



Montville Township Public Schools

Proposed School Bond Referendum September 26, 2017

**July 18, 2017 –
Board of Education Meeting
Presentation**

Dr. René T. Rovtar, Superintendent of Schools
Ms. Katine Slunt, Business Administrator
Board of Education- Finance & Facilities Committee

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 amounts of money to be raised.
- Once approved, bonds are issued and paid back over a number of years, we have chosen a 20 year schedule for these bonds.

Why is a Referendum needed?

- In addition to ongoing repairs, our school buildings also require periodic improvements to ensure that a safe learning environment is maintained for our nearly 4,000 students.
- Although our district spends approximately \$1.0 million annually to maintain our facilities, this funding falls short of meeting our needs and maintaining our aging facilities.
- In 2015, our District conducted a Facilities Needs Assessment which targeted areas in need of improvement. Over \$56 million dollars of projects were identified.
- The 2% Tax Levy Cap has limited our ability to fund all capital needs through our annual budget.

Why is one needed now?

- **First:** A discount of 40% of the principal and bond interest cost for most of the proposed projects is currently available through the State as Debt Service Aid.
- **Second:** Construction costs remain favorable.
- **Third:** Interest rates remain very favorable.
- **Fourth:** The District currently has outstanding long-term debt of that will be retired by the end of 2023. As the old debt is retired, the new, lower principal and interest payments will replace it, helping to keep the debt portion of the tax levy stable, (at a decreased level) after the initial impact.

District Fiscal History

- In 2010-2011, the Montville Township Public Schools experienced a dramatic reduction in state aid. As of the 2017-2018 fiscal year, our state aid levels have still not rebounded to that level:

| School Year | General State Aid | Extraordinary Aid for Spec. Educ. | Total State Aid | State Aid Reductions |
|--------------|-------------------|-----------------------------------|-----------------|----------------------|
| 2009-2010 | \$3,221,015 | \$333,439 | \$3,554,454 | ---- |
| 2010-2011 | \$31,267 | \$333,439 | \$364,706 | \$3,189,748 |
| 2011-2012 | \$669,983 | \$100,000 | \$769,983 | \$2,551,032 |
| 2012-2013 | \$1,755,582 | \$435,000 | \$2,190,582 | \$1,465,433 |
| 2013-2014 | \$1,755,583 | 0 | \$1,755,583 | \$1,465,432 |
| 2014-2015 | \$1,834,143 | \$150,000 | \$1,984,143 | \$1,386,872 |
| 2015-2016 | \$1,834,143 | \$1,100,000 | \$2,934,143 | \$1,386,872 |
| 2016-2017 | \$1,880,323 | \$1,650,000 | \$3,530,323 | \$1,340,692 |
| 2017-2018 | \$1,880,323 | \$1,600,000 | \$3,480,323 | \$1,340,692 |
| TOTAL | | | | \$14,126,773 |

District Capital Outlay History

- Since the 2010-2011 school year, the Montville Township Public Schools have included expenditures for capital outlay in the district's annual budget.

(**Expenditures in 2015-2016 include the MTHS Media Center Renovation Project - \$1,221,069, the Security Window Film Project - \$98,500, and the MTHS Auditorium Lighting and Rigging Project - \$303,064)

| School Year | Capital Expenditures Equipment | Capital Expenditures Facilities Acquisition and Construction Services | Total Capital Expenditures |
|----------------------|--------------------------------|---|----------------------------|
| 2010-2011 | \$24,289 | \$2,230,075 | \$2,254,364 |
| 2011-2012 | \$183,600 | \$848,618 | \$1,032,218 |
| 2012-2013 | \$165,599 | \$964,265 | \$1,129,864 |
| 2013-2014 | \$271,990 | \$995,899 | \$1,267,899 |
| 2014-2015 | \$128,657 | \$752,017 | \$880,674 |
| 2015-2016 | \$135,632 | \$3,059,044 | \$3,194,676** |
| 2016-2017 *unaudited | \$46,424 | \$1,277,920 | \$1,324,344 |
| 2017-2018 *budgeted | \$92,245 | \$571,043 | \$663,288 |
| TOTAL | \$1,048,436 | \$10,698,881 | \$11,747,317 |

How does 40% Debt Service Aid Work?

For past projects, the State offered grants which would provide aid money when projects met completion benchmarks. Example: For a \$30 million project, the State would provide monies toward the project through grants, say \$10 million, and the district would fund the \$20 million through a bond. (Simple translation: The State gave monies as the district met benchmarks and the district would pay the remainder over time).

Today, the State will provide Debt Service Aid for the life of the loan. Example: For a \$20 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, renovations of existing space, and health and safety issues. The final determination is made by the NJDOE.

ALL aspects of this Referendum Project have been deemed as eligible for the 40% debt service aid. This means the residents of Montville pay only 60% of the cost of the project.

The Proposed Projects

- **Partial Roof Replacements:**
 - High School
 - Lazar
 - William Mason
- **Media Center Renovations:**
 - Elementary Schools
 - Lazar
- **HVAC Controls:** District-Wide
- **Restroom Renovations:** District-Wide
- **Gymnasium/All Purpose Room Renovations:** District-Wide
- **Air Conditioning:** District-Wide

The Proposed Costs

GROSS Estimated PROJECT TOTALS

- **Referendum Question #1:** \$ 11,172,832
 - Roof Replacements **District Cost \$ 6,703,699**
 - HVAC Controls
 - Restroom Renovations
 - Media Center Renovations
- **Referendum Question #2:** \$ 3,014,355
 - Gymnasium/All Purpose Room Renovations
District Cost \$ 1,808,613
- **Referendum Question #3:** \$ 3,418,700
 - Air Conditioning
District Cost \$ 2,051,220

Tentative Referendum Timeline

- July 18, 2017 – Board approves the actual referendum questions to be included on the ballot.
- Election has been scheduled for September 26, 2017.
- Polls will be open from 2:00 p.m. until 8:00 p.m.

All voters have the option of VOTING BY MAIL rather than voting at the polls on September 26th. A link to the application to request a Vote by Mail Ballot is available on the district website: <https://www.montville.net/Page/13147>

Tentative Construction Timeline

HVAC Controls (Summer 2018)

| Event | Start Date | Completion Date |
|--------------------------------------|-------------------|------------------------|
| Completion of construction documents | 10/01/2017 | 12/30/2017 |
| Bidding and Award | 02/01/2018 | 03/30/2018 |
| Procurement and preparation work | 04/01/2018 | 06/15/2018 |
| Construction | 07/01/2018 | TBD |

Roofing (Summer 2018)

| Event | Start Date | Completion Date |
|--------------------------------------|-------------------|------------------------|
| Completion of construction documents | 10/01/2017 | 12/30/2017 |
| Bidding and Award | 02/01/2018 | 03/30/2018 |
| Procurement and preparation work | 04/01/2018 | 06/15/2018 |
| Construction | 07/01/2018 | 12/01/2018 |



Tentative Construction Timeline

Bathroom Renovations (Summer 2018)

| Event | Start Date | Completion Date |
|--------------------------------------|-------------------|------------------------|
| Completion of construction documents | 10/01/2017 | 12/30/2017 |
| Bidding and Award | 02/01/2018 | 03/30/2018 |
| Procurement and preparation work | 04/01/2018 | 06/15/2018 |
| Construction | 07/01/2018 | TBD |

Media Center Upgrades (Summer 2018)

| Event | Start Date | Completion Date |
|--------------------------------------|-------------------|------------------------|
| Completion of construction documents | 10/01/2017 | 12/30/2017 |
| Bidding and Award | 02/01/2018 | 03/30/2018 |
| Procurement and preparation work | 04/01/2018 | 06/15/2018 |
| Construction | 07/01/2018 | TBD |



Tentative Construction Timeline

Air Conditioning Upgrades (Summer 2018)

| Event | Start Date | Completion Date |
|--------------------------------------|-------------------|------------------------|
| Completion of construction documents | 10/01/2017 | 12/30/2017 |
| Bidding and Award | 02/01/2018 | 03/30/2018 |
| Procurement and preparation work | 04/01/2018 | 06/15/2018 |
| Construction | 07/01/2018 | TBD |

Gymnasium Renovations (Summer 2018)

| Event | Start Date | Completion Date |
|--------------------------------------|-------------------|------------------------|
| Completion of construction documents | 10/01/2017 | 12/30/2017 |
| Bidding and Award | 02/01/2018 | 03/30/2018 |
| Procurement and preparation work | 04/01/2018 | 06/15/2018 |
| Construction | 07/01/2018 | TBD |



How does this project impact our annual capital expenses portion of the budget?

- The district has reduced the capital expenditures in the 2017-2018 budget, helping to mitigate the increase in debt.
- The need for major projects is eliminated for the near future - barring a catastrophic occurrence.

How does this project impact the Average homeowner's Tax bill?

Assessed home in Montville = \$300,000.00

- *Estimated Average Household Tax Increase of \$57.33*

Assessed home in Montville = \$400,000.00

- *Estimated Average Household Tax Increase of \$76.44*

Average assessed home in Montville = \$528,093.00

- *Estimated Average Household Tax Increase of \$100.91*

-- ASSUMPTIONS --

- ◆ 20 year Bond Term
- ◆ 4.00% Interest Rate

Communications Plan

- **Media Relations** - Press releases, editorials
- **Back to School Night discussions**
- **Newsletters/District Publications**
- **Webpage** – Separate section with FAQs and updates
- **Special Referendum Presentations** – To be scheduled with various Township groups and organizations

Summary – Benefits of the Referendum

- **Protect infrastructure**
- **Upgrades for education and compliance**
- **Remain fiscally prudent –**
 - **Availability of state funding**
 - **Favorable construction costs**
 - **Favorable interest rates**