

Debt Service Analysis

Part III

Matawan-Aberdeen Regional School District

September 16, 2015

Review of Parts I & II

- At June 30, 2015 the 2002 debt will roll off the books – property tax benefit is minimal
- Options for the District:
 - Permit the debt to roll without replacement
 - Replace the debt with no additional property tax impact beyond FY16 levels
 - New construction to meet projected increase in student enrolment
 - District wide HVAC upgrades

Outline for Part III

- Review of enrolment projections versus building capacity
- Examine details of proposed HVAC upgrades by building
- Select an option (build, renovate or do nothing)

Projected Enrolment vs. Fire Code Capacity

	Demographer Enrolment Projection by 2019-2020 (1)	Building Occupancy Per Fire Code (2)	Under/(Over) Fire Code
High School	1,086	5,098	4,012
Middle School	914	4,845	3,931
Lloyd Road	611	3,084	2,473
Ravine Drive	389	1,328	939
Strathmore	489	2,072	1,583
Cliffwood	346	1,765	1,419
Cambridge Park	95	693	598
	3,930	18,885	14,955

(1) Data presented is taken from the July 2015 demographer report , which is based upon enrolment information available as of October 2014. Please note that the demographer will prepare a roll forward report which will be based upon enrolment information as of October 2015.

(2) Data presented is provided by local fire officials. It is clear that no safety issue exists in the buildings.

HVAC Upgrades by Building

Building	Total Cost (1)	Description of Work (2)
High School	\$2,956,000	Controls upgrades, exhaust upgrades, 42 classroom HVAC upgrades, 4 rooftop unit replacements
Middle School	4,847,000	Controls upgrades, exhaust upgrades, 52 classroom HVAC upgrades, 2 rooftop unit replacements
Lloyd Road	2,075,000	Controls upgrades, exhaust upgrades, 25 classroom HVAC upgrades, 10 rooftop unit replacements
Cliffwood	1,612,000	Controls upgrades, exhaust upgrades, 15 classroom HVAC upgrades, 3 rooftop unit replacements
Ravine Drive	2,985,000	Controls upgrades, exhaust upgrades, 25 classroom HVAC upgrades, 4 rooftop unit replacements
Strathmore	2,693,000	Controls upgrades, exhaust upgrades, 33 classroom HVAC upgrades, 4 rooftop unit replacements
Cambridge Park	2,744,000	Controls upgrades, exhaust upgrades, 23 classroom HVAC upgrades, 4 rooftop unit replacements
	\$19,912,000	

(1) The architect used the LRFP 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.

(2) Detail provided by the architect.

Additional 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

- Postpone any new construction to 2021 – when the 2011 issue of debt rolls off – only 6 years away
- Authorize now as much of the needed HVAC renovations as possible
- March 2016 Election:
 - Question #1 = Projects which will not increase the current level of debt service
 - Question #2 = Projects beyond Question #1 which will if approved increase debt service

Next Steps

- September 28, 2015

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

Questions

