



KENAI PENINSULA BOROUGH GRANTS MANAGEMENT

INTER-OFFICE MEMORANDUM

TO: Craig Chapman, Finance Director
THRU: Mayor Williams *T./JW*
FROM: Bonnie Golden, Grants Manager *bg*
DATE: May 21, 2008
SUBJECT: Budget Amendment Request

I am requesting an additional \$300,000 for the Capital Projects budget for FY08/09 as partial funding for teacher housing in Tyonek. The primary reason for this request is to have funds available to match a grant from Alaska Housing Finance Corporation ("AHFC") for this project. The grant application must be submitted by July 3rd.

The School District has identified teacher housing in Tyonek as its number one capital priority for 2008. The Borough endorsed this priority through enactment of Resolution 2008-001, which established the Borough's capital project priorities for 2008. The purpose of providing adequate, affordable teacher housing in remote areas is to attract and maintain qualified teachers in rural villages, thus improving the educational experience for students.

AHFC has funding available for teacher housing through the Teacher, Health Professional and Public Safety Housing Program ("Program"). The Borough and School District are eligible applicants; construction of teacher housing in Tyonek is an eligible project. On June 3rd, we will be requesting authorization from the Assembly to submit an application to AHFC for this project. If the Assembly approves submitting an application, we will be required to identify available matching funds.

The Borough provided nearly \$350,000 for the first Tyonek project and \$200,000 for the Nanwalek project. AHFC provided the remaining funds needed to complete construction. Due to rising construction costs, the new Tyonek project will cost more than the first two projects. Therefore, we will be requesting a higher ratio of funding from AHFC for the new Tyonek project, and are requesting a higher amount in the Borough budget as matching funds. Borough Administration is estimating that local funds in the amount of \$300,000 will be required to match the requested funds from AHFC. The level of funding from AHFC will not be known until the grant awards are announced in August 2008.