

SUMMARY OF THE FINANCIAL HISTORY OF VARIOUS OPTIONS CONSIDERED BEFORE FINAL \$52.9M BOND ISSUE:

Prepared 09 24 2014 by R. Linden Updated 1:22 PM, 9/25/2014 (Spelling only)

From May to October 2013, the BOE considered the following five options:

Options	A	B	C	D	E
From 10/03/2013	Infrastructure	4 Campus	3 Campus	2 Campus	3 Campus
	Only	Model	MS to HS	HS & LN only	DZ to LN
Gross Project Cost (from KG&D)	\$24,333,582	\$62,689,159	\$82,080,849	\$107,390,903	\$87,550,596
(Minus) State Building Aid (from KG&D)	\$14,600,149	\$34,454,143	\$39,868,732	\$51,243,874	\$45,327,563
Net Project Cost (Calculation)	\$9,733,433	\$28,235,016	\$42,212,117	\$56,147,029	\$42,223,033
State Aid % Renovation (15 year bond)	60.0%	60.0%	60.0%	60.0%	60.0%
% of Project - 15 year bond	100.0%	75.3%	44.0%	39.8%	59.7%
State Aid % New (20 year bond) (2/3 of 60%)	n/a	39.6%	39.6%	39.6%	39.6%
% of Project - 20 year bond	0.0%	24.7%	56.0%	60.2%	40.4%
Net State Aid %	60.0%	55.0%	48.6%	47.7%	51.8%
OPERATIONAL SAVINGS (from NPCSD)	\$0	\$0	\$50,000	\$550,000	\$400,000
Assumptions for Operational Savings			Savings in Transportation between MS & HS (about 30 min/ day per bus)	Combine Elem bus runs, Savings with MS & HS bus runs, Savings in Food Service Courier	Combine LN & DZ bus runs (similar to current HS & MS setup)

Early Estimates of Impact on Tax Levy (from 5/30/2013), using retiring debt and State Aid as an offset

Options	School Year	A	B	C	D	E
Estimated Additional Annual Tax Levy Increases						
	2015-2016			1.0%	1.0%	1.0%
	2016-2017			1.0%	1.0%	1.0%
	2017-2018	1.0%	1.0%	1.0%	1.0%	1.0%
	2018-2019		1.0%	1.0%	1.0%	1.0%
	2019-2020		0.3%	0.6%	1.0%	0.9%
	2020-2021				1.0%	
TOTAL Estimated Additional Tax Increase		1.0%	2.3%	4.6%	6.0%	4.9%

Considered from February to June 2014

Four Campus Options

	2/10/2014	3/26/2014	6/18/2014
Option 3, Phase 1 Data	Option 3	Option 3	Option 3
	Phase 1	Phase 1	Phase 1
	ORIG Est	After reductions	Palombo Est
Gross Project Cost (from KG&D)	\$54,895,000	\$52,489,418	\$52,900,000
(Minus) State Building Aid (from KG&D)	\$29,692,286	\$27,947,812	\$28,050,000
Net Project Cost (Calculation)	\$25,202,714	\$24,541,606	\$24,850,000
State Aid % Renovation (15 year bond)	60.0%	60.0%	60.0%
% of Project - 15 year bond	71.0%	67.0%	65.9%
State Aid % New (20 year bond) (2/3 of 60%)	39.6%	39.6%	39.6%
% of Project - 20 year bond	29.0%	33.0%	34.1%
Net Estimated State Aid %	54.1%	53.3%	53.0%
State Aid Estimates from:	KG & D	KG & D	R Linden
OPERATIONAL SAVINGS (from NPCSD)	\$0	\$0	\$0

Reductions in budget from March 26, 2014 BOE meeting

Discussions and decisions were made by the board regarding the scope and cost of Option 3, Phase 1 of the proposed Facilities Capital Project. The 1970's wing of the Middle School proposed demolition was removed from the scope of the project, decreasing the cost by approximately \$260,000. The proposed reconstruction of the ramps at Duzine Elementary with an approximate cost of \$125,000 was removed from the scope of the plan with possible inclusion in the future. Enhanced security at all district buildings was left in the scope but removed from the cost decreasing the cost by \$1.375 million. The proposed renovations to the nurse's suite at Lenape Elementary remain in the scope of the project with no increase in cost to the project (\$250,000 reduction in budget). Demolition of Former District Office (abandoned house on property), (\$640,000 reduction in budget). **A separate Independent Assessment of Project Costs by Palombo Group was done prior to June 18, 2014 BOE approval of Bond Issue**

Impact on Tax Levy of the Four Campus Options	Option 3	Option 3	Option 3
	Phase 1	Phase 1	Phase 1
	ORIG Est	After reductions	Palombo Est
Estimated additional tax levy (after retiring debt)	1.0%	1.0%	1.0%
Starting in	2015-2016	2015-2016	2015-2016
No further increase after 2015-2016			

Assumptions Used in Estimated Tax Levy Impact:

Interest Rate	3.5%	3.5%	3.5%
Aidability	50.0%	50.0%	50.0%
Savings from retiring debt would offset new debt payments			
No Operational Savings			

Comments on Assumptions:

Original estimates for the interest rate (from the architects) were 2.375%. If the actual interest rate is lower than 3.5%, then the tax impact could be less.

If there are operational savings, then this would result in budget savings. At this point, we are assuming the energy savings will be offset by the increase in space.

Additional Data from other questions that have been asked:

Construction costs per Square Foot:
 Renovation Generally \$125-\$175 per sq. ft. was used depending on the type of renovation
 New Construction Generally \$300 - \$425 per sq. ft. was used depending on the type of new constructor
 These are figures from the architect.

Appraised value of Middle School and Duzine:

Middle School \$5,250,000
 Duzine \$3,300,000
 Appraisals done by R.P.Hubbell, September - October 2013

Breakdown by Building - from Palombo

BOND ISSUE	Subtotal	Contingency	Escalation	Subtotal	Incidental Costs	TOTAL by
OCTOBER 28, 2014	DIRECT WORK	10.0%	5.0%	CONSTRUCTION	17.0%	BUILDING
DUZINE	\$1,841,350	\$184,140	\$92,070	\$2,117,560	\$360,925	\$2,478,485
LENAPE	\$1,220,990	\$122,100	\$61,050	\$1,404,140	\$239,327	\$1,643,467
MIDDLE SCHOOL	\$26,281,885	\$2,628,190	\$1,314,090	\$30,224,165	\$5,151,515	\$35,375,680
HIGH SCHOOL	\$9,957,105	\$995,710	\$497,860	\$11,450,675	\$1,951,694	\$13,402,369
	\$39,301,330	\$3,930,140	\$1,965,070	\$45,196,540	\$7,703,460	\$52,900,000