

KENAI PENINSULA BOROUGH

Proposition No. 1

SCHOOL CAPITAL IMPROVEMENT BONDS

To be voted on by all borough voters

Shall the Kenai Peninsula Borough borrow up to \$2,588,000 through the issuance of general obligation bonds for school capital improvement projects?

The general obligation bond proceeds will be used to pay costs of planning, designing, site preparation, constructing, acquiring, renovating, installing and equipping educational capital improvement projects within the Kenai Peninsula Borough. The educational capital improvement projects may include all of the following projects to the extent they are approved by the Alaska State Department of Education and Early Development (DEED). The Borough will not issue bonds in a principal amount greater than the total estimated cost of projects approved for reimbursement by the Department of Education and Early Development. Upon completion of the projects, any unexpended bond proceeds, including interest income generated through investment of the bond funds, may be used to fund any other educational capital improvement projects chosen by the Borough and approved by the Department of Education and Early Development.

<u>Project</u>	<u>Cost</u>
Areawide Arsenic Remediation	\$1,029,860
Nikolaevsk School Roofing	675,000
Soldotna Elementary Windows	300,000
McNeil Canyon Roofing	<u>583,140</u>
TOTAL COST	\$2,588,000

The bonds shall be paid from property (general ad valorem) taxes and be secured by a pledge of the full faith and credit of the Borough. The approximate annual amount of taxes on \$100,000 of assessed real and personal property value (based on 2006 assessed valuation) to retire the total debt is \$2.01 per year (assuming 70 percent debt service reimbursement from the State of Alaska which is subject to appropriation each year).

YES [A Yes vote approves the sale of the bonds and allows the Borough to be reimbursed approximately \$1,031,959 from the State of Alaska.]

NO [A No vote prohibits the issuance of the bonds and the project costs would be funded entirely by the Borough.]

PROPOSITION SUMMARY:

In 2005, the Alaska State Legislature enacted Senate Bill 75, allowing for 70 percent reimbursement from the State of Alaska for school capital improvement bonds. The amount set for the Kenai Peninsula Borough is \$2,588,000. The bond program allows the Borough to go back three years to recover costs incurred for school capital projects. This provides a rare opportunity for the Borough to be reimbursed for funds previously spent.

The following school projects, proposed for approval by DEED, have been completed or will be completed in the near future and will be eligible for the 70 percent cost reimbursement under the bonding program:

- 1) Areawide arsenic remediation (Cooper Landing Elementary, McNeil Canyon Elementary, Nikiski Middle/High, Nikiski North Star Elementary, Skyview High, Sterling Elementary, and Tustumena Elementary)
- 2) Nikolaevsk School roofing
- 3) Soldotna Elementary School window replacement
- 4) McNeil Canyon School roofing

All of these projects were approved by the KPB School Board and were included in the Borough's 2006 Legislative Priorities. The Alaska Department of Education and Early Development has also approved these school projects, as required for reimbursement.

Fiscal Note:

The issuance of bonds that are eligible for 70 percent reimbursement will result in a savings to the Borough of approximately \$1,031,959.

Operating and maintenance costs associated with the projects has been listed as \$0.