

Cranford Township Public School District

District-Wide Facilities Projects Referendum 2009



Presented by:

Dr. Gayle M. Carrick, Superintendent of Schools

Robert J. Carfagno, CPA, RMA, PSA

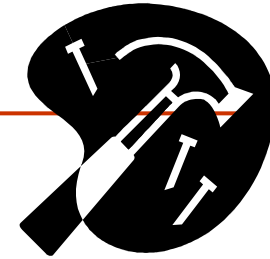
Business Administrator/Board Secretary



Overview

The Cranford Board of Education is seeking voter approval to undertake a much needed district-wide building improvement program at each district school.

The Building Improvement Program will...



replace **ROOFS** at all eight schools,
replace original **BOILERS** at **OAS** and **HAS**,
replace an old, **INEFFICIENT BOILER** at
LINCOLN SCHOOL,
upgrade **HEATING/VENTILATION
SYSTEMS** at **BPS**, **WAS** and **BAS**.



Our current roofs, boilers, and heating/ventilation systems have served generation after generation of Cranford students well.

Today, our roofs (over 25 years old), original boilers (over 40 years old), and heating systems (over 50 years old) have now out-lived their usefulness, effectiveness and efficiency.

These Improvements...

... need to be undertaken to preserve our investment in our schools and community and to maintain a safe and healthy learning environment for our students.

This will also further result in greater energy efficiency and an ultimate cost savings to Cranford taxpayers.

With nothing to lose and everything to gain...

The State of New Jersey recently allocated grant funding for school facilities projects in regular operating (non-abbot) districts such as Cranford.

In the spring of 2009 Cranford applied for financial assistance from the State based on their definition of “critical need.” We asked for funding for all of our facility needs in all of our schools.

The Good News

ALL 8 of our applications for funding were approved at the maximum amounts allowable.
The State of New Jersey committed to paying for approximately \$8 million of this proposed project.

Cranford, as an “I” district, ranks among those in New Jersey deemed to be successful, of sufficient wealth, with well educated residents.

We are not seen by the State, in comparison to other districts, as being in need. Subsequently, this grant award was most surprising.

The Balance

With the State agreeing to finance 40% of Cranford's school building projects,

by taxpayer vote, we must assure the State that we agree to finance the remaining 60% locally.

Back to the Beginning

The State of New Jersey limits a local board of education's ability to increase the school district budget by more than 4%.

Therefore, including such large items in the scope of the regular district budget is not possible. Improvements can only be done in small increments over a long period of time.

Financing of the Building Improvements

To finance the building improvements, the Board of Education must borrow the money through a long term loan or a bond.

A bond referendum is the only way a school district may borrow money.

School districts are required, by law, to obtain taxpayer approval to borrow the money to finance a building project such as this.

The Board anticipates paying off the bonds over a 20 year period.

Why NOW?

- 1. The Board now has the opportunity to fund the necessary balance of the project when interest rates are at the lowest levels in decades.**
- 2. Locking in these interest rates now will minimize the impact on taxes over time.**
- 3. State funding significantly reduces the cost of these inevitable projects.**
- 4. Funding may not be available in the future.**
- 5. The overall efficiency of the project scope will save on repairs and energy inefficiency in future school budgets.**

Funding Guarantee

In this instance, each school building in Cranford currently has an individual grant agreement, at the rate of 40% of each project cost, allocated, approved and earmarked by the State of New Jersey for use in Cranford.

This is not State aid and is not subject to annual appropriation and possible future budget cuts to balance the State budget.

This funding is guaranteed.

The Current Economic Climate

The Board is very aware of the current economic climate. It has impacted us all.

At the same time, the Board has a responsibility to address our school facility needs and by taking advantage of this state funding opportunity now, Cranford taxpayers can be spared 40% of the total facility project cost which will have to be done anyway.

This funding may not be available in the future and is only available to Cranford if the referendum passes.

Funding Cost & Allocation

The maximum total cost of the project is \$19,981,269.

The State has agreed to contribute a grant in the amount of \$7,992,506 or 40% of the total project.

The local cost to taxpayers, after this State funding, is \$11,988,763 or 60% of the total project.

Additional Costs or Savings

There will be no additional operating costs associated with these projects...

Rather the Board anticipates an operational savings due to new energy efficiency systems and in the reduction of expensive facility “band-aids” currently in place.

What about Solar Panels?

The Board is further considering further energy efficiencies through the eventual installation of solar panels. Our roofs are being designed to support appropriately sized solar panel systems.

There are several ways to finance solar panels on the schools roofs. Issuing bonds is just one of the methods. A power purchase agreement is also an option. Unlike bonding, there are no capital costs to the power purchase agreement option.

The Proposed Referendum asks:

Cranford taxpayers permission to issue long term bonds to raise the \$11,988,763 or 60% of the funding necessary to maintain our schools and simultaneously to accept this \$7,992,506 or 40% of funding from the State.

Cranford Property Taxes

It is anticipated that the project will be financed over a 20 year period at an interest rate of approximately 4%.

Based upon \$181,000 of assessed value (the average assessed home in Cranford) the Board's projection for the debt service impact is approximately \$95 annually on the average home until the bond is paid off.



For the average home in Cranford, the highest annual impact of \$95 represents just under \$8 per month and less than \$2 per week.

The amount the State is contributing equates to approximately \$63 per year which would have to be paid by the local taxpayers if these projects were to be funded entirely through local property taxes.

Construction Schedule

The amount of construction is significant and all projects identified in the referendum can not be completed within one year.

We are in the process of planning the construction schedule and expect that it will take approximately two years for all projects to be completed.

Referendum Summary

Our facilities' boilers, roofs and heating systems are all aging and can no longer be addressed piece - meal over time.

The annual cost of “band-aids” to keep these systems functioning has become a burden on the district's operating budget.

The State of New Jersey has approved 40% guaranteed funding of the total project which the Cranford taxpayers will otherwise have to finance in full.

Referendum Summary

Interest rates are the lowest in decades.

We need to protect our investment in our community through our schools.

We need to preserve our schools for generations of Cranford children yet to pass through their doors.

The Voter Question

PROPOSAL

The Board of Education of the Township of Cranford in the County of Union, New Jersey is authorized to (A) undertake district-wide roof/energy efficiency improvement projects including roof replacement at all schools; heating/ventilation upgrades at Brookside Place School, Walnut Avenue School and Bloomingdale Avenue School; and boiler replacement at Orange Avenue School, Hillside Avenue School and Lincoln School; (B) expend on such projects an aggregate amount not exceeding \$19,981,269, which expenditure shall be funded, in part, with a \$7,992,506 State grant, based on aggregate final eligible costs of \$19,981,269 as determined by the Commissioner of Education; and (C) issue bonds in an aggregate amount not exceeding \$11,988,763 representing the School District's local share of projects costs. The local shares of each of the projects may be transferred among projects.

Please Vote

The referendum vote will be held on:

Tuesday,

December 8, 2009

from 2:00 p.m. to 9:00 p.m.

The voting places will be the same as they would for any other election and sample ballots will be sent by mail, as usual.