

SUBJECT: ACCEPTING AND APPROPRIATING \$10,500,000 FROM THE MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT; REAPPROPRIATING \$3,000,000 FROM THE SCHOOL DEBT SERVICE FUND; AND APPROVING THE SCOPE OF WORK AND BUDGET FOR THE MAT-SU CENTRAL SCHOOL CONSTRUCTION PROJECT.

AGENDA OF: November 22, 2022

ASSEMBLY ACTION:

Adopted without objection
12-8-22 *(Signature)*

MANAGER RECOMMENDATION: Introduce and set for public hearing.

APPROVED BY MICHAEL BROWN, BOROUGH MANAGER: *(Signature)*

Route To:	Department/Individual	Initials	Remarks
	Originator-P. Graham	<i>CP</i>	
	Finance Director	<i>AK/LOTH</i>	
	Borough Attorney	<i>MS</i>	
	Borough Clerk	<i>BMA for Jkm</i>	

ATTACHMENT (S) : Fiscal Note: YES X NO _____
 Matanuska-Susitna Borough School Board
 Resolution No. 23-002 with
 Superintendent's cover letter (3 Pages)
 Ordinance Serial No. 22-134 (2 pages)
 Resolution Serial No. 22-114 (2 pages)

SUMMARY STATEMENT:

The Matanuska-Susitna Borough School District (MSBSD) has allocated \$10,500,000 to the Mat-Su Central School Construction project, this legislation will accept that funding. In addition, this legislation will reappropriate \$3,000,000 from the School Debt Service fund for the same purpose.

BACKGROUND:

Mat-Su Central School is the largest school in the MSBSD, serving over 2,300 students, and enrollment continued to increase. The MSBSD has leased the Mat-Su Central School's Wasilla location from

a private entity for the past 30 years and with the increasing enrollment they have outgrown the facility.

The MSBSD currently spends \$583,954 each year to lease commercial space in Palmer and Wasilla for Mat-Su Central School with annual escalation clauses of 3% and 2%, respectively. With the lease on the Wasilla location set to expire on June 30, 2024, with an additional two year renewal option, it has been determined that construction of a new facility is in the best interest of the School, the School District, and the Mat-Su Borough.

On March 2, 2022, the MSBSD committed \$11,900,000 to the District's Capital Improvement Plan (CIP) Fund for the design and construction of Mat-Su Central School, and in June approved a contract for the design of the new school.

The MSBSD requested that the Mat-Su Borough place a bond package for the construction of the new facility on the ballot. In August the Borough Manger proposed a plan for construction of the Mat-Su Central School that would avoid debt issuance.

The total construction is estimated at \$22,700,000 with an additional \$1,300,000 for furniture, fixtures, and equipment (FF&E) bringing the total estimate to \$24,000,000. Funding for construction, without FF&E has been allocated as shown here:

State School Bond Debt Reimbursement	\$ 5,800,000.00
Local Assistance and Tribal	
Consistency Fund (Federal funding)	\$ 3,400,000.00
Mat-Su School District fund balance	\$ 10,500,000.00
School Bond Debt Service Fund-fund balance	\$ 3,000,000.00
TOTAL CONSTRUCTION BUDGET	\$ 22,700,000.00

On October 5, 2022 the Matanuska-Susitna Borough School Board adopted Resolution 23-002 supporting the transfer of \$10,500,000 to the borough for the construction of the Mat-Su Central School.

RECOMMENDATION OF ADMINISTRATION: Adopt the legislation as presented.

MATANUSKA-SUSITNA BOROUGH
FISCAL NOTE

Agenda Date: November 22, 2022

SUBJECT: ACCEPTING AND APPROPRIATING \$10,500,000 FROM THE MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT; REAPPROPRIATING \$3,000,000 FROM THE SCHOOL DEBT SERVICE FUND; AND APPROVING THE SCOPE OF WORK AND BUDGET FOR THE MAT-SU CENTRAL SCHOOL CONSTRUCTION PROJECT.

ORIGINATOR: Pamela Graham, Grants Coordinator

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <u>(YES)</u> NO
AMOUNT REQUESTED <u>\$13,500,000</u>	FUNDING SOURCE <u>Debt Svc. / SD</u>
FROM ACCOUNT # <u>300.000.000 4xx.xxx / 204.000.000 4xx.xxx</u>	PROJECT
TO ACCOUNT: <u>400.000.000 3xx.xxx</u>	PROJECT # <u>40206</u>
VERIFIED BY: <u>Kim Winkler</u>	CERTIFIED BY:
DATE: <u>11-8-22</u>	DATE:

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL	<u>13,500.0</u>					
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REVENUE						
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FUNDING:

(Thousands of Dollars)

General Fund						
State/Federal Funds						
Other	<u>13,500.0</u>					
TOTAL	<u>13,500.0</u>					

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: _____ PHONE: _____
 DEPARTMENT: Chesapeake District DATE: 11/29/22
 APPROVED BY: _____ DATE: _____



MATANUSKA-SUSITNA

BOROUGH SCHOOL DISTRICT

OFFICE OF THE SUPERINTENDENT

October 11, 2022

Mike Brown, Borough Manager
Matanuska-Susitna Borough
350 E. Dahlia Avenue
Palmer, AK 99645

Re: Mat-Su Central School Construction

Dear Mr. Brown:

Thank you for attending our School Board Work Session on September 28, 2022 to discuss various aspects of the Borough's funding proposal for Mat-Su Central School, as outlined within your letter dated August 29, 2022.

The School Board approved Resolution 23-002 during its Regular School Board Meeting on Wednesday, October 5, 2022. In doing so, the School Board authorized \$10.5 million to be transferred to the Mat-Su Borough for the construction of Mat-Su Central School. In addition to this funding authorization, the School Board requests to modify the Borough's proposal so the following components, totaling \$7.7 million, are contributed by the District over a period of 13 years after occupancy:

- \$3.0 million as an upfront investment by the School District;
- \$3.4 million as a loan by the Borough to be repaid over 5 years; and
- \$1.3 million towards furniture, fixtures, and equipment (FF&E).

Finally, the School Board requests that both bodies make similar funding requests of the Alaska Legislature for a direct appropriation to fund the new construction for Mat-Su Central. If any Federal or State appropriated funds are approved for this project, the School Board desires to see its initial investment of \$10.5 million be replenished by the Borough.

Thank you for your time and consideration. We are encouraged to see a funding proposal that averts unnecessary financing costs, eliminates the need for costly operating leases, and delivers a much needed resource to our families.

Sincerely,

Dr. Randy Trani
Superintendent



OFFICE OF THE SCHOOL BOARD

**MATANUSKA-SUSITNA BOROUGH SCHOOL BOARD
RESOLUTION 23-002**

**A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH SCHOOL BOARD SUPPORTS THE
AUTHORIZATION OF A \$10,500,000 TRANSFER TO THE MAT-SU BOROUGH FOR THE
CONSTRUCTION OF MAT-SU CENTRAL SCHOOL.**

WHEREAS, Mat-Su Central School is the largest school in the Mat-Su Borough School District (District), serving over 2,300 students; and

WHEREAS, in the last ten years, Mat-Su Central School's enrollment has increased by 700 students; and

WHEREAS, Mat-Su Central School offers a hybrid learning model with many on-site courses; and

WHEREAS, the Matanuska-Susitna Borough School District has leased Mat-Su Central School's Wasilla location from a private entity for the past 30 years and has outgrown the facility; and

WHEREAS, the Wasilla location lease agreement is set to expire on June 30, 2024 with the option for renew for an additional two years; and

WHEREAS, the Mat-Su Borough School District spends \$583,954 each year to lease commercial space in Palmer and Wasilla for Mat-Su Central School with annual escalation clauses of 3% and 2%, respectively; and

WHEREAS, on March 2, 2022, the Matanuska-Susitna Borough School District (District) committed \$11,900,000 to the District's Capital Improvement Plan (CIP) Fund for the design and construction of Mat-Su Central School; and

WHEREAS, on June 1, 2022, the Mat-Su Borough School District School Board approved a contract with MCG Explore Design to design Mat-Su Central School for approximately \$1.4 million to be paid from the committed funds; and

WHEREAS, the District received a letter from the Mat-Su Borough on August 29, 2022 that proposed a plan for Mat-Su Central School funding that would avoid debt issuance; and

WHEREAS, this plan requested the District make available its remaining committed funds of \$10.5 million; an additional \$3 million in current year resources; \$3.4 million over the next five years; and \$1.3 million for furniture, fixtures, and equipment (FF&E) to support the construction of Mat-Su Central School; and

WHEREAS, with limited resources to fund current operations, the District supports a modified funding proposal, requiring a \$10.5 million upfront investment with \$7.7 million being contributed to the project over the next 13 years; and

WHEREAS, if the construction project is under its estimated budget of \$24 million at completion, the District would reduce its financial support by the same amount; and

WHEREAS, if the construction project exceeds its estimated budget of \$24 million, the District would expect the Borough to cover cost overruns; and

THEREFORE BE IT RESOLVED, that the Mat-Su Borough and the District both make similar funding requests from the Alaska Legislature for construction funds for Mat-Su Central School.

THEREFORE BE IT RESOLVED, that any funds received by the Mat-Su Borough from State or Federal sources for this project will be used to replenish the \$10.5 million.

THEREFORE BE IT RESOLVED, that the Matanuska-Susitna Borough School Board supports the authorization of a \$10,500,000 transfer to the Mat-Su Borough for the construction of Mat-Su Central School with \$7.7 million being paid to the Borough over 13 years following the completion of the project.

APPROVED by the Matanuska-Susitna Borough School Board of Education this 5th day of October, 2022.



Ryan Ponder, Board President



Dr. Randy Trani, Superintendent

ATTEST:



Stacy Escobedo, Board Secretary



IM 22-241
OR 22-134
RS 22-114