

Debt Service Analysis

Matawan-Aberdeen Regional School District

August 24, 2015

Outline

- Build vs. Renovate?
- Debt Terms and Options
- Recommendation
- Next Steps

Projected Enrolment VS. Functional Capacity

	Demographer Enrollment Projection by 2019-2020 (1)	Functional Capacity (2)			
		Per the LRFP (3)	Under/(Over) Capacity	Per the Architect (4)	Under/(Over) Capacity
High School	1,086	1,095	9	1,285	189
Middle School	914	917	3	993	79
Lloyd Road	611	679	68	530	(81)
Ravine Drive	389	369	(20)	437	48
Srathmore	489	485	(4)	527	38
Cliffwood	346	451	105	335	(11)
Cambridge Park	95	90	(5)	90	25
	3,930	4,086	156	4,197	287

- (1) Projected enrollment is for students to be housed in district – it therefore excludes out of district placements.
- (2) *Functional Capacity* is the number of students who can be housed in a building in order for the building to properly deliver instruction.
- (3) The Long Range Facilities Plan (LRFP) is a DOE report based solely on the square footage of space.
- (4) The architect's computation of functional capacity is based upon how space is currently utilized vs. how it ought to be utilized.

HVAC Needs by Building

Building	Total Cost (1)
High School	\$2,956,000
Middle School	4,847,000
Lloyd Road	2,075,000
Cliffwood	1,612,000
Ravine Drive	2,985,000
Strathmore	2,693,000
Cambridge Park	2,744,000
	\$19,912,000

(1) The architect used the LRFPP to select projects at each building needed to complete HVAC throughout each building. The total cost includes construction, heating and cooling, building controls, electrical work and soft costs – based on current year dollars.

Debt Service

Principal (1)	Term	Rate	Avg. Annual Debt Service (2)		
			Matawan	Aberdeen	Total
\$12.2 million	20 years	3.50%	\$143,231	\$314,264	\$457,495
\$13.4 million	25 years	3.80%	\$172,927	\$379,421	\$552,348

(1) Principal amount determined assuming projected debt service aid of 34%.

(2) The final principal + interest payment to be made this year on the 2002 debt is \$584,820.

Recommendation

- Authorize as much of the needed HVAC renovations as possible.
- March 2016 Election:
 - Question #1 = Projects which will not increase debts service
 - Question #2 = Projects beyond Question #1 which will complete the HVAC upgrades

Next Steps

- September 2015

Board to authorize submission of projects to the Department of Education, as well as revision of the LRFP.

Questions

