



KENAI PENINSULA BOROUGH

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DAVID R. CAREY
BOROUGH MAYOR

MEMORANDUM

TO: Pete Sprague, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: David R. Carey, Mayor *DR Carey*

FROM: Craig Chapman, Finance Director *CM*
Dan Park, Capital Projects Director *DP*

DATE: June 10, 2010

SUBJECT: Ordinance 2010-27, ballot proposition for school roof replacement

The attached ordinance requests approval to place a \$16,866,500 bond proposition before borough voters as part of the October 5, 2010 election.

As indicated in a report from Klauder Company Architects dated April 23, 2010, a number of school roofs (some of which are more than 40 years old) are nearing the end of their useful lives and are in need of replacement. The administration is proposing to replace these roofs in two phases.

Phase I would include the following roofs: K-Beach Elementary, district-wide warehouse, Kenai Elementary, Soldotna High School, Kenai Central High School, Ninilchik High School, Nikiski Middle/High School, Seward Elementary, Chapman School, Homer Middle School, and McNeil Canyon Elementary School. It would start in spring 2011 and is estimated to cost approximately \$16,866,500.

Phase II is expected to go to the voters for approval in 2013 and would include the following roofs: Soldotna Elementary, Paul Banks Elementary, Seward High School and auditorium, Skyview High School, Homer High School, Soldotna Middle School, and Susan B. English School. The estimated cost for Phase II is \$11,663,350.

The requested approval would be contingent upon the bonds becoming eligible for at least 70% debt reimbursement from the State of Alaska.

Financial Impact

The issuance of \$16,866,500 of general obligation bonds for Phase I is expected to have an annual debt service requirement of approximately \$1,229,019. Assuming a 70% reimbursement rate from the State of Alaska, the net annual cost to borough taxpayers would be \$368,706. The resulting impact on the annual tax levy would be approximately \$5.78 per \$100,000 of assessed taxable property value (based on the total FY2011 assessed valuation, a 4.0% average rate of interest, a 20-year payback period, and a 70% reimbursement from the State of Alaska). Repair of these roofs is expected to result in lower operating and maintenance costs in the school maintenance fund in addition to a reduction in energy consumption.