



Planning for **THEIR** Future!

What is a Bond Referendum?

- ▶ A Bond Referendum seeks public approval by vote for the financing of major school construction projects.
- ▶ The referendum specifies projects and amount of money to be raised.
- ▶ A referendum can be held five times each year (January, March, September, November and December).
- ▶ Once approved, bonds are issued and are paid back over a number of years (typically 15-25).

Why do we need a referendum?

- Like any home, our district facilities need periodic maintenance and improvements. Although, Shamong spends approximately \$200 thousand annually to maintain our facilities, this funding falls short of meeting our needs and maintaining facilities.
- Administration and the Director of Facilities along with the district architect have been monitoring our facilities for several years
- In 2016, Shamong conducted a needs assessment to determine the state of our facilities. **Over \$5 million dollars of projects were identified.**
- The 2% tax levy cap limits our ability to address all capital needs within the annual budget.
- Opportunity for up to 40% debt service aid from the state
- Keeping our facilities safe, efficient and comfortable requires more work than can be done through an annual budget.

Why now?

- ▶ Fiscally, there are several reasons why now is the right time:
- ▶ **First**, the State will pay up to 40% of allowable costs associated with the proposed improvements to our buildings and grounds.
- ▶ **Second**, interest rates remain historically low, although recent moves by the Federal Reserve indicate we will see increases moving forward.
- ▶ **Third**, the District currently has outstanding long-term debt of \$3.2M requiring an annual payment of \$860 thousand of which approximately \$700 thousand will be retired by May 2018. As the old debt is retired, the new, lower debt will replace it keeping the debt portion of the tax levy stable (at a decreased level) after the first year.
- ▶ **Fourth**, construction costs are projected to increase over the next two years. Raw materials and commodities are fairly stable or decreasing.

How does the 40% Debt Service Aid Work?

- ▶ The State will provide Debt Service Aid for the life of the loan. Example: For a \$5 million project, the State will provide annual State Aid for 40% of “eligible” costs (Simple Translation: The State gives money every year to help offset your payments).
- ▶ **Eligible costs:** Typically, school construction projects that include rehabilitation and renovations of existing space. The final determination is made by the NJDOE.



A note about project costs...

- All costs are architect estimates.
- All projects are subject to lowest bid contractors.
- School projects must pay “prevailing wage”.
- Monies from projects that come in under budget can either be used to:
 - increase the scope of the project (e.g. upgrade materials)
 - or returned to the taxpayer

Tentative Timeline (dates subject to change)

Proposal acceptance date	September 20, 2016
Completion of NJDOE project application packages for each building	October 14, 2016
Receipt of NJDOE PEC letters	October 24, 2016
Board meeting to approve PEC letters	November 15, 2016
Receipt of NJDOE FEC letters	February 17, 2017
Proposed Referendum Date	March 14, 2017
Design and construction documents	April 2017-November 2017
Approximate bid date	December 11, 2017
Open bids and award	January 2018
Construction period	Spring-Summer 2018
Referendum Publicity	As Needed

The Proposed Projects

- 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

What does it look like in the long term?

(Tentative figures based upon \$5.4 million referendum)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Existing Debt	\$ 830,084	\$ 830,426	\$ 138,700	\$ 143,521	\$ 148,088	\$ 148,341	\$ 148,468	\$ 152,528	\$ 156,161	\$ 150,417							
Shamong Township	\$ 125.00	\$ 125.00	\$ 21.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 23.00	\$ 24.00	\$ 23.00							
Referendum Debt	\$ -	\$ 172,640	\$ 345,026	\$ 350,533	\$ 350,358	\$ 349,950	\$ 349,309	\$ 352,078	\$ 350,854	\$ 349,396	\$ 347,705	\$ 349,425	\$ 347,151	\$ 348,288	\$ 345,431	\$ 345,985	
Shamong Township	\$ 24.00	\$ 51.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	
Total Debt	\$ 830,084	\$ 1,003,066	\$ 483,726	\$ 494,054	\$ 498,446	\$ 498,291	\$ 497,777	\$ 504,606	\$ 507,015	\$ 499,813	\$ 347,705	\$ 349,425	\$ 347,151	\$ 348,288	\$ 345,431	\$ 345,985	
Shamong Township	\$ 125.00	\$ 149.00	\$ 72.00	\$ 74.00	\$ 74.00	\$ 74.00	\$ 74.00	\$ 75.00	\$ 76.00	\$ 75.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	
All \$ amounts per \$100k of assessed value																	
New Issue Average Tax Impact:				Current Existing Debt Average Tax Impact:													
Per \$100k Assessed Value:	\$0.051			Per \$100k Assessed Value:						\$0.125							
For Every \$100,000 of Assessed Value:	\$50.79			For Every \$100,000 of Assessed Value:						\$125.00							