Proposition #2 asks voters to authorize up to $6,945,000 in general obligation bonds for a term of 10 years to fund two school projects: $6,520,000 for Floyd Dryden Middle School Renovation Phase II; and $425,000 for Harborview Elementary School plumbing pipe replacement. It is anticipated that the State will reimburse 70% of the annual debt service on these bonds and it is the intent of the Assembly to pay the 30% local share of the bonded debt with general property tax revenue.

**Explain the Floyd Dryden Renovation Project. What has been done and what remains to be done?**

In October 2000, Juneau voters approved bonds totaling $5,185,000 to fund renovation work at Floyd Dryden Middle School. The school, originally constructed in 1971, needed extensive repairs and upgrades. The initial budget allowed replacement of the roof, asbestos abatement, new lighting, painting throughout the interior, fire alarm upgrades, new flooring, ceilings, doors, and lockers for much of the school (except the 8th grade wing), and modifications throughout the school to comply with the Americans with Disabilities Act. The work that remains to be done includes new exterior doors and windows, replacement of the deteriorated heating plant, new ceilings, doors, and lockers in the 8th grade wing, new casework and furniture throughout the school. The parking lot will also be improved.

**Explain the Harborview Plumbing Pipe Replacement Project.**

The pipes in Harborview Elementary School, installed in 1952, show significant signs of internal corrosion. They leak and need to be replaced.

**Explain State Reimbursement. What if the Legislature doesn’t fully fund the program?**

Since the late 1970s, the State of Alaska has funded large portions of local school construction projects through a debt service reimbursement program. Reimbursement provisions vary, depending on when and for what purpose the debt is incurred. Under current law, 70% of the cost ($4.86 million of the $6.95 million) of the Floyd Dryden and Harborview projects will be eligible to be reimbursed by the State of Alaska.

The Legislature appropriates money annually to the school debt reimbursement program. State lawmakers have fully funded the program for each of the past 11 years, although there is no guarantee that they will continue to do so. The City and Borough of Juneau is responsible for the full payment of the debt on the bonds, regardless of whether the Legislature "assists" with a 70% share. In any given year, if the Legislature does not fully fund the reimbursement program, local property taxpayers would be required to make up the decrease in State funding.

**How do the School Board and Assembly prioritize school projects?**

Juneau’s schools—six elementary, two middle, and one high school—vary in age. The School District plans for maintenance, renovation, and replacement by developing a six-year “capital improvement plan.” The list of projects developed through this annual process identifies important needs at school facilities. The District works with the CBJ Assembly, and, considering the State’s debt reimbursement program requirements, brings forward specific projects and bond amounts to voters. Although the complete scope and budget for these projects has not yet been developed, the list contained in the District’s current capital improvement plan, presented by the year when the District expects to request funding, is as follows:

- Glacier Valley Renovation, FY05
- Harborview Renovation, FY05
- Mendenhall River Renovation, FY06
- Gastineau Renovation, FY07
- Dzantik’i Heeni Site Development, FY08
- Marie Drake Renovation, FY08
IF THIS PROPOSITION IS APPROVED, HOW WILL IT AFFECT PROPERTY TAXES?

The debt payments on these bonds will be paid from a general property tax mill levy. Assuming that the Legislature fully funds 70% reimbursement, approval of this Proposition is expected to add an average of .10 mils to the mill levy, or $10 per year per $100,000 in property value. The actual mill levy will vary depending upon interest rates, total assessed property values, and the annual appropriations for the State’s bond debt reimbursement program.

WHAT IS THE TOTAL BILL TO TAXPAYERS FOR BONDS ALREADY APPROVED?

As of October 2003, the CBJ will be holding approximately $64 million in outstanding general obligation bonded debt. This does not include all of the bonds approved by voters because not all of those bonds have been issued. If all were issued tomorrow, obligations would total approximately $116 million. Assuming that all portions of each school project will qualify for reimbursement and that the Legislature fully funds school debt reimbursement, CBJ taxpayers will be responsible for about $57 million, resulting in annual debt payments totaling $3.2 to $5.1 million per year through fiscal year (FY) 2012. Using those assumptions, the graph below illustrates the estimated tax burden to individual property owners, expressed in the amount paid per $100,000 in assessed value.

Estimated Property Tax Payments Necessary to Pay Debt on Bonds, FY2004-FY2012

(a) As of September 2003, $22.9 million in outstanding property tax supported bond debt remains, including $12.4 million for JDHS renovation, $2.6 for new high school design and JDHS renovation design and site preparation, $2.5 million for school technology upgrades, $1.7 million for hospital improvements, $1.5 million for Riverbend school, $1 million for the capital projects approved by voters in 2002 (see note b), as well as $1.2 million for miscellaneous other projects. Approximately $6.5 million in current debt, to be paid for with sales tax revenues and not property taxes, is not included in these figures (including $5.2 million for Floyd Dryden renovations Phase I).

(b) Voter approved $15 million in October 2002, includes $9.2 million for harbor improvements, $4.8 million for water and sewer projects, and $1 million for park improvements. One million in bonds have already been issued (and are included in [a]); this section is for debt service on the remaining amount expected to be issued in October 2003.

(c) Voters approved two new high school bond issues ($46.9 million in Oct 1999 and $12.6 million in June 2003). In addition, voters in 1999 approved and CBJ has since issued three million in bonds that were used to fund both the new high school and JDHS renovation. Section (c) presents debt service on the remaining (as yet unissued) $59.5 million.

Note: Not included on this graph is the debt service on the June 2003 voter approved and as yet unissued $12.5 million for JDHS renovation; debt service on those bonds will be paid with sales tax revenue.