



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Office of Superintendent

John O'Brien, Superintendent

148 North Binkley Street Soldotna, Alaska 99669-7520

Phone (907) 714-8888

March 25, 2021

Charlie Pierce, Mayor
Kenai Peninsula Borough
144 N. Binkley Street
Soldotna, AK 99669

Re: New School in Kachemak Selo

Dear Mayor Pierce:

I am writing to you today seeking information regarding the new school in Kachemak Selo. Attached you will find a copy of the letter that you sent to Governor Dunleavy and members of the Alaska Legislature on February 9, 2021. In that letter, you requested the re-appropriation of \$10,867,503 for a new school in Kachemak Selo from the Alaska Department of Education and Early Development (DEED) to the Alaska Department of Community, Commerce, and Economic Development (DCCED) for the construction of a community center in Kachemak Selo. I have not heard of any activity in relation to this project/request. Can you please provide an update on any action or progress in regards to your request?

During the February 23rd meeting between the District and Borough Administration, the District raised the concern that if the requested re-appropriation from DEED to DCCED did not occur, the \$10,010,000 DEED appropriation could lapse and revert to the State because of a failure to show substantial, ongoing work on the project. The District suggested an RFP for Design should be issued ASAP, and provided a draft timeline of events needed to be undertaken to be able to show substantial ongoing work to DEED by the June 30, 2021 deadline.

As you are aware, I was copied on the March 10, 2021 letter from AK DEED to you in reference to the capital appropriation for Kachemak Selo New K-12 School Construction. I have attached a copy of that letter for your reference. I am aware that no funds have been expended or committed to date, and am concerned about the potential of having the grant funds lapse per the letter from AK DEED. Can you please share with me the status of the requested response to AK DEED, and details on how or if you plan to meet the required June 30, 2021 progress milestones?

I continue to be concerned that the current Kachemak Selo school facilities continue to deteriorate, and time is of the essence for the students in Kachemak Selo.

Thank you for your response in regards to these matters.

Sincerely,

John O'Brien
Superintendent

cc: Brenda Alhberg
John Hedges
Clayton Holland
Dave Jones
Kevin Lyon
Liz Hayes



Office of the Borough Mayor

144 N. Binkley Street, Soldotna, Alaska 99669 • (907) 714-2150 • (907) 714-2377

Charlie Pierce
Mayor

February 9, 2021

The Honorable Governor Michael Dunleavy
State of Alaska
PO Box 110001
Juneau, AK 99811-0001

Sent via email

Subject: Amendment to Re-appropriate Funding for KPB Facilities

Dear Governor Dunleavy:

The intent of this letter is to gain your support and sponsorship to re-appropriate \$10,867,503 from Alaska Department of Education and Early Development (DEED) to Alaska Department of Community, Commerce, and Economic Development (DCCED). The purpose of this is to construct a community center to serve as an education and emergency or non-emergency facility in the unincorporated community of Kachemak Selo.¹ The borough will also use the funds to address some high priority maintenance or repairs on school facilities throughout the Kenai Peninsula Borough.

As you may recall, the original DEED grant requires a local school district share of \$5,851,733 pursuant to AS 14.11.008 in addition to the grant. The borough has unsuccessfully tried to reduce this local match as sufficient funds are not available without a bond or outside assistance. Also, the qualified voters did not approve Proposition No. 1, "General Obligation Bonds to Pay the Local Required Match Portion of the Costs of the Kachemak-Selo New K-12 School" in the borough election held October 2, 2018. Post-election, the administration, working collaboratively with the school district, intended to introduce another proposition regarding general obligation bonds for school properties that included the match requirement for this project. However due to the Coronavirus Pandemic, both administrations agreed that introducing a bond proposition in light of the devastating economic decline impacting the state was not advisable for the October 6, 2020 borough election.

Addressing the recovery measures as a result of these unprecedented challenges calls for fiscally prudent decisions. Therefore, I am requesting your support and sponsorship to move the DEED appropriation to DCCED as a designated legislative grant in the amount of \$10,867,503 pursuant to the provisions of

¹ State Legislative Action 2016, Senate Bill 138, Kachemak Selo K-12 School Construction, Chapter 2/4 SSLA 16 page 3, lines 24-25.

AS 37.05.315 *Grants to Municipalities SLA 2021*. A modified letter has been sent to representing legislators of the borough requesting their support via amendment. For example, to Senator Stevens and Senator Micciche, an amendment to Senate Bill 50 would re-appropriate the funding to the Kenai Peninsula Borough for use toward constructing a community center in Kachemak Selo and to maintain and repair school facilities throughout the borough.² A similar amendment request has also been submitted to house representatives for consideration. The community center in Kachemak Selo would be used for school purposes as well as other community purposes. Residents from Kachemak Selo have testified to the borough assembly about their preference for the structure to accommodate both a community center and a school. Re-appropriating these funds to DCCED would solve some of the extraordinary transportation and access issues that apply here under the DEED requirements by allowing private industry to solve the issues of providing a school facility in this remote community if Title 14 requirements do not apply. This approach would meet the educational and community needs of the Kachemak Selo community, and also save millions of dollars in taxpayer funds.

Please note we recognize the value and purpose of building schools under Title 14 requirements. However, we also acknowledge the challenges Title 14 imposes upon remote school projects that exponentially drive up the construction costs in communities off the road system such as Kachemak Selo.

In closing, if you are successful in obtaining approval of the legislative amendment to re-appropriate the \$10,867,503 from the 2016 original grant through the DEED for Kachemak Selo, and re-appropriating it to DCCED for disbursement to the Kenai Peninsula Borough, the borough will promptly work with DEED to terminate the existing grant agreement, and then with DCCED to transfer the \$10,867,503 appropriation to DCCED as a designated legislative grant. I look forward to working with you on this viable solution for our communities.

Sincerely,



Charlie Pierce
Borough Mayor

CP/ba

Letter provided via email to:

Senator Gary Stevens
Senator Peter Micciche
Representative Louise Stutes
Representative Sarah Vance
Representative Ben Carpenter
Representative Ron Gillham

KPB Assembly Members
KPB School District Administration

² SLA 2021, SB50



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**Department of Education
& Early Development**

FINANCE & SUPPORT SERVICES
Facilities

P.O. Box 110500
Juneau, Alaska 99811-0500
Main: 907.465.6906
Fax: 907.465-6760
Email: tim.mearig@alaska.gov

March 10, 2021

Charlie Pierce, Mayor
Kenai Peninsula Borough
144 N. Binkley Street
Soldotna, Alaska 99669

Re: GR-17-001 Kachemak Selo New K-12 School Construction

Mayor Charlie Pierce:

This is notice that the capital appropriation for the referenced project is scheduled to terminate at the end of fiscal year 2021, June 30, 2021.

The previous extension of the participating share deadline to June 29, 2024, is separate from the state appropriation extension process. Under AS 37.25.020, a capital project's unexpended balance may be carried forward "if substantial, ongoing work on the project has begun within five years after the effective date of the appropriation."

The borough must meet the requirement of substantial, ongoing work by providing project submittals listed in Appendix B of the project agreement that are associated with Payment #3 and Payment #4. If the grant recipient fails to provide the information, the department may lapse the remaining balance of the project funds into the grant fund.

The department requests that the following items be provided no later than April 7, 2021:

- A written plan to meet the required progress milestones;
- Up-to-date financial reports and expenditure forecasts that support substantial progress; and
- A schedule of milestone completion that includes all remaining project submittals and an estimated closeout date.

For assistance with project submittal procedures, please contact Lori Weed at lori.weed@alaska.gov or (907) 465-2785.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Tim Mearig".

Tim Mearig
Facilities Manager

cc: John O'Brien, KPBSD Superintendent <e-mail>
Kevin Lyon, KPBSD Director of Planning and Operations <e-mail>
Brenda Ahlberg, Community & Fiscal Projects Manager <e-mail>