

## **DRAFT**

### **MIDDLETOWN TOWNSHIP BOARD OF EDUCATION – MARCH 14, 2014 FACILITIES REFERENDUM FREQUENTLY ASKED QUESTIONS**

#### **Why is the District undertaking a referendum now?**

The District has an opportunity to address critically needed facilities projects with the district's cost being reduced by 40% through the use of New Jersey Department of Education Regular Operating District (ROD) grants. The District was approved for funding of \$12.9 million for roofing projects at 15 schools and geothermal system projects at the three middle schools and two high schools. The financing for the district's 60% share of these necessary projects must be secured within 18 months of the approval of the ROD grants in order for the district to receive the grants. Construction costs and interest rates remain low, which will reduce further the overall cost of these projects. This comprehensive approach represents a long-term solution to these facilities needs, which is more cost effective than a "repair as we go" approach.

#### **What projects are included in the referendum?**

The referendum includes the replacement of roofing at 15 of the district's schools (two schools received new roofs over the last two years) and critically needed work on the geothermal heating and cooling systems at the District's two high schools and three middle schools. Prior to the roofing work done over the last two years, the District had not done any roofing replacements since 1997. The geothermal systems projects include adding boilers and back up generators to support geothermal heating and the implementation of web-based controls to more effectively regulate the operation of these systems.

#### **When would these projects be completed?**

These projects would be done during the summers of 2014 and 2015. The 2014 projects would include roofing at Lincroft Elementary School, Ocean Avenue Elementary School, Thorne Middle School, Thompson Middle School and Middletown High School South. Projects to be done during the summer of 2015 are roofing projects at Bayview Elementary School, Fairview Elementary School, Leonardo Elementary School, New Monmouth Elementary School, River Plaza Elementary School, Navesink Elementary School, Middletown Village Elementary School, Nut Swamp Elementary School, Bayshore Middle School and Middletown High School North.

#### **Couldn't the district just use the \$12.9 million in ROD grants to complete projects without spending additional funds?**

No. The \$12.9 million in ROD grants represent state funding of 40% of the approved projects. If the district does not commit its 60% share of each of the project's costs, it is not eligible for the state's 40% share.

#### **Are these projects really necessary?**

Yes. With the exception of the roofing work that has been done over the last two years, the district has not completed roofing replacements since 1997. The District continually experiences leaking issues with its roofs and water infiltration can be very damaging to the

District's buildings. The geothermal systems at the District's secondary schools are not currently operating efficiently or effectively. In fact, there have been instances of students being moved from classrooms that cannot be heated properly. These projects would place all of the District's roofs back under warranty. They would also improve the operating effectiveness and efficiency of the geothermal systems while extending the useful life of these systems.

**How will these projects get done if the referendum is not approved?**

If this referendum is not approved, there is no short term plan to allow these projects to be completed. The most significant issue would be the expiration of the District's eligibility for the 40% funding for these projects, which would raise the cost of doing these projects at a later date by 60%. The District does not have enough in its capital reserve to fund its share of any of the geothermal projects or any significant roofing projects. The District also does not have the ability to include these projects in its operating budget and if the funding is not secured within 18 months the District will have to fund 100% of these projects instead of 60%, increasing the cost by almost \$13 million.

**What would the impact of this referendum be on my tax bill?**

Based on our best assumption of interest rates, the tax impact of this referendum is estimated as follows for an averaged assessed home value of \$375,500:

For 20 year bonds (assumed interest rate of 3.6%), the tax impact would be \$4.37/month.

For 15 year bonds (assumed interest rate of 3.16%), the tax impact would be \$5.22/month.

The Board will have to determine whether 20 year or 15 year bonds will be issued.