

Frequently Asked Questions

The district has provided answers with the best information available and will continue to add information as the Bond Referendum presentations continue. Please check back often for updated questions and answers.

Why do we need to do this referendum now?

The Shamong Township Board of Education spent four years completing a comprehensive review of all district facilities. This review is well beyond the state required inspections and included a detailed review of every facet of the facilities. This review identified critical areas in need of repair and replacement. The Board of Education identified over \$5 million of critical projects that need to be addressed immediately.

The Shamong Township School District is identified by Burlington County as an emergency shelter for the community of Shamong. IMMS is the certified Emergency Shelter reception and care annex, currently with limited services, these projects will vastly improve emergency functionality at IMMS along with upgrades at IMS to ensure safety, security, and comfort in the event of an emergency.

Fiscally, the timing is prudent due to the following:

- **Interest Rates** – interest rates are low and the Federal Reserve has indicated imminent increases.
- **Debt Service Aid** – provides a 40% rebate on the majority of referendum projects.
- **Lower Costs** – proactive maintenance results in lower costs than addressing infrastructure needs in a degraded or emergency situation.

Project Costs

Why doesn't the district pay for these repairs within the existing school budgets?

Like most school districts, Shamong struggles to fit large dollar maintenance projects into their annual operating budgets. Shamong Township has followed the rules of a 2010 state law that caps general fund increases at a 2% each year, without voter approval. Within that amount, the district has had to accommodate the typical rising costs of payroll, benefits, educational materials, contracted services, utilities and more. Regular maintenance is constantly being done on both buildings in the Shamong School District.

The \$5.4 million in project costs would not fit in current budget within cap (even over time) without significantly cutting academic staff and programs. Further, projects paid as part of our regular budget are ineligible for debt service aid which provides up to a 40% rebate on most maintenance projects. If voters approve the Bond Referendum, the state will give Shamong Township School District an estimated \$1.7 million toward the costs. This will not occur if the projects are placed in our annual budget.

What if costs end up lower than the estimates?

State rules impose strict oversight. There are only two ways a district can use proceeds from a Bond Referendum: the money can be used to overcome cost increases for projects that were approved as part of the Bond Referendum, or it can be used to pay down the bond debt. The Board of Education intends to pay down debt when practical in order to reduce the impact to taxpayers.

What if costs end up higher than the estimates?

The district is working with a team of construction and financial experts who pay close attention to trends in bond rates and construction costs. Unless a significant issue arises, it is unlikely costs will exceed estimates. The estimates reflect careful planning and analysis which reflect the board's desire to be realistic in our planning. The construction estimates are designed to err on the side of being conservative. Low estimates could be harmful and shortsighted. If estimates are lower than actual costs, the school board is still obligated to complete the projects within the Bond Referendum approved revenue.

What are the “soft costs” and why is the percentage set at 25 percent?

Soft costs include: construction contingencies, architect, engineers and consultant fees, construction administration, bonding and legal fees, inspections and utility fees and application, submission and permit. For that reason, the state's Department of Education requires that 25 percent be built into the project estimates. Private entities might be able to provide lower numbers, but school boards seeking state approval have no choice but to estimate soft costs at 25 percent.

Project Financing

What is Debt Service Aid, and how is it calculated?

Debt Service Aid is financial assistance from the State for specific school facilities projects. Shamong Township receives state aid for general operational costs, so Debt Service Aid on the repayment of bonds is one of the few ways local taxpayers can be compensated for some of the state taxes they pay. Not all costs qualify; they have to be tied to an educational program. For that reason, \$900k is not eligible for Debt Service Aid. Shamong Township wouldn't get all the money right away. A portion of the aid is received year-by-year – as if the state is helping the district make its bond payments.

Officially, the State indicates that the Shamong Township School District is eligible for Debt Service Aid to cover 40% of all project costs except the parking lot, walk & curb restoration. In a review of recent statewide projects, the State has not honored the 40% commitment, up to 40% will be shown in all presentations. Should the State decide to fully fund their portion, the monies needed from the taxpayer will be reduced.

An important factor in this equation is the retirement of our current district debt from the 2003 IMS & IMMS additions, renovations, and conversions. The district pays \$700 thousand annually toward this debt. This debt will be paid off in May of 2018. The 2017 referendum debt of \$5.4m that will replace the old bond will result in a significant decrease in the debt portion of the tax levy

What happens if the Bond Referendum is not approved?

If voters do not approve the Bond Referendum on March 14, Shamong Township school district will still have critical needs that cannot be paid for within the operating budget. The district would not be eligible for Debt Service Aid and would have to pay the entire cost of these projects.

Project Details

- Classroom air-conditioning* – IMMS
- Gym and Cafetorium air-conditioning* – IMMS
- Cafetorium HCAC upgrades including kitchen make-up air unit*-IMS
- Telephone, messaging, clock/PA, mass notification system*- IMMS, IMS
- Generator Installation and related standby power work*- IMMS, IMS
- Parking lot, walk and curb restoration – IMMS
- Well pit upgrades* - IMMS
- Upgrade/replace electrical mains on roof* – IMS
- ATC upgrade to digital controls* – IMMS, IMS
- Structural work to support HVAC*-IMS

***Eligible for up to 40% State aid**