

New Paltz

March 2015

Central School District

CAPITAL PROJECT 2015



ATTENTION VOTERS!

Remember to Participate in the District Capital Project Vote on Tuesday, March 24

BREAKING NEWS!

Refinancing Opportunity Saves Nearly \$1 Million in Current Interest and Can Reduce Cost of Proposed Capital Project

Since publishing the last newsletter, the District has been able to initiate the refinancing of nearly \$9 Million of existing debt. By taking advantage of this refinancing opportunity, all existing bonds will now be paid off in four years instead of seven, saving the District \$960,000 in interest costs. The Board approved this refinancing on February 18, 2015.

"We would have refinanced this debt whether there was a new Capital Project or not, as it results in a savings of almost \$1 Million to the District taxpayers," says Richard Linden, Assistant Superintendent for Business.

The early repayment of the existing debt creates the opportunity to accelerate payments on the bonds for the proposed Capital Project. Under this scenario, the tax levy impact related to the project is still planned as a one-time increase of \$20 per \$100,000 of assessed value, however, the duration of the bond repayment schedule would decrease, resulting in long-term savings for the taxpayer.

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The New Paltz Board of Education encourages all eligible residents to participate in the upcoming \$52.9 Million Capital Project vote on Tuesday, March 24. The original vote scheduled for January 27 was postponed due to severe weather, which later caused NYS Governor Andrew Cuomo to declare a State of Emergency in Ulster County.

"It is unfortunate that the January 27 vote had to be delayed, but it was more important to ensure that everyone could safely participate in this important decision," says Board President Brian Cournoyer.

The new date was driven by the schedule for publishing legal notices as required by New York State Education Law. New, extended polling hours are again being offered from 6 AM to 9 PM at New Paltz High School.

Project Summary

Addressing the District's facilities needs has been a topic of discussion and debate for many years. Current conditions include antiquated infrastructure, lack of network capacity to support modern technology, health/safety concerns, and inefficient or undersized building layouts that interfere with the educational opportunities that can be provided to students. Some infrastructure is very near the end of its useful life or has already exceeded its life expectancy. Some systems are so old that replacement parts that would be needed to make repairs are now obsolete.

Work is identified in each of the four school buildings. Roof replacement, providing sufficient heat and ventilation, and upgrading electrical panels from the 1970s are just a few examples of the many infrastructure upgrades that are planned. Overcrowding at the Middle School and High School, a lack of federally-required accessibility for individuals with disabilities at the Middle School, and insufficient network capacity to support technology at all four schools will also be addressed by the project. At the Middle School, upgrades to the antiquated home and careers classroom, the 1956 science lab, and other outdated classrooms will transform learning spaces into modern classrooms. These are just a few examples of the work proposed. A complete list can be found at www.newpaltz.k12.ny.us/project under the link titled "Project Scope of Work."



The Middle School and the High School are both experiencing a classroom shortage. Shown here, the "gymnasium" at the Middle School is converted to a classroom for chorus instruction. The home and careers classroom is also undersized. It was originally designed for class sizes of 12-15 students. Since Home and Careers is now a New York State mandated course, class sizes are closer to 30 students.

"It is important to understand that these upgrades are not being driven by a lack of maintenance. Our facilities team has done an amazing job of maintaining aged infrastructure that has surpassed its useful life. It is quite astonishing to look at all they are able to accomplish with a small staff and small annual budget to keep these systems operating so far past their useful life."

Brian Cournoyer,
Board of Education President

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ATTENTION VOTERS!

Remember to Participate in the District Capital Project Vote on Tuesday, March 24

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Maintenance Versus Capital Project

“It is important to understand that these upgrades are not being driven by a lack of maintenance,” says Cournoyer. “Our facilities team has done an amazing job of maintaining aged infrastructure that has surpassed its useful life. It is quite astonishing to look at all they are able to accomplish with a small staff and small annual budget to keep these systems operating so far past their useful life.”

Each year, the operating budget provides funding for the routine, preventative maintenance and small repairs that result from everyday use and age. The District currently has a team of six staff members who maintain more than 325,000 square feet of buildings and more than 160 acres of grounds. They have a budget line of \$100,000 to address these needs. This operating budget is not intended to fund large-scale projects, which are referred to as “Capital Projects.”

Capital Projects usually include major work that generally requires State Education Department (SED) approval. Schools often borrow the funds to cover these expenses, since including them in the annual budget would result in an unrealistic cost to bear in one year, and would likely necessitate cutting programs or exceeding the tax cap.

New York State Building Aid is also available for Capital Projects, reducing the local share of the cost by about 50 percent, a significant savings to the taxpayer. NYS Building Aid is not available when work is funded through the operating budget.

Why Now, and Why this Plan?

After a multi-year discussion and extensive research of options (including relocation, new construction, and consolidation of school buildings), the Board came to the conclusion that the most economical and practical option to meet the needs of the students and the taxpayers is to renovate the existing four campuses to bring the buildings up to modern code and educational standards. After examining dozens of factors, this option was determined to be the least expensive, resulting in a one-time one percent levy increase, versus other options that ranged from increases of 4.6 to 6 percent.

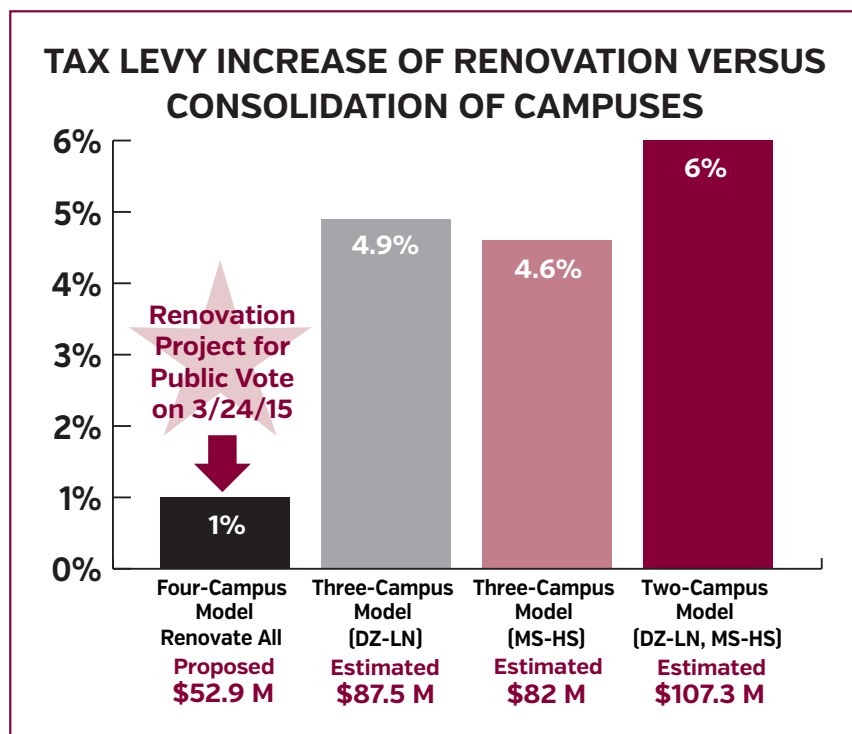
“The Middle School is a solid building and was constructed in an era when things were built to last. Its bones are strong, but the systems within are outdated and need to be replaced,” reports Louis Rodriguez from The Palombo Group, the District’s construction management firm. “With these upgrades, the building’s overall useful life will be extended by decades.”

“As Board members, we cannot ignore the existing health, safety, and infrastructure conditions of our schools,” says Ruth Quinn, vice president of the Board of Education. “Prior school boards have been discussing solutions for years, and the current board spent nearly two years researching and exploring options. It was time we took action and brought a plan to the public.”

Construction Schedule

The delay in the vote is not anticipated to impact the overall completion date, however, some projects that were planned for this summer will likely need to be deferred to a later date. “We have consulted with the architects, and the delay has significantly tightened the schedule for getting State Education Department approval and then soliciting bids for a summer start, but they are confident a new schedule can be developed to still allow for completion to occur during the fall of 2018,” says Superintendent Maria Rice.

To limit learning disruptions as much as possible, no students would be relocated to other buildings during the implementation of the proposed Capital Project. This will be accomplished by completing the project in phases. Both the Middle School and High School would get additional classroom space. The new space would be built first, allowing students to use this space while other parts of the building are under construction. Nights, weekends, and summer construction would also take place. If any unforeseen circumstances arise, they would be handled with the least disruption possible.



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Louis Rodriguez,
The Palombo Group

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Ruth Quinn, Board of
Education Vice President



BREAKING NEWS!

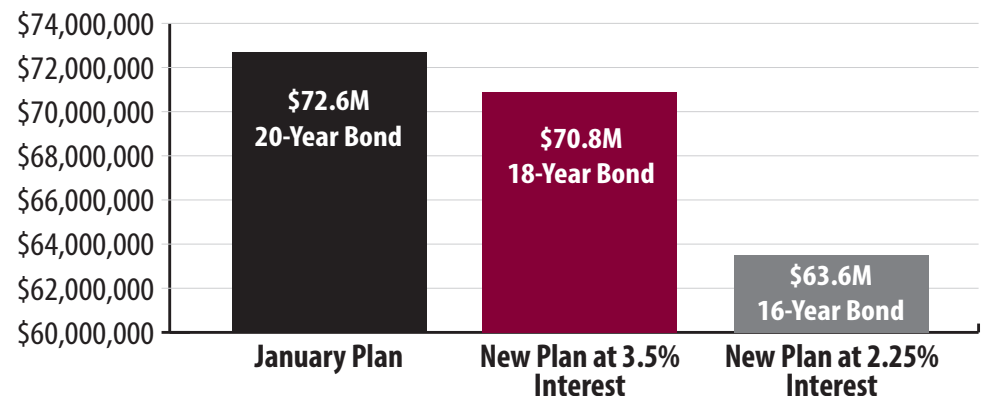
Refinancing Opportunity Saves Nearly \$1 Million in Current Interest and Can Reduce Cost of Proposed Capital Project CONTINUED FROM PAGE 1

For example, using a conservative 3.5% interest rate, repayment could occur two years sooner than was projected in January, shortening the bond schedule from 20 years to 18 years. This reduces the total cost of debt (principal plus interest) for the new project from \$72.6 Million to \$70.8 Million, resulting in a savings of \$1.8 Million in interest expenses. Although current municipal bond interest rates are significantly lower at this time, the Board used a 3.5% interest rate in its estimates to be conservative, in light of potential interest rate risk.

Should the interest rate ultimately be as low as the current NYSED-published 2.25%, the bond repayment schedule would be further decreased to 16 years, resulting in a total cost of debt (principal plus interest) for the new project to equal \$63.6 Million; a net additional savings of \$7.2 Million.

Aside from shortening the repayment schedule, the general concepts of the finance strategy would remain the same as originally envisioned: continuing to make use of retiring debt, State Building Aid, the capital reserve, and the tax levy. Bonds would be secured, as needed, at the completion of work. During the four-year construction period, the District will cover expenses through the use of short-term, low-interest Bond Anticipation Notes (BANS). This allows the District to wait until the conclusion of the project to issue the actual bonds when the final cost is known.

NET COST OF DEBT (PRINCIPAL PLUS INTEREST) UNDER VARIOUS FINANCE PLANS



COMPARISON: IMPACT OF INTEREST RATES ON DEBT

Impact Assuming a Conservative 3.5% Interest Rate

- ▶ 18-Year Bond with 4-Year Bond Anticipation Notes (BANS)
- ▶ Bond repayment begins 2019-2020 school year
- ▶ Last payment 2036-2037
- ▶ This earlier payoff saves \$1.8 Million in interest on new project compared to January plan

Total Net Cost of Debt at 3.5% Interest Rate

\$70.8 Million	New Project (Principal plus Interest after \$0.7 Million from Capital Reserve)
+\$11.6 Million	Current Debt (Principal plus Interest)
= \$82.4 Million	Total Debt (Principal plus Interest) if Referendum Passes
-\$34.5 Million	State Building Aid Revenue for New Project
-\$6.2 Million	State Building Aid Revenue for Current Debt
= \$41.7 Million	Net Cost of Debt

Annual Cost of Debt at 3.5% Interest Rate

\$41.7 Million	Net Cost of Debt
÷ 22 Years	Length of BAN plus 18 Year Bond Schedule
= \$1.9 Million	Average Annual Net Cost of Debt
-\$1.5 Million	Current 2014-2015 Net Cost of Debt
= \$400,000	Resulting Average Tax Levy Increase if Project Passes (1% Tax Levy Increase)

Impact Assuming NYSED Current 2.25% Interest Rate

- ▶ 16-Year Bond with 4-Year Bond Anticipation Notes (BANS)
- ▶ Bond repayment begins 2019-2020 school year
- ▶ Last payment 2034-2035
- ▶ Lower interest rate of 2.25% significantly reduces the cost
- ▶ Net additional savings of \$7.2 Million compared to January plan

Total Net Cost of Debt at 2.25% Interest Rate

\$63.6 Million	New Project (Principal plus Interest after \$0.7 Million from Capital Reserve)
+\$11.6 Million	Current Debt (Principal plus Interest)
= \$75.2 Million	Total Debt (Principal plus Interest) if Referendum Passes
-\$31.4 Million	State Building Aid Revenue for New Project
-\$6.2 Million	State Building Aid Revenue for Current Debt
= \$37.6 Million	Net Cost of Debt

Annual Cost of Debt at 2.25% Interest Rate

\$37.6 Million	Net Cost of Debt
÷ 20 Years	Length of BAN plus 16 Year Bond Schedule
= \$1.9 Million	Average Annual Net Cost of Debt
-\$1.5 Million	Current 2014-2015 Net Cost of Debt
= \$400,000	Resulting Average Tax Levy Increase if Project Passes (1% Tax Levy Increase)

** Numbers were rounded. The difference would not change the impact on the Tax Levy increase.*

Please remember that by law, the project cannot exceed the \$52.9 Million authorized by voters. For this reason, conservative estimates were used to present the taxpayer with a cost that would cover any unexpected increases due to rising interest rates or more expensive bids. If approved, final architectural plans will then be developed and bids will be secured for the work. Upon completion of the work, when the final costs are known, bonds will be secured and interest rates will be known. If the work costs less than estimated, the District will borrow less, in turn the interest charges will be less, and therefore the total cost to the taxpayer will be also be less.

Using these conservative estimates, examples of the tax increases for different assessments are shown.

The lengths of repayment will vary based on the final interest rate secured.

Assessment	Annual Cost	Monthly Cost
\$100,000	\$20	\$1.66
\$200,000	\$40	\$3.33
\$300,000	\$60	\$5.00
\$400,000	\$80	\$6.66
\$500,000	\$100	\$8.33



Can't Make it to the Polls?

VOTE BY ABSENTEE BALLOT

Download your application for an absentee ballot at www.newpaltz.k12.ny.us/absentee or call the District Clerk at (845) 256-4031.

Anyone who voted by absentee ballot in January will need to resubmit an application and complete a new ballot to also vote by absentee ballot on March 24. To comply with legal requirements, the District Clerk held the sealed absentee ballots from the January vote on file for 30 days, and then they were destroyed.

- If you would like an absentee ballot mailed to you, the application must be returned to the District Clerk by Tuesday, March 17.
- If you would like to pick up an absentee ballot, the application must be returned in person to the District Clerk by Monday, March 23.

Ballots must be received in the District Office by 5 PM on Tuesday, March 24.

Mailing Address:

New Paltz Central School District
Attention: District Clerk
196 Main Street
New Paltz, NY 12561

Physical Address:

New Paltz Central School District
District Office
1 Eugene L. Brown Drive
New Paltz, NY 12561

For More Information

Please take a moment to review the information contained in this newsletter. Additional information, including various presentations and documents used by the Board during its decision-making process, plus an expanded FAQ section, are also available on the District's website at www.newpaltz.k12.ny.us/project. If you have questions, please contact Richard Linden, Assistant Superintendent for Business, at (845) 256-4010 or email the Board of Education at boe@newpaltz.k12.ny.us.

The heating system at the Middle School is antiquated and unreliable. The system does not allow proper heat regulation and causes temperature extremes. One portion of the building may be cold, while another may be excessively hot.



SAVE THE DATE

March 24, 2015

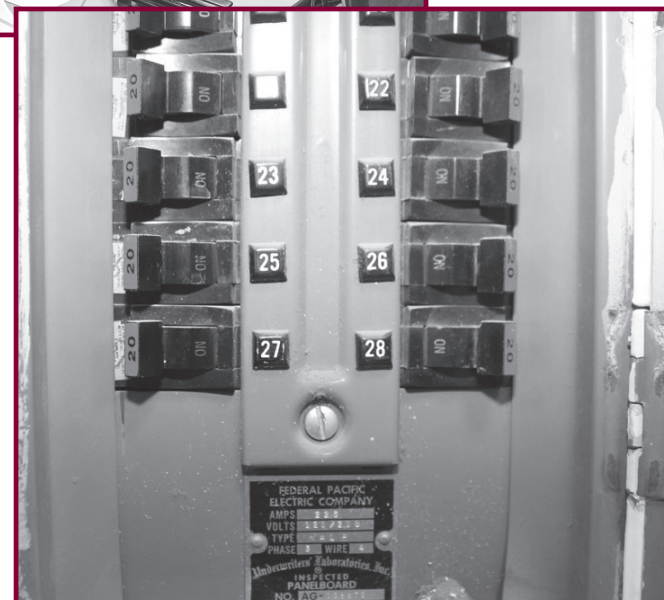
Capital Project Vote

NEW EXTENDED POLLING HOURS! 6AM - 9PM



High School students in the Project Lead the Way class have no space to collaborate or set up their hands-on projects and experiments. Both the High School and the Middle School are experiencing overcrowding. Enrollment projections through 2026 reflect very little reduction in student population.

Antiquated electrical panels throughout the District are not suited for current load capacity. This is an aged 225-amp Federal Pacific panel located at Duzine Elementary School. Other examples of electrical deficiencies exist, such as 125-amp panels at the Middle School from 1970. Updating these panels will provide additional capacity to support modern educational opportunities.



Visit us at:

www.newpaltz.k12.ny.us/project

Email us at:

boe@newpaltz.k12.ny.us

Call us at:

(845) 256-4010

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