

BOARD OF EDUCATION
School District of South Orange-Maplewood
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TO: Brian Osborne
 Board of Education Members

FROM: Cheryl Schneider

DATE: December 16, 2013

SUBJECT: CAPITAL IMPROVEMENTS

In April 2011, the Board of Education hired EI Architecture and Engineering firm to analyze all of the District facilities and recommend improvements that would enable the South Orange Maplewood School District to meet the educational demands of the 21st century. A preliminary report was made in April 2012 and since that time EI has been working with District leadership to prioritize capital improvement projects and the recommended phasing of these projects. The finalized plan is anticipated to be completed in spring 2014.

Since the spring of 2012, the Board has been reviewing various proposals regarding a renewal to Columbia High School including the question of how to address the aging swimming facility. A decision was made in November 2013 against building a new swimming pool and to make renovations within the existing footprint for a renewal of the building and to address increasing enrollment projections. These discussions were made in the context of the districtwide facilities assessment and other projects under consideration throughout the district were described throughout the process.

In June 2013, the State announced that funding for school facilities projects had become available. In order to take advantage of this funding, the District submitted grant applications for capital projects under consideration for implementation. Twenty-four applications were submitted for a total of \$30,396,708 worth of projects, requesting \$12,158,683 in state funding. Grant awards were announced last week and the District was approved for 19 of the projects including roof work, electrical upgrades, window replacements, mechanical upgrades, barrier free upgrades and an emergency generator. If the District were to move forward on all of these projects, the local share would be \$12,859,955. These projects do not include the Columbia High School renewal projects that have been discussed over the last several months. Adding these projects to the local share of the grant projects would result in substantial increases in debt service burdens. Recognizing concerns of additional tax stress on top of potential operating budget increases, the administration is not recommending implementing all of the grant projects.

However, the administration does recommend taking advantage of the opportunity to complete the necessary projects with state assistance and therefore has focused the proposed capital projects for funding on those that have been awarded grants. Higher priced projects that did not receive funding, such as the high school science room conversion and the pool space repurposing projects are being recommended to delay for future bonding periods.

The suggested project list for funding consideration includes:

| Project | ROD Budget | Local Funding |
|---|------------|---------------|
| | | |
| | | |
| South Orange-Maplewood | | |
| Columbia HS Roof Replacement "B" and "D" | 1,218,695 | 731,217 |
| Columbia HS Wing A Mech Upgrades | 5,354,696 | 3,212,818 |
| CHS Wing A Corridor Ceiling Upgrades | 259,861 | 259,861 |
| Columbia HS Water Infiltration | 610,132 | 366,079 |
| Jefferson Partial Roof Replacement | 545,440 | 327,264 |
| Marshall Partial Roof Replacement | 893,047 | 535,828 |
| Seth Boyden North Corridor Barrier Free Stair | 53,887 | 32,332 |
| So. Mtn. Annex Partial Roof Replacement | 491,474 | 294,884 |
| Maplewood MS Window Replacements | 2,213,154 | 1,327,892 |
| Maplewood MS Science lab renovations | 483,067 | 483,067 |
| CHS Roof replacement D-wing (alternate section) | 178,188 | 106,913 |
| | | |
| | 12,301,641 | 7,678,155 |
| Repurpose funds from previous projects | | 2,600,000 |
| TOTAL LOCAL SHARE FUNDING REQUIRED | | 5,078,155 |

Note that the funds to be repurposed from prior projects include \$1,700,000 previously approved to restore the existing swimming pool. The additional \$900,000 is estimated funds remaining from a number of older projects recently closed out. These figures are estimates and will be confirmed for the final list to be presented to the Board for consideration at the Re-organizational meeting on January 2, 2014.

The projects highlighted are projects that did not receive grant funding. These projects are being resubmitted to the DOE for consideration for debt service aid.

The projects directly related to the Columbia High School renewal that have been part of recent community discussions are suggested to be included in future bonding in 2017. These projects

include the repurposing of the swimming pool, science room and classroom conversions, renovations to the media center and the creation of a dedicated robotics center. Other classroom-gaining projects such as converting computer labs to classroom space could take place sooner as they would not require construction for these changes.

The projects that were awarded grants but not included in the funding recommendation are:

| Project | ROD Budget | Local Funding | Grant Funding Unused |
|--|------------|---------------|----------------------|
| | | | |
| | | | |
| | | | |
| Columbia HS Window Replacement B and D | 2,256,035 | 1,353,621 | 902,414 |
| Jefferson Electric Service upgrade | 183,602 | 110,161 | 73,441 |
| Jefferson Rooftop Exhaust Fans Replacement | 152,350 | 91,410 | 60,940 |
| Seth Boyden Window Replacement | 1,411,722 | 847,033 | 564,689 |
| Seth Boyden Electric Service | 1,248,550 | 749,130 | 499,420 |
| So Mtn. Exhaust Fans | 437,152 | 262,291 | 174,861 |
| SOMS Exhaust Fans | 1,206,412 | 723,847 | 482,565 |
| Tuscan Window Replacement | 1,565,162 | 939,097 | 626,065 |
| Clinton Window Replacement | 1,085,626 | 651,376 | 434,250 |
| | | | |
| | 9,546,611 | 5,727,967 | 3,818,644 |

We have 18 months to raise the local funding share from the time of the award of these projects. The \$3,818,644 in grant funds will no longer be available if we determine not to move forward with the grants.

A workshop is scheduled for Thursday evening, December 19 to discuss these projects with the Board of School Estimate. The Board of Education will consider the finalized list of projects on January 2, 2014 to submit to the Board of School Estimate for funding. A Board of School Estimate action meeting will be scheduled around the third week of January to consider the request for authorization to issue bonds.

The following table compares the projected tax impact of the additional debt, \$5.08M bond issuance in 2014 and an additional \$10M issued in 2017. The information is also shown in the event that the request for debt service aid for the two projects highlighted above is not approved.

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| No Additional Debt Service | | | | | | | |
| General Fund | 104,473,642 | 106,563,115 | 108,694,377 | 110,868,265 | 113,085,630 | 115,347,342 | 117,654,289 |
| Debt Service | 3,890,933 | 3,544,451 | 3,568,878 | 3,539,338 | 3,494,007 | 3,514,087 | 3,495,143 |
| Total | 108,364,574 | 110,107,566 | 112,263,255 | 114,407,602 | 116,579,637 | 118,861,430 | 121,149,433 |
| Tax Impact with Debt Service | 2.93% | 1.61% | 1.96% | 1.91% | 1.90% | 1.96% | 1.92% |
| Tax Impact General Fund Only | 2.47% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Debt as a percent of total | 3.59% | 3.22% | 3.18% | 3.09% | 3.00% | 2.96% | 2.88% |
| | | | | | | | |
| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2017-18 | 2017-18 |
| \$5.080M in 2014; \$10M in 2017 (with debt svce aid) | | | | | | | |
| General Fund | 104,473,642 | 106,563,115 | 108,694,377 | 110,868,265 | 113,085,630 | 115,347,342 | 117,654,289 |
| Debt Service | 3,890,933 | 3,976,913 | 4,001,887 | 3,972,584 | 4,327,182 | 4,796,882 | 4,764,000 |
| Total | 108,364,574 | 110,540,028 | 112,696,264 | 114,840,848 | 117,412,812 | 120,144,225 | 122,418,290 |
| Tax Impact with Debt Service | 2.93% | 2.01% | 1.95% | 1.90% | 2.24% | 2.33% | 1.89% |
| Tax Impact General Fund Only | 2.47% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Debt as a percent of total | 3.59% | 3.60% | 3.55% | 3.46% | 3.69% | 3.99% | 3.89% |
| | | | | | | | |
| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2017-18 | 2017-18 |
| \$5.080M in 2014; \$10M in 2017 (without debt svce aid) | | | | | | | |
| General Fund | 104,473,642 | 106,563,115 | 108,694,377 | 110,868,265 | 113,085,630 | 115,347,342 | 117,654,289 |
| Debt Service | 3,890,933 | 3,999,551 | 4,024,553 | 3,995,263 | 4,349,857 | 4,819,537 | 4,786,868 |
| Total | 108,364,574 | 110,562,666 | 112,718,930 | 114,863,527 | 117,435,487 | 120,166,880 | 122,441,158 |
| Tax Impact with Debt Service | 2.93% | 2.03% | 1.95% | 1.90% | 2.24% | 2.33% | 1.89% |
| Tax Impact General Fund Only | 2.47% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Debt as a percent of total | 3.59% | 3.62% | 3.57% | 3.48% | 3.70% | 4.01% | 3.91% |