


MATANUSKA-SUSITNA BOROUGH INFORMATION MEMORANDUM IM No. 21-001

SUBJECT: ACCEPT AND APPROPRIATE \$4,600,000 IN ASPEN INSURANCE PROCEEDS TO SCHOOL CAPITAL PROJECT FUND 400, PROJECT 40204, REBUILD HMS; REAPPROPRIATING \$5,900,000 FROM AREAWIDE COMMITTED FUND BALANCE AND \$6,000,000 FROM SCHOOL DISTRICT FUND BALANCE TO CAPITAL SCHOOL PROJECT, FUND 445 TO FUND 400, PROJECT 40204; REAPPROPRIATE \$15,000,000 IN XL AMERICA INSURANCE PROCEEDS, \$1,725,446 IN SCHOOL BOND CONSTRUCTION INTEREST, AND \$890,521 IN UNSPENT SCHOOL SITE SELECTION RESERVES FROM EMERGENCY FUND 445, PROJECT 55026 TO CAPITAL SCHOOL PROJECT FUND 400, PROJECT 40204, AND A RESOLUTION TO SET THE SCOPE OF WORK AND BUDGET TO REBUILD HMS.

AGENDA OF: April 20, 2021


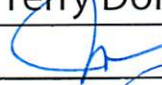




ASSEMBLY ACTION:

Adopted without objection 5-4-21


MANAGER RECOMMENDATION: Introduce and set for public hearing.

APPROVED BY MICHAEL BROWN, BOROUGH MANAGER:



Route to:	Department/Individual	Initials	Remarks
	Originator		
	Public Works Director	Terry Dolan	Digitally signed by Terry Dolan Date: 2021.04.05 11:33:25 -08'00'
	Purchasing Officer		
	Finance Director		
	Borough Attorney		
	Borough Clerk	 4/12/21	

ATTACHEMENTS: Fiscal Note: Yes X No
 Ordinance Serial No. 21-001 (2 pp)
 Resolution Serial No. 21-001 (2 pp)
 School Board Resolution 21-006 (2pp)

SUMMARY STATEMENT: An Ordinance of the Matanuska-Susitna Borough Assembly transferring all funds allocated to the rebuild of Houston Middle School (HMS) from various fund sources and consolidating them into School Capital Project Fund 400, Project 40204, Rebuild HMS. Resolution 21-001 sets the Scope of Work and Budget for the project.

BACKGROUND: On November 30, 2018, the Matanuska-Susitna Borough sustained damage to HMS due to a magnitude 7.0 earthquake.

On December 4, 2018 the Assembly passed Emergency Ordinance 18-122 to establish funding for earthquake related expenses. It Reappropriated funds from the School Site Acquisition Reserve Fund and School Bond Interest Income Fund to Fund 445, Project 55026, 2018 November Cook Inlet Earthquake-Schools. Ordinance 21-001 Reappropriates the remaining \$1,725,446 in School Bond Interest and \$890,521 in unspent School Site Acquisition Funds to Fund 400, Project 40204, Rebuild HMS.

In 2019, the Borough's primary property insurance carrier, XL America, paid a total of \$15,000,000 in insurance proceeds, which is the maximum amount allowable under the policy. Three separate payments were Accepted and Appropriated by Ordinance Serial Numbers 19-027, 19-109 and 19-132. Ordinance 21-001 Reappropriates the proceeds to Fund 400, Project 40204, Rebuild HMS.

The Assembly adopted Ordinance Serial Number 20-089 on September 15, 2020 condemning HMS as a fire and health hazard. As a result of the condemnation, the Scope of Work changed from a repair and replace project to a demolition and rebuild project resulting in a claim with the excess property insurance carrier, Aspen Specialty Insurance. On March 11, 2021, the Borough successfully negotiated a settlement of \$4,600,000 with Aspen Insurance. Ordinance 21-001 will accept and appropriate all insurance proceeds to Fund 400, Project 40204, Rebuild HMS.

The Assembly adopted Ordinance 20-087 on September 15, 2020 to appropriate \$5,900,000 contributed by the school district for HMS. Ordinance 21-001 Reappropriates \$5,900,000 from the Areawide Committed Fund Balance (Houston School Reconstruction) to Capital School Project Fund 400, Project 40204, Rebuild HMS.

On March 31, 2021, the Matanuska-Susitna School Board approved Resolution 21-006, resolving to commit \$6,000,000 in Areawide School Fund Balance to rebuild HMS. Notwithstanding Borough Code 3.04.110(C), this legislation Appropriates \$6,000,000 from School Fund Balance to Capital School Project Fund 400, Project 40204, Rebuild HMS.

RECOMMENDATION OF ADMINISTRATION: Approve this legislation.

MATANUSKA-SUSITNA BOROUGH FISCAL NOTE

Agenda Date: April 20, 2021

Subject: ACCEPT AND APPROPRIATE \$4,600,000 IN ASPEN INSURANCE PROCEEDS TO SCHOOL CAPITAL PROJECT FUND 400, PROJECT 40204, REBUILD HMS; REAPPROPRIATING \$5,900,000 FROM AREA WIDE COMMITTED FUND BALANCE AND \$6,000,000 FROM SCHOOL DISTRICT FUND BALANCE TO CAPITAL SCHOOL PROJECT, FUND 445 TO FUND 400, PROJECT 40204; REAPPROPRIATE \$15,000,000 IN XL AMERICA INSURANCE PROCEEDS, \$1,725,446 IN SCHOOL BOND CONSTRUCTION INTEREST, AND \$890,521 IN UNSPENT SCHOOL SITE SELECTION RESERVES FROM EMERGENCY FUND 445, PROJECT 55026 TO CAPITAL SCHOOL PROJECT FUND 400, PROJECT 40204, AND A RESOLUTION TO SET THE SCOPE OF WORK AND BUDGET TO REBUILD HMS.

ORIGINATOR: Cheyenne Heindel

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <u>YES</u> NO
AMOUNT REQUESTED <u>\$34,115,967</u>	FUNDING SOURCE <u>Various</u>
FROM ACCOUNT <u>100.000.000 4xx,xxx-\$5,900,000</u> <u>204.000.000 4xx,xxx-\$46,000,000</u> <u>445.000.000 4xx,xxx</u>	PROJECT # <u>55026-0700-\$890,521</u> <u>55026-5300 \$1,725,446</u>
TO ACCOUNT: <u>Uns. Proceeds-\$19,600,000</u> <u>400.000.000 3xx,xxx</u>	PROJECT # <u>40204</u>
VERIFIED BY: <u>Cheyl Heindel</u>	CERTIFIED BY:
DATE: <u>4/5/21</u>	DATE:

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL	<u>34,116.0</u>					
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REVENUE						
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FUNDING:

(Thousands of Dollars)

General Fund	<u>5.9</u>					
State/Federal Funds						
Other	<u>34,110.1</u>					
TOTAL	<u>34,116.0</u>					

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: Cheyl Heindel

PHONE:

IM No. 21-001
ORD No. 21-001
RESO No. 21-001

DEPARTMENT:

APPROVED BY:

Chapman Medical

DATE:

DATE:

4/5/2021



OFFICE OF THE SCHOOL BOARD

**MATANUSKA-SUSITNA BOROUGH SCHOOL BOARD
RESOLUTION 21-006**

**A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH SCHOOL BOARD IN SUPPORT
OF THE HOUSTON MIDDLE SCHOOL RETROFIT AND APPROPRIATING ADDITIONAL
FUNDING.**

WHEREAS, on November 30, 2018, Houston Middle School was substantially damaged during a 7.1 magnitude earthquake leaving the school unsafe to occupy; and

WHEREAS, on September 15, 2020 the Mat-Su Borough passed ordinance 20-089 condemning Houston Middle School as a fire and health hazard and a public nuisance;

WHEREAS, the Mat-Su Borough School district passed Resolution 20-004 on October 2, 2019 and 20-010 on February 19, 2020 both supporting the Houston Middle School Retrofit; and

WHEREAS, the Mat-Su Borough School Board recognizes the immediate need to support the replacement of the Houston area school, referenced herein as the Houston Middle School Retrofit, without further delay so that students are returned to an quality learning environment as soon as possible; and

WHEREAS, Alaska Statute 14.14.060(f) states that the Borough Assembly through the Borough Administrator, shall provide for all major rehabilitation, all construction and major repair of school buildings; and

WHEREAS, correspondence from the Borough Manager on March 1, 2021 and the Borough Mayor on March 3, 2021 stated that the Mat-Su Borough is budgeting to cover the remaining balance of school bond debt which is not currently in the Governor's proposed budget for the 2022 Fiscal Year; and

WHEREAS, the construction costs for the Houston Middle School Retrofit Project is expected to be \$34,000,000, and the Mat-Su Borough has confirmed the availability of approximately \$28,000,000 for the Project, consisting of casualty insurance proceeds for which the District pays 77% of the premiums, and \$5,900,000 transferred by the Mat-Su School District to the Project in FY2020; and

WHEREAS, the Mat-Su Borough cannot begin the competitive bidding process for the Houston Middle School Retrofit Process until funds have been verified as outlined in Borough Ordinance 3.08.130 requiring that "A contract for supplies, services or construction may not be approved or executed unless the certifying officer has certified in writing that funds are available for the borough's performance under the contract."; and

WHEREAS, supplemental funding for the replacement of Houston Middle School may be supported by the State of Alaska through a capital appropriation; and

WHEREAS, the Federal Emergency Management Agency (FEMA) has not yet made a determination on the current claim related to Houston Middle School Retrofit and could approve funds in excess of any insurance proceeds thereby covering the full construction costs.

THEREFORE BE IT RESOLVED that the Mat-Su School Board authorizes the use of available fund balance, not to exceed \$6.0 million, to complete the Borough's required funds verification process and ensure the Houston Middle School Retrofit project is commenced without further delay; and

THEREFORE BE IT FURTHER RESOLVED that the Mat-Su School Board will transfer funds as of the date of this resolution as an interest free loan to the Mat-Su Borough if other funding as outlined above is not approved or available; and

THEREFORE BE IT FURTHER RESOLVED that the Mat-Su School Board requests that upon funding approval from FEMA or a capital appropriation from the State of Alaska or any funding amount above 50% for school bond debt in FY 2022, or any other funding source not requiring an increase in borough taxes, the funds transferred pursuant to this resolution and the prior \$5,900,000 transferred in FY 2020 will be returned to the Mat-Su Borough School District within 30 calendar days so the money may be available for the general operations of the school district as was its intended purpose; and

THEREFORE BE IT FURTHER RESOLVED that the Mat-Su School Board requests that if the winning cost proposal submitted after the competitive bidding process is less than the estimated \$34,000,000 the difference in funds are requested to be returned to the Mat-Su Borough School District within 30 calendar days so the money may be available for the general operations of the school district as was its intended purpose; and

THEREFORE BE IT FURTHER RESOLVED that the repayment of the transferred funds not repaid pursuant to the clause above will begin in any year in which the Mat-Su Borough's portion of school bond debt service is below 1 mill and will continue until the full \$6,000,000 has been repaid.

APPROVED by the Mat-Su School Board this 31st day of March, 2021



R. Ole Larson, Board President



Dr. Randy Trani, Superintendent

ATTEST:



Stacy Escobedo, Board Secretary

IM 21-001
OR 21-001
RS 21-001

