



MEMORANDUM

DATE: April 1, 2022
TO: Greg Smith, Chair
Joint Assembly & School Board Facility Planning Committee
FROM: Katie Koester, Engineering & Public Works Director
SUBJECT: Juneau School District (JSD) Facility Maintenance

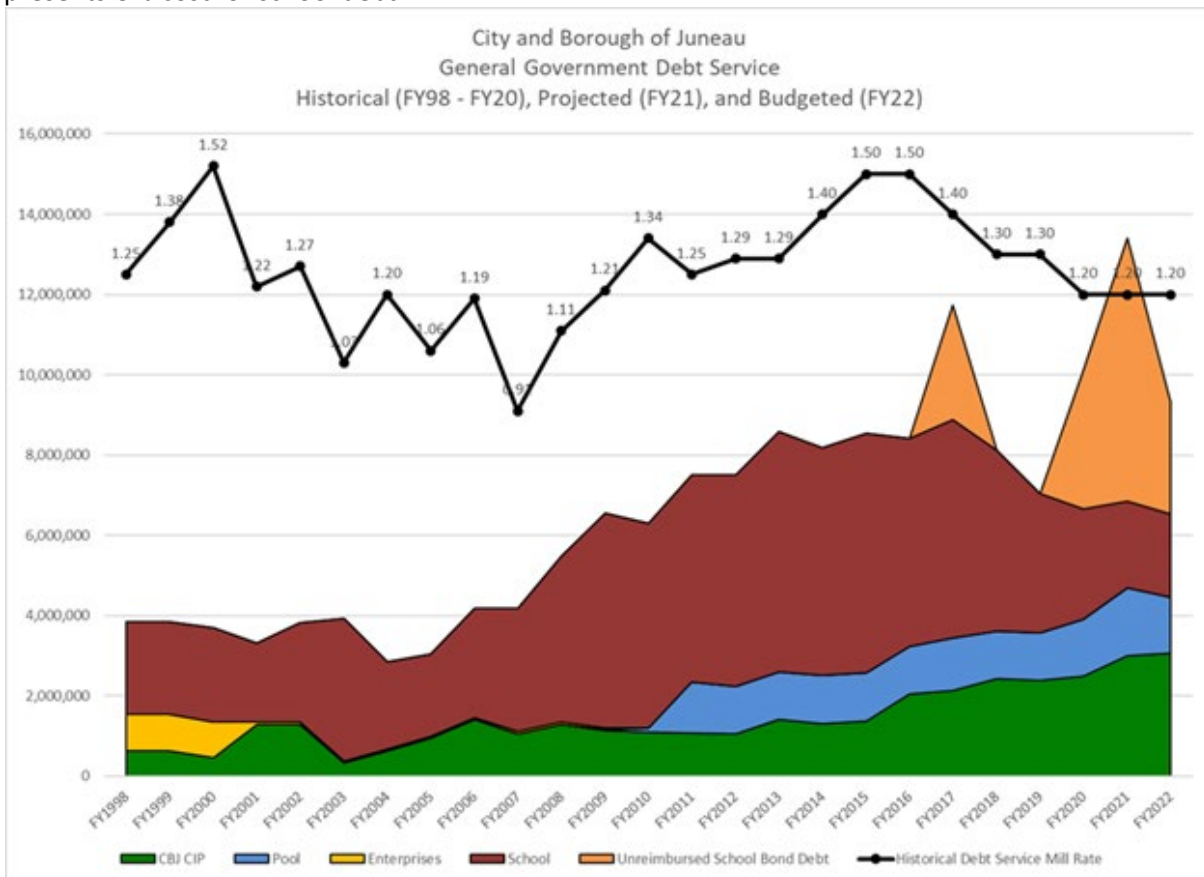
The purpose of this memo is to give an overview of CBJ and JSD spending on school district facilities and provide context for the committee as you consider next steps for meeting the facility maintenance needs of the community.

Recently...

The Assembly recently approved \$2M to JSD Deferred Maintenance to bring maintenance spending up to the minimum recommended industry standards and to supplement major deferred maintenance projects that are coming in higher than originally estimated due to current market escalation (DHMS roof and riverbend flooring). Additionally, the City Manager has proposed an extension of the \$1M annually allocation to JSD deferred maintenance funding through the 1% sales tax extension that will be before voters in October 2022.

Facility Construction

Since FY2017, CBJ has spent \$15.7M on unreimbursed school debt bond reimbursement. That, combined with typical school debt obligations have totaled \$36.1M, or approximately \$6M a year. In the chart below, everything in red and orange represents CBJ cost for school debt.



Maintenance

The industry standard is to spend 2%-6% of the replacement value of facilities on preventive maintenance.¹ A 5-year look back of preventive maintenance spending (operating expenditures) on JSD facilities shows that we are at approximately 50% of the recommended minimum. With preventive and deferred maintenance² spending combined (operating and capital), we just meet the 2% minimum. The Alaska Department of Education & Early Development (DEED) recommends that 5% of the operating budget or estimated replacement value be spent on preventive maintenance, and an additional 2.9% reserve be established for unanticipated and emergent needs.²

Comparison to Industry Standards		
JSD Replacement Value	334,537,413	
5 year average (operating expenditures)	3,668,391	1.1%
5 year average (operating and capital expenditures)	6,088,391	1.8%
Industry standard (2%-6% replacement value)	6,690,748	2%
	20,072,245	6%
DEED Recommendations:		
Preventive Maintenance, % of Operating Budget/Replacement Value	16,726,871	5%
Reserve for Unanticipated/Emergency Expenditures	9,701,585	2.9%

Summary

Looking at a 5 year average, CBJ and JSD spend a combined total of \$12M annually on facility operations, maintenance and construction debt. Nevertheless, the deferred and major maintenance list is significant and growing; the attached six-year JSD Improvement Plan from the FY2023-2028 Capital Improvement Plan anticipates \$130M in future facilities infrastructure needs.

¹ NAFSA (National Association of State Facilities Administrators). (2021, February). *Preventive Maintenance and Deferred Maintenance: Deferred Maintenance: What It Is, Why it Matters, and How to Fix It*, p. 9.

https://cdn.ymaws.com/www.nasfa.net/resource/resmgr/deferred_maintenance_2021/Deferred_Maint_Report_-_Feb_.pdf

² State of Alaska – DEED. (1999 Edition). *Alaska School Facilities Preventive Maintenance Handbook*, pp. 7-8.

<https://education.alaska.gov/facilities/publications/preventivemaintenance.pdf>