Planning for THEIR Future
January 11, 2016
What is a Bond Referendum?

- A Bond Referendum seeks public approval by vote for the financing of major school construction projects.
- The referendum specifies projects and amount of money to be raised.
- A referendum can be held five times each year (January, March, September, November and December).
- Once approved, bonds are issued and are paid back over a number of years (typically 20-25).
Why do we need a referendum?

- Like any home, our district facilities need periodic maintenance and improvements. Although, HVRSD spends approximately $1.5 million to maintain our facilities, this funding falls short of meeting our needs and maintaining our aging facilities (e.g. We have over $7 million dollars of roofs that need to be replaced).
- Indoor air quality at CHS and TMS and other locations make learning difficult.
- The Finance and Facilities Committee of the Board along with the district architect have been monitoring our facilities for several years.
Why do we need a Referendum? (cont)

- In 2014, HVRSD conducted a facilities needs assessment to determine the current state of our facilities. **Over $60 Million dollars of projects were identified.**
- The 2% tax levy cap limits our ability to address all capital needs within the annual budget.
- Opportunity for up to 40% debt service aid from the state.
- Keeping our facilities safe, efficient and comfortable requires more work than can be done through an annual budget.
Why now?

Fiscally, there are several reasons why now is the right time:

First, the State will pay 40% of allowable costs associated with the proposed improvements to our buildings and grounds.

Second, interest rates remain historically low, although recent moves by the Federal Reserve indicate we will see increases moving forward.

Third, the District currently has outstanding long-term debt of $24M requiring an annual payment of $4.9M that will be retired by August 2021. As the old debt is retired, the new, lower debt will replace it keeping the debt portion of the tax levy stable (at a decreased level) after the initial impact.

Fourth, construction costs are projected to increase over the next two years. Raw materials and commodities are fairly stable or decreasing.

Fifth, the Future Planning Committee helped establish priorities.
How does the 40% Debt Service Aid Work?

THEN: In past projects, the State would provide aid money when projects met completion benchmarks. Example: For a $30 million project, the State would provide monies toward the project through grants, say $10 million, and the district would fund the $20 million through a bond. (Simple translation: The State gave monies as the district met benchmarks and the district would pay the remainder over time).

NOW: The State will provide Debt Service Aid for the life of the loan. Example: For a $30 million project, the State will provide annual State Aid for 40% of “eligible” costs (Simple Translation: The State gives money every year to help offset your payments).

Eligible costs: Typically, school construction projects that include rehabilitation and renovations of existing space. The final determination is made by the NJDOE.
A note about project costs...

- All costs are architect estimates.
- Looked at as individual projects; as the board determines how projects are group we can achieve economies of scale.
- Estimated costs are determined using accepted estimate rates.
  - $270/sf average - $355/sf, site development $40/sf, furnishings and fit-out $10/sf, total construction cost: $320/sf - $405/sf. Final costs are determined by type of work, interface with existing structures, site work and site access.
  - Add 25% for soft costs to arrive at total project cost.
- All projects are subject to lowest bid contractors.
- School projects must pay “prevailing wage”.
- Monies from projects that come in under budget can either be used to:
  - increase the scope of the project (e.g. upgrade materials or increase A/C units)
  - or returned to the taxpayer
# Tentative Timeline (dates subject to change)

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Education presentation of projects and costs for input and comment</td>
<td>January, 2016</td>
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<tr>
<td>Revisions to scope and costs based upon Board/Community input</td>
<td>01/29/16 - 02/22/16</td>
</tr>
<tr>
<td>Board approval of final scope of work, questions and referendum costs for NJDOE submission</td>
<td>02/22/16</td>
</tr>
<tr>
<td>Referendum Publicity - Get Out the Vote</td>
<td>March - September</td>
</tr>
<tr>
<td>FVHD final prep work for NJDOE submission</td>
<td>03/25/16</td>
</tr>
<tr>
<td>Submit to NJDOE and Hopewell Twp. Planning Board</td>
<td>03/01/16 - 03/25/16</td>
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<tr>
<td>NJDOE review period</td>
<td>03/28/16 - 06/30/16</td>
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## Tentative Timeline (Continued)

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>NJDOE issuance of PEC letters</td>
<td>June 30, 2016</td>
</tr>
<tr>
<td>Attorney preparation of ballot question(s)</td>
<td>July 5, 2016</td>
</tr>
<tr>
<td>Upon receipt of PEC letters - Board accepts costs and approves final</td>
<td>July 11, 2016</td>
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<tr>
<td>form of question</td>
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<tr>
<td>Board approves final scope of work, questions and referendum costs</td>
<td><strong>July 27, 2016</strong></td>
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<tr>
<td>for NJDOE submission</td>
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<tr>
<td>NJDOE issuance of Final Eligible Cost (FEC) letters no later than</td>
<td>July 30, 2016</td>
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<tr>
<td>Final costs and statement to County Clerk</td>
<td>September 9, 2016</td>
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<tr>
<td><strong>CONDUCT REFERENDUM</strong></td>
<td><strong>September 27, 2016</strong></td>
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The Proposed Projects

○ Roofs
○ HVAC
○ Building Envelope: Windows/Doors/Brick
○ Life/Safety: Fire Alarms/Intercoms
○ Renovation: CHS Entrance and Office Reconfiguration
○ CHS Lighting/Ceiling
○ Renovation: CHS Kitchen/Cafeteria
○ Addition: CHS Arts and Wellness space
○ Renovation: Playgrounds/Restrooms/Media Center
Roof Projects

- Identified roof projects are all outside of their warranties and beyond useful lives.
- Chronic/repeatedly patched leaks are creating hazardous environments.
- Roofs will be replaced with insulated (**R-30**) reflective roofs (reflectivity 70%).
  - Current roofs are **R-0 or R-10** (in a few locations) and (reflectivity 0%).
- Proven seamless system that will eliminate most common leaks in the future.
Roof - Project Costs

- CHS (200, 300 and 400 areas) $3,062,500*
- HW (existing flat roofs) $1,329,920*
- TG (Main building roof, downspouts and gutters) $389,357*
- TMS (Cafe and 6th grade wing) $2,250,000*

Total roof projects: $7,031,777*

*Eligible for 40% State aid
Alternatives Explored

- Completing roof projects over a number of years, through the existing budget, has been explored and accomplished; however, the size of the remaining projects and the condition of the roofs prohibits waiting 5-7 years.
- Continue to repair roofs as needed; however, it is a challenge to find and anticipate leaks. Leaks are not known until it rains.
- Projects would not be eligible for 40% debt service if done outside of a referendum.
HVAC Improvements

- Identified areas either have limited or no climate control (e.g., heat unit with no thermostat), no air conditioning or inefficient units.
- Classroom environments during seasonal highs and lows create an environment that is not conducive to learning.

“It's very cold and an uncomfortable environment especially to be learning in. For students in class, paying attention to the lesson instead of paying attention to how cold it is seems impossible”. CHS student email to Dr. Smith 1/4/16

- Air conditioning eliminates the need for heat-related early dismissals or closings.
- District-proven systems are more energy efficient and reduce our carbon footprint.
- In our proof-of-concept units, better indoor air quality is achieved at a reduced energy cost.
HVAC Improvements - Project Costs

- CHS HVAC and electrical upgrades $5,612,500*
  ○ 200 and 300 hall classrooms
- TG HVAC and electrical upgrades $722,500*
  ○ Gym and chiller replacement
- TMS HVAC and electrical upgrades $2,043,750*
  ○ Cafeteria and classrooms with window units or no AC

Total HVAC projects: $8,378,750*

*Eligible for 40% State aid
Alternatives Explored

- Completing the HVAC projects over several years through the existing budget; however, the scope and cost prohibit them from being supported in the general fund budget.
- Install air conditioning only in core spaces and moving students as needed.
- Install ceiling fans.
- Install window units.
- Continue with the status quo.
- Projects would not be eligible for 40% debt service if done outside of a referendum.
Building Envelope Projects

- Projects include windows, doors and maintenance.
- Windows are inefficient and leaking - to be replaced with new efficient units.
- Doors are inefficient and leaking - to be replaced with new efficient units.
- Mortar in between bricks on Hopewell Elementary facade is beginning to fail. Repointing now will prevent further damage.
Building Envelope - Project Costs

- CHS Exterior Door Replacement: $63,000*
- HW Brick Repair / Pointing: $192,000*
- HW/TG Window replacement: $1,050,192* **

Total Building Envelope costs: $1,305,192*

*Eligible for 40% State aid

** Expected reduction in utility costs
Alternatives Explored

- Replace windows through the existing budget; however, it would take several years due to cost.
- Continual spot repair of mortar and brick.
- Repair windows, replacing only needed parts.
- Projects would not be eligible for 40% debt service if done outside of a referendum.
Life Safety Projects

● Identified fire alarm systems are old and antiquated
  ○ Replace with new control panels, wiring and addressable devices.
  ○ Decreases false alarms due to faulty sensors and wiring.

● PA/Intercom system replacement with phone interface
  ○ Emergency calling/announcements can occur from any phones.
  ○ Eliminates areas where announcements cannot be heard or classroom cannot communicate with the office.
  ○ Upgrade from to analog to digital and provide features such as messaging, threat alerts, telephone integration and more.
Life Safety Projects - Costs

- HW Fire Alarm System $375,000*
- TG Fire Alarm System $125,000*
- TMS Fire Alarm System $850,000*
- TMS Intercom System Integration and Replacement $531,250*
- CHS Intercom System Integration and Replacement $725,000*

Total Life Safety Cost: $2,606,250*

*Eligible for 40% State aid

$3/SF +25% soft costs. This is a typical cost for a Cisco UCM system to integrate with our existing Cisco phone system. All systems would be combined over the existing network. Moving from a zone to an addressable system. All clocks are replaced.
Alternatives Explored

- Status quo with continued service; however, some alarm and intercom sections are beyond their useful life.
- Combining fire and intercom systems
  - Currently no mechanism to do this
- Wireless systems to reduce the installation costs. Hardwiring is still preferred for emergency systems.
- Projects would not be eligible for 40% debt service if done outside of a referendum.
CHS Lighting/Ceiling Projects

- Replace inefficient, dim and under light fixtures
  - with highly efficient LED lights
  - in CHS classroom, hallways and exterior
  - will reduce annual energy and maintenance costs
- Ceiling tile replacement in CHS hallways and classrooms
  - Replacing damaged and stained tiles
    - ceiling tiles will likely be damaged during HVAC and lighting renovations
  - Keep existing metal suspension system where possible
  - $7 sq/ft - removal, new grid and tile, remove/reinstall devices in tiles, misc. trim + soft costs
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CHS Lighting/Ceiling Upgrades

- Replacement light fixtures $1,606,250* **
  - LEDs in Classroom, Hallways and Exterior
- Ceiling tile replacements $875,000*
  - $7 sq/ft x 125,000 sq/ft (Total CHS = 215k sq/ft)

Total Lighting/Ceiling Upgrades $2,481,250*

* Eligible for 40% State aid
** Expected 15% reduction in annual lighting cost
Alternatives Explored

- Completing the lighting projects over a number of years, through the existing budget
  - This has been explored and accomplished at various locations throughout the district.
  - Cost savings could be found by installing lighting while ceiling is being disrupted for HVAC replacement.
    - Ceiling tiles could be damaged by HVAC work and replacing at this time would save time.
- Status quo
- Projects would not be eligible for 40% debt service if done outside of a referendum.
CHS Entrance and Cafeteria Projects

- Renovate CHS Entrance / Office area
  - Address ADA issues
  - Improves security
  - Improved parent access to health office and school office

- CHS Cafeteria/Kitchen
  - Expand Cafeteria to increase student seating
  - Expanded space also provides a secure public meeting space (attendees don’t have access to entire building)
  - Kitchen improvements for food storage, food preparation and serving
CHS Entrance and Cafeteria Projects

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# CHS Entrance and Cafeteria Projects - Cost

Due to site constraints, elevation changes, extent of demolition, fire walls, etc. Addition A (front) is estimated at a higher cost per SF than addition B (rear). These costs are conceptual and will be refined as the project is developed.

<table>
<thead>
<tr>
<th>Component</th>
<th>Area (approx.)</th>
<th>Estimated Construction Cost</th>
<th>Estimated Project Cost (includes 25% soft costs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-purpose/dining/meeting room</td>
<td>3,500 SF</td>
<td>$ 945,000</td>
<td>$1,181,250</td>
</tr>
<tr>
<td>Main Office, Health Office, Conference Room and Attendance</td>
<td>1,800SF</td>
<td>$ 522,000</td>
<td>$ 652,500</td>
</tr>
<tr>
<td>Secure entrance/main office/health office access</td>
<td>1,500SF</td>
<td>$ 425,000</td>
<td>$ 531,000</td>
</tr>
<tr>
<td>Kitchen renovation - freezer, prep areas, serving improvements</td>
<td>850SF</td>
<td>$ 288,000</td>
<td>$ 360,000</td>
</tr>
<tr>
<td>Totals</td>
<td>7,600 SF (7,100 SF new)</td>
<td>$3,083,500</td>
<td>$3,854,000</td>
</tr>
</tbody>
</table>
Alternatives Explored

- Complete only safety/security/ADA renovations to the front entrance.
- Complete only kitchen renovations to improve food preparation and storage space.
- Projects would not be eligible for 40% debt service if done outside of a referendum.
CHS Arts and Wellness Space

- Black Box Theater
  - Provides for a permanent teaching space for the Theatre Arts Program. Currently, we do not have a designated teaching space for our Theatre classes.
  - Theater scheduling/space is a significant issue
    - The Black Box can be used for rehearsals, freeing up the PAC for other tasks.
  - This teaching space may also be used for dance rehearsals and recitals, public speaking and debates.

- Wellness Space
  - Provides space for the increase offerings of our physical education classes during the year.
    Often 60+ students in the same gym, grades 9-12, increasing the possibility of injury.
    On rainy days it is worse
    - Adaptive phys. ed. students can be educated in a dedicated space.
    - Addresses hygiene concerns by allowing the wrestling mats to be moved from Aux cafeteria and placed in a dedicated space.
    - Addresses equity concerns for male and female athletic program gymnasium access.

- Access to bathrooms for sporting events without access to the rest of the building.

- Increased much needed storage for athletic and physical education equipment.
CHS Arts and Wellness Space
Planning for THEIR Future
## Arts and Wellness Project - Costs

<table>
<thead>
<tr>
<th>Component</th>
<th>Area (approx.)</th>
<th>Estimated Construction Cost</th>
<th>Estimated Project Cost (includes 25% soft costs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-purpose Athletic Space</td>
<td>5,800 SF</td>
<td>$1,856,000</td>
<td>$2,320,000</td>
</tr>
<tr>
<td>Drama/Dance Room w/storage and office</td>
<td>3,500 SF</td>
<td>$1,20,000</td>
<td>$1,400,000</td>
</tr>
<tr>
<td>Athletic Storage</td>
<td>800 SF</td>
<td>$256,000</td>
<td>$320,000</td>
</tr>
<tr>
<td>Rest Rooms</td>
<td>1,100 SF</td>
<td>$352,000</td>
<td>$440,000</td>
</tr>
<tr>
<td>Corridors and grossing factor</td>
<td>1,800 SF</td>
<td>$576,000</td>
<td>$720,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>10,500 SF</strong></td>
<td><strong>$4,160,000</strong></td>
<td><strong>$5,200,000</strong></td>
</tr>
</tbody>
</table>
Alternatives Explored

- Prefabricated structure placed on the blacktop to house a dance studio and additional wellness space.
- Converting existing spaces to house new needs.
- Building an enclosure in the “old gym” to cover the wrestling mats.
- Port-a-John restrooms
- PODs for athletic storage space.
- Eliminate the additional wellness space.
- Combine wellness space/black box into a single space.
Playground/Restroom/Media Center Projects

- Playground upgrades @ TG and BT
  - Playground spaces will have universally accessible surfaces.
- Restroom upgrades @ TG, BT, CHS
  - 20 total student and faculty rest rooms will be renovated.
- Media Center upgrades
  - Each school media center will be renovated to include a makerspace.
Playground/Restroom/Media Center Projects

- Playground upgrades @ TG and BT  
  $200,000*

- Restroom upgrades @ TG, BT, CHS (20 total)  
  $1,283,400*

- Media Center upgrades at all schools  
  $750,000*

Total for Renovation projects:  
$2,233,400*

*Eligible for 40% State funding
Alternatives Explored

- Alternative funding
- Completing the projects within the existing budget over several years
- Projects would not be eligible for 40% debt service if done outside of a referendum.
Project Totals

- Roofs: $7,031,777*
- Building envelope: $1,305,192*
- Life-safety: $2,606,250*
- HVAC: $8,933,750*
- CHS Lighting/Ceiling: $2,481,250*
- CHS Kitchen/Cafeteria: $4,475,000*
- CHS Front Entrance and Office: $2,083,750*
- CHS Arts and Wellness Space: $5,200,000

Project Total: $35,795,369

*Eligible for 40% State aid
The projects by funding costs

Projects eligible for 40% ($5,200,000 not eligible) $30,595,369

Eligible projects cost after State aid $18,357,221
  CHS Arts and Wellness space + $  5,200,000

Estimated final Cost to the taxpayer: $23,557,221
# Tentative Construction Timeline

## Roofing and Rehabilitation Projects Summer 2017

<table>
<thead>
<tr>
<th>Event</th>
<th>Start Date</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completion of construction documents</td>
<td>10/10/16</td>
<td>2/23/17</td>
</tr>
<tr>
<td>Bidding and Award</td>
<td>2/23/17</td>
<td>3/30/17</td>
</tr>
<tr>
<td>Procurement and preparation work</td>
<td>4/16/17</td>
<td>6/26/17</td>
</tr>
<tr>
<td>Construction</td>
<td>6/26/17</td>
<td>8/31/17</td>
</tr>
</tbody>
</table>

## Roofing and Rehabilitation Projects Summer 2018

<table>
<thead>
<tr>
<th>Event</th>
<th>Start Date</th>
<th>Completion Date</th>
</tr>
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<tbody>
<tr>
<td>Completion of construction documents</td>
<td>10/10/16</td>
<td>2/23/17</td>
</tr>
<tr>
<td>Bidding and Award</td>
<td>1/21/18</td>
<td>3/2/18</td>
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<tr>
<td>Procurement and preparation work</td>
<td>3/5/18</td>
<td>6/24/18</td>
</tr>
<tr>
<td>Construction</td>
<td>6/24/18</td>
<td>8/30/18</td>
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## Tentative Construction Timeline (Cont.)

**Addition/Renovation Projects Summer 2017 - Summer 2018**

<table>
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<th>Event</th>
<th>Start Date</th>
<th>Completion Date</th>
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</thead>
<tbody>
<tr>
<td>Completion of construction documents</td>
<td>10/10/16</td>
<td>3/30/17</td>
</tr>
<tr>
<td>Plan review, agency approvals, final NJDOE educational review</td>
<td>3/30/17</td>
<td>5/9/17</td>
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<tr>
<td>Bidding and Award</td>
<td>5/9/17</td>
<td>6/15/17</td>
</tr>
<tr>
<td>Mobilization date, install temporary measures, traffic flow changes, isolate work areas</td>
<td>7/17/17</td>
<td>8/31/17</td>
</tr>
<tr>
<td>Construction</td>
<td>7/17/17</td>
<td>8/9/18</td>
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</table>
What does it mean to the taxpayer?

- On June 30, 2016 the district will have $24M in outstanding debt that results in annual debt payments as follows:
  - FY2016 - FY2020 - $4.9M
  - FY2021 - FY2022 - $3.9M
  - District will make its last debt payment on 8/15/2021
- The annual debt payment for $36M (Based on debt service aid for eligible projects)
  - $1.7M over 20 years
  - $1.5M over 25 years
- Adding $36M in additional debt over 25 years would add
  - $28.25 per $100K in Hopewell Borough
  - $32.88 per $100K in Hopewell Township
  - $28.64 per $100K in Pennington Borough
- Adding $36M in additional debt over 20 years would add
  - $31.66 per $100K in Hopewell Borough
  - $36.88 per $100K in Hopewell Township
  - $31.55 per $100K in Pennington Borough
## What does it look like in the long term?

<table>
<thead>
<tr>
<th>Year</th>
<th>Hopewell Borough</th>
<th>Hopewell Township</th>
<th>Pennington Borough</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td>$4.9m</td>
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<tr>
<td>2035</td>
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### Existing Debt
- Hopewell Borough: $95, $95, $95, $95, $81
- Hopewell Township: $95, $95, $95, $95, $81
- Pennington Borough: $96, $96, $96, $96, $82

### Referendum Debt
- Hopewell Borough: $32, $32, $32, $32, $32
- Hopewell Township: $37, $37, $37, $37, $37
- Pennington Borough: $32, $32, $32, $32, $32

### Total Debt
- Hopewell Borough: $95, $95, $127, $127, $113, $32, $32, $32, $32, $32
- Hopewell Township: $95, $95, $132, $132, $118, $37, $37, $37, $37, $37
- Pennington Borough: $96, $96, $128, $128, $114, $32, $32, $32, $32, $32

All $ amounts per $100k of assessed value
How does this impact our annual capital expenses portion of the budget?

- We anticipate capital expenditures of the budget will be reduced for 2 years, helping to mitigate the increase in debt.
- The need for major projects is eliminated for the near future - barring a catastrophic occurrence.
- Paving parking lots needs be addressed at some point.
- Technology infrastructure needs will still exist.
Communications Plan

- Media Relations - Press releases, editorials
- Open Houses/Tours - Host tours at each school
- Back to School Night discussions
- Newsletters/District Publications - Develop comprehensive publication
- Webpage - Create special referendum section with FAQs and updates
- Video - Create informational video written, produced and directed by students
- Key Communicator Group - Bring community members to review the plan
- Key Messages/Talking Points - Develop 5-6 key points for Board and Admin
- Special Referendum Meetings - Hold building-based meetings