

SB

7

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/18/93

FURTHER:

DATE TURNED INTO OFFICE: 4-21-93

The Finance Committee considered **SENATE BILL NO. 7**

"An Act relating to reimbursement of school construction debt; and providing for an effective date."

and recommends:

replace with CS SB 7 (FINANCE)
 or adopt previous CS ()
 attaches amendment(s)

same title
 new title
 technical title change (HB only)

adopts Senate Finance Letter of Intent
 further referral to the

- do pass
- do not pass
- no recommendation
- individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal
Dept of Educ	4/21/93		\$166.1
DOT/PF	4/20/92		\$84.1

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS:

Tom Kelly
Bob Kelly (stands on his own)
Bob Kelly
 1. Thank do pass

OTHER RECOMMENDATIONS:

Give Kelly people
More Time No Rec
 2. True source - 10 page

Letter of Intent

CSSB-60⁷(Fin)

It is the intent of the Legislature that municipalities and school districts receive debt reimbursement for school construction and major rehabilitation projects from the school construction grant fund. The Legislature does not intend the fund to be used for normal, preventative, or routine maintenance activities.

It is further the Legislature's intent that municipalities and school districts ensure the proper maintenance and upkeep of their schools and classroom facilities through use of operating funds appropriated annually through the foundation funding formula.

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CS SB7 (FIN)

Revision Date: 21-Apr-93 Dept. Affected: EDUCATION
 Title: An Act relating to grants for school construction BRU: Executive Administration
reimbursement of school construction debt and school Component: CIP Overhead and Associated Costs
construction bonds issued by the Alaska Municipal Bond Bank Authority
 Sponsor: Senator Kertula, Little, Donley
 Requestor: Senate Finance Committee COMPONENT SERIAL NO. 157

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	46.8	48.2	49.7	51.1	52.7	54.3
TRAVEL	39.4	39.4	39.4	39.4	39.4	39.4
CONTRACTUAL	70.3	70.3	70.3	70.3	70.3	70.3
SUPPLIES	0.6	0.6	0.6	0.6	0.6	0.6
EQUIPMENT	9.0	1.5	1.5	1.5	1.5	1.5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	166.1	160.0	161.5	162.9	164.5	166.1

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other: 1061 CIP Receipts	166.1	160.0	161.5	162.9	164.5	166.1
TOTAL	166.1	160.0	161.5	162.9	164.5	166.1

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary)

(SEE ATTACHED)

Prepared by: Gary M. Bader *Gary M. Bader*
 Division: Administrative Services
 Approved by Commissioner: *[Signature]*
 Agency: Department of Education

Phone: 465-2875
 Date: 21-Apr-93
 Date: 4/22/93

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FISCAL NOTE
SB7

"An Act relating to grants for school construction, to reimbursement of school construction debt, and to school construction bonds issued by the Alaska Municipal Bond Bank Authority; and providing for an effective date."

This bill will enable municipalities throughout the State to construct school facilities for unhoused students and to correct safety hazards and building code violations in aging facilities. Small municipalities, whose ability to bond is restricted or nonexistent, will still be required to seek State aid through the grant process. This bill would establish a bond reimbursement and grant review committee to evaluate projects for the which reimbursement of school construction debt is requested and to establish the priorities for which school construction grants are requested. The committee would be composed of the following members:

1. one person licensed under AS 08.48 as an engineer;
2. one person licensed as an engineer and contractor under AS 08.18;
3. one person licensed under AS 48.48 as an architect and
4. one person with five years of experience in facilities management.

It is certain that this bill will result in a large number of requests for approval of school construction projects. This will place an additional burden of the Facilities Section in both clerical and administrative requirements. It is impossible to predict the State liability under SB7 in FY94.

This bill will require additional time in the administrative level in order to ensure co compliance with the regulations and fiscal accountability. It will require a more technical review of all school construction plans in order to ensure that they do not exceed the minimum standards established by the Departments of Education and Transportation and Pubic Facilities. This technical review must also include an evaluation of all projects submitted to assure compliance with the applicable standard. The amendment to Sec.14.11.014(b) will require the promulgation of new regulations regarding evaluation to include such factors as education programs. Necessary review of project plans and on-site reviews to establish eligibility and compliance will increase travel requirements.

It is anticipated that participation by the Department of Law will increase. Historically, this program has created a need for legal services related to interpretation of the statute and regulations, project eligibility and the discrepancy between full funding through the grant program and partial funding through the debt retirement process. In addition technical assitance will be required in the development of statewide educational specifications and standardization review. These funds are expected to be needed continually in order to update the standards as materials and educational program needs evolve. Funds will be required for contractual services.

It is assumed that DOT/PF will provide the standard regional design specifications for schools in the arctic, interior, western and southeastern regions of the State.

STATE OF ALASKA

BILL NUMBER: SB 7 (FIN)

CS
1993 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date: 4/19/93 (Work Copy)
Title: School Debt ReimbursementDepartment Affected: DOT&PF
BRU: E&OSSponsor: Kernula
Requestor:Component: D&C Standards
Component Serial Number: 547

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	25.0	25.9	26.8	27.7	28.7	29.7
CONTRACTUAL	59.1	61.1	63.2	65.3	67.6	69.9
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING:	84.1	87.0	90.0	93.0	96.3	99.6

CAPITAL	1,641.0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

1002 FEDERAL RECEIPTS	0	0	-0	0	0	0
1003 GF MATCH	0	0	0	0	0	0
1004 GF	1,725.1	87.0	90.0	93.0	96.3	99.6
1005 GF/PROGRAM RECEIPTS	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL FUNDING:	1,725.1	87.0	90.0	93.0	96.3	99.6

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	**	0	0	0	0	0

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

** See page two (Fiscal Note Summary) for comments pertaining to staffing requirements. Monetary amounts shown for FY 95 and beyond have been inflated by 3.5% annually.

See attached summary and four page analysis for details and assumptions.

Prepared by: Roger W. Allington, Director

Phone: 465-2951

Division: Engineering and Operations Standards

Date: April 20, 1993

Approved by Commissioner: 

Bruce A. Campbell

Phone: 465-3900

Agency: Department of Transportation and Public Facilities

Date: April 20, 1993

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FISCAL NOTE
SB7

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It is anticipated that participation by the Department of Law will increase. Historically, this program has created a need for legal services related to interpretation of the statute and regulations, project eligibility and the discrepancy between full funding through the grant program and partial funding through the debt retirement process. In addition technical assistance will be required in the development of statewide educational specifications and standardization review. These funds are expected to be needed continually in order to update the standards as materials and educational program needs evolve. Funds will be required for contractual services.

It is assumed that DOT/PF will provide the standard regional design specifications for schools in the arctic, interior, western and southeastern regions of the State.

Personal Services		
Administrative Assistant II (14B)		46.8
	46.8	
Travel		
Administrative Travel for 4 person Review Committee		39.4
Air Fare of 10 site visits (10 x 700 x 4 = 35.0)	28.0	
Per Diem for 30 days (30 x 95 x 4 = 14.2)	11.4	
Contractual		70.3
Development of Regulations	7.5	
Funds for defense of Department position in disputes	10.0	
Additional funds for hearing officer/court reporter	2.5	
Phone lines 1 position @ \$300/year	.3	
Technical expert to assist in the development and updating of school construction standards and development of educational specifications	50.0	
Supplies		.6
Supplies for one year	.6	
Equipment		9.0
Office Furniture (desks, partitions, etc.)	3.0	
Computer Equipment (Computer, token ring, etc.)	6.0	
	FY94 Total	166.1

STATE OF ALASKA
CS
1993 LEGISLATIVE SESSION

BILL NUMBER: SB 7 (2IN)

FISCAL NOTE

Revision Date: 4/19/93 (Work Copy)
Title: School Debt Reimbursement

Department Affected: DOT&PF
BRU: E&OS

Sponsor: Kertula
Requestor:

Component: D&C Standards
Component Serial Number: 547

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	25.0	25.9	26.8	27.7	28.7	29.7
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SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING:	84.1	87.0	90.0	93.0	96.3	99.6
CAPITAL	1,641.0	0	0	0	0	0
REVENUE FUND SOURCE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

1002 FEDERAL RECEIPTS	0	0	-0	0	0	0
1003 GF MATCH	0	0	0	0	0	0
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POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	**	0	0	0	0	0

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

** See page two (Fiscal Note Summary) for comments pertaining to staffing requirements. Monetary amounts shown for FY 95 and beyond have been inflated by 3.5% annually.

See attached summary and four page analysis for details and assumptions.

Prepared by: Roger W. Allington, Director

Phone: 465-2951

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Date: April 20, 1993

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**STATE OF ALASKA
1993 LEGISLATIVE SESSION**

BILL NUMBER: SB 7 (FIN) CS

ANALYSIS (cont. from page 1):**Fiscal Note Analysis for SB 7 (FIN) CS****Fiscal Note Summary:**

The proposed legislation is anticipated to have the following impacts.

Section 4 Impacts - FY 94 and 95 (Capital funds for design criteria, specs and prototypes)

Expenditures: Personal services, contractual and travel costs total \$1.64 MM.

Personnel: Depending on the extent of specifications required and the magnitude of funding provided, additional CIP positions may be needed.

Section 5 Impacts - FY 94 and beyond (Operating funds for grant review committee activities inflated annually by 3.5%.)

Expenditures: Personal services, contractual and travel costs of \$84,125.

Personnel: No additional personnel are anticipated for these projects.

Program Description:

The proposed bill would require the Department of Transportation and Public Facilities (DOT&PF) to consult with the Department of Education (DOE) in the development of standard regional school "specifications" (per Sec. 4 of the proposed legislation). Additionally, it is anticipated that the department would be extensively involved in the grant review process (per Sec. 5 of the proposed legislation).

Background Information Relating to the Proposed Legislation:

Definition of the fundamental school construction (program) needs, appropriate design standards and concerns (criteria), and the minimum acceptable construction specifications have long been a desire of many different entities within the State of Alaska. It is believed that -- when created -- these documents could be used to formulate a basis on which school construction grants would be funded.

Program Implementation and Resulting Fiscal Impacts:

Despite the fact that the bill contains an effective date, the program would likely "come on line" in somewhat of a staged process. Because sections 4 and 5 are fundamental to the other sections, the requirements of these sections will have to be met before the full effect of the legislation will be apparent. Section 4 especially, will require an extensive amount of time and effort (by both DOT&PF and the Department of Education) to complete the mandated design criteria and construction specifications. As both elements are intertwined, it should be expected that they will be developed as a package as opposed to piecemeal elements. At a minimum one year to eighteen months should be allocated in the preparation of this component of the legislation. The costs of the developmental aspects associated with this "staged process" appear in the earlier portion (FY 94) of the fiscal note. Additionally, the anticipated monetary and Personnel impacts of section 5, dealing with the "grant review committee", are included in the FY94 and are carried into FY 95 and beyond.

Analysis and Assumptions:

The following detailed analysis, covering the fourteen sections of the bill and focusing on the department's specific areas of program involvement, was developed around the following assumptions.

- *Due to a lack of detail and the overall uncertainty of what is expected, the assumptions and resulting cost calculations are assumed to represent a "worse case" scenario.*
- *Given the language within line 13 on page 1 of the proposed legislation, it is assumed that the terminology "specification" which appears on page 2 lines 13, 14, and 18 is actually meant to include design criteria, construction specifications and cost estimates.*
- *It is assumed that due to program differences (five in total), differences in school size - between communities in a given region (large districts VS. small) and the climatic conditions present in each of the four defined regions, that a wide variety of school specifications may have to be developed.*
- *Schools of less than 100 students are considered "small" schools for the purpose of this analysis.*
- *Costs shown in this report reflect a facility based prototype/specification approach. While not done at this time, some consideration towards a component/matrix design approach or perhaps a review of existing (or proposed) designs should be considered. This would allow for communities to build to a higher level of quality provided that the life cycle costs supported a higher initial capital cost.*

Proposed Legislation Sections 1 through 3

No departmental comment as a result of these sections.

Proposed Legislation Section 4 (page 2)

Types of facilities under consideration:

As educational program needs vary, it will be necessary to develop design specifications that best establish a baseline "standard" for each of the following:

- elementary schools,
- middle schools,
- junior high schools,
- high schools,
- special education facilities, and
- various combinations of the above.

Once the baselines have been established for each of the educational programs, and after consulting with DOE, DOT&PF would be prepared to establish the design criteria and construction specifications for each set of regional standards. Modifications, in the form of design features and cost factors, could then be applied to the baseline standards to reflect such variables as structural requirements associated for snow and seismic loadings, soils conditions, energy (thermal) requirements, unique climatic conditions and geographic construction costs. It follows then that school construction costs

(probably on a square footage basis, and possibly on a per student basis) could be determined for each school type, whereby the cost of the basic school type, modified by the appropriate adjustment factors, would yield an allowable overall school cost for the subject facility. The basic cost and adjustment factors could later be inflated (from year to year) as appropriate.

At a minimum an architect, a structural engineer, a mechanical engineer and an electrical engineer would be heavily involved in the process. From time to time a cost estimator would be called in for assistance. It is anticipated that the process would also involve a good deal of effort on the parts of a DOT&PF project manager and a DOE programming person. It is estimated take approximately 1.5 years to complete the task.

Hence the following costs:

Personnel costs (for 1.5 years of professional service efforts):

Architect = 3000 hours @ \$85/ hour yields	\$255,000
Structural Engineer = 3000 hours @ \$100/ hour yields	\$300,000
Mechanical Engineer = 3000 hours @ \$90/ hour yields	\$270,000
Electrical Engineer = 3000 hours @ \$90/ hour yields	\$270,000
Cost Estimator = 300 hours @ 100/ hour yields	\$ 30,000

Allowance for support staff: (for architects and engineers):

Secretary and technical support staff 6000 hours @ \$35/ hour yields	\$210,000
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Allowance for professional staff travel: (for architects and engineers):

A lump Sum allowance of	<u>\$ 30,000</u>
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Subtotal of costs associated with professional services activities \$1,365,000

Personnel costs (for 1.5 years of DOT&PF Design Manager efforts):

Range 22 C position = 3000 @ \$42/ loaded hourly rate yields	\$126,000
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Allowance for travel, procurement expenses and support services

Allowance is based upon 5% of project costs, yields	<u>\$150,000</u>
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GRAND TOTAL OF SECTION 4 COSTS (Excluding DOE Personnel Costs) \$1,641,000

Proposed Legislation Section 5 (page 2)

Regardless of whether or not DOT&PF personnel are used there will be a cost associated with the grant review process. The review process will require approximately two months labor at three quarter time (approximately 275 labor hours) of effort in each of the following professional areas:

Personal Services/Contractual where:

"one person licensed under AS 08.48 as an engineer",

"one person licensed under AS 08.48 as an architect",

"one person shall have five years of experience in facilities management",

Costs associated with this phase include:

An Engineer at \$80/hour times 275 hours yields	\$22,000
An Architect at \$75/hour times 275 hours yields	\$20,625
A Facility manager at \$60/hour times 275 hours yields	<u>\$16,500</u>

Total anticipated personal service costs are ¹	\$59,125
Travel Expense for the three evaluators where:	
• three trips are required for each evaluator to attend meetings directly associated with the ranking process	\$4,500
• a travel allowance to review and assess specific school facilities and to compare them against the individual school district/REAA grant request. Lump Sum	\$7,000
Associated per diem allowance (45 days/person @ \$100/day)	<u>\$13,500</u>
Total anticipated travel costs are	<u>\$25,000</u>
GRAND TOTAL OF SECTION 5 COSTS (Excluding DOE & Contractor Costs)	\$82,125

Proposed Legislation Sections 6 through 14

No departmental comment as a result of these sections.

¹ Caliber of individuals depicted under this section of the analysis are commensurate with a range 22 position for the registered Architect and Engineer and a range 20 position for the Facility Manager. Comparable costs to utilize DOT&PF personnel in lieu of outside consultants would total approximately \$42,000; however, availability of personnel is uncertain.

4-21-93 pm

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8-LS0142K
Ford
4/21/93

CS FOR SENATE BILL NO. 7(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): **SENATORS KERTTULA, Little, Donley, Kelly, Pearce, Frank, Taylor, Miller, Sharp, Halford**

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to grants for school construction, to reimbursement of school
2 construction debt, and to school construction bonds issued by the Alaska
3 Municipal Bond Bank Authority; and providing for an effective date."

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

5 * Section 1. AS 14.11.013(b) is repealed and reenacted to read:

6 (b) The department shall recommend school construction grants in the order
7 of priority established by the grant review committee under AS 14.11.014.

8 * Sec. 2. AS 14.11.013(d) is amended to read:

9 (d) The department shall reduce a project budget by the cost of those portions
10 of a project design that the department determines (1) are for construction of student
11 residential space, planetariums, hockey rinks, saunas, and other facilities for single
12 purpose sporting or recreational uses that are not suitable for other activities; or (2)
13 do not meet the design guidelines specified under (f) or (g) of this section that are
14 applicable to the project. This subsection does not apply to funding for swimming

1 pools that meet criteria established by the department.

2 * Sec. 3. AS 14.11.013(e) is amended to read:

3 (e) By November 5, the department shall provide public notice of the grant
4 applications submitted under (a) of this section and the priorities established under
5 AS 14.11.014 [(b) OF THIS SECTION]. After public notice has been given, the
6 department shall, not later than December 1, hold a public hearing on the priorities
7 established under AS 14.11.014 [(b) OF THIS SECTION]. In this subsection, "public
8 notice" means notice published in a newspaper of general circulation and notice to
9 every person who has requested notice about the grant application program from the
10 department.

11 * Sec. 4. AS 14.11.013 is amended by adding new subsections to read:

12 (f) The department shall, in consultation with the Department of Transportation
13 and Public Facilities, develop standard regional design guidelines for the construction
14 of schools in the state. Standard regional school design guidelines shall be developed
15 for the arctic, interior, western, southcentral, and southeastern regions of the state. For
16 each school construction project for which a grant is requested under AS 14.11.011,
17 the department shall determine which standard regional school design guidelines are
18 applicable to that project.

19 (g) A prototypical design utilized by a district may be substituted for a
20 regional design required under (f) of this section if approved by the department.

21 * Sec. 5. AS 14.11 is amended by adding a new section to read:

22 Sec. 14.11.014. BOND REIMBURSEMENT AND GRANT REVIEW
23 COMMITTEE. (a) The commissioner shall establish a bond reimbursement and grant
24 review committee for the purpose of evaluating projects for which retirement of school
25 construction debt is requested, establishing the department's priorities among projects
26 for which school construction grants are requested, and preparing a construction grant
27 schedule. The committee shall consist of the commissioner or the commissioner's
28 designee and five other people selected by the commissioner who have the following
29 qualifications:

30 (1) one person shall be ^{an engineer in private practice} licensed under AS 08.48 as ~~an engineer~~;

31 (2) ~~one person shall have a teaching certificate issued by the~~

amend #1

amend #2

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~~department;~~

(3) on: person shall be licensed, ^{an engineer and AS 08.48 and licensed} as a construction contractor under AS 08.18;

(4) o person shall be ^{an architect in private practice} licensed under AS 08.48 as ~~an architect~~; and

(5) one person shall have five years of experience in school ~~or~~ ^{or municipal} facilities management.

(b) In evaluating projects for bond reimbursement or establishing priorities among grants as required under this section, the grant review committee shall evaluate all of the following factors, without establishing an absolute priority for any one factor:

- (1) emergency requirements;
- (2) priorities assigned by the district to the projects requested;
- (3) new local elementary and secondary facilities;
- (4) existing regional, community, and school facilities, and their condition; this paragraph does not include administrative facilities;
- (5) the amount of district operating funds expended for maintenance;

and

(6) other program options for accomplishing the project's objectives.

(c) Members of the committee serve without compensation, but members who are not representing the department or the Department of Transportation and Public Facilities are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

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

(a) During each fiscal year, the state shall allocate to a municipality that is a school district, the following sums:

(1) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred before July 1, 1977, to pay costs of school construction;

(2) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred after June 30, 1977, and before

amend. #2
amend. #3
amend #4
revised
leave original

- 1 July 1, 1978₂ to pay costs of school construction;
- 2 (B) cash payments made after June 30, 1976₂ and before July 1,
3 1978₂ by the municipality during the fiscal year two years earlier to pay costs
4 of school construction;
- 5 (3) 90 percent of
- 6 (A) payments made by the municipality during the fiscal year
7 two years earlier for the retirement of principal and interest on outstanding
8 bonds, notes₂ or other indebtedness incurred after June 30, 1978₂ and before
9 January 1, 1982₂ to pay costs of school construction projects approved under
10 AS 14.07.020(a)(11);
- 11 (B) cash payments made after June 30, 1978₂ and before July 1,
12 1982₂ by the municipality during the fiscal year two years earlier to pay costs
13 of school construction projects approved under AS 14.07.020(a)(11);
- 14 (4) subject to (h) and (i) of this section, up to 90 percent of
- 15 (A) payments made by the municipality during the current fiscal
16 year for the retirement of principal and interest on outstanding bonds, notes₂ or
17 other indebtedness incurred after December 31, 1981, and authorized by the
18 qualified voters of the municipality before July 1, 1983, to pay costs of school
19 construction, additions to schools, and major rehabilitation projects that exceed
20 \$25,000 and are approved under AS 14.07.020(a)(11); and
- 21 (B) cash payments made after June 30, 1982, and before July 1,
22 1983, by the municipality during the fiscal year two years earlier to pay costs
23 of school construction, additions to schools, and major rehabilitation projects
24 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and
- 25 (C) payments made by the municipality during the current fiscal
26 year for the retirement of principal and interest on outstanding bonds, notes, or
27 other indebtedness to pay costs of school construction, additions to schools, and
28 major rehabilitation projects that exceed \$25,000 and are submitted to the
29 department for approval under AS 14.07.020(a)(11) before July 1, 1983, and
30 approved by the qualified voters of the municipality before October 15, 1983,
31 not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of

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average daily membership of the municipality is more than 7 percent but less than 12 percent, or (ii) \$20,000,000 if the annual growth rate of average daily membership of the municipality is 12 percent or more; payments made by a municipality under this paragraph on total project costs that exceed the amounts set out in (i) and (ii) of this paragraph are subject to (5)(A) of this subsection;

(5) subject to (h), (i), and (j) of this section, 80 percent of

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

(i) outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality after June 30, 1983, but before March 31, 1990, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(a)(11);

(ii) outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality before July 1, 1989, and reauthorized before November 1, 1989, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

(B) cash payments made after June 30, 1983, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved by the department before July 1, 1990, under AS 14.07.020(a)(11);

(6) subject to (h), (i), (j), and (o) of this section. 70 percent of

(A) payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality after April 1, 1993, but before November 5, 1997, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$150,000 and are approved under AS 14.07.020(a)(11);
and

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(B) cash payments made after April 1, 1993, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$150,000 and are approved by the department before November 5, 1997, under AS 14.07.020(a)(11); in this subparagraph, "costs of school construction" means the cost of architectural, engineering, or other services in preparation of construction, acquisition of real property, and site preparation and development;

amend #7 adopted

(7) subject to (h), (i), (j), and (o) of this section, 70 percent of payments made after July 1, 1994, by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality after March 31, 1990, but before April 1, 1993, to pay costs of school construction, additions to schools, and major rehabilitation projects, that exceed \$150,000 and are approved under AS 14.07.020(a)(11).

#8 not made here amend #9 adopted

* Sec. 7. AS 14.11.100(a)(6) is repealed and reenacted to read:

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

(A) payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality after April 1, 1993, but before November 8, 1994, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed ^{200,000} \$150,000 and are approved under AS 14.07.020(a)(11); and

(B) cash payments made after April 1, 1993, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed ^{200,000} \$150,000 and are approved by the department before November 8, 1994, under AS 14.07.020(a)(11); in this subparagraph, "costs of school construction" means the cost of architectural, engineering, or other services in preparation of construction, acquisition of real property, and site preparation and development;

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

1 (j) Except as provided in (l) of this section, the state may not allocate money
2 to a municipality for a school construction project under (a)(5), (6), or (7) of this
3 section unless the municipality complies with the requirements of (1) - (4) of this
4 subsection, the project is approved by the commissioner before the local vote on the
5 bond issue for the project or for bonds authorized after March 31, 1990, but before
6 November 5, 1997, the bonds are approved by the commissioner before
7 reimbursement by the state, and the local vote occurs before July 1, 1987, or after
8 June 30, 1988. In approving a project under this subsection, the commissioner shall
9 require

10 (1) the municipality to include on the ballot for the bond issue, for
11 bonds authorized on or before March 31, 1990, the estimated total cost of each
12 project including estimated total interest, estimated annual operation and maintenance
13 costs, the estimated amounts that will be paid by the state and by the municipality, and
14 the approximate amount that would be due in annual taxes on \$100,000 in assessed
15 value to retire the debt;

16 (2) that the bonds may not be refunded unless the annual debt service
17 on the refunding issue is not greater than the annual debt service on the original issue;

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

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

23 (A) projected long-term student enrollment that indicates the
24 district has inadequate facilities to meet present or projected enrollment; or

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

27 * Sec. 9. AS 14.11.100 is amended by adding new subsections to read:

28 (n) Subject to (h), (i), and (j) of this section, the state shall allocate to the
29 Alaska Municipal Bond Bank Authority 70 percent of payments made by the authority
30 during the fiscal year for retirement of principal and interest on outstanding bonds,
31 notes, or other indebtedness issued under AS 44.85.080 after April 1, 1993, but before

1 November 5, 1997, to pay costs of school construction, additions to schools, and major
2 rehabilitation projects that exceed ^{200,000} \$150,000 and are approved under AS 14.07.020(11). #8

3 (o) The total amount of school construction projects approved for
4 reimbursement by the department under (a)(6) or (7) of this section may not exceed
5 ^{500,000,000} ~~\$400,000,000~~. #10

6 * Sec. 10. AS 44.85.080 is amended by adding a new paragraph to read:

7 (23) receive appropriations from the legislature for retirement of
8 principal and interest on bonds, notes, or other indebtedness issued after April 1, 1993,
9 but before November 5, 1997, to pay costs of school construction, additions to schools,
10 and major rehabilitation projects that exceed ^{200,000} \$150,000 and are approved under #8
11 AS 14.07.020(a)(11).

12 * Sec. 11. AS 44.85.180(c) is amended to read:

13 (c) Notwithstanding the provisions of (a) and (b) of this section, the total
14 amount of bond bank authority bonds and notes outstanding at any one time, except
15 bonds or notes issued to fund or refund bonds or notes, may not exceed ^{500,000,000} ~~\$700,000,000~~, #10
16 of which ^{500,000,000} ~~\$100,000,000~~ may only be issued to fund school construction, additions
17 to schools, or major school rehabilitation projects that are approved under
18 AS 14.07.020(a)(11) [\$300,000,000]. #10

19 * Sec. 12. TRANSITION. Notwithstanding AS 14.11.013(f), enacted in sec. 4 of this Act,
20 the Department of Education is not required to determine applicable standard regional school
21 designs for grant projects unless the grant project is submitted to the Department of Education
22 under AS 14.11.011 after July 1, 1994.

23 * Sec. 13. APPLICABILITY. This Act does not apply to school construction projects that
24 are submitted to the Department of Education under AS 14.11.011(a) before the effective date
25 of this Act.

26 * Sec. 14. Section 7 of this Act takes effect on the day that the lieutenant governor certifies
27 that a majority of the votes cast on the constitutional amendment described in sec. 15 of this
28 Act were opposed to the amendment.

29 * Sec. 15. AS 14.11.100(n), enacted in sec. 9 of this Act, and secs. 10 and 11 of this Act
30 take effect on the effective date of an amendment to the Constitution of the State of Alaska
31 that creates the Alaska school construction and maintenance fund and that is proposed by the

1 Eighteenth Alaska State Legislature.

2 * Sec. 16. Except as provided in secs. 14 and 15 of this Act, this Act takes effect

3 immediately under AS 01.10.070(c).

SECTIONAL ANALYSIS
CS FOR SENATE BILL NO. 7(FIN)

An Act relating to grants for school construction, to reimbursement of school construction debt, and to school construction bonds issued by the Alaska Municipal Bond Bank Authority; and providing for an effective date.

Section 1. Repeals and reenacts the requirements for the Department of Education (DOE) in reviewing school construction grants and and places this review process under a newly established Grant Review Committee.

Section 2. Directs the DOE to reduce the project budget for school projects it is reviewing by the cost of those portions of a school design which are in addition to the standard regional school design specifications established in Section 4 of this Bill.

Section 3. Applies the DOE public notice responsibilities for grant applications to AS 14.11.014 which is established in Section 5 of this Bill.

Section 4. Directs the DOE to develop, in consultation with the Department of Transportation and Public Facilities (DOT/PF), standard regional school design specifications for construction of schools in the state.

Section 5. Establishes a bond reimbursement and grant review committee to review for the purpose of evaluating projects for which retirement of school debt is requested or for which a school construction grant is requested.

The bond reimbursement and grant review committee will be comprised of a representative of the DOE Commissioner, a licensed engineer, a certified teacher, a licensed construction contractor, a licensed architect, and a facilities manager with over five years experience.

This section further sets out factors which should be evaluated in establishing priorities among grants.

Section 6. Amends AS 14.11.100(j) to allow the state to allocate money to a municipality for a school construction project funded by bonds authorized by the voters after April 1, 1993, and before November 5, 1997. It also establishes that before payments can be made for school debt reimbursement the school projects involved must be approved by the Commissioner of Education.

Section 7. Repeals and reenacts AS 14.11.100(j) as amended in Section 6 of this bill in conjunction with the passage of an amendment to the Constitution of the State of Alaska that creates the Alaska school construction and maintenance fund.

Section 8. Amends AS 14.11.100(n) and establishes the method of state reimbursement for school construction debt issued under AS 44.85.080 after April 1, 1993, but before November 5, 1997. This section designates the Alaska Municipal Bond Bank Authority as the primary vehicle for payment of the State's 70% debt reimbursement.

Section 9. Repeals and reenacts AS 14.11.100(n) as amended in Section 8 of this bill in conjunction with the passage of an amendment to the Constitution of the State of Alaska that creates the Alaska school construction and maintenance fund.

Section 10. Amends AS 44.85.080(23) to allow the Alaska Municipal Bond Bank Authority to receive appropriations from the legislature for retirement of principal and interest on debt issued for school construction after April 1, 1993, but before November 5, 1997.

Section 11. Repeals and reenacts AS 44.85.080(23) as amended in Section 10 of this bill in conjunction with the passage of an amendment to the Constitution of the State of Alaska that creates the Alaska school construction and maintenance fund.

Section 12. Amends AS 44.85.180(c) to increase the total bonding authority of the Alaska Municipal Bond Bank Authority from \$300,000,000 to \$700,000,000 with \$400,000,000 of this bonding authority to be restricted to bonds issued for school construction, additions to schools, or major rehabilitation projects that are approved under AS 14.07.020(a)(11).

Section 13. Establishes the provisions set out in Sections 7, 9, and 11 of this bill in conjunction with the passage of an amendment to the Constitution of the State of Alaska that creates the Alaska school construction and maintenance fund.

Section 14. Provides for an immediate effective date with the exception of the provisions of Section 13 of this bill.

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CS SB7 (FIN)

Revision Date: 20-Apr-93 Dept. Affected: EDUCATION
 Title: An Act relating to grants for school construction BRU: Executive Administration
reimbursement of school construction debt and school Component: CIP Overhead and Associated Costs
construction bonds issued by the Alaska Municipal Bond Bank Authority

Sponsor: Senator Kertula, Little, Donley
 Requestor: Senate Finance Committee COMPONENT SERIAL NO. 157

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	46.8	48.2	49.7	51.1	52.7	54.3
TRAVEL	49.2	49.2	49.2	49.2	49.2	49.2
CONTRACTUAL	70.3	70.3	70.3	70.3	70.3	70.3
SUPPLIES	0.6	0.6	0.6	0.6	0.6	0.6
EQUIPMENT	9.0	1.5	1.5	1.5	1.5	1.5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	175.9	169.8	171.3	172.7	174.3	175.9

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other: 1061 CIP Receipts	175.9	169.8	171.3	172.7	174.3	175.9
TOTAL	175.9	169.8	171.3	172.7	174.3	175.9

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary)

(SEE ATTACHED)

Prepared by: Gary M. Bader *Gary M. Bader*
 Division: Administrative Services

Phone: 465-2875
 Date: 20-Apr-93

Approved by Commissioner: *[Signature]*
 Agency: Department of Education

Date: 4/21/93

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FISCAL NOTE
SB7

An Act relating to grants for school construction, to reimbursement of school construction debt, and to school construction bonds issued by the Alaska Municipal Bond Bank Authority; and providing for an effective date."

This bill will enable municipalities throughout the State to construct school facilities for unhoused students and to correct safety hazards and building code violations in aging facilities. Small municipalities, whose ability to bond is restricted or nonexistent, will still be required to seek State aid through the grant process. This bill would establish a bond reimbursement and grant rev. v committee to evaluate projects for the which reimbursement of school construction debt is requested and to establish the priorities for which school construction grants are requested. The committee would be composed of the following members:

1. one person licensed under AS 08.48 as an engineer;
2. one person with a teaching certificate issued by the Department of Education;
3. one person licensed as a construction contractor under AS 08.18;
4. one person licensed under AS 48.48 as an architect and
5. one person with five years of experience in facilities management.

It is certain that this bill will result in a large number of requests for approval of school construction projects. This will place an additional burden of the Facilities Section in both clerical and administrative requirements. It is impossible to predict the State liability under SB7 in FY94.

This bill will require additional time in the administrative level in order to ensure compliance with the regulations and fiscal accountability. It will require a more technical review of all school construction plans in order to ensure that they do not exceed the minimum standards established by the Departments of Education and Transportation and Public Facilities. This technical review must also include an evaluation of all projects submitted to assure compliance with the applicable standard. The amendment to Sec.14.11.014(b) will require the promulgation of new regulations regarding evaluation to include such factors as education programs. Necessary review of project plans and on site reviews to establish eligibility and compliance will increase travel requirements.

It is anticipated that participation by the Department of Law will increase. Historically, this program has created a need for legal services related to interpretation of the statute and regulations, project eligibility and the discrepancy between full funding through the grant program and partial funding through the debt retirement process. In addition technical assistance will be required in the development of statewide educational specifications and standardization review. These funds are expected to be needed continually in order to update the standards as materials and educational program needs evolve. Funds will be required for contractual services.

It is assumed that DOT/PF will provide the standard regional design specifications for schools in the arctic, interior, western and southeastern regions of the State.

Personal Services		
Administrative Assistant II (14B)	46.8	46.8
Travel		
Administrative Travel for 5 person Review Committee		49.2
Air Fare of 10 site visits (10 x 700 x 5 = 35.0)	35.0	
Per Diem for 50 days (30 x 95 x 5 = 14.2)	14.2	
Contractual		70.3
Development of Regulations	7.5	
Funds for defense of Department position in disputes	10.0	
Additional funds for hearing officer/court reporter	2.5	
Phone lines 1 position @ \$300/year	.3	
Technical expert to assist in the development and updating of school construction standards and development of educational specifications	50.0	
Supplies		.6
Supplies for one year	.6	
Equipment		9.0
Office Furniture (desks, partitions, etc.)	3.0	
Computer Equipment (Computer, token ring, etc.)	6.0	
	FY94 Total	175.9

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. SB 7

Revision Date: _____ Dept. Affected: Education
 Title: Relating to reimbursement of school BRU: Executive Administration
construction debt Component: CIP Overhead and
 Sponsor: _____ Senator Kertulla Associated Costs
 Requestor: _____ COMPONENT SERIAL NO. 156

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	41.5	42.7	44.0	45.3	46.7	48.1
TRAVEL	8.9	8.9	8.9	8.9	8.9	8.9
CONTRACTUAL	17.8	17.8	17.8	17.8	17.8	17.8
SUPPLIES	.6	.6	.6	.6	.6	.6
EQUIPMENT	9.0	1.5	1.5	1.5	1.5	1.5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	77.8	71.5	72.8	74.1	75.5	76.9

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1061 CIP Receipts	77.8	71.5	72.8	74.1	75.5	76.9
TOTAL	77.8	71.5	72.8	74.1	75.5	76.9

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary)

It is impossible to predict the State liability in FY94 and beyond under SB 7.
(see attached)

Prepared by: Gary M. Bader *Gary M. Bader 1/25/93*
 Division: Administrative Services
 Approved by Commissioner: *[Signature]*
 Agency: Department of Education

Phone: 465-2875
 Date: January 25, 1993
 Date: 1/26/93

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Position Title Administrative Assistant I		No. of Positions 1	Range / Step 12B	Org. Unit SGU
Time Status PFT	Staff Months 12	Location Juneau		Election District 3, 4
TYPE OF EXPENDITURE		Amount	Justification	
Salary		28.8		
Benefits		12.7		
Premium Pay				
Other				
Total Personal Services		41.5		
Travel		8.9		
Contractual		17.8		
Commodities				
Equipment		9.6		
Other				
Total Cost		77.8		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
IA Receipts	1007			
CIP Receipts	1061	77.8		
Other				

**Request For
New Position**

AGENCY Education
 BRU Executive Administration
 COMPONENT CIP Overhead and Associated Costs

FY 1994

Page _____ of _____
 Revised Date: _____

FISCAL NOTE SB 7

"An Act relating to reimbursement of school construction debt; and providing for an effective date."

This bill will enable municipalities throughout the State to construct much needed school facilities for a burgeoning unhoused student population and to correct safety hazards and code deficiencies in aging facilities. It is certain that this will result in a large number of requests for approval of school construction projects which will place an additional burden on the Facilities Section in both clerical and administrative requirements. While it may reduce the number of requests for grants through AS14.11.011 from the larger municipalities, it is likely that they will continue to seek grant funds depending on their current bond debt and fiscal obligations. Additionally, smaller municipalities, whose ability to bond is restricted or nonexistent and whose cash flow will enable them only limited use of the cash reimbursement process, will still seek State aid through the grant process.

This bill will require additional time at the administrative level in order to ensure compliance with the regulations and fiscal accountability. Though regulations are in place to govern administration of this program, in order to exercise some control over the State's obligation for debt, regulations should be revised to limit the term of eligibility. Necessary review of project plans and on-site reviews to determine eligibility and compliance will increase administrative travel requirements. Funds will be required for travel.

It is anticipated that participation by the Department of Law will increase. Historically, this program has created a need for legal services related to interpretation of the statute and regulations, project eligibility, and the discrepancy between full funding through the grant program and partial funding through the debt retirement process. Funds will be required for contractual services.

One additional position is necessary to ensure compliance with this legislation. Personal services costs are assumed to increase 3% per year after the first year. Equipment costs are \$9.0 the first year and \$1.5 for replacement thereafter.

Funding for the CIP Overhead and Associated Costs component will be based upon a percentage charge from the school construction grant account and inter-agency receipts originating from the Alaska debt retirement fund.

Personal Services		41.5
Administrative Assistant I (12B)	41.5	
Travel		8.9
Administrative travel		
Air fare for 10 site visits (10 x 700 = 7.0)	7.0	
Per Diem for 20 days (20 x 95 = 1.9)	1.9	

Contractual		17.8
Development of regulations	5.0	
Funds for defense of Department position in disputes	10.0	
Additional funds for hearing officer/court reporter	2.5	
Phone lines 1 position @ \$300/year	.3	
Supplies		.6
Supplies for 1 position	.6	
Equipment		9.0
Office furniture (desks, partitions, ect.)	3.0	
Computer Equipment (Computer, token ring, etc.)	6.0	
	FY 94 Total	77.8

1/20/93

FISCAL NOTE

Revision Date: 04/23/93 (Work Copy)
Title: School Debt Reimbursement

Department Affected: DOT&PF
BRU: E&OS

Sponsor: Kerttula, Little, Donley
Requestor:

Component: D&C Standards
Component Serial Number: 547

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	7.0	7.2	7.5	7.8	8.0	8.3
TRAVEL	3.0	3.1	3.2	3.3	3.4	3.6
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING:	10.0	10.3	10.7	11.1	11.4	11.9

CAPITAL	1,641.0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

1002 FEDERAL RECEIPTS	0	0	0	0	0	0
1003 GF MATCH	0	0	0	0	0	0
1004 GF	1,651.0	10.3	10.7	11.1	11.4	11.9
1005 GF/PROGRAM RECEIPTS	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL FUNDING:	1,651.0	10.3	10.7	11.1	11.4	11.9

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	**	0	0	0	0	0

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

** See page two (Fiscal Note Summary) for comments pertaining to staffing requirements. Monetary amounts shown for FY 95 and beyond have been inflated by 3.5% annually.

See attached summary and four page analysis for details and assumptions.

Prepared by: Roger W. Allington, Director

Phone: 465-2951

Division: Engineering and Operations Standards

Date: April 27, 1993

Approved by Commissioner: B.A. Campbell
Bruce A. Campbell

Phone: 465-3900

Agency: Department of Transportation and Public Facilities

Date: April 27, 1993

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ANALYSIS (cont. from page 1):

Fiscal Note Analysis for CS SB 7 (FIN)

Fiscal Note Summary:

The proposed legislation is anticipated to have the following impacts.

Section 4 Impacts - FY 94 and 95 (Capital funds for design guidelines, specifications and review of prototypical school designs.)

Expenditures: Personal services, contractual and travel costs total \$1.64 MM. *It should be recognized that this amount equates to only three tenths of one percent of the entire construction amount (\$500,000,000) that could be obligated under this bill.*

Personnel: Depending on the extent of guidelines required and the magnitude of funding provided, additional CIP positions may be needed.

Section 5 Impacts - FY 94 and beyond (Operating funds for grant review committee activities inflated annually by 3.5%.)

Expenditures: Personal services, contractual and travel costs of \$10,000.

Personnel: No additional personnel are anticipated for these projects.

Program Description:

The proposed bill would require the Department of Transportation and Public Facilities (DOT&PF) to consult with the Department of Education (DOE) in the development of standard regional school "specifications" (per Sec. 4 of the proposed legislation). Additionally, it is anticipated that the department would be involved in the grant review process (per Sec. 5 of the proposed legislation).

Background Information Relating to the Proposed Legislation:

Definition of the fundamental school construction (program) needs, appropriate design standards and concerns (criteria), and the minimum acceptable construction specifications have long been a desire of many different entities within the State of Alaska. It is believed that – when created – these documents could be used to formulate a basis on which school construction grants would be funded.

Program Implementation and Resulting Fiscal Impacts:

Despite the fact that the bill contains an effective date, the program would likely "come on line" in somewhat of a staged process. Because section 4 is fundamental to the other sections, the requirements of this section will have to be met before the full effect of the legislation will be apparent. Section 4 will require an extensive amount of time and effort (by both DOT&PF and the Department of Education) to complete the mandated guidelines and construction specifications. As both elements are intertwined, it should be expected that they will be developed as a package as opposed to piecemeal elements. At a minimum one year to eighteen months should be allocated in the preparation of this component of the legislation. The costs of the developmental

aspects associated with this "staged process" appear in the FY 94 portion of the fiscal note.

Analysis and Assumptions:

The following detailed analysis, covering the sixteen sections of the bill and focusing on the department's specific areas of program involvement, was developed around the following assumptions.

- *Given past experience, and based upon the evaluating criteria presented under lines 14 through 24 on page 3, a substantial amount of preliminary review work will have to occur prior to the first meeting of the Review Committee. Presently, no fiscal impacts for these services are included in this document. However, (based upon previous fiscal notes) it is anticipated that, if the Department of Education desires the assistance of DOT&PF in these areas, a Reimbursable Services Agreement of approximately \$85,000 per year will be required.*
- *Due to a lack of detail and the overall uncertainty of what is expected, the assumptions and resulting cost calculations are assumed to represent a "worse case" scenario.*
- *Given the language within line 13 on page 1 of the proposed legislation, it is assumed that the terminology "guidelines" which appears on page 2 lines 13, 14, and 18 is actually meant to include design criteria, construction specifications and cost estimates.*
- *It is assumed that due to program differences (five in total), differences in school size - between communities in a given region (large districts VS. small) and the climatic conditions present in each of the four defined regions, that a wide variety of school specifications may have to be developed.*
- *Schools of less than 100 students are considered "small" schools for the purpose of this analysis.*
- *Costs shown in this report reflect a facility based guideline/specification approach. While not done at this time, some consideration towards a component/matrix design approach or perhaps a review of existing (or proposed) designs should be considered. This would allow for communities to build to a higher level of quality provided that the life cycle costs supported a higher initial capital cost.*
- *It is assumed that the grant review committee will meet only on an annual (or worst case semi-annual) basis to conduct the activities associated with the Section 5 grant review.*

Proposed Legislation Sections 1 through 3

No departmental comment as a result of these sections.

Proposed Legislation Section 4 (page 2)

As a preamble to this section, the department wishes to re-emphasize that the costs associated with the services described within this section of the analysis are very insignificant when compared to the total dollar value of the ensuing school construction costs. This amount, \$1.64 million, constitutes only 0.3% of the potential

\$500 million in total construction costs that could be allocated under the legislation. A very small amount when compared to the 7.3 % design costs ¹ experienced on a local school project.

Types of facilities under consideration:

As educational program needs vary, it will be necessary to develop design specifications that best establish a baseline "standard" for each of the following:

- elementary schools,
- middle schools,
- junior high schools,
- high schools,
- special education facilities, and
- various combinations of the above.

Once the baselines have been established for each of the educational programs, and after consulting with DOE, DOT&PF would be prepared to establish the design criteria and construction specifications for each set of regional standards. Modifications, in the form of design features and cost factors, could then be applied to the baseline standards to reflect such variables as structural requirements associated for snow and seismic loadings, soils conditions, energy (thermal) requirements, unique climatic conditions and geographic construction costs. It follows then that school construction costs (probably on a square footage basis, and possibly on a per student basis) could be determined for each school type, whereby the cost of the basic school type, modified by the appropriate adjustment factors, would yield an allowable overall school cost for the subject facility. The basic cost and adjustment factors could later be inflated (from year to year) as appropriate.

At a minimum an architect, a structural engineer, a mechanical engineer and an electrical engineer would be heavily involved in the process. From time to time a cost estimator would be called in for assistance. It is anticipated that the process would also involve a good deal of effort on the parts of a DOT&PF project manager and a DOE programming person. It is estimated take approximately 1.5 years to complete the task.

Hence the following costs:

Personnel costs (for 1.5 years of professional service efforts):

Architect = 3000 hours @ \$85/ hour yields	\$255,000
Structural Engineer = 3000 hours @ \$100/ hour yields	\$300,000
Mechanical Engineer = 3000 hours @ \$90/ hour yields	\$270,000
Electrical Engineer = 3000 hours @ \$90/ hour yields	\$270,000
Cost Estimator = 300 hours @ 100/ hour yields	\$ 30,000

Allowance for support staff: (for architects and engineers):

Secretary and technical support staff 6000 hours @ \$35/ hour yields	\$210,000
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Allowance for professional staff travel: (for architects and engineers):

A lump Sum allowance of	<u>\$ 30,000</u>
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Subtotal of costs associated with professional services activities	\$1,365,000
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¹ Comments were provided By Ms. Cathy Fritz, CBJ Architect and project manager for the \$15.1 million middle school (currently under construction) and a future \$40 million high school facility.

Personnel costs (for 1.5 years of DOT&PF Design Manager efforts):	
Range 22 C position = 3000 @ \$42/ loaded hourly rate yields	\$126,000
Allowance for travel, procurement expenses and support services	
Allowance is based upon 5% of project costs, yields	<u>\$150,000</u>
GRAND TOTAL OF SECTION 4 COSTS (Excluding DOE Personnel Costs)	\$1,641,000

Proposed Legislation Section 5 (page 2)

Based upon the department's understanding that its involvement will be limited solely to the review and ranking process the following fiscal impacts are anticipated.

Personal Services where:

"one person shall be employed by the Department of Transportation and Public Facilities". Personnel costs related to one month's efforts of a DOT&PF Design Manager II @ range 22 C position = 165 hrs @ \$42/ (loaded) hour rate yields approx. \$ 7,000

Travel Expense for the three evaluators where:

- two trips are required for the evaluator to attend meetings directly associated with the ranking process \$ 1,000
 - Associated per diem (20 days/person @ \$100/day) \$ 2,000
- Total anticipated travel costs are \$ 3,000

Contractual Expense. Based upon our earlier assumption (see the listing of assumptions in a previous portion of this report), no expenses are allocated for this element.

GRAND TOTAL OF SECTION 5 COSTS (Excluding DOE Costs)	<u><u>\$10,000</u></u>
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Proposed Legislation Sections 6 through 16

No departmental comment as a result of these sections.

FISCAL NOTE

Revision Date: 04/21/93
Title: School Debt Reimbursement

Department Affected: DOT&PF
BRU: E&OS

Sponsor: Kertula
Requestor:

Component: D&C Standards
Component Serial Number: 547

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING:	0	0	0	0	0	0

CAPITAL	1,641.0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

1002 FEDERAL RECEIPTS	0	0	0	0	0	0
1003 GF MATCH	0	0	0	0	0	0
1004 GF	1,641.0	0	0	0	0	0
1005 GF/PROGRAM RECEIPTS	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL FUNDING:	1,641.0	0	0	0	0	0

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	**	0	0	0	0	0

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

** See page two (Fiscal Note Summary) for comments pertaining to staffing requirements.

See attached summary and three page analysis for details and assumptions.

Prepared by: Roger W. Allington, Director

Phone: 465-2951

Division: Engineering and Operations Standards

Date: April 22, 1993

Approved by Commissioner: BA Campbell
Bruce A. Campbell

Phone: 465-3900

Agency: Department of Transportation and Public Facilities

Date: April 23, 1993

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ANALYSIS (cont. from page D):

Fiscal Note Analysis for CS SB 7 (FIN)

Fiscal Note Summary:

The proposed legislation is anticipated to have the following impacts.

Section 4 Impacts - FY 94 and 95 (Capital funds for design guidelines, specifications and review of prototypical school designs.)

Expenditures: Personal services, contractual and travel costs total \$1.64 MM.

It should be recognized that this amount equates to only three tenths of one percent of the entire construction amount (\$500,000,000) that could be obligated under this bill.

Personnel: Depending on the extent of guidelines required and the magnitude of funding provided, additional CIP positions may be needed.

Program Description:

The proposed bill would require the Department of Transportation and Public Facilities (DOT&PF) to consult with the Department of Education (DOE) in the development of standard regional school "specifications" (per Sec. 4 of the proposed legislation).

Background Information Relating to the Proposed Legislation:

Definition of the fundamental school construction (program) needs, appropriate design standards and concerns (criteria), and the minimum acceptable construction specifications have long been a desire of many different entities within the State of Alaska. It is believed that -- when created -- these documents could be used to formulate a basis on which school construction grants would be funded.

Program Implementation and Resulting Fiscal Impacts:

Despite the fact that the bill contains an effective date, the program would likely "come on line" in somewhat of a staged process. Because section 4 is fundamental to the other sections, the requirements of this section will have to be met before the full effect of the legislation will be apparent. Section 4 will require an extensive amount of time and effort (by both DOT&PF and the Department of Education) to complete the mandated guidelines and construction specifications. As both elements are intertwined, it should be expected that they will be developed as a package as opposed to piecemeal elements. At a minimum one year to eighteen months should be allocated in the preparation of this component of the legislation. The costs of the developmental aspects associated with this "staged process" appear in the FY 94 portion of the fiscal note.

Analysis and Assumptions:

The following detailed analysis, covering the sixteen sections of the bill and focusing on the department's specific areas of program involvement, was developed around the following assumptions.

- *Given the bill's current language, it is difficult to assess the involvement of DOT&PF in the activities described under Section 4 (lines 19 and 20) and Section 5. Presently, no fiscal impacts for these services are included in this document. However (based upon previous fiscal notes) it is anticipated that, if the Department of Education desires the assistance of DOT&PF in these areas, a Reimbursable Services Agreement of approximately \$85,000 per year will be required.*
- *Due to a lack of detail and the overall uncertainty of what is expected, the assumptions and resulting cost calculations are assumed to represent a "worse case" scenario.*
- *Given the language within line 13 on page 1 of the proposed legislation, it is assumed that the terminology "guidelines" which appears on page 2 lines 13, 14, and 18 is actually meant to include design criteria, construction specifications and cost estimates.*
- *It is assumed that due to program differences (five in total), differences in school size - between communities in a given region (large districts VS. small) and the climatic conditions present in each of the four defined regions, that a wide variety of school specifications may have to be developed.*
- *Schools of less than 100 students are considered "small" schools for the purpose of this analysis.*
- *Costs shown in this report reflect a facility based guideline/specification approach. While not done at this time, some consideration towards a component/matrix design approach or perhaps a review of existing (or proposed) designs should be considered. This would allow for communities to build to a higher level of quality provided that the life cycle costs supported a higher initial capital cost.*

Proposed Legislation Sections 1 through 3

No departmental comment as a result of these sections.

Proposed Legislation Section 4 (page 2)

As a preamble to this section, the department wishes to re-emphasize that the costs associated with the services described within this section of the analysis are very insignificant when compared to the total dollar value of the ensuing school construction costs. This amount, \$1.64 million, constitutes only 0.3% of the potential \$500 million in total construction costs that could be allocated under the legislation. A very small amount when compared to the 7.3 % design costs ¹ experienced on a local school project.

¹ Comments were provided By Ms. Cathy Fritz, CBJ Architect and project manager for the \$15.1 million middle school (currently under construction) and a future \$40 million high school facility.

Types of facilities under consideration:

As educational program needs vary, it will be necessary to develop design specifications that best establish a baseline "standard" for each of the following:

- elementary schools,
- middle schools,
- junior high schools,
- high schools,
- special education facilities, and
- various combinations of the above.

Once the baselines have been established for each of the educational programs, and after consulting with DOE, DOT&PF would be prepared to establish the design criteria and construction specifications for each set of regional standards. Modifications, in the form of design features and cost factors, could then be applied to the baseline standards to reflect such variables as structural requirements associated for snow and seismic loadings, soils conditions, energy (thermal) requirements, unique climatic conditions and geographic construction costs. It follows then that school construction costs (probably on a square footage basis, and possibly on a per student basis) could be determined for each school type, whereby the cost of the basic school type, modified by the appropriate adjustment factors, would yield an allowable overall school cost for the subject facility. The basic cost and adjustment factors could later be inflated (from year to year) as appropriate.

At a minimum an architect, a structural engineer, a mechanical engineer and an electrical engineer would be heavily involved in the process. From time to time a cost estimator would be called in for assistance. It is anticipated that the process would also involve a good deal of effort on the parts of a DOT&PF project manager and a DOE programming person. It is estimated take approximately 1.5 years to complete the task.

Hence the following costs:

Personnel costs (for 1.5 years of professional service efforts):

Architect = 3000 hours @ \$85/ hour yields	\$255,000
Structural Engineer = 3000 hours @ \$100/ hour yields	\$300,000
Mechanical Engineer = 3000 hours @ \$90/ hour yields	\$270,000
Electrical Engineer = 3000 hours @ \$90/ hour yields	\$270,000
Cost Estimator = 300 hours @ 100/ hour yields	\$ 30,000

Allowance for support staff: (for architects and engineers):

Secretary and technical support staff 6000 hours @ \$35/ hour yields	\$210,000
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Allowance for professional staff travel: (for architects and engineers):

A lump Sum allowance of	<u>\$ 30,000</u>
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Subtotal of costs associated with professional services activities	\$1,365,000
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Personnel costs (for 1.5 years of DOT&PF Design Manager efforts):

Range 22 C position = 3000 @ \$42/ loaded hourly rate yields	\$126,000
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Allowance for travel, procurement expenses and support services

Allowance is based upon 5% of project costs, yields	<u>\$150,000</u>
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GRAND TOTAL OF SECTION 4 COSTS (Excluding DOE Personnel Costs)	\$1,641,000
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Proposed Legislation Section 5 (page 2)

The fiscal impacts for this section of the proposed legislation has been dropped. However, an assumption with respect to these costs appears in the initial part of this fiscal note.

Proposed Legislation Sections 6 through 16

No departmental comment as a result of these sections.

Handout
60 Bob P. e
4-21-93
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Anticipated Municipal Elections - October 93

Fairbanks NSB		\$93,000.00
New High School	60,000.00	
New North Elm	13,000.00	
Renovate Lathrop Hi.	<u>20,000.00</u>	
Kenai PB		\$49,700.00
Tusteman Elem. Addition	5,400.00	
New Kenai Elem	9,000.00	
New W.Homer Elem	10,300.00	
6 Portable Classrooms	430,000	
Skyview Middle/Jr.High-New	<u>25,000.00*</u>	

*Kenai anticipates a ballot proposition including only the new Middle School in Cot 93.

Mat-Su Borough		\$50,000.00
New Middle School	25,000.00	
New Wasilla Elem	10,000.00	
Palmer Elem Upgrade	10,000.00	
Glacier View(Sm.School)	5,000.00 (Sen.Lincoln)	

Juneau		\$17,500.00
New Elem.	\$14,200.00	
Elem. Schools-roof replace	2,200.00	
Gastineau Elem-renovate	300.00	
Access Reconfiguration	600.00	
Overpass Upgrade	200.00	

Retro Clause for Anchorage Elections, April 20:

Municipality of Anchorage		\$170,000.00
Total Project Cost		<u>\$387,500.00</u>
Municipal Share @ 30%		-\$116,250.00
State Share @ 70% through Municipal Bond Bank		<u>\$271,250.00</u>
Available Bond Bank. Balance under CAP		\$128,750.00

SB180 - "An Act relating to reimbursement of school construction debt and the powers of the Municipal Bond Bank Authority"

PROCESS:

- √ School District to receive DOE approval of proposed construction projects eligible for state participation through the Municipal Bond Bank
- √ Municipality to receive voter authorization for bonds with 30% local match and 70% state participation from 4-1-93 to 3-31-97
- √ Municipalities sell their 30% authorized bonds based on local construction schedules to Bond Bank as their match; Bond Bank to sell additional 70% as State's share and submit to municipalities

KEY FEATURES of PLAN:

- √ Provides a four year window for obligated state participation of school construction through bonding to address problems of unhoused students and major maintenance in urban areas
- √ The four year "window" coincides with the declining costs of the current school debt retirement payments as it shrinks by \$50 million annually in FY97 (FY93 to FY94 declined by \$27 million)
- √ Provides a "CAP" on the States 70% share of school construction by limiting authorization to the Bond Bank of \$400,000 million specifically for school construction
- √ The "CAP" of \$400 million will limit State's obligations to \$40 million annually by FY97 on 15 year bonds. Combined with the current pay off schedule by FY97 of \$50 million annually, SB180 projects a continued decline in state costs of \$10 million in the four year period.
- √ Provides access to improved bond ratings for smaller communities.
- √ Allows community bonding capacity to be available for other needs.
- √ Provides local prioritization of projects subject to DOE and voter approval.

POSITION PAPER: DEPARTMENT OF EDUCATION

Division: Administrative Services

Bill Number: SB 7

Bill Title: An Act relating to reimbursement of school construction; and providing for an effective date.

Sponsor: Senator Kerttula

Position Statement: Explain briefly what the bill does, its impact and Department's position, i.e. a) support, b) do not support, c) neutral or d) oppose

SB7 would reinstate the debt reimbursement program for bonds sold by a municipality and approved by the voters for school construction and repair. It would also reinstate the cash reimbursement program for municipal school districts who use locally generated revenue to construct or repair school facilities in their district. The rate of reimbursement would be 80% of principle and interest on the bonds and 80% of cash expenditures. Reimbursement for cash would be on a two year lag basis and eligible expenditures would be verified by the school district's audit. All projects would require the Department of Education's approval. Only those projects or parts of projects approved by the Department would be eligible for reimbursement.

The Department feels that this approach to funding capital projects fails to address critical needs statewide. Only those communities with the capacity to bond or with the available cash could participate in this program. REAAs and many of the small single site districts would be excluded. It is impossible to predict the State's financial liability under this bill. However, at this rate of reimbursement there is very little incentive for school district's to be prudent. Governor Rickel has introduced legislation (HB82 and 83 and SB59 and 60) that would create a comprehensive program to address school construction, rehabilitation and major maintenance needs. The Department believes that an all encompassing program would better serve the state's interest. Therefore, the Department opposes SB 7.

Director: Gary Bader **Division:** Administrative Services

Signature: *Gary M. Bader* **Date:** 1/27/93

Commissioner/Deputy: Jerry Covey/Mike Maher

Signature: *Shula Peterson* **Date:** 1/28/93
for Mike Maher

final

CS FOR SENATE BILL NO. 7(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATORS KERTTULA, Little, Donley, Kelly, Pearce, Frank, Taylor, Miller, Sharp, Halford

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to grants for school construction, to reimbursement of school
 2 construction debt, and to school construction bonds issued by the Alaska
 3 Municipal Bond Bank Authority; and providing for an effective date."

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

5 * Section 1. AS 14.11.013(b) is repealed and reenacted to read:

6 (b) The department shall recommend school construction grants in the order
 7 of priority established by the grant review committee under AS 14.11.014.

8 * Sec. 2. AS 14.11.013(d) is amended to read:

9 (d) The department shall reduce a project budget by the cost of those portions
 10 of a project design that the department determines (1) are for construction of student
 11 residential space, planetariums, hockey rinks, saunas, and other facilities for single
 12 purpose sporting or recreational uses that are not suitable for other activities; or (2)
 13 do not meet the design guidelines specified under (f) or (g) of this section that are
 14 applicable to the project. This subsection does not apply to funding for swimming

1 pools that meet criteria established by the department.

2 * Sec. 3. AS 14.11.013(e) is amended to read:

3 (e) By November 5, the department shall provide public notice of the grant
4 applications submitted under (a) of this section and the priorities established under
5 AS 14.11.014 [(b) OF THIS SECTION]. After public notice has been given, the
6 department shall, not later than December 1, hold a public hearing on the priorities
7 established under AS 14.11.014 [(b) OF THIS SECTION]. In this subsection, "public
8 notice" means notice published in a newspaper of general circulation and notice to
9 every person who has requested notice about the grant application program from the
10 department.

11 * Sec. 4. AS 14.11.013 is amended by adding new subsections to read:

12 (f) The department shall, in consultation with the Department of Transportation
13 and Public Facilities, develop standard regional design guidelines for the construction
14 of schools in the state. Standard regional school design guidelines shall be developed
15 for the arctic, interior, western, southcentral, and southeastern regions of the state. For
16 each school construction project for which a grant is requested under AS 14.11.011,
17 the department shall determine which standard regional school design guidelines are
18 applicable to that project.

19 (g) A prototypical design utilized by a district may be substituted for a
20 regional design required under (f) of this section if approved by the department.

21 * Sec. 5. AS 14.11 is amended by adding a new section to read:

22 Sec. 14.11.014. BOND REIMBURSEMENT AND GRANT REVIEW
23 COMMITTEE. (a) The commissioner shall establish a bond reimbursement and grant
24 review committee for the purpose of evaluating projects for which retirement of school
25 construction debt is requested, establishing the department's priorities among projects
26 for which school construction grants are requested, and preparing a construction grant
27 schedule. The committee shall consist of the commissioner or the commissioner's
28 designee and four other people selected by the commissioner who have the following
29 qualifications:

30 (1) one person shall be an engineer in private practice licensed under
31 AS 08.48;

1 (2) one person shall be an engineer licensed under AS 08.48 and
2 licensed as a construction contractor under AS 08.18;

3 (3) one person shall be an architect in private practice licensed under
4 AS 08.48; and

5 (4) one person shall have five years of experience in school or
6 municipal facilities management.

7 (b) In evaluating projects for bond reimbursement or establishing priorities
8 among grants as required under this section, the grant review committee shall evaluate
9 all of the following factors, without establishing an absolute priority for any one factor:

10 (1) emergency requirements;

11 (2) priorities assigned by the district to the projects requested;

12 (3) new local elementary and secondary facilities;

13 (4) existing regional, community, and school facilities, and their
14 condition; this paragraph does not include administrative facilities;

15 (5) the amount of district operating funds expended for maintenance;
16 and

17 (6) other program options for accomplishing the project's objectives.

18 (c) Members of the committee serve without compensation, but members who
19 are not representing the department or the Department of Transportation and Public
20 Facilities are entitled to per diem and travel expenses authorized for boards and
21 commissions under AS 39.20.180.

22 * Sec. 6. AS 14.11.100(a) is amended to read:

23 (a) During each fiscal year, the state shall allocate to a municipality that is a
24 school district, the following sums:

25 (1) payments made by the municipality during the fiscal year two years
26 earlier for the retirement of principal and interest on outstanding bonds, notes, or other
27 indebtedness incurred before July 1, 1977, to pay costs of school construction;

28 (2) 90 percent of

29 (A) payments made by the municipality during the fiscal year
30 two years earlier for the retirement of principal and interest on outstanding
31 bonds, notes, or other indebtedness incurred after June 30, 1977, and before

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July 1, 1978₂ to pay costs of school construction;

(B) cash payments made after June 30, 1976₂ and before July 1, 1978₂ by the municipality during the fiscal year two years earlier to pay costs of school construction;

(3) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes₂ or other indebtedness incurred after June 30, 1978₂ and before January 1, 1982₂ to pay costs of school construction projects approved under AS 14.07.020(a)(11);

(B) cash payments made after June 30, 1978₂ and before July 1, 1982₂ by the municipality during the fiscal year two years earlier to pay costs of school construction projects approved under AS 14.07.020(a)(11);

(4) subject to (h) and (i) of this section, up to 90 percent of

(A) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes₂ or other indebtedness incurred after December 31, 1981, and authorized by the qualified voters of the municipality before July 1, 1983, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

(B) cash payments made after June 30, 1982, and before July 1, 1983, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

(C) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are submitted to the department for approval under AS 14.07.020(a)(11) before July 1, 1983, and approved by the qualified voters of the municipality before October 15, 1983, not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of

1 average daily membership of the municipality is more than 7 percent but less
2 than 12 percent, or (ii) \$20,000,000 if the annual growth rate of average daily
3 membership of the municipality is 12 percent or more; payments made by a
4 municipality under this paragraph on total project costs that exceed the amounts
5 set out in (i) and (ii) of this paragraph are subject to (5)(A) of this subsection;

6 (5) subject to (h), (i), and (j) of this section, 80 percent of

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

9 (i) outstanding bonds, notes, or other indebtedness
10 authorized by the qualified voters of the municipality after June 30,
11 1983, but before March 31, 1990, to pay costs of school construction,
12 additions to schools, and major rehabilitation projects that exceed
13 \$25,000 and are approved under AS 14.07.020(a)(11);

14 (ii) outstanding bonds, notes, or other indebtedness
15 authorized by the qualified voters of the municipality before July 1,
16 1989, and reauthorized before November 1, 1989, to pay costs of school
17 construction, additions to schools, and major rehabilitation projects that
18 exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

19 (B) cash payments made after June 30, 1983, by the
20 municipality during the fiscal year two years earlier to pay costs of school
21 construction, additions to schools, and major rehabilitation projects that exceed
22 \$25,000 and are approved by the department before July 1, 1990, under
23 AS 14.07.020(a)(11);

24 (6) subject to (h), (i), (j), and (n) of this section, 70 percent of
25 payments made by the municipality during the fiscal year for the retirement of
26 principal and interest on outstanding bonds, notes, or other indebtedness
27 authorized by the qualified voters of the municipality after April 1, 1993, but
28 before November 5, 1997, to pay costs of school construction, additions to schools,
29 and major rehabilitation projects that exceed \$200,000 and are approved under
30 AS 14.07.020(a)(11);

31 (7) subject to (h), (i), (j), and (n) of this section, 70 percent of

1 payments made after July 1, 1994, by the municipality during the fiscal year for
2 the retirement of principal and interest on outstanding bonds, notes, or other
3 indebtedness authorized by the qualified voters of the municipality after
4 March 31, 1990, but before April 1, 1993, to pay costs of school construction,
5 additions to schools, and major rehabilitation projects.

6 * Sec. 7. AS 14.11.100(a)(6) is repealed and reenacted to read:

7 (6) subject to (h), (i), (j), and (n) of this section, 70 percent of
8 payments made by the municipality during the fiscal year for the retirement of
9 principal and interest on outstanding bonds, notes, or other indebtedness authorized by
10 the qualified voters of the municipality after April 1, 1993, but before November 8,
11 1997 to pay costs of school construction, additions to schools, and major rehabilitation
12 projects that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

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

14 (j) Except as provided in (l) of this section, the state may not allocate money
15 to a municipality for a school construction project under (a)(5), (6), or (7) of this
16 section unless the municipality complies with the requirements of (1) - (4) of this
17 subsection, the project is approved by the commissioner before the local vote on the
18 bond issue for the project or for bonds authorized after March 31, 1990, but before
19 November 5, 1997, the bonds are approved by the commissioner before
20 reimbursement by the state, and the local vote occurs before July 1, 1987, or after
21 June 30, 1988. In approving a project under this subsection, the commissioner shall
22 require

23 (1) the municipality to include on the ballot for the bond issue, for
24 bonds authorized on or before March 31, 1990, the estimated total cost of each
25 project including estimated total interest, estimated annual operation and maintenance
26 costs, the estimated amounts that will be paid by the state and by the municipality, and
27 the approximate amount that would be due in annual taxes on \$100,000 in assessed
28 value to retire the debt;

29 (2) that the bonds may not be refunded unless the annual debt service
30 on the refunding issue is not greater than the annual debt service on the original issue;

31 (3) that the bonds must be repaid in approximately equal annual

1 principal payments or approximate equal debt service payments over a period of at
2 least 10 years;

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

5 (A) projected long-term student enrollment that indicates the
6 district has inadequate facilities to meet present or projected enrollment; or

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

9 * Sec. 9. AS 14.11.100 is amended by adding new subsections to read:

10 (n) The total amount of school construction projects approved for
11 reimbursement by the department under (a)(6) or (7) of this section may not exceed
12 \$500,000,000.

13 (o) Subject to (h), (i), and (j) of this section, the state shall allocate to the
14 Alaska Municipal Bond Bank Authority 70 percent of payments made by the authority
15 during the fiscal year for retirement of principal and interest on outstanding bonds,
16 notes, or other indebtedness issued under AS 44.85.080 after April 1, 1993, but before
17 November 5, 1997, to pay costs of school construction, additions to schools, and major
18 rehabilitation projects that exceed \$200,000 and are approved under AS 14.07.020(11).

19 * Sec. 10. AS 44.85.080 is amended by adding a new paragraph to read:

20 (23) receive appropriations from the legislature for retirement of
21 principal and interest on bonds, notes, or other indebtedness issued after April 1, 1993,
22 but before November 5, 1997, to pay costs of school construction, additions to schools,
23 and major rehabilitation projects that exceed \$200,000 and are approved under
24 AS 14.07.020(a)(11).

25 * Sec. 11. AS 44.85.180(c) is amended to read:

26 (c) Notwithstanding the provisions of (a) and (b) of this section, the total
27 amount of bond bank authority bonds and notes outstanding at any one time, except
28 bonds or notes issued to fund or refund bonds or notes, may not exceed \$800,000,000,
29 of which \$500,000,000 may only be issued to fund school construction, additions
30 to schools, or major school rehabilitation projects that are approved under
31 AS 14.07.020(a)(11) [\$300,000,000].

1 * Sec. 12. TRANSITION. Notwithstanding AS 14.11.013(f), enacted in sec. 4 of this Act,
2 the Department of Education is not required to determine applicable standard regional school
3 designs for grant projects unless the grant project is submitted to the Department of Education
4 under AS 14.11.011 after July 1, 1994.

5 * Sec. 13. APPLICABILITY. This Act does not apply to school construction projects that
6 are submitted to the Department of Education under AS 14.11.011(a) before the effective date
7 of this section.

8 * Sec. 14. Section 7 of this Act takes effect on the day that the lieutenant governor certifies
9 that a majority of the votes cast on the constitutional amendment described in sec. 15 of this
10 Act were opposed to the amendment.

11 * Sec. 15. AS 14.11.100(o), enacted in sec. 9 of this Act, and secs. 10 and 11 of this Act
12 take effect on the effective date of an amendment to the Constitution of the State of Alaska
13 that creates the Alaska school construction and maintenance fund and that is proposed by the
14 Eighteenth Alaska State Legislature.

15 * Sec. 16. Except as provided in secs. 14 and 15 of this Act, this Act takes effect
16 immediately under AS 01.10.070(c).

4-21-93
dm

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WORK DRAFT

8-LS0142J

Ford

4/27/93

CS FOR SENATE BILL NO. 7(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATORS KERTTULA, Little, Donley, Kelly, Pearce, Frank, Taylor, Miller, Sharp, Halford

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to grants for school construction, to reimbursement of school
2 construction debt, and to school construction bonds issued by the Alaska
3 Municipal Bond Bank Authority; and providing for an effective date."

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

5 * **Section 1.** AS 14.11.013(b) is repealed and reenacted to read:

6 (b) The department shall recommend school construction grants in the order
7 of priority established by the grant review committee under AS 14.11.014.

8 * **Sec. 2.** AS 14.11.013(d) is amended to read:

9 (d) The department shall reduce a project budget by the cost of those portions
10 of a project design that the department determines (1) are for construction of student
11 residential space, planetariums, hockey rinks, saunas, and other facilities for single
12 purpose sporting or recreational uses that are not suitable for other activities; or (2)
13 do not meet the design guidelines specified under (f) or (g) of this section that are
14 applicable to the project. This subsection does not apply to funding for swimming

1 pools that meet criteria established by the department.

2 * Sec. 3. AS 14.11.013(e) is amended to read:

3 (e) By November 5, the department shall provide public notice of the grant
4 applications submitted under (a) of this section and the priorities established under
5 AS 14.11.014 [(b) OF THIS SECTION]. After public notice has been given, the
6 department shall, not later than December 1, hold a public hearing on the priorities
7 established under AS 14.11.014 [(b) OF THIS SECTION]. In this subsection, "public
8 notice" means notice published in a newspaper of general circulation and notice to
9 every person who has requested notice about the grant application program from the
10 department.

11 * Sec. 4. AS 14.11.013 is amended by adding new subsections to read:

12 (f) The department shall, in consultation with the Department of Transportation
13 and Public Facilities, develop standard regional design guidelines for the construction
14 of schools in the state. Standard regional school design guidelines shall be developed
15 for the arctic, interior, western, and southeastern regions of the state. For each school
16 construction project for which a grant is requested under AS 14.11.011, the department
17 shall determine which standard regional school design guidelines are applicable to that
18 project.

19 (g) A prototypical design utilized by a district may be substituted for a
20 regional design required under (f) of this section if approved by the department.

21 * Sec. 5. AS 14.11 is amended by adding a new section to read:

22 Sec. 14.11.014. BOND REIMBURSEMENT AND GRANT REVIEW
23 COMMITTEE. (a) The commissioner shall establish a bond reimbursement and grant
24 review committee for the purpose of evaluating projects for which retirement of school
25 construction debt is requested, establishing the department's priorities among projects
26 for which school construction grants are requested, and preparing a construction grant
27 schedule. The committee shall consist of the commissioner or the commissioner's
28 designee and five other people selected by the commissioner who have the following
29 qualifications:

30 (1) one person shall be licensed under AS 08.48 as an engineer;

31 (2) one person shall have a teaching certificate issued by the

1 department;

2 (3) one person shall be licensed as a construction contractor under
3 AS 08.18;

4 (4) one person shall be licensed under AS 08.48 as an architect; and

5 (5) one person shall have five years of experience in school or
6 municipal facilities management.

7 (b) In evaluating projects for bond reimbursement or establishing priorities
8 among grants as required under this section, the grant review committee shall evaluate
9 all of the following factors, without establishing an absolute priority for any one factor:

10 (1) emergency requirements;

11 (2) priority assigned by the district to the projects requested;

12 (3) new local elementary and secondary programs;

13 (4) existing regional, community, and school facilities, and their
14 condition;

15 (5) the amount of district operating funds expended for maintenance;

16 and

17 (6) alternative education program options for accomplishing the
18 project's objectives.

19 (c) Members of the committee serve without compensation, but members who
20 are not representing the department or the Department of Transportation and Public
21 Facilities are entitled to per diem and travel expenses authorized for boards and
22 commissions under AS 39.20.180.

23 * Sec. 6. AS 14.11.100(a) is amended to read:

24 (a) During each fiscal year, the state shall allocate to a municipality that is a
25 school district, the following sums:

26 (1) payments made by the municipality during the fiscal year two years
27 earlier for the retirement of principal and interest on outstanding bonds, notes, or other
28 indebtedness incurred before July 1, 1977, to pay costs of school construction;

29 (2) 90 percent of

30 (A) payments made by the municipality during the fiscal year
31 two years earlier for the retirement of principal and interest on outstanding

- 1 bonds, notes, or other indebtedness incurred after June 30, 1977, and before
2 July 1, 1978, to pay costs of school construction;
- 3 (B) cash payments made after June 30, 1976, and before July 1,
4 1978, by the municipality during the fiscal year two years earlier to pay costs
5 of school construction;
- 6 (3) 90 percent of
- 7 (A) payments made by the municipality during the fiscal year
8 two years earlier for the retirement of principal and interest on outstanding
9 bonds, notes, or other indebtedness incurred after June 30, 1978, and before
10 January 1, 1982, to pay costs of school construction projects approved under
11 AS 14.07.020(a)(11);
- 12 (B) cash payments made after June 30, 1978, and before July 1,
13 1982, by the municipality during the fiscal year two years earlier to pay costs
14 of school construction projects approved under AS 14.07.020(a)(11);
- 15 (4) subject to (h) and (i) of this section, up to 90 percent of
- 16 (A) payments made by the municipality during the current fiscal
17 year for the retirement of principal and interest on outstanding bonds, notes, or
18 other indebtedness incurred after December 31, 1981, and authorized by the
19 qualified voters of the municipality before July 1, 1983, to pay costs of school
20 construction, additions to schools, and major rehabilitation projects that exceed
21 \$25,000 and are approved under AS 14.07.020(a)(11); and
- 22 (B) cash payments made after June 30, 1982, and before July 1,
23 1983, by the municipality during the fiscal year two years earlier to pay costs
24 of school construction, additions to schools, and major rehabilitation projects
25 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and
- 26 (C) payments made by the municipality during the current fiscal
27 year for the retirement of principal and interest on outstanding bonds, notes, or
28 other indebtedness to pay costs of school construction, additions to schools, and
29 major rehabilitation projects that exceed \$25,000 and are submitted to the
30 department for approval under AS 14.07.020(a)(11) before July 1, 1983, and
31 approved by the qualified voters of the municipality before October 15, 1983,

1 not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of
2 average daily membership of the municipality is more than 7 percent but less
3 than 12 percent, or (ii) \$20,000,000 if the annual growth rate of average daily
4 membership of the municipality is 12 percent or more; payments made by a
5 municipality under this paragraph on total project costs that exceed the amounts
6 set out in (i) and (ii) of this paragraph are subject to (5)(A) of this subsection;

7 (5) subject to (h), (i), and (j) of this section, 80 percent of

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

10 (i) outstanding bonds, notes, or other indebtedness
11 authorized by the qualified voters of the municipality after June 30,
12 1983, but before March 31, 1990, to pay costs of school construction,
13 additions to schools, and major rehabilitation projects that exceed
14 \$25,000 and are approved under AS 14.07.020(a)(11);

15 (ii) outstanding bonds, notes, or other indebtedness
16 authorized by the qualified voters of the municipality before July 1,
17 1989, and reauthorized before November 1, 1989, to pay costs of school
18 construction, additions to schools, and major rehabilitation projects that
19 exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

20 (B) cash payments made after June 30, 1983, by the
21 municipality during the fiscal year two years earlier to pay costs of school
22 construction, additions to schools, and major rehabilitation projects that exceed
23 \$25,000 and are approved by the department before July 1, 1990, under
24 AS 14.07.020(a)(11);

25 (6) subject to (h), (i), and (j) of this section, 70 percent of payments
26 made by the municipality during the fiscal year for the retirement of principal
27 and interest on outstanding bonds, notes, or other indebtedness authorized by the
28 qualified voters of the municipality after April 1, 1993, but before November 5,
29 1997, to pay costs of school construction, additions to schools, and major
30 rehabilitation projects that exceed \$50,000 and are approved under
31 AS 14.07.020(a)(11).

1 * Sec. 7. AS 14.11.100(j) is amended to read:

2 (j) Except as provided in (l) of this section, the state may not allocate money
3 to a municipality for a school construction project under (a)(5) or (6) of this section
4 unless the municipality complies with the requirements of (1) - (4) of this subsection,
5 the project is approved by the commissioner before the local vote on the bond issue
6 for the project or for bonds authorized after April 1, 1993, but before November 5,
7 1997. the bonds are approved by the commissioner before reimbursement by the
8 state, and the local vote occurs before July 1, 1987, or after June 30, 1988. In
9 approving a project under this subsection, the commissioner shall require

10 (1) the municipality to include on the ballot for the bond issue, for
11 bonds authorized on or before April 1, 1993, the estimated total cost of each project
12 including estimated total interest, estimated annual operation and maintenance costs,
13 the estimated amounts that will be paid by the state and by the municipality, and the
14 approximate amount that would be due in annual taxes on \$100,000 in assessed value
15 to retire the debt;

16 (2) that the bonds may not be refunded unless the annual debt service
17 on the refunding issue is not greater than the annual debt service on the original issue;

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

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

23 (A) projected long-term student enrollment that indicates the
24 district has inadequate facilities to meet present or projected enrollment; or

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

27 * Sec. 8. AS 14.11.100(n) is amended by adding a new subsection to read:

28 (n) Subject to (h), (i), and (j) of this section, the state shall allocate to the
29 Alaska Municipal Bond Bank Authority 70 percent of payments made by the authority
30 during the fiscal year for retirement of principal and interest on outstanding bonds,
31 notes, or other indebtedness issued under AS 44.85.080 after April 1, 1993, but before

1 November 5, 1997, to pay costs of school construction, additions to schools, and major
2 rehabilitation projects that exceed \$50,000 and are approved under AS 14.07.020(11).

3 * Sec. 9. AS 44.85.080 is amended by adding a new paragraph to read: -

4 (23) receive appropriations from the legislature for retirement of
5 principal and interest on bonds, notes, or other indebtedness issued after April 1, 1993,
6 but before November 5, 1997, to pay costs of school construction, additions to schools,
7 and major rehabilitation projects that exceed \$50,000 and are approved under
8 AS 14.07.020(a)(11).

9 * Sec. 10. AS 44.85.180(c) is amended to read:

10 (c) Notwithstanding the provisions of (a) and (b) of this section, the total
11 amount of bond bank authority bonds and notes outstanding at any one time, except
12 bonds or notes issued to fund or refund bonds or notes, may not exceed \$700,000,000,
13 of which \$400,000,000 may only be issued to fund school construction, additions
14 to schools, or major school rehabilitation projects that are approved under
15 AS 14.07.020(a)(11) [\$300,000,000].

16 * Sec. 11. APPLICABILITY. This Act does not apply to school construction projects that
17 are submitted to the Department of Education under AS 14.11.011(a) before the effective date
18 of this Act.

19 * Sec. 12. Sections 8, 9, and 10 of this Act take effect on the effective date of an
20 amendment to the Constitution of the State of Alaska that creates the Alaska school
21 construction and maintenance fund and that is proposed by the Eighteenth Alaska State
22 Legislature.

23 * Sec. 13. Except as provided in sec. 12 of this Act, this Act takes effect immediately
24 under AS 01.10.070(c).

A M E N D M E N T

OFFERED IN THE SENATE
TO: CSSB 7(FIN)

BY SENATOR FRANK

Page 1, line 1:

Delete "reimbursement of"

Page 6, after line 9:

Insert a new bill section to read:

"* Sec. 13. APPLICABILITY. This Act does not apply to school construction grants that are submitted to the Department of Education under AS 14.11.011(a) before the effective date of this Act."

Renumber the following bill sections accordingly.

Page 6, line 14:

Delete "sec. 13"

Insert "sec. 14"

SENATE FINANCE
COMMITTEE
Amendment Number: ①
Bill Number: SB 7
Sponsor: _____ Date: 4/20/93
Logged In By: (Signature)

SENATE AMENDMENT

BY: _____

TO: _____ SENATE BILL NO. 7 (Fina)
 TO: _____ HOUSE BILL NO. _____

Page 3

line 24

delete "April 1, 1993"

insert "Oct 1, 1991"

Page 5

Lines 25 + 31

delete "April 1, 1993"

insert "Oct. 1, 1991"

SENATE FINANCE COMMITTEE

Amendment Number: 2

Bill Number: SB 7

Sponsor: _____ Date: 4/21/93

Logged In By: Bon

(TURN IN ORIGINAL AMENDMENT TO SENATE SECRETARY'S OFFICE. THE AMENDMENT WILL BE NUMBERED, COPIED AND DISTRIBUTED.)

4-21-93
En Kelly

AMENDMENT

OFFERED IN THE SENATE FINANCE COMMITTEE

OFFERED BY SEN. KELLY

TO: CSSB NO. 7

PAGE 3, LINE 12

DELETE "PROGRAMS", INSERT "FACILITIES".

PAGE 3, LINE 17 - 18

DELETE "ALTERNATIVE EDUCATION PROGRAM OPTIONS", INSERT "OTHER PROGRAM OPTIONS".

PAGE 5, LINE 30

DELETE "\$50,000", INSERT "\$300,000"

PAGE 7, LINE 2

DELETE "\$50,000", INSERT "\$300,000"

PAGE 7, LINE 7

DELETE "\$50,000", INSERT "\$300,000"

LEGISLATIVE INTENT

IT IS THE INTENT OF THE LEGISLATURE, THAT SCHOOL BOND DEBT REIMBURSEMENT AND SCHOOL CONSTRUCTION, MAINTENANCE AND REPAIR GRANTS ARE TO BE USED FOR NEW CONSTRUCTION OF SCHOOLS, MAJOR MAINTENANCE AND MAJOR REPAIR OF SCHOOLS , AND ARE NOT INTENDED FOR USE ON BASIC FACILITY MAINTENANCE ACTIVITIES.

SENATE FINANCE #3
COMMITTEE (3)
Amendment Number: _____
Bill Number: SB 7
Sponsor: Kelly Date: 4/21/93
Logged In By: (initials)

8-LS0142AE ✓

Ford

4/19/93

*adopted 4/20/93
u.n.n.*

CS FOR SENATE BILL NO. 7(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): **SENATORS KERTTULA, Little, Donley**

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to grants for school construction, to reimbursement of school
2 construction debt, and to school construction bonds issued by the Alaska
3 Municipal Bond Bank Authority; and providing for an effective date."

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

5 * **Section 1.** AS 14.11.013(b) is repealed and reenacted to read:

6 (b) The department shall recommend school construction grants in the order
7 of priority established by the grant review committee under AS 14.11.014.

8 * **Sec. 2.** AS 14.11.013(d) is amended to read:

9 (d) The department shall reduce a project budget by the cost of those portions
10 of a project design that the department determines (1) are for construction of student
11 residential space, planetariums, hockey rinks, saunas, and other facilities for single
12 purpose sporting or recreational uses that are not suitable for other activities; or (2)
13 do not meet the design criteria specified under (f) of this section that are
14 applicable to the project. This subsection does not apply to funding for swimming

1 pools that meet criteria established by the department.

2 * Sec. 3. AS 14.11.013(e) is amended to read:

3 (e) By November 5, the department shall provide public notice of the grant
4 applications submitted under (a) of this section and the priorities established under
5 AS 14.11.014 [(b) OF THIS SECTION]. After public notice has been given, the
6 department shall, not later than December 1, hold a public hearing on the priorities
7 established under AS 14.11.014 [(b) OF THIS SECTION]. In this subsection, "public
8 notice" means notice published in a newspaper of general circulation and notice to
9 every person who has requested notice about the grant application program from the
10 department.

11 * Sec. 4. AS 14.11.013 is amended by adding a new subsection to read:

12 (f) The department shall, in consultation with the Department of Transportation
13 and Public Facilities, develop standard regional design specifications for the
14 construction of schools in the state. Standard regional school design specifications
15 shall be developed for the arctic, interior, western, and southeastern regions of the
16 state. For each school construction project for which a grant is requested under
17 AS 14.11.011, the department shall determine which standard regional school design
18 specifications are applicable to that project.

19 * Sec. 5. AS 14.11 is amended by adding a new section to read:

20 Sec. 14.11.014. BOND REIMBURSEMENT AND GRANT REVIEW
21 COMMITTEE. (a) The commissioner shall establish a bond reimbursement and grant
22 review committee for the purpose of evaluating projects for which retirement of school
23 construction debt is requested, establishing the department's priorities among projects
24 for which school construction grants are requested, and preparing a construction grant
25 schedule. The committee shall consist of the commissioner or the commissioner's
26 designee and five other people selected by the commissioner who have the following
27 qualifications:

28 (1) one person shall be licensed under AS 08.48 as an engineer;

29 (2) one person shall have a teaching certificate issued by the
30 department;

31 (3) one person shall be licensed as a construction contractor under

1 AS 08.18;

2 (4) one person shall be licensed under AS 08.48 as an architect; and

3 (5) one person shall have five years of experience in facilities
4 management.

5 (b) In evaluating projects for bond reimbursement or establishing priorities
6 among grants as required under this section, the grant review committee shall evaluate
7 all of the following factors:

8 (1) emergency requirements;

9 (2) priorities assigned by the district to the projects requested;

10 (3) new local elementary and secondary programs;

11 (4) existing regional, community, and school facilities, and their
12 condition; and

13 (5) alternative education program options for accomplishing the
14 project's objectives.

15 (c) Members of the committee serve without compensation, but members who
16 are not representing the department or the Department of Transportation and Public
17 Facilities are entitled to per diem and travel expenses authorized for boards and
18 commissions under AS 39.20.180.

19 * Sec. 6. AS 14.11.100(j) is amended to read:

20 (j) Except as provided in (l) of this section, the state may not allocate money
21 to a municipality for a school construction project under (a)(5) of this section unless
22 the municipality complies with the requirements of (1) - (4) of this subsection, the
23 project is approved by the commissioner before the local vote on the bond issue for
24 the project or for bonds authorized after April 1, 1993, but before November 5,
25 1997, the bonds are approved by the commissioner before reimbursement by the
26 state, and the local vote occurs before July 1, 1987, or after June 30, 1988. In
27 approving a project under this subsection, the commissioner shall require

28 (1) the municipality to include on the ballot for the bond issue, for
29 bonds authorized on or before April 1, 1993, the estimated total cost of each project
30 including estimated total interest, estimated annual operation and maintenance costs,
31 the estimated amounts that will be paid by the state and by the municipality, and the

1 approximate amount that would be due in annual taxes on \$100,000 in assessed value
2 to retire the debt;

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

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

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

10 (A) projected long-term student enrollment that indicates the
11 district has inadequate facilities to meet present or projected enrollment; or

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

14 * Sec. 7. AS 14.11.100(j) is repealed and reenacted to read:

15 (j) Except as provided in (l) of this section, the state may not allocate money
16 to a municipality for a school construction project under (a)(5) of this section unless
17 the municipality complies with the requirements of (1) - (4) of this subsection, the
18 project is approved by the commissioner before the local vote on the bond issue for
19 the project or, for bonds authorized after April 1, 1993, the bonds are approved by the
20 commissioner before reimbursement by the state, and the local vote occurs before
21 July 1, 1987, or after June 30, 1988. In approving a project under this subsection, the
22 commissioner shall require

23 (1) the municipality to include on the ballot for the bond issue, for
24 bonds authorized on or before April 1, 1993, the estimated total cost of each project
25 including estimated total interest, estimated annual operation and maintenance costs,
26 the estimated amounts that will be paid by the state and by the municipality, and the
27 approximate amount that would be due in annual taxes on \$100,000 in assessed value
28 to retire the debt;

29 (2) that the bonds may not be refunded unless the annual debt service
30 on the refunding issue is not greater than the annual debt service on the original issue;

31 (3) that the bonds must be repaid in approximately equal annual

1 principal payments or approximate equal debt service payments over a period of at
2 least 10 years;

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

5 (A) projected long-term student enrollment that indicates the
6 district has inadequate facilities to meet present or projected enrollment; or

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

9 * **Sec. 8.** AS 14.11.100(n) is amended by adding a new subsection to read:

10 (n) Subject to (h), (i), and (j) of this section, the state shall allocate to the
11 Alaska Municipal Bond Bank Authority 70 percent of payments made by the authority
12 during the fiscal year for retirement of principal and interest on outstanding bonds,
13 notes, or other indebtedness issued under AS 44.85.080 after April 1, 1993, but before
14 November 5, 1997, to pay costs of school construction, additions to schools, and major
15 rehabilitation projects that exceed \$50,000 and are approved under AS 14.07.020(11).

16 * **Sec. 9.** AS 14.11.100(n) is repealed and reenacted to read:

17 (n) Subject to (h), (i), and (j) of this section, the state shall allocate to the
18 Alaska Municipal Bond Bank Authority 70 percent of payments made by the authority
19 during the fiscal year for retirement of principal and interest on outstanding bonds,
20 notes, or other indebtedness issued under AS 44.85.080 after April 1, 1993, to pay
21 costs of school construction, additions to schools, and major rehabilitation projects that
22 exceed \$50,000 and are approved under AS 14.07.020(11).

23 * **Sec. 10.** AS 44.85.080 is amended by adding a new paragraph to read:

24 (23) receive appropriations from the legislature for retirement of
25 principal and interest on bonds, notes, or other indebtedness issued after April 1, 1993,
26 but before November 5, 1997, to pay costs of school construction, additions to schools,
27 and major rehabilitation projects that exceed \$50,000 and are approved under
28 AS 14.07.020(a)(11).

29 * **Sec. 11.** AS 44.85.080(23) is repealed and reenacted to read:

30 (23) receive appropriations from the legislature for retirement of
31 principal and interest on bonds, notes, or other indebtedness issued after April 1, 1993,

1 to pay costs of school construction, additions to schools, and major rehabilitation
2 projects that exceed \$50,000 and are approved under AS 14.07.020(a)(11).

3 * Sec. 12. AS 44.85.180(c) is amended to read:

4 (c) Notwithstanding the provisions of (a) and (b) of this section, the total
5 amount of bond bank authority bonds and notes outstanding at any one time, except
6 bonds or notes issued to fund or refund bonds or notes, may not exceed \$700,000,000,
7 of which \$400,000,000 may only be issued to fund school construction, additions
8 to schools, or major school rehabilitation projects that are approved under
9 AS 14.07.020(a)(11) [\$300,000,000].

10 * Sec. 13. Sections 7, 9, and 11 of this Act take effect on the effective date of an
11 amendment to the Constitution of the State of Alaska that creates the Alaska school
12 construction and maintenance fund and that is proposed by the Eighteenth Alaska State
13 Legislature.

14 * Sec. 14. Except as provided in sec. 13 of this Act, this Act takes effect immediately
15 under AS 01.10.070(c).

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 1/11/93

FURTHER: FINANCE

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: _____

HESS Committee considered SENATE BILL NO. _____

"An Act relating to reimbursement of school construction debt and providing for an effective date."

and recommends:

replace with _____ CS _____

attaches amendment(s)

adopts _____ Letter of Intent

further referral to the _____

- same title
- new title
- technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

OTHER RECOMMENDATIONS:

Chair: Signature and Recommendation