establishing priorities among requested projects the
13 department shall identify and evaluate at least the following factors:

14 (1) priorities assigned by the assembly, council, or school
15 board to the projects requested;

16 (2) emergency requirements;

17 (3) the number of students without classroom space;

18 (4) new local elementary or secondary programs;

19 (5) existing regional, community, and school facilities and
20 the condition of the facilities;

21 (6) the economic and social stability of the municipality
22 or region;

23 (7) demographic data indicating present and projected
24 enrollment, and population trends in the municipality or region; and

25 (8) after December 31, 1988, the condition of existing
26 school facilities in the community in comparison to all other schools
27 in the state.

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

29 Sec. 14.11.030. SCHOOL CONDITION SURVEY. (a) A school district

1 requesting project approval under AS 14.11.010 or 14.11.102 shall
2 inspect and inventory each of its schools and education related facil-
3 ities, under standards adopted by the department in compliance with
4 AS 44.62, noting their age, condition, compliance with laws and regu-
5 lations relating to health and safety, building codes, and annual
6 maintenance and operations costs. The inventory shall be submitted to
7 the department for review and analysis.

8 (b) The department may inspect and inventory the schools and
9 education related facilities in the state under standards established
10 in regulations adopted under the Administrative Procedure Act (AS 44.-
11 62).

12 (c) Each school district shall annually revise its inventory by
13 including new schools constructed, rehabilitations or additions to
14 existing schools, and major maintenance and repairs paid for with
15 local money, state municipal grants, appropriations under AS 14.11.020
16 and debt reimbursed under AS 14.11.100. Each school district shall
17 also annually report the amount of money spent in the previous fiscal
18 year for maintenance and operations costs in a uniform manner as
19 required by the department. The annual revisions shall be submitted
20 to the department for review and analysis.

21 (d) After December 31, 1988, the condition of the school dis-
22 trict's schools and education related facilities in comparison to all
23 other schools in the state must be a factor in evaluation of projects
24 under AS 14.11.010 and 14.11.102.

25 * Sec. 5. AS 14.11.100(a)(5) is amended to read:

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

28 (A) payments made by the municipality during the
29 fiscal year for the retirement of principal and interest on

1 outstanding bonds, notes or other indebtedness authorized by the
2 qualified voters of the municipality after June 30, 1983, and
3 before April 1, 1986, to pay costs of school construction, addi-
4 tions to schools, and major rehabilitation projects that exceed
5 \$25,000 and are approved under AS 14.07.020(11); and

6 (B) cash payments made after June 30, 1983, by the
7 municipality during the fiscal year two years earlier to pay
8 costs of school construction, additions to schools, and major
9 rehabilitation projects that exceed \$25,000 and are approved
10 either under AS 14.07.020(11) or, for projects approved after
11 June 30, 1986, under AS 14.11.102.

12 * Sec. 6. AS 14.11.100(a) is amended by adding a new paragraph to read:

13 (6) subject to (h), (i), and (j) of this section payments
14 made by the municipality during the fiscal year for the retirement of
15 principal on outstanding bonds, notes or other indebtedness authorized
16 by the qualified voters of the municipality after March 31, 1986, to
17 pay costs of school construction, additions to schools, and major
18 rehabilitation projects that exceed \$25,000 and that are approved
19 under AS 14.11.102.

20 * Sec. 7. AS 14.11.100(h) is amended to read:

21 (h) In determining an [AN] allocation under (a)(4), [OR] (5), or
22 (6) of this section for school construction begun after July 1, 1982,
23 the costs of school construction must [SHALL] be reduced by the amount
24 of money used for the construction of residential space, hockey rinks,
25 planetariums, saunas, and other facilities for single purpose sporting
26 or recreational uses that are not suitable for other activities and by
27 the money used for construction that exceeds the amount needed for
28 construction of a facility of efficient design as determined by the
29 department. The costs of school construction [AN ALLOCATION UNDER (a)

1 (4) or (5) OF THIS SECTION] may not be reduced by the amount of money
2 used for construction of a small swimming pool, tank, or water storage
3 facility used for water sports. However, an allocation shall be
4 reduced by the difference between the amount of money used to con-
5 struct a swimming pool that exceeds the standards adopted by the
6 department and the amount of money that would have been used to con-
7 struct a small swimming pool, tank, or water storage facility, as
8 determined by the commissioner.

9 * Sec. 8. AS 14.11.100(i) is amended to read:

10 (i) For the purposes of (a)(4), [AND] (5), and (6) of this
11 section

12 (1) an indebtedness for bonds is incurred after the bonds
13 are sold;

14 (2) reimbursement for a cash payment may only be made after
15 the payment is made to a vendor; and

16 (3) payments may not be made for costs that are incurred
17 under a contract after the contract has been released.

18 * Sec. 9. AS 14.11.100(j) is amended to read:

19 (j) The state may not allocate money to a municipality for a
20 school construction project under (a)(5) or (6) of this section unless
21 the municipality complies with the requirements of (1) - (4) of this
22 subsection and the project is approved under AS 14.11.102 [BY THE
23 COMMISSIONER] before the local vote on the bond issue for the project.
24 In approving a project under this subsection, the commissioner shall
25 require

26 (1) the municipality to include on the ballot for the bond
27 issue the estimated total cost of each project including estimated
28 annual operation and maintenance costs and the estimated amounts that
29 will be paid by the state and by the municipality;

1 (2) that the bonds may not be refunded unless the present
2 value of the annual debt service on the refunding issue is not greater
3 than 95 percent of the present value of the annual debt service on the
4 original issue;

5 (3) that the bonds must be repaid in approximately equal
6 annual principal payments [OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS]
7 over a period of [AT LEAST] 10 years or a different term that may be
8 established by the state bond committee under AS 37.15.790;

9 (4) the municipality to demonstrate need for the project by
10 establishing that the school district has

11 (A) projected long-term student enrollment that indi-
12 cates the district has inadequate facilities to meet present or
13 projected enrollment; or

14 (B) facilities that require repair or replacement in
15 order to meet health and safety laws or regulations or building
16 codes.

17 * Sec. 10. AS 14.11 is amended by adding a new section to read:

18 Sec. 14.11.101. MUNICIPAL DEBT. The portion of municipal school
19 debt subject to reimbursement by the state is not subject to a munici-
20 pal debt limit unless the debt limit is adopted by the municipality
21 and expressly applies to reimbursable portions of school debt.

22 * Sec. 11. AS 14.11.102 is amended to read:

23 Sec. 14.11.102. EVALUATION OF PROJECTS. The department shall
24 evaluate projects for which retirement of school construction debt
25 under AS 14.11.100(a)(6) is requested by school districts in accor-
26 dance with the procedures set out in AS 14.11.010 and criteria set out
27 in AS 14.11.100(j)(4). [A REQUEST FOR AN ALLOCATION OF FUNDS UNDER
28 AS 14.11.100 MUST BE SUBMITTED TO THE DEPARTMENT BY THE SCHOOL DIST-
29 RICT NO LATER THAN OCTOBER 15 OF THE FISCAL YEAR BEFORE THE FISCAL

1 YEAR FOR WHICH THE REQUEST IS MADE.]

2 * Sec. 12. AS 14.11.102 is amended by adding new subsections to read:

3 (b) After reviewing all projects for which retirement of school
4 construction debt is requested, the department shall rank the projects
5 approved under this section in the order in which each serves the best
6 interests of the state. All projects approved, but for which no
7 allocation of money has been made under AS 14.11.103, shall be in-
8 cluded in the same ranking.

9 (c) In considering requests under this section, the department
10 may reject requests due to

11 (1) incomplete information or documentation provided by the
12 school district;

13 (2) a determination that existing facilities can adequately
14 serve the program requirements or that alternative projects are in the
15 best interests of the state;

16 (3) a determination that the project is inappropriate for
17 education construction and should be a district maintenance and opera-
18 tion expenditure; or

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

21 (d) The department shall develop, with technical assistance that
22 may be provided by other state agencies, an estimate, under appropri-
23 ate design standards for its geographic location, of the amount needed
24 to construct each project under (b) of this section for which it
25 appears approval for reimbursement will be granted.

26 (e) The department may, based upon the estimate prepared, either
27 approve the project in the amount requested or approve the school
28 district's request in a lesser amount.

29 * Sec. 13. AS 14.11 is amended by adding a new section to read:

1 Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.

2 (a) A request for an allocation of money under AS 14.11.100 for
3 school construction debt retirement shall be submitted to the depart-
4 ment by the school district no later than October 15 of the fiscal
5 year before the fiscal year for which the request is made.

6 (b) Before a request for an allocation of money for retirement
7 of school construction debt under AS 14.11.100(a)(6) is submitted, the
8 project must have been approved and ranked under the provisions of
9 AS 14.11.102.

10 (c) The department shall approve requests for allocations for
11 debt retirement for which no previous allocation has been made in the
12 order of the priority established under AS 14.11.102, if the requests
13 meet the requirements of AS 14.11.100, and subject to the provisions
14 of (d) - (f) of this section.

15 (d) Total outstanding state obligation to reimburse projects
16 under AS 14.11.100(a)(6) in any single year may not exceed \$10,000,000
17 or a lesser amount determined by the state bond committee under
18 AS 37.15.790.

19 (e) In any single year the department may not authorize under
20 (c) of this section more than \$2,000,000 in school debt reimbursement.
21 In any five-year period the department may not authorize under (c) of
22 this section more than \$5,000,000 in school debt reimbursement.

23 (f) Total outstanding state obligation to reimburse cash
24 payments for projects approved after June 30, 1986, may not in any
25 single year exceed \$5,000,000.

26 * Sec. 14. AS 14.11 is amended by adding a new section to read:

27 Sec. 14.11.131. OTHER AID. This chapter does not limit the
28 authority of municipalities to acquire or construct schools or associ-
29 ated facilities by

1 (1) cash payment not subject to reimbursement by the state
2 under AS 14.11.100;

3 (2) debt authorized by local voters and falling under a
4 municipal debt limit but not subject to reimbursement by the state
5 under AS 14.11.100;

6 (3) gift, bequest, grant, or deed; or

7 (4) acquisition of federal, state, or other surplus proper-
8 ty.

9 * Sec. 15. AS 37.15 is amended by adding a new section to read:

10 Sec. 37.15.790. MUNICIPAL SCHOOL DEBT. If, at any time, the
11 state bond committee, in its judgment, determines that the amount or
12 retirement of debt issued by municipalities subject to reimbursement
13 by the state under AS 14.11.100 is not in the best interests of the
14 state, the committee may

15 (1) establish an amount or amounts, for any or all years
16 before the maturity of all of that municipal debt, that may not be
17 exceeded by the Department of Education in approving requests for
18 allocations under AS 14.11.103; or

19 (2) establish, under AS 14.11.100(j)(3), a term required
20 for the maturities of municipal debt authorized by local voters after
21 March 31, 1986.

22 * Sec. 16. This Act takes effect July 1, 1986.

Offered: 3/24/86
Referred: Community & Regional
Affairs and Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

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BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

CS FOR HOUSE BILL NO. 520 (HESS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to public school construction; and
providing for an effective date."

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

* Section 1. AS 14.08.151 is amended by adding new subsections to read:

(c) The interest conveyed to the regional school board under
this section is subject to

(1) all the limitations imposed by the state's predecessors
in interest;

(2) the rights of municipalities established after the
effective date of this Act that are authorized by AS 29 to operate
schools in the community; and

(3) other terms, including possibilities of reverter and
reversions, that the department holding title imposes.

(d) If a school facility constructed by a regional educational
attendance area under authority assumed under AS 14.11.020, in which
the state retains an interest, ceases to be used for school purposes,
the department may dispose of the facility in accordance with law.

* Sec. 2. AS 14.11.010(b) is repealed and reenacted to read:

(b) With regard to projects requested under (a) of this section
the department shall

(1) with such technical assistance or comments as the
department may request from other state agencies, prepare an estimate
of the appropriation needed to finance each project approved by the
department;

1 (2) rank each project in the order of priority that serves
2 the best interests of the state;

3 (3) recommend to the governor appropriations for projects
4 to be included in the budget submitted to the legislature;

5 (4) provide the governor with a copy of the report of the
6 assembly, council, or regional school board that requested each proj-
7 ect approved by the department;

8 (5) provide to the legislature within the first 10 days of
9 each regular session a summary of the projects requested by each
10 assembly, council, or regional school board.

11 * Sec. 3. AS 14.11.010(c) is amended to read:

12 (c) In establishing priorities among requested projects the
13 department shall identify and evaluate at least the following factors:

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15 board to the projects requested;

16 (2) emergency requirements;

17 (3) the number of students without classroom space;

18 (4) new local elementary or secondary programs;

19 (5) existing regional, community, and school facilities and
20 the condition of the facilities;

21 (6) the economic and social stability of the municipality
22 or region;

23 (7) demographic data indicating present and projected
24 enrollment, and population trends in the municipality or region; and

25 (8) after December 31, 1988, the condition of existing
26 school facilities in the community in comparison to all other schools
27 in the state.

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

29 Sec. 14.11.030. SCHOOL CONDITION SURVEY. (a) Each school

1 district requesting project approval under AS 14.11.010 or 14.11.102
2 shall inspect and inventory each of its schools and education related
3 facilities, under standards adopted by the department in compliance
4 with AS 44.62, noting their age, condition, compliance with laws and
5 regulations relating to health and safety, building codes, and annual
6 maintenance and operations costs. The inventory shall be submitted to
7 the department for review and analysis.

8 (b) The department may inspect and inventory the schools and
9 education related facilities in the state under standards adopted
10 under the Administrative Procedure Act (AS 44.62).

11 (c) Each school district shall annually revise its inventory by
12 including new schools constructed, rehabilitations or additions to
13 existing schools, and major maintenance and repairs paid for with
14 local money, state municipal grants, appropriations under AS 14.11.020
15 and debt reimbursed under AS 14.11.100. Each school district shall
16 also annually report the amount of money spent in the previous fiscal
17 year for maintenance and operations costs in a uniform manner as
18 required by the department. The annual revisions must be submitted to
19 the department for review and analysis.

20 (d) After December 31, 1988, the condition of the school dis-
21 trict's schools and education related facilities in comparison to all
22 other schools in the state must be a factor in evaluation of projects
23 under AS 14.11.010 and 14.11.102.

24 * Sec. 5. AS 14.11.100(a)(5) is amended to read:

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

27 (A) payments made by the municipality during the
28 fiscal year for the retirement of principal and interest on
29 outstanding bonds, notes or other indebtedness authorized by the

1 qualified voters of the municipality after June 30, 1983, and
2 before April 1, 1986, to pay costs of school construction, addi-
3 tions to schools, and major rehabilitation projects that exceed
4 \$25,000 and are approved under AS 14.07.020(11); and

5 (B) cash payments made after June 30, 1983, and before
6 July 1, 1986, by the municipality during the fiscal year two
7 years earlier to pay costs of school construction, additions to
8 schools, and major rehabilitation projects that exceed \$25,000
9 and are approved under AS 14.07.020(11).

10 * Sec. 6. AS 14.11.100(a) is amended by adding a new paragraph to read:

11 (6) subject to (h), (i), and (j) of this section

12 (A) payments made by the municipality during the
13 fiscal year for the retirement of principal on outstanding bonds,
14 notes or other indebtedness authorized by the qualified voters of
15 the municipality after March 31, 1986, to pay costs of school
16 construction, additions to schools, and major rehabilitation
17 projects that exceed \$25,000 and that are approved under AS 14.-
18 11.102; and

19 (B) 80 percent of cash payments made after June 30,
20 1986, by the municipality during the fiscal year two years earli-
21 er to pay costs of school construction, additions to schools, and
22 major rehabilitation projects that exceed \$25,000 and are app-
23 roved under AS 14.11.102.

24 * Sec. 7. AS 14.11.100(b) is amended to read:

25 (b) The commissioner shall administer the program of reimburse-
26 ment authorized under this section and shall provide by regulation for
27 the filing of applications for reimbursement, the form of proof of
28 costs for which application for reimbursement is made, and other
29 regulations necessary to administer the program. The commissioner

1 shall exclude from the total school construction cost of the local
2 district all state and federal funds included in these costs except
3 funds provided under this section and AS 43.50.140. In approving
4 applications for reimbursement, the commissioner shall

5 [(1)] offset against the amount of reimbursement authorized
6 the amount of any funds distributed to the borough or city in the
7 second preceding fiscal year from the school fund provided for in
8 AS 43.50.140. [;

9 (2) Repealed]

10 * Sec. 8. AS 14.11.100(h) is amended to read:

11 (h) In determining an [AN] allocation under (a)(4), [OR] (5), or
12 (6) of this section for school construction begun after July 1, 1982,
13 the costs of school construction must [SHALL] be reduced by the amount
14 of money used for the construction of residential space, hockey rinks,
15 planetariums, saunas, and other facilities for single purpose sporting
16 or recreational uses that are not suitable for other activities and by
17 the money used for construction that exceeds the amount needed for
18 construction of a facility of efficient design as determined by the
19 department. The costs of school construction [AN ALLOCATION UNDER (a)
20 (4) or (5) OF THIS SECTION] may not be reduced by the amount of money
21 used for construction of a small swimming pool, tank, or water storage
22 facility used for water sports. However, an allocation shall be
23 reduced by the difference between the amount of money used to con-
24 struct a swimming pool that exceeds the standards adopted by the
25 department and the amount of money that would have been used to con-
26 struct a small swimming pool, tank, or water storage facility, as
27 determined by the commissioner.

28 * Sec. 9. AS 14.11.100(i) is amended to read:

29 (i) For the purposes of (a)(4), [AND] (5), and (6) of this

1 section

2 (1) an indebtedness for bonds is incurred after the bonds
3 are sold;

4 (2) reimbursement for a cash payment may only be made after
5 the payment is made to a vendor; and

6 (3) payments may not be made for costs that are incurred
7 under a contract after the contract has been released.

8 * Sec. 10. AS 14.11.100(j) is amended to read:

9 (j) The state may not allocate money to a municipality for a
10 school construction project under (a)(5) or (6) of this section unless
11 the municipality complies with the requirements of (1) - (4) of this
12 subsection and the project is approved under AS 14.11.102 [BY THE
13 COMMISSIONER] before the local vote on the bond issue for the project.
14 In approving a project under this subsection, the commissioner shall
15 require

16 (1) the municipality to include on the ballot for the bond
17 issue the estimated total cost of each project including estimated
18 annual operation and maintenance costs and the estimated amounts that
19 will be paid by the state and by the municipality;

20 (2) that the bonds may not be refunded unless the present
21 value of the annual debt service on the refunding issue is not greater
22 than 95 percent of the present value of the annual debt service on the
23 original issue;

24 (3) that the bonds must be repaid in approximately equal
25 annual principal payments [OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS]
26 over a period of [AT LEAST] 10 years or a different term that may be
27 established by the state bond committee under AS 37.15.790;

28 (4) the municipality to demonstrate need for the project by
29 establishing that the school district has

1 (A) projected long-term student enrollment that indi-
2 cates the district has inadequate facilities to meet present or
3 projected enrollment; or

4 (B) facilities that require repair or replacement in
5 order to meet health and safety laws or regulations or building
6 codes.

7 * Sec. 11. AS 14.11 is amended by adding a new section to read:

8 Sec. 14.11.101. MUNICIPAL DEBT. The portion of municipal school
9 debt subject to reimbursement by the state is not subject to a munici-
10 pal debt limit unless the debt limit is adopted by the municipality
11 and expressly applies to reimbursable portions of school debt.

12 * Sec. 12. AS 14.11.102 is amended to read:

13 Sec. 14.11.102. EVALUATION OF PROJECTS. The department shall
14 evaluate projects for which retirement of school construction debt
15 under AS 14.11.100(a)(6) is requested by school districts in accor-
16 dance with the procedures set out in AS 14.11.010 and criteria set out
17 in AS 14.11.100(j)(4). [A REQUEST FOR AN ALLOCATION OF FUNDS UNDER
18 AS 14.11.100 MUST BE SUBMITTED TO THE DEPARTMENT BY THE SCHOOL
19 DISTRICT NO LATER THAN OCTOBER 15 OF THE FISCAL YEAR BEFORE THE FISCAL
20 YEAR FOR WHICH THE REQUEST IS MADE.]

21 * Sec. 13. AS 14.11.102 is amended by adding new subsections to read:

22 (b) After reviewing all projects for which retirement of school
23 construction debt is requested, the department shall rank the projects
24 approved under this section in the order in which each serves the best
25 interests of the state. All projects approved, but for which no
26 allocation of money has been made under AS 14.11.103, shall be in-
27 cluded in the same ranking.

28 (c) In considering requests under this section, the department
29 may reject requests due to

1 (1) incomplete information or documentation provided by the
2 school district;

3 (2) a determination that existing facilities can adequately
4 serve the program requirements or that alternative projects are in the
5 best interests of the state;

6 (3) a determination that the project is inappropriate for
7 education construction and should be a district maintenance and opera-
8 tion expenditure; or

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

11 (d) The department shall develop, with technical assistance that
12 may be provided by other state agencies, an estimate, under appropri-
13 ate design standards for its geographic location, of the amount needed
14 to construct each project under (b) of this section for which it
15 appears approval for reimbursement will be granted.

16 (e) The department may, based upon the estimate prepared, either
17 approve the project in the amount requested or approve the school
18 district's request in a lesser amount.

19 * Sec. 14. AS 14.11 is amended by adding a new section to read:

20 Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.

21 (a) A request for an allocation of money under AS 14.11.100 for
22 school construction debt retirement shall be submitted to the depart-
23 ment by the school district no later than October 15 of the fiscal
24 year before the fiscal year for which the request is made.

25 (b) Before a request for an allocation of money for retirement
26 of school construction debt under AS 14.11.100(a)(6) is submitted, the
27 project must have been approved and ranked under the provisions of
28 AS 14.11.102.

29 (c) The department shall approve requests for allocations for

1 debt retirement for which no previous allocation has been made in the
2 order of the priority established under AS 14.11.102,

3 (1) if state allocations under AS 14.11.100(a)(6), when
4 combined with all existing state allocations under AS 14.11.100(a)(6),
5 (A) result in total state allocations for retirement of principal that
6 do not exceed \$10,000,000, or a lesser amount determined by the state
7 bond committee under AS 37.15.790, or (B) result in total state allo-
8 cations for cash payments that do not exceed \$5,000,000, in any year
9 before the retirement of all debt entitled to an allocation under
10 AS 14.11.100(a)(6); and

11 (2) if the requests meet the requirements of AS 14.11.100.

12 * Sec. 15. AS 14.11 is amended by adding a new section to read:

13 Sec. 14.11.131. OTHER AID. This chapter does not limit the
14 authority of municipalities to acquire or construct schools or associ-
15 ated facilities by

16 (1) cash payment not subject to reimbursement by the state
17 under AS 14.11.100;

18 (2) debt authorized by local voters and falling under a
19 municipal debt limit but not subject to reimbursement by the state
20 under AS 14.11.100;

21 (3) lease-purchase duly authorized, when the lease-purchase
22 contract is with the Alaska State Housing Authority acting as the
23 Alaska State Building Authority;

24 (4) gift, bequest, grant, or deed; or

25 (5) acquisition of federal, state, or other surplus proper-
26 ty.

27 * Sec. 16. AS 37.15 is amended by adding a new section to read:

28 Sec. 37.15.790. MUNICIPAL SCHOOL DEBT. If, at any time, the
29 state bond committee, in its judgment, determines that the amount or

1 retirement of debt issued by municipalities subject to reimbursement
2 by the state under AS 14.11.100 is not in the best interests of the
3 state, the committee may

4 (1) establish an amount or amounts, for any or all years
5 before the maturity of all of that municipal debt, that may not be
6 exceeded by the Department of Education in approving requests for
7 allocations under AS 14.11.103; or

8 (2) establish, under AS 14.11.100(j)(3), a term required
9 for the maturities of municipal debt authorized by local voters after
10 March 31, 1986.

11 * Sec. 17. The Department of Education and the Department of Transpor-
12 tation and Public Facilities shall study and evaluate school construction
13 requirements based upon projected enrollments and facility needs and recom-
14 mend to the legislature by January 25, 1988, a plan of school construction
15 to meet the enrollment demands and its estimated costs through the year
16 2001.

17 * Sec. 18. This Act takes effect July 1, 1986.

Introduced: 1/27/86
Referred: Health, Education &
Social Services, Community &
Regional Affairs and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 520

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public school construction; and
7 providing for an effective date."

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

9 * Section 1. AS 14.08.151 is amended by adding new subsections to read:

10 (c) The interest conveyed to the regional school board under
11 this section is subject to (1) all the limitations imposed by the
12 state's predecessors in interest; (2) the rights of municipalities
13 established after the effective date of this Act that are authorized
14 by AS 29 to operate schools in the community; and (3) other terms,
15 including possibilities of reverter and reversions, that the depart-
16 ment holding title imposes.

17 (d) If a school facility constructed by a regional educational
18 attendance area under authority assumed under AS 14.11.020, in which
19 the state retains an interest, ceases to be used for school purposes,
20 the department shall dispose of the facility in accordance with law.

21 * Sec. 2. AS 14.11.010(b) is amended to read:

22 (b) With regard to projects requested under (a) of this section
23 the department shall

24 (1) rank each project in the order of priority that serves
25 the best interests of the state;

26 (2) request [PREPARE] an estimate from the Department of
27 Transportation and Public Facilities of the amount of money needed to
28 finance each project approved by the department and recommend to the
29 governor appropriations, based upon the estimates prepared under

1 AS 35.15.210, for projects to be included in the budget submitted to
2 the legislature;

3 (3) provide the governor with a copy of the report of the
4 assembly, council, or regional school board that requested each proj-
5 ect approved by the department;

6 (4) provide to the legislature within the first 10 days of
7 each regular session a summary of the projects requested by each
8 assembly, council, or regional school board.

9 * Sec. 3. AS 14.11.010(c) is amended to read:

10 (c) In establishing priorities among requested projects the
11 department shall evaluate at least the following factors:

12 (1) priorities assigned by the assembly, council, or school
13 board to the projects requested;

14 (2) emergency requirements;

15 (3) the number of students without classroom space;

16 (4) new local elementary or secondary programs;

17 (5) existing regional, community, and school facilities and
18 the condition of the facilities;

19 (6) the economic and social stability of the municipality
20 or region;

21 (7) demographic data indicating present and projected
22 enrollment, and population trends in the municipality or region; and

23 (8) after December 31, 1988, the condition of existing
24 school facilities in the community in comparison to all other schools
25 in the state.

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

27 Sec. 14.11.030. SCHOOL CONDITION SURVEY. (a) Each school
28 district requesting project approval under AS 14.11.010 or AS 14.11.-
29 102 shall inspect and inventory each of its schools and education

1 related facilities, under standards adopted by the department in
2 compliance with AS 44.62, noting their age condition, compliance with
3 laws and regulations relating to health and safety, building codes,
4 and annual maintenance and operations costs. The inventory shall be
5 submitted to the department for review and analysis.

6 (b) The department may inspect and inventory the schools and
7 education related facilities in the state under standards adopted
8 under the Administrative Procedure Act (AS 44.62).

9 (c) Each school district shall annually revise its inventory by
10 including new schools constructed, rehabilitations or additions to
11 existing schools, and major maintenance and repairs paid for with
12 local money, state municipal grants, appropriations under AS 14.11.020
13 and debt reimbursed under AS 14.11.100. Each school district shall
14 also annually report the amount of money spent in the previous fiscal
15 year for maintenance and operations costs. The annual revisions must
16 be submitted to the department for review and analysis.

17 (d) After December 31, 1988, the condition of the school dis-
18 trict's schools and education related facilities in comparison to all
19 other schools in the state must be a factor in evaluation of projects
20 under AS 14.11.010 and 14.11.102.

21 * Sec. 5. AS 14.11.100(a)(5) is amended to read:

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

24 (A) payments made by the municipality during the
25 fiscal year for the retirement of principal and interest on
26 outstanding bonds, notes or other indebtedness authorized by the
27 qualified voters of the municipality after June 30, 1983, and
28 before April 1, 1986, to pay costs of school construction, addi-
29 tions to schools, and major rehabilitation projects that exceed

1 \$25,000 and are approved under AS 14.07.020(11); and

2 (B) cash payments made after June 30, 1983, and before
3 July 1, 1986, by the municipality during the fiscal year two
4 years earlier to pay costs of school construction, additions to
5 schools, and major rehabilitation projects that exceed \$25,000
6 and are approved under AS 14.07.020(11).

7 * Sec. 6. AS 14.11.100(a) is amended by adding a new paragraph to read:

8 (6) subject to (h), (i), and (j) of this section, payments
9 made by a municipality during the fiscal year two years earlier for
10 the retirement of principal on outstanding bonds, notes, or other
11 indebtedness, authorized after March 31, 1986, to pay costs of school
12 construction, additions to schools, and major rehabilitation projects
13 that exceed \$25,000 and that are approved under AS 14.11.102.

14 * Sec. 7. AS 14.11.100(b) is amended to read:

15 (b) The commissioner shall administer the program of reimburse-
16 ment authorized under this section and shall provide by regulation for
17 the filing of applications for reimbursement, the form of proof of
18 costs for which application for reimbursement is made, and other
19 regulations necessary to administer the program. The commissioner
20 shall exclude from the total school construction cost of the local
21 district all state and federal funds included in these costs except
22 funds provided under this section and AS 43.50.140. In approving
23 applications for reimbursement, the commissioner shall offset against
24 the amount of the reimbursement authorized

25 (1) [OFFSET AGAINST THE AMOUNT OF REIMBURSEMENT AUTHORIZED]
26 the amount of any funds distributed to the borough or city in the
27 second preceding fiscal year from the school fund provided for in
28 AS 43.50.140; and

29 (2) [Repealed, sec. 10, ch. 92, SLA 1982.]

1 (3) an amount equal to the interest earned, which is not
2 considered arbitrage, on the investment of the proceeds of bonds
3 issued for a school construction project.

4 * Sec. 8. AS 14.11.100(h) is amended to read:

5 (h) In determining an [AN] allocation under (a)(4), [OR] (5), or
6 (6) of this section for school construction begun after July 1, 1982,
7 the costs of school construction must [SHALL] be reduced by the amount
8 of money used for the construction of residential space, hockey rinks,
9 planetariums, saunas, and other facilities for single purpose sporting
10 or recreational uses that are not suitable for other activities and by
11 the money used for construction that exceeds the amount needed for
12 construction of a facility of efficient design as determined by the
13 Department of Transportation and Public Facilities [DEPARTMENT] under
14 AS 35.15.220. The costs of school construction [AN ALLOCATION UNDER
15 (u)(4) OR (5) OF THIS SECTION] may not be reduced by the amount of
16 money used for construction of a small swimming pool, tank, or water
17 storage facility used for water sports. However, an allocation shall
18 be reduced by the difference between the amount of money used to
19 construct a swimming pool that exceeds the standards adopted by the
20 Department of Transportation and Public Facilities under AS 35.15.230
21 [DEPARTMENT] and the amount of money that would have been used to
22 construct a small swimming pool, tank, or water storage facility, as
23 determined by the commissioner.

24 * Sec. 9. AS 14.11.100(i) is amended to read:

25 (i) For the purposes of (a)(4), [AND] (5), and (6) of this
26 section

27 (1) an indebtedness for bonds is incurred after the bonds
28 are sold;

29 (2) reimbursement for a cash payment may only be made after

1 the payment is made to a vendor; and

2 (3) payments may not be made for costs that are incurred
3 under a contract after the contract has been released.

4 * Sec. 10. AS 14.11.100(j) is amended to read:

5 (j) The state may not allocate money to a municipality for a
6 school construction project under (a)(5) or (6) of this section unless
7 the municipality complies with the requirements of (1) -- (4) of this
8 subsection and the project is approved under AS 14.11.102 [BY THE
9 COMMISSIONER] before the local vote on the bond issue for the project.
10 In approving a project under this subsection, the commissioner shall
11 require

12 (1) the municipality to include on the ballot for the bond
13 issue the estimated total cost of each project including estimated
14 annual operation and maintenance costs and the estimated amounts that
15 will be paid by the state and by the municipality;

16 (2) that the bonds may not be refunded unless the present
17 value of the annual debt service on the refunding issue is not greater
18 than 95 percent of the present value of the annual debt service on the
19 original issue;

20 (3) that the bonds must be repaid in approximately equal
21 annual principal payments [OR APPROXIMATE EQUAL DEBT SERVICE PAYMENTS]
22 over a period of [AT LEAST] 10 years or a different term that may be
23 established by the state bond committee under AS 37.15.790;

24 (4) the municipality to demonstrate need for the project by
25 establishing that the school district has

26 (A) projected long-term student enrollment that indi-
27 cates the district has inadequate facilities to meet present or
28 projected enrollment; or

29 (B) facilities that require repair or replacement in

1 order to meet health and safety laws or regulations or building
2 codes.

3 * Sec. 11. AS 14.11.102 is amended to read:

4 Sec. 14.11.102. EVALUATION OF PROJECTS. (a) The department
5 shall evaluate projects for which retirement of school construction
6 debt under AS 14.11.100(a)(6) is requested by school districts in
7 accordance with the procedures and criteria set out in AS 14.11.010.
8 [A REQUEST FOR AN ALLOCATION OF FUNDS UNDER AS 14.11.100 MUST BE
9 SUBMITTED TO THE DEPARTMENT BY THE SCHOOL DISTRICT NO LATER THAN
10 OCTOBER 15 OF THE FISCAL YEAR BEFORE THE FISCAL YEAR FOR WHICH THE
11 REQUEST IS MADE.]

12 (b) The department shall request from the Department of Trans-
13 portation and Public Facilities an estimate of the amount needed to
14 construct each project for which retirement of school construction
15 debt is requested by a school district under appropriate design stan-
16 dards for its geographic location.

17 (c) After reviewing all projects for which retirement of school
18 construction debt is requested, the department shall rank the projects
19 approved under this section in the order that which each serves the
20 best interests of the state. All projects approved, but for which no
21 allocation of money has been made under AS 14.11.103, must be included
22 in the same ranking.

23 (d) In considering requests under this section, the department
24 may reject requests due to

25 (1) incomplete information or documentation provided by the
26 school district;

27 (2) a determination that existing facilities can adequately
28 serve the program requirements or that alternative projects are in the
29 best interests of the state;

1 (3) a determination that the project is inappropriate for
2 education construction and should be a district maintenance and opera-
3 tion expenditure; or

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

6 (e) The department may, based upon the estimate prepared by the
7 Department of Transportation and Public Facilities under AS 35.15.220,
8 either approve the project in the amount requested or approve the
9 school district's request in a lesser amount.

10 * Sec. 12. AS 14.11 is amended by adding a new section to read:

11 Sec. 14.11.103. ALLOCATIONS OF MONEY FOR SCHOOL DEBT RETIREMENT.

12 (a) A request for an allocation of money under AS 14.11.100 for
13 school construction debt retirement must be submitted to the
14 department by the school district no later than October 15 of the
15 fiscal year before the fiscal year for which the request is made.

16 (b) Before a request for an allocation of money for retirement
17 of school construction debt under AS 14.11.100(a)(6) is submitted, the
18 project must have been approved and ranked under the provisions of
19 AS 14.11.102.

20 (c) The department shall approve requests for allocations for
21 debt retirement, for which no previous allocation has been made, in
22 the order of the priority established under AS 14.11.102,

23 (1) if state allocations under AS 14.11.100(a)(6), when
24 combined with all existing state allocations under AS 14.11.100(a)(6),
25 result in total state allocations for retirement of principal which do
26 not exceed (A) \$10,000,000, or (B) an amount determined by the state
27 bond committee under AS 37.15.790, in any year before the retirement
28 of all debt entitled to an allocation under AS 14.11.100(a)(6); and

29 (2) which meet the requirements of AS 14.11.100.

1 * Sec. 13. AS 14.11.135(3) is amended to read:

2 (3) "costs of school construction" means the cost of
3 acquiring, constructing, enlarging, repairing, remodeling, equipping
4 or furnishing of public elementary and secondary school buildings and
5 includes the sum total of all costs of financing and carrying out the
6 project; these include, but are not limited to, the costs of all
7 necessary studies, surveys, plans and specifications, architectural,
8 engineering or other special services, acquisition of real property,
9 site preparation and development, purchase, construction, reconstruc-
10 tion and improvement of real property and the acquisition of machinery
11 and equipment as may be necessary in connection with the project; an
12 allocable portion of the administrative and operating expenses of the
13 grantee; the cost of financing the project, including interest on
14 bonds issued to finance the project; and the cost of other items,
15 including any indemnity and surety bonds and premiums on insurance,
16 legal fees, fees and expenses of trustees, depositaries, financial
17 advisors, and paying agents for the bonds issued as the issuer consid-
18 ers necessary; however, for the purposes of AS 14.11.100(a)(6), "costs
19 of school construction" does not include the costs of financing the
20 project, such as interest on bonds, reserve funds for bonds, or fees
21 and expenses of trustees, depositaries, financial advisors, bond
22 counsel, and paying agents for bonds issued to finance the project;

23 * Sec. 14. AS 35.15 is amended by adding new sections to read:

24 ARTICLE 2. PUBLIC SCHOOL CONSTRUCTION.

25 Sec. 35.15.210. COST ESTIMATES OF SCHOOL CONSTRUCTION PROJECTS
26 FINANCED BY APPROPRIATION. (a) The department shall prepare an
27 estimate of the amount of money needed to construct each school con-
28 struction project, under appropriate design standards for its geo-
29 graphic location, for which an appropriation has been requested under

1 AS 14.11.010.

2 (b) The department shall consider the following when making
3 project estimates under this section:

4 (1) existing plant maintenance and operation costs;

5 (2) a technical evaluation of the proposed project;

6 (3) educational program requirements established by the
7 Department of Education under AS 14.07.020 and adopted in compliance
8 with the Administrative Procedure Act (AS 44.62);

9 (4) preliminary cost estimates provided by the school
10 district under AS 14.11.010; and

11 (5) alternative means, if any, to provide an adequate
12 facility to correct any deficiencies which arise under health or
13 safety laws or regulations, and under building codes.

14 Sec. 35.15.220. COST ESTIMATES OF SCHOOL CONSTRUCTION PROJECTS
15 FINANCED WITH MUNICIPAL DEBT. (a) The department shall prepare an
16 estimate of the amount of money needed to construct each school con-
17 struction project submitted to it for review and analysis by the
18 Department of Education for which a municipality may seek reimburse-
19 ment under AS 14.11.100.

20 (b) The amount requested for project approval for school con-
21 struction debt must be reduced by the amount of money used for the
22 construction of residential space, hockey rinks, planetariums, saunas,
23 and other facilities for single purpose sporting or recreational uses
24 that are not suitable for other activities and by the money used for
25 construction that exceeds the amount needed for construction of a
26 facility of efficient design as determined by the department. A
27 project approval under this section may not be reduced by the amount
28 of money used for construction of a small swimming pool, tank, or
29 water storage facility used for water sports. However, a project

1 approval must be reduced by the difference between the amount of money
2 used to construct a swimming pool that exceeds the standards adopted
3 by the department and the amount of money that would have been used to
4 construct a small swimming pool, tank, or water storage facility, as
5 determined by the commissioner.

6 (c) The department shall also consider, when estimating con-
7 struction costs,

8 (1) educational program requirements established by the
9 Department of Education under AS 14.07.020 and adopted in compliance
10 with AS 44.62;

11 (2) preliminary cost estimates submitted by the school
12 district;

13 (3) construction costs for the proposed project under
14 appropriate design standards for its geographic location;

15 (4) maintenance and operation costs arising from the phys-
16 ical operation of the facility; and

17 (5) alternative means, if any, to provide an adequate
18 facility to correct any deficiencies that arise under health safety
19 laws or regulations, and under building codes.

20 Sec. 35.15.230. DESIGN STANDARDS. (a) The department shall
21 develop design standards for school construction projects for each
22 geographic region of the state which must be applied to cost estimates
23 prepared under AS 35.15.210 and 35.15.220.

24 (b) The standards developed under this section must incorporate
25 common design features, consistent with educational program standards
26 established by the Department of Education, to achieve

27 (1) reduced design and construction costs;

28 (2) reduced maintenance and operation costs;

29 (3) energy efficiency;

1 (4) compliance with safety and health laws and regulations;
2 (5) compliance with building codes; and
3 (6) maximum use of the facility in support of the education
4 program.

5 * Sec. 15. AS 37.15 is amended by adding a new section to read:

6 Sec. 37.15.790. MUNICIPAL SCHOOL DEBT. If, at any time, the
7 state bond committee, in its judgment, determines that the amount or
8 retirement of debt issued by municipalities subject to reimbursement
9 by the state under AS 14.11.100 is not in the best interests of the
10 state, the committee may

11 (1) establish an amount or amounts, for any or all years
12 before the maturity of all of that municipal debt, which may not be
13 exceeded by the Department of Education in approving requests for
14 allocations under AS 14.11.103; or

15 (2) establish, under AS 14.11.100(j)(3), a term required
16 for the maturities of municipal debt authorized by local voters after
17 March 31, 1986.

18 * Sec. 16. AS 14.11.100(k) is repealed.

19 * Sec. 17. The Department of Education and the Department of Transpor-
20 tation and Public Facilities shall study and evaluate school construction
21 requirements based upon projected enrollments and facility needs and recom-
22 mend to the legislature by January 25, 1988, a plan of school construction
23 to meet the enrollment demands and its estimated costs through the year
24 2001.

25 * Sec. 18. This Act takes effect July 1, 1986.