

BOARD OF EDUCATION
School District of South Orange-Maplewood
525 Academy Street
Maplewood, New Jersey 07040

Cheryl Schneider
Business Administrator

973-762-5600 ext 1800
fax 973-378-9310

TO: Brian Osborne
Board of Education Members

FROM: Cheryl Schneider

DATE: January 7, 2014

SUBJECT: UPDATED CAPITAL IMPROVEMENTS LIST

In finalizing the project list being considered for funding, it is advised that we not include the two projects that did not receive the ROD grants on the original list, the Columbia HS Corridor Ceiling project and the Maplewood MS Science Lab project. We have not received confirmation regarding debt service aid on these projects. It would be fiscally prudent to include these projects in a future bonding request in case debt service aid becomes available. Instead it is advisable to take advantage of the ROD grants available and the Clinton Window Replacement project is included in the \$5.08 million funding request.

The project list included in the resolution includes:

Project	ROD Budget	Local Funding
Columbia HS Roof "B" and "D"	1,218,695	731,217
Columbia HS Water Infiltration	610,132	366,079
Jefferson Elementary Roof Replacement	545,440	327,264
Marshall Elementary Roof Replacement	893,047	535,828
So. Mtn. Annex Roof Replacement	491,474	294,884
Columbia HS Roof "D" (alternate portion)	178,188	106,913
Columbia HS A-Wing Mechanical Upgrades	5,354,696	3,212,818
Clinton Elementary Window Replacement	1,085,626	651,376
Seth Boyden Elementary Barrier Free Upgrades	53,887	32,332
Maplewood MS Window Replacements	2,213,154	1,327,892
Jefferson Elementary Mechanical Upgrades	152,350	91,410
Montrose School	Non-grant; debt service aid	3,583,613
TOTAL PROJECT COST		11,261,626
Repurpose Funds from previous projects		(6,181,626)
TOTAL LOCAL SHARE FUNDING REQUIRED		5,080,000

Please note that in addition to the projects under consideration, the project list also includes the repurposing of funds associated with the Montrose Early Learning Center project. This project

was resubmitted to the DOE under a new state number and has been approved for debt service aid of 40% of the cost of the project. The inclusion of this project repurposes existing funding to the new state project number for alignment of the financial reporting for collection of debt service aid of more than \$1.4 million. (Note that the Montrose project is being rebid and is expected to be awarded at the February regular meeting of the Board of Education. Previous bids came in at \$2.7 million, more than the budgeted construction portion of this project.)

Those projects that received grants, but not included in the above list include window replacements, electrical upgrades and mechanical upgrades such as exhaust fan replacements.

Project	ROD Budget	Local Funding	Grant Funding
Columbia HS Window Replacements "B" and "D"	2,256,035	1,353,621	902,414
Seth Boyden Window Replacement	1,411,722	847,033	564,689
Tuscan Window Replacement	1,565,162	939,097	626,065
Jefferson Electric Service Upgrade	183,602	110,161	73,441
Seth Boyden Electric Service Upgrade	1,248,550	749,130	499,420
South Mountain Exhaust Fan Replacement	437,152	262,291	174,861
South Orange Middle Exhaust Fan Replacement	1,206,412	723,847	482,565
TOTAL PROJECTS COST	8,308,635	4,985,180	3,323,455

It is difficult to estimate the return on investment on these projects. The main benefit of the electric service upgrade projects is that we could add load to the school buildings allowing for future improvements and equipment upgrades. The electrical upgrades is more of a safety issue than an efficiency issue as the older electrical systems can be subject to future failures as increased electric demands are placed on the systems.

The exhaust fan replacements are estimated to have an approximate rate of return somewhere in the range of 3 to 5 years. Replacement of these types of fans is an efficiency issue as the new fans would run at a better productive level of energy usage and have smoother operation. Replacements would be subject to less problems and maintenance repairs. The replacement of rooftop fans at Jefferson School were included in the initial list as they should be replaced at the same time that the Jefferson roofing project takes place.

Window replacement projects have a much longer rate of return, probably around 20 years. These projects would have an immediate visual improvement and potentially would reduce complaints regarding drafts as well as operational complaints that could be considered safety issues. Many of the existing windows at the schools are insulated glass and therefore we do not anticipate drastic reductions in energy bills. Newer windows, however, would be more efficient with manufacturing improvements. The project designs include windows with internal blinds, making a better appearance, eliminating the need for roller shades and can also be used as a security factor by not just blocking out the light but shutting off views directly into the school's classrooms.

Long-term considerations include the loss of the grant funding of \$3.32 million and the anticipated cost of bonding at a future date. Our capital advisors project an interest rate of 3.25% if bonds were sold now versus 4.0% in just three years from now (2017). This would be a difference of more than \$1,000,000 in absolute dollars on a \$10 million bond sale. In addition to the \$3.76 million grant funding we would receive from the State, there would also be some

efficiencies gained as a result of the additional projects to lower the operating budget, but these are difficult to measure for the projects in question.