

Capital Bond 2018

RyeNeck Schools
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Vote: February 13, 2018

FREQUENTLY ASKED QUESTIONS

What capital improvements are being proposed by the Rye Neck school district?

The district is proposing that \$27.6 million be spent to expand and upgrade our school facilities. We are seeking \$6.28 million to replace aging flat roofs at all three of our schools. We are also seeking \$21.325 million to expand the Middle/High School campus by constructing a new Collaborative Science Center and a new Middle School gymnasium.

Why is the school district holding a bond referendum?

The most economical way to finance these significant capital improvements is to borrow money, typically by issuing a long-term bond to be paid back over a period of up to 30 years. All major capital projects require a special, one-time referendum in which the district's voters decide whether the proposed projects should proceed or not. If the referendum is approved by a majority vote, the projects are funded primarily through additional property taxes levied over the life of the bond. The District is only permitted to borrow the amount authorized by voters, and the funds can only be used for purposes identified in the voter-approved referendum.

Why isn't the district's annual budget sufficient to cover these costs?

The bond proposal's \$27.6 million cost is much too large to incorporate into our annual operating budget of \$40 million. The annual budget, which must be approved each year by voters, covers the day-to-day expenses of running our schools, including salaries for teachers and staff, books and other educational materials, heating and electric bills, and general

building maintenance. Even if the district tried to include only the \$6.28 million cost of roof replacements in the annual budget, it would trigger a large and immediate increase in property taxes and would also greatly exceed the state's tax levy limit.

Why are there two separate propositions in the referendum?

In an effort to provide voters maximum flexibility and discretion in determining the district's spending priorities, the Rye Neck Board of Education voted unanimously on December 20 to include two separate propositions – one for roof replacements and the other for the expansion of the Middle/High School campus. Each proposition is independent and each requires a majority vote to pass.

How did the Board decide which capital projects to include in the referendum?

After extensive research on the condition of the district's school facilities, and after careful consideration of the needs of students and the entire community, the Board decided that urgent roof replacements and critically important improvements to the Middle/High School campus are the highest immediate priorities for Rye Neck. By replacing aging roofs, we will eliminate potential safety issues for our students, teachers and staff, while protecting the investments we have already made in our infrastructure. By expanding facilities and upgrading educational programs at the Middle/High School campus, we will address chronic overcrowding and space shortage issues while also better preparing our high school students for future academic and career success.

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How long has this capital improvement plan been under development?

Comprehensive plans to redevelop the district's school facilities have been underway since 2015, when it became increasingly apparent that our facilities were outdated, overcrowded and struggling to meet contemporary educational standards. After nearly two years of research and development, the Board proposed, in October 2016, a \$35.5 million bond issue that included major capital projects at the Middle/High School, F.E. Bellows and Daniel Warren. That referendum was narrowly defeated by 17 votes (380-363), with only 12 percent of eligible voters in the district casting ballots. Since then, the Board and administration have conducted surveys and focus groups with community members to gather feedback on why the bond proposal was rejected and to solicit ideas on how to improve it. In addition, a Facilities Advisory Committee was created in September 2017 to evaluate the district's school facilities and provide advice on future capital improvement priorities. The committee – comprised of 14 community members with a wide range of experience in business, construction, finance, real estate and education – presented its recommendations to the Board on November 15.

How does this current bond proposal differ from the 2016 proposal?

Both the current \$27.6 million proposal and the \$35.5 million proposal in 2016 call for roof replacements and for expansion of the Middle/High School campus to include a new Collaborative Science Center and a new Middle School gymnasium. Unlike the 2016 proposal, the current proposal does not include any capital improvements for F.E. Bellows and Daniel Warren. The 2016 proposal included an expansion of the annex building at Bellows and the construction of an enclosed walkway between the annex and the main building. It also included a two-classroom addition at Daniel Warren, as well as interior renovations of library and office space.

How does the current proposal differ from the Facilities Advisory Committee recommendation?

The Facilities Advisory Committee recommended to the Board that the district spend \$37.5 million for capital improvements across all three school facilities. The Board chose to adopt the committee's recommendation to pursue the roof replacements and to expand and upgrade the Middle/High School campus. The Board also adopted the committee's recommendation that the initial plan for the new Middle School gymnasium be

altered to include boys and girls locker rooms, thus ensuring that the Middle School and High School would have completely separate, fully functional spaces for physical education classes. The Board did not adopt the committee's recommendation to propose capital improvements at the elementary schools – improvements that were similar to those in the 2016 proposal.

Why are the elementary schools not included in this bond proposal?

The Board grappled with some difficult decisions in setting spending priorities, particularly in light of the newly enacted federal tax laws that severely limit deductions for state and local taxes, including property taxes. The Board and administration are in agreement that significant capital improvements are necessary at the elementary schools to ease overcrowding and upgrade educational programs for our younger students. But given the financial uncertainty that many families in the district now face due to recent tax law changes, the Board decided that the most fiscally prudent course of action would be to focus this bond proposal on the district's most urgent priorities – replacing aging roofs and expanding and upgrading the Middle/High School campus

Why do all the school roofs need to be replaced?

All of the flat roofs at the Middle/High School campus, F.E. Bellows and Daniel Warren are more than 20 years old, which is considered beyond the end of their useful lives. Replacing all the flat roofs at once will generate greater economies of scale in construction and stronger leverage in contract negotiations, leading to overall cost savings for the district. More than \$5 million of the \$6.28 million roofing proposition will be used to replace the 23-year-old flat roof that covers the entire Middle/High School and its athletic facility. The remainder of the funds will be used to replace the smaller flat roof sections at Bellows and Daniel Warren. The roof at the Middle/High School was last replaced after a major roof collapse in January 1994 that occurred while schools were closed over a long holiday weekend. The roof collapse caused extensive damage to the library, cafeteria, performing arts center and classroom spaces. Academic and extra-curricular activities were disrupted until the following September, when permanent repairs were finally completed with funds approved by voters in an emergency bond referendum.

With the roof work, is a flat roof the best option?

Our architectural consultants studied this issue extensively and advised us to install new flat roofs rather than attempt to

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construct pitched roofs over our school buildings. The architects estimated that building new pitched roof structures — and raising the level of all the drains and ventilation units currently on the roofs — would more than triple the cost of the roof projects. The architects also advised us that there is a common misconception that pitched roofs last longer than flat roofs. What we would be replacing is the rubber membrane that stretches across the top of the roof and that has deteriorated with exposure to the sun, rain and snow. The new rubber membrane is guaranteed to last for 30 years, and the architects believe we may even get 10 additional years before the membrane will need to be replaced. That longevity is as good or better than the materials — typically asphalt shingles or standing-seam roof panels — used on pitched roofs. Despite their name, flat roofs are not, of course, perfectly flat. They must be pitched slightly to ensure that rainwater can flow to drains at the low points of the roof. The roofers will install tapered insulation under the rubber membrane to create the proper pitch so water will drain off the roofs. This insulation material will also improve the overall insulation value of the buildings.

Wouldn't it be less expensive to repair the roofs instead of replacing them completely?

No. Roof maintenance has now become a major drain on the annual operating budget. Since 2010, the district has spent more than \$764,000 to patch roof leaks and repair water-damaged masonry at school buildings. At this point, sinking more money into roof repairs is simply throwing good money after bad. That money could be much more productively invested in resources that enhance educational opportunities for students.

Why do we need to expand the Middle/High School?

The campus is outdated and out of space. There have been no additions or improvements made to academic spaces since 1997, when six science classrooms were modernized. Over the past 20 years, the student population at the Middle/High School has increased 29 percent to 879 students. To accommodate the overflow of students and keep class sizes to a reasonable size, classrooms have been divided into smaller and smaller units and makeshift classrooms have been carved out of closets and storage areas.

Why do we need to build a science center?

The 20-year-old classrooms that are now used for high school and middle school science classes are outdated and inadequate for modern education in science, technology, engineering, the arts and mathematics – a group of disciplines generally

known by the acronym STEAM. Modern STEAM education requires flexible, collaborative and technologically advanced classrooms and laboratories that our current outdated facilities simply cannot support. The proposed Collaborative Science Center will be housed in a new wing featuring eight classrooms and lab spaces specifically designed and equipped for STEAM coursework. The Collaborative Science Center will put Rye Neck on the leading edge of STEAM education and generate wide ranging academic benefits and eventual career opportunities for our students for many years to come. And when construction is complete, the now-outdated science classrooms that were designed in 1997 will be converted back to general-use classrooms, which will help ease academic space shortages across the entire campus.

Will every student have access to the Collaborative Science Center – or just those students who elect to take science and other STEAM courses?

Every one of our nearly 900 Middle School and High School students will use the Collaborative Science Center, which will be the home for all STEAM-related courses on the campus. The state requires that all high school students take a minimum of 3 years of physical and life sciences which involve laboratory experiences, all of which will be housed in the new wing. In addition, because of the integrated nature of STEAM, art and computer technology classes will be using the collaborative instructional center.

Is there enough interest in STEAM courses to support a whole new addition to the campus?

In a global economy increasingly driven by digital information technology, student demand for advanced STEAM education is surging - not only in Rye Neck but across the country and around the world. Rye Neck enrollment in engineering courses has more than doubled since 2013-14. Robotics courses, which were introduced only during last school year, now have twice as many applicants as available spots. Interest Computer Science classes continues to rise. Among Rye Neck's 2017 senior class, almost four in 10 graduates are now pursuing university degrees in STEAM-related disciplines. We are confident that the Collaborative Science Center will prove popular with students pursuing a wide range of required, elective and advanced placement studies.

Why does the Middle School need its own gymnasium?

The primary purpose of building a second, smaller gymnasium is to eliminate the chronic scheduling bottlenecks caused by nearly

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900 Middle School and High School students being forced to share one gym to meet their state-mandated physical education (PE) requirements. Since it is inappropriate for significantly younger and older students to take PE classes together and to share locker rooms and showers, the Middle School currently has exclusive use of our one gym during nearly half the periods of the school day. By confining all Middle School PE classes to a new gym with its own locker rooms and showers, High School students will then be able to fulfill their own PE class requirements in the main gym during any period of the day. This flexibility will enable them to fit into their schedules more advanced STEAM courses, which often require back-to-back periods for classroom instruction followed by hands-on lab work.

If the Middle School gym is not built, how will that affect the ultimate success of the Collaborative Science Center?

It is unlikely that the Collaborative Science Center's full potential will ever be realized unless a Middle School gym is built. Middle School PE classes are the main driver of scheduling gridlock across the entire campus – gridlock that is particularly frustrating for High School students seeking to schedule advanced STEAM courses that require classroom and lab work conducted over consecutive periods. Building the Middle School gym is the key to ensuring that High School students gain full access to the new Collaborative Science Center to strengthen their credentials for college admissions and eventual career opportunities.

How will the new Middle School gym improve the district's physical education and athletic capabilities?

The Middle School gym will have a major positive impact. Rye Neck is now one of only three comparably sized Westchester school districts with a combined Middle/High School campus that shares a single gymnasium. Once the Middle School gym is completed, currently overcrowded PE classes – some with 60 or more students – will shrink back to a much safer and more manageable size. The new gym, which will have its own locker rooms and bleachers, will also be able to host modified sports and other special events. Many modified sports are currently forced to conduct practices at the elementary school gyms, which limits athletic opportunities for our younger students.

As we build new space, will the district need to hire new staff?

The addition of new staff over the next several years, will continue to be driven by enrollment, increases in demand for STEAM classes, and program growth. As we have done in the

past, new staffing will be part of the annual budget process and discussed with parents.

If both propositions are approved, when will construction begin? When will the projects be completed?

Our construction schedule will be affected by the timing of state building approvals, the length of the construction bidding process and any number of other factors that may be largely beyond the district's control. If both propositions are approved by voters, we estimate that work on the roof replacements will begin in summer of 2019 and be completed by late fall of 2019. We expect construction of the Collaborative Science Center to begin in Summer of 2019 and be completed Summer of 2020. With the MS gym, we expect construction to begin in summer of 2020 and be completed by Summer 2021. We estimate that the interior reconstruction and reconfiguration of our old science classrooms and other academic spaces will begin summer 2020 and be completed by fall 2020.

How will construction proceed when school is in session?

The majority of work will be done during the summer and during non-school hours. Work that is scheduled when school is in session will be planned in conjunction with the principals and carefully managed by contractors to minimize disruption and ensure student safety. At times, it may be necessary to relocate students to adjacent class or play areas during this process.

How does financing a capital project using long-term debt help the district?

Carefully managed debt is one of the best solutions to financing large capital projects in the most cost effective manner possible. The district has the opportunity to finance capital projects at historically lower interest rates and accomplish a great deal of work in a short time period.

Capital projects financed with bonds are paid back over the useful life of the projects, spreading out the cost over the term that the project will benefit the district.

Under the tax levy limit formula (ie 2% cap), principal and interest payments are an exemption and can aid the district in the annual budget process. Additionally, capital projects can remove particular costly maintenance expenses (eg. roof maintenance costs) from the regular annual budget in the short term. The district receives additional state aid on the capital projects. This cost share is only available if the district completes a capital project.

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Why is this an opportune time to borrow?

Interest rates are at historically low levels. Estimates for borrowing bond anticipation notes (BANS) are in the 1.5% and lower range and Bonds are in the 2.9 – 3.1% range

What will the cost be for the average taxpayer?

We have created a tax estimator to help individual taxpayers perform their own calculations <http://admin.ryeneck.org/rn-webapplications/2017-taxcalculator/bondcalculator.htm>

As a quick guideline to help put costs in perspective, we have calculated the tax impact for the average homeowner in the Town of Rye and in the City of Rye. In the Town of Rye, the average assessment for homes is \$835,000, which reflects full valuation. In the City of Rye, the average assessment is \$33,200, which, using the city's complex valuation formula, is equivalent to a full valuation of \$2,101,266. If both bond propositions are approved, the average \$835,000 home in Rye will pay, on average, an additional \$284 per year in taxes over the next five years, through 2022-3. The average \$2.1 million home in the City of Rye will pay, on average, an additional \$677 per year in taxes through 2022-3. After these first five years, the annual cost will gradually decrease until the roofing improvement bond matures in 2035 and the MS/HS academic improvements bond matures in 2047. Of course, actual taxes paid will vary as tax rates and home assessments change through the years.

Why are Rye Town and Rye City home assessments so different?

The Town of Rye underwent the process of revaluation in 2005 and as a result, Rye Town homes are assessed at full value and the value is adjusted each year. In comparison, Rye City has not undergone revaluation and the homes are valued at a percentage of full value. The tax computation for each municipality takes that difference into account using an equalization rate for Rye City (this year 1.58%). Thus the average home in Rye City with an assessment of \$33,200 is valued at 1.58% of its full value of \$2,101,266. Further information about equalization rates and assessments can be found on the NYS Dept. of Taxation website:

https://www.tax.ny.gov/pdf/publications/orpts/under_eqrates.pdf

What is the district's present debt and when does it retire?

The district has \$12.6M in outstanding debt. Rye Neck has existing Bonds that will be fully paid in 2021, 2028 and 2029.

This creates capacity during the latter course of the proposed borrowing for the proposed bonds.

Can the district use Reserve Funds to pay for this work?

The District maintains two reserve funds, the Certiorari Reserve Fund (\$1.8M) which is used to pay for court-ordered property tax refunds and the Employees Retirement System Reserve (\$3.4M) which provides for NYS pension obligations. These Reserve funds are established in accordance with state law for a specific purpose and therefore cannot be used to fund a capital project.

How much state aid will the district receive?

This bond will enable the district to take advantage of expected New York State building reimbursements for the cost of each approved project, which we estimate will result in 20.5% on the roof work and 8.53% for the MS/HS Academic Improvement Bond. State aid will vary because the state provides aid to districts according to the type of space that is being constructed or renovated. This aid will be received each year as state building aid.

What is likely to happen if the district does not address space needs?

Enrollment increases this year have again demonstrated how many families choose to move to Rye Neck. Our district enrollment is 1,613. The MS/HS enrollment is expected to grow by 48 students next year or 5.5%. Unaddressed, growing enrollment will continue to constrain the district in terms of available space for classrooms, increasing class sizes and reducing opportunities for our students.

How will this capital improvement project affect green space in the district?

The MS/HS is located on 57 acres. The proposed 2 story addition at the MS/HS is being built adjacent to the existing building, providing 8 instructional spaces. The 2 story addition is located on 11,500 sq ft or .28 acres in a non-critical environmental area.

Other proposed additions will include building in areas that are presently asphalt-surfaced thus minimizing the impact on green space. The 12,000 sq ft addition to the MS/HS athletic facility will be built on a space that is presently an asphalt-surfaced basketball area and the small grassy area adjacent to the courts closest to the existing building.

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