



## FREQUENTLY ASKED QUESTIONS (FAQ)

The Board of Education of the Upper Freehold Regional School District will be presenting a bond referendum to Upper Freehold and Allentown voters on September 26, 2017 seeking authorization to undertake improvements at Allentown High School, Newell Elementary School, GLC/Annex building and Vo Ag building. This FAQ addresses common questions in connection with the referendum and projects.

### **WHAT IS A BOND REFERENDUM?**

A bond referendum is an election when a Board of Education seeks voter approval for funding to undertake capital improvement projects and to finance such projects through a long term loan (a bond).

### **WHY DO WE NEED TO HAVE A BOND REFERENDUM?**

A bond referendum is the only way that a Board of Education can borrow money to finance significant capital improvements of this magnitude over a long period of time which makes the costs more manageable. Otherwise, major improvements can only be done in very small increments over multiple budget cycles.

### **WHY CAN'T THE DISTRICT JUST INCLUDE THESE PROJECTS IN ITS ANNUAL SCHOOL BUDGET?**

The annual school budget currently has a 2% budget cap on the local tax levy. Given this restraint, it is very difficult to fit capital projects in an annual operating budget without harming the excellent academic programs that our students deserve. Certain building systems, such as the roofs and HVAC systems, wear out over time regardless of continued annual maintenance. Because there is a "cap" on how much the regular operating budget can increase each year, major costly replacements cannot be undertaken through the annual budget.

Additionally once installed, such major replacements last 20+ years. The board would like to borrow for such improvements and spread the cost of the improvement over the generations that will use it rather than have the current taxpayers pay for it in one year.

### **WHAT PROJECTS ARE INCLUDED IN THE REFERENDUM?**

- New roofing at all four buildings on the High Street campus
- Solar panel systems on the roofs of high school, elementary school, and GLC Annex Building
- An emergency generator at Newell Elementary School
- Renovation of the outdated Allentown High School Auditorium

### **WHY ARE THE PROJECTS NECESSARY?**

Maintaining our school buildings for current and future use is a basic responsibility of the community. Our students need a healthy, safe atmosphere for learning.



## FREQUENTLY ASKED QUESTIONS (FAQ)

### WHY ARE THE PROJECTS BEING PROPOSED NOW?

The systems that are proposed to be replaced are consistently malfunctioning. These systems are essential to the operation of our schools. Current borrowing rates are very low, and significant state assistance is currently available. By financing the projects, the District will avoid costly "band-aid" fixes in future budgets.

### IS THE STATE PAYING FOR ANY OF THE PROJECTS?

Yes. The State has already approved debt service aid for the school district that will cover up to 40% of the costs of the project. This funding is only available if the voters approve the bond referendum on September 26, 2017.

### WHAT IS THE TOTAL CAPITAL COST OF THE PROJECT?

The total project cost is estimated to be \$9,959,815. This number is an "all in" capital cost, including all construction and related costs, all professional, legal, accounting and debt costs. The state is offering debt service aid that will cover up to 40%.

### WHAT IS THE ESTIMATED TAX IMPACT OF THE PROJECTS ON EACH COMMUNITY?

The project will be financed with bonds to be paid back over a twenty (20) year period. Based upon current ratables, the annual tax impact are listed below:

#### BOROUGH OF ALLENTOWN

Estimated tax impact on an average assessed home value of \$289,483	\$8.58 per month \$102.91 per year
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#### UPPER FREEHOLD TOWNSHIP

Estimated tax impact on an average assessed home value of \$464,500	\$13.12 per month \$157.47 per year
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### WHEN WILL THE BOARD PRESENT THE PROPOSED PROJECTS TO THE VOTERS?

The board will present the proposed project to the School District voters at a September 26, 2017 special school election. The polls will be open from 7 AM to 8 PM at the normal polling locations. All registered voters are eligible to vote. Non registered voters can download a voter registration form at <http://www.state.nj.us/state/elections/voting-information.html>

### WHAT IS THE ANTICIPATED TIME-LINE OF THE PROJECTS?

Pending funding, the projects are expected to be completed by Fall 2019.



## FREQUENTLY ASKED QUESTIONS (FAQ)

### **WHY IS IT THAT THE TAXPAYERS ALWAYS SEEM TO PUT UP MORE MONEY?**

The board consider these issues very carefully and presented what they believe to be appropriate allocation of taxpayer dollars. This referendum has the opportunity to acquire state funding which would cost taxpayers less money in the long run. Even without the state funding, the needs of the school district will not go away.

### **WHY WOULD THERE ONLY BE UP TO 40% FUNDING IF WE VOTE YES, AND NOTHING FROM THE STATE IF WE VOTE NO?**

The state will only provide up to 40% funding of a project if the taxpayers approve to do so through a referendum. If the taxpayers vote no there will be no project to provide state aid for.

### **WHAT DOES THIS HAVE TO DO WITH OUR HOUSE VALUES?**

The quality of schools in a town has a direct correlation to property values. When respective homeowners look to buy a home, the quality and conditions of the schools play a big role in someone's decision to buy a house in that community.

### **I DON'T BELIEVE IN THE GUARANTEED FUNDING PLOY. IT HAS BEEN USED BEFORE AND FUNDING WAS NOT AVAILABLE.**

Nothing is ever guaranteed, but state funding for these projects have already been approved. Even when Governor Christie took over and froze state funding for 5 years, he respected the monies that were approved before he was elected and funded these projects.

### **WHY DON'T WE HAVE THE OPTION TO VOTE FOR ONE OF THE FOUR PROPOSED PROJECTS?**

The projects listed for the referendum were drawn from a comprehensive long term facilities plan. The board reviewed the projects that we need to do and areas in need of work that could ultimately provide either a safer environment for our students and staff or a source of revenue for the district. Any source of revenue we can provide is less money on the taxpayer's back. The referendum allows us to borrow money over 20 years at a very low rate of interest.

All of the areas for repair or replacement are in need of repair. It is not a matter of if we actually need these projects done; it is a matter of when they will be done. The advantage of the referendum is that state funding is available for these district needs that will not go away. The four proposed projects will get done sooner and with the least amount of taxpayer dollars, if they are approved through the referendum vote.



## FREQUENTLY ASKED QUESTIONS (FAQ)

### **WHY DID THE SCHOOL BUDGETING NOT INCLUDE PUTTING MONEY AWAY FOR NEW ROOFS WHEN PREVIOUS ROOFS WERE REPLACED?**

See response to question on prior page: "why can't the district just include these projects in its annual school budget?"

### **HOW OLD ARE THE ROOFS?**

The roofs slated for repair average approximately 18 years of age. Various portions of the four buildings will require either a replacement or a restoration coating to extend warranties that are either expired or nearing their expiration.

### **WHAT ARE THE BENEFITS OF CANOPY SOLAR INSTALLATION VS. ROOF SOLAR?**

The board did not consider this option due to cost. Canopy installations would be significantly more expensive because it requires the construction of a supporting structure.

### **IS SOLAR NECESSARY?**

The solar component is intended to reduce electrical costs and create a stream of revenue for the school district. The additional yearly savings and revenue can assist the district in funding other facility needs and increase curriculum programs. Additionally, it would extend the life of the roof due to the reduced UV degradation on the roofing membrane. Simultaneous installation of both the solar and roofing systems would also pair the warranties for the two projects.

### **HOW OLD IS THE GENERATOR AND WHY DO WE NEED A NEW ONE?**

There is currently no generator at the elementary school and no natural lighting in the bathrooms or second floor hallways. When the building loses power, there is no lighting in these areas to safely evacuate students and no power to the elevator to transport anyone with a physical limitation out of the building.

### **"SOMEONE HAS A FRIEND WITH A GENERATOR COMPANY, ANOTHER WITH A SOLAR COMPANY, ETC"**

All work being done to public buildings must publicly bid with prevailing wage rates and the district must accept the lowest responsible bidding contractor by statute. There is no way to favor a contractor based on preference or choice. Anyone qualified is encouraged to bid.

### **HOW OLD IS THE AUDITORIUM AND IN WHOSE OPINION DOES IT NEED IMPROVEMENT?**

The auditorium is original (with repairs) to the 1963 building. There have been additions to lighting and sound, and repairs to the flooring. All of those systems however, are now failing. Repairs are required to maintain a safe environment for our students. The board has been unanimous in the voting for these projects.



## FREQUENTLY ASKED QUESTIONS (FAQ)

### **WHY NOT PURSUE 40% OF THE WORK SINCE THAT IS WHAT THE STATE IS PROVIDING AND NOT ASK THE TAX PAYERS FOR THE ADDITIONAL 60%?**

The 40% state funding is only available if the tax payers share in the cost with the remaining 60% of the funds.

### **CAN PROJECTS BE ADDED TO THE REFERENDUM SCOPE BETWEEN NOW AND VOTING DAY ON SEPTEMBER 26TH?... SO NO 'BAIT AND SWITCH'?**

Only scope included in the referendum can be addressed in this project. Any funds remaining at the completion of the projects will be put towards the principal payments of the bond for temporary tax relief.

### **WHY DO I KEEP HEARING "UP TO 40% STATE FUNDING"? DOES THE "UP TO" IMPLY THAT WE MAY END UP RECEIVING INSIGNIFICANT FUNDING, RESULTING IN A HIGHER TAX BURDEN?**

The state has approved the district for 40% funding, but have funded projects as low as 34% due to their state aid formula. Tax impacts have been calculated at the more conservative 34%, so additional funding up to the maximum amount of 40% will reduce the estimated tax impact.

### **WHAT WILL THE DISTRICT DO WITH THE REVENUE GENERATED BY THE SREC SALES? CAN THIS MONEY BE USED TO OFFSET THE TAX IMPACT?**

Yes, the board is able to apply the SREC revenue to the debt service payment. The SREC revenue based on current SREC prices is anticipated to cover the local share principal portion of the solar panels.

### **HOW MUCH WILL THE SOLAR PANELS REDUCE THE CURRENT ELECTRIC USAGE?**

The solar project is estimated to produce a combined 25% of the existing electrical power for the High School, GLC Annex Building and Elementary School.