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2 Introduced by: Manager Gifford
3 Requested by: School Board/Assembly
4 Drafted by: Finance Director/Bond Counsel
5 Introduced on: 07/16/2009
6 Public Hearing: 08/06/2009
7 Amended: 08/06/2009
8 Adopted: 08/06/2009

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10 **KODIAK ISLAND BOROUGH**
11 **ORDINANCE NO. FY2010-03**

12 **AN ORDINANCE OF THE KODIAK ISLAND BOROUGH ASSEMBLY**
13 **AUTHORIZING THE BOROUGH TO ISSUE GENERAL OBLIGATION BONDS**
14 **IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$76,310,000**
15 **TO FINANCE THE PLANNING, DESIGN AND CONSTRUCTION OF SCHOOL**
16 **AND RELATED CAPITAL IMPROVEMENTS IN THE BOROUGH INCLUDING WITHOUT**
17 **LIMITATION THE RECONSTRUCTION AND RENOVATION OF THE KODIAK HIGH**
18 **SCHOOL, AND TO SUBMIT THE QUESTION OF THE ISSUANCE OF SUCH BONDS TO**
19 **THE QUALIFIED VOTERS OF THE BOROUGH AT THE OCTOBER 6, 2009 REGULAR**
20 **BOROUGH ELECTION**

21
22 **WHEREAS,** under the provisions of AS 29.47.190, a municipality may incur general obligation
23 debt only after a bond authorization ordinance is approved by a majority of those voting on the
24 question at a regular or special election; and

25
26 **WHEREAS,** educational requirements have changed since Kodiak High School was originally
27 constructed in 1966 as a regional education center; and

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29 **WHEREAS,** Kodiak High School's design shortfalls were recognized and multiple remodeling
30 projects have been completed to bring the facility into code compliance; and

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32 **WHEREAS,** the last addition of vocational or academic space to Kodiak High School occurred
33 in 1972; and

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35 **WHEREAS,** in the late 1980s enrollment at Kodiak High School grew beyond 500 students
36 and a four-phase reconstruction project began; and

37
38 **WHEREAS,** the fourth phase of the above project, which would have addressed needed
39 additional academic instructional space, was never started; and

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41 **WHEREAS,** enrollment at Kodiak High School has soared from 550 students to as high as
42 850 over the past twenty years and is forecasted to remain at approximately 800 students into
43 the foreseeable future; and

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45 **WHEREAS,** enrollment projections demonstrate a continued enrollment of 200 or more
46 students above the capacity of the existing Kodiak High School educational facility; and

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48 **WHEREAS,** providing the space that currently is needed for Kodiak High School instruction
49 requires the use of community schools facilities, auditorium space and rented space, as well as
50 overcrowding of the existing high school facilities; and

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52 **WHEREAS,** the instructional space available for Kodiak High School does not support the
53 instructional programs which are needed to prepare our high school students for success in the
54 world marketplace; and
55
56 **WHEREAS,** the current state debt service reimbursement plan provides that the State of
57 Alaska will reimburse the Borough for not less than sixty percent (60%) of debt service on the
58 eligible portion of bonds authorized by the qualified voters of the Borough on or after October 1,
59 2006 but before November 30, 2010, to pay costs of school construction, additions to schools,
60 and major rehabilitation projects; and;
61
62 **WHEREAS,** the Board of Education and Borough Assembly have commissioned an architect
63 to fully evaluate reconstruction options that support the kind of programs necessary for Kodiak
64 High School to fully meet the educational expectations defined by our community; and
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66 **WHEREAS,** the conceptual process has undergone two years of refinement; and
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68 **WHEREAS,** the educational facilities and space survey identified that a substantial remodel
69 and new expansion of Kodiak High School will meet instructional space needs in grades K-12
70 throughout our community; and
71
72 **WHEREAS,** the Kodiak Island Borough School District's educational mission is severely
73 compromised by facility limitations at Kodiak High School; and
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75 **WHEREAS,** the Board of Education believes the District would be best served by all District-
76 wide services being congregated in renovated space in the existing Kodiak High School
77 building; and
78
79 **WHEREAS,** public feedback since the first bond election in 2008 has yielded a more cost-
80 effective design for the renovation and expansion of Kodiak High School; and
81
82 **WHEREAS,** funding for further architectural design work and cost estimation for the
83 renovation and expansion of Kodiak High School depends on voter approval of a bond
84 ordinance for the project; and
85
86 **WHEREAS,** the School District has identified grants and industry-based tax incentive
87 programs which could fund millions of dollars towards the Borough's debt service for
88 construction of Kodiak High School, but for which an application can be submitted only after a
89 bond ordinance is approved; and
90
91 **WHEREAS,** the Borough and School District will continue to seek and apply for additional
92 grants and reimbursement options to reduce the debt service cost of the renovation and
93 expansion of Kodiak High School; and
94
95 **WHEREAS,** \$4,490,000 in proceeds of Borough school bonds previously issued for school
96 repair and replacements projects is available for the renovation of Kodiak High School; and
97
98 **WHEREAS,** the Borough views the school and related capital improvements authorized
99 herein as necessary and beneficial to the community;
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101 **NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KODIAK ISLAND**
102 **BOROUGH THAT:**

103
104 **Section 1:** This ordinance is not of a general or permanent nature and shall not become a
105 part of the Kodiak Island Borough Code of Ordinances.

106
107 **Section 2:** It is hereby determined to be for a public purpose and in the public interest of the
108 Borough to incur general obligation bonded indebtedness in an amount not to
109 exceed Seventy Six Million Three Hundred and Ten Thousand Dollars
110 (\$76,310,000) for the purpose of paying the cost of planning, design,
111 construction, furnishing and equipping of school and related capital
112 improvements in the Borough, including without limitation additions to Kodiak
113 High School, renovation of Kodiak High School for instructional and School
114 District administrative space, and demolition of the Business
115 Department/Learning Center.

116
117 **Section 3:** The Borough is authorized to borrow the sum of Seventy Six Million Three
118 Hundred and Ten Thousand Dollars (\$76,310,000) to finance the capital
119 improvements described in Section 2, and the borrowing shall be evidenced by
120 the issuance of general obligation bonds of the Borough; provided that bonds
121 may not be issued for any project unless the project is eligible for debt service
122 reimbursement by the State of Alaska. The full faith and credit of the Borough
123 are pledged for payment of the principal of and interest on the bonds, and ad
124 valorem taxes upon all taxable property in the Borough shall be levied without
125 limitation as to rate or amount to pay the principal of and interest on the bonds
126 when due.

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128 **Section 4:** The Borough shall submit the following proposition to the qualified voters of the
129 Borough at the October 6, 2009 regular Borough election. The proposition must
130 receive an affirmative vote from a majority of the qualified voters voting on the
131 question to be approved.

132
133 **PROPOSITION NO. 1**
134 **GENERAL OBLIGATION BONDS - \$76,310,000 - KODIAK HIGH SCHOOL**

135
136 Shall the Kodiak Island Borough incur debt and issue general
137 obligation bonds in an amount not to exceed Seventy Six Million
138 Three Hundred and Ten Thousand Dollars (\$76,310,000) for the
139 purpose of paying the cost of planning, design, construction,
140 furnishing and equipping of school and related capital
141 improvements in the Borough, including without limitation the
142 projects described below?
143

Project	Estimated Cost
Additions to Kodiak High School	\$ 44,270,000
Renovate existing Kodiak High School	35,210,000
Renovate part of Kodiak High School for School District Administraion	1,100,000
Demolish Existing Business Department and Learning Center	220,000
Total	<u>80,800,000</u>
<u>Less available Funds in other projects</u>	
KHS Exterior Insulation and Window Replacement	(590,000)
KHS Voc Ed Renovation & Pool Reclamation	(3,900,000)
Total deductions	<u>(4,490,000)</u>
Total amount of bond issue	<u>\$ 76,310,000</u>

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The projects are expected to qualify for not less than 60% State debt service reimbursement, funding for which is subject to annual appropriation. The projects will be phased to limit disruption to the education of students, and bonds will be sold only as needed to pay project costs. If the State fully funds the debt service reimbursement program, the average annual debt service payable by the Borough after State reimbursement, is estimated to be ~~\$2,108,152~~ \$2,409,317. This amount of debt service may require an additional annual property tax levy of ~~\$577~~ \$660 per \$250,000 of assessed value, or its equivalent. This example of a property tax levy is provided for illustrative purposes only.

If additional funding becomes available for the projects from grants or other sources, only enough bonds to finish the projects will be sold.

The bonds shall be secured by a pledge of the full faith and credit of the Borough. (Ordinance No. FY 2010-03)

Section 5: The proposition shall be printed on a ballot which may set forth other general obligation bond propositions, and the following words shall be added as appropriate next to an oval provided for marking the ballot for voting by hand or machine:

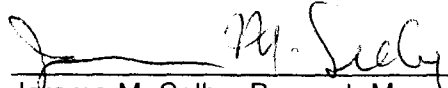
PROPOSITION NO. 1
 YES
 NO

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171 **Section 6:** Sections 2 and 3 of this ordinance shall become effective only if the proposition
172 described in Section 4 is approved by a majority of the qualified voters voting on
173 the proposition at the October 6, 2009 regular Borough election. The remaining
174 sections of this ordinance shall become effective upon adoption by the Kodiak
175 Island Borough Assembly.
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177 **ADOPTED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH**
178 **THIS SIXTH DAY OF AUGUST, 2009**
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181 KODIAK ISLAND BOROUGH
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185 _____
186 Jerome M. Selby, Borough Mayor
187

188 ATTEST:

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190 _____
191 Nova M. Javier, MMC, Borough Clerk
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