

Rye Neck Public Schools
Administration Building
310 Hornidge Road
Mamaroneck, NY 10543

Board of Education
Pietro Fasolino, President
Jennifer Rubin, Vice President
Deborah Aulfinger, Trustee
Patty Nashelsky, Trustee
Steve Silva, Trustee
Gloria Golle, Trustee

Administration 914-777-5252
Dr. Barbara Ferraro, Superintendent
Dr. Kimberly Bucci, Assistant Superintendent
for Business and Finance

Non-Profit Org.
U.S. POSTAGE
PAID
White Plains, N.Y.
Permit No. 4374

Dear Rye Neck Resident

REMEMBER TO VOTE ON FEBRUARY 11
RYE NECK HS COMMUNITY ROOM • POLLS ARE OPEN FROM 7 AM – 9 PM

Continued from page 3

Frequently Asked Questions

High School STEAM Wing/Middle School Gymnasium 2018 Capital Project

What will happen if voters reject the supplemental proposition?

Voters have already granted approval to borrow up to \$21.3 million for this phase, which remains in place. However, if voters do not approve this supplemental proposition, both projects cannot be completed with the current amount of funding. It is likely, then, that the Board would ask voters for significant public input on how to proceed. This is due to the fact that the two projects are interdependent. Middle School physical education classes are the main cause of scheduling gridlock across the entire campus – gridlock that is particularly frustrating for High School students seeking to

schedule advanced STEAM (science, technology, engineering, arts, math) courses that require classroom and lab work conducted over consecutive periods. Building the Middle School gymnasium is the key to ensuring that High School students gain full access to the Collaborative Science Center to strengthen their credentials for college admissions and eventual career opportunities.

Are other school districts facing similar budget challenges with their construction projects?

Yes, a growing number of school districts are being confronted by the same economic forces across our region. In December, Bronxville voters

approved a \$3 million supplemental bond proposition to enable the school district to complete its \$21.8 million capital improvement plan, which had been stalled by higher-than-expected construction bids. In Hastings, voters will be asked in February to transfer \$1.3 million in capital project reserve funds to address a budget shortfall in its \$18.4 million capital project. In addition, two other Westchester school districts that put construction projects out to bid at about the same time as Rye Neck have received bids that are several million dollars over budget and will likely need to go back to their voters with supplemental propositions.

VALUE Education

RyeNeckSchools
LEARN • ACHIEVE • LEAD

SPECIAL VOTE

Special Vote on February 11

Additional Bond Capacity Sought to Complete Capital Project

Dear Rye Neck Residents,

We write today with some critical information about our district's ongoing capital project and what you need to know for the special vote on February 11.

In late November, we reported that the second phase of this community-approved (2018) capital project was going to be impacted by dramatic regional construction price increases. As you may recall, voters provided overwhelming approval to replace and/or repair school building roofs (Phase I) and to build a two-story Collaborative Science Center and MS gymnasium (Phase II). The \$6.3 million roofing phase of the project was an unqualified success, as it was completed last summer at nearly \$1.2 million under budget.

Unfortunately, the first round of bids in early November on Phase II resulted in significant unanticipated

price escalation. As a result, the Board rejected all of the bids and re-bid the project in December. While this resulted in a modest savings over the first round, the fact remains that the \$21.3 million approved by the community for this phase falls as much as \$4.1 million short of our ability to complete the work.

For Rye Neck and several neighboring school districts undertaking capital projects, this unanticipated cost escalation has or will require the community approval of additional bonding capacity to complete capital projects. Bronxville voters did so last month, Hastings voters will vote in February, and

two other neighboring districts have recently opened bids to find themselves millions of dollars short of necessary funding. Our Board voted on December 20 to schedule a special referendum on the matter. We had to act with all due haste because the current bids only hold until February 15; otherwise, we face the prospect of further price escalation.



The district completed the first phase of the project (new and repaired roofs) last summer at nearly \$1.2 million under budget.

Continued on page 2

REMEMBER TO VOTE ON FEBRUARY 11
RYE NECK HS COMMUNITY ROOM • POLLS ARE OPEN FROM 7 AM – 9 PM

Continued from page 1

The reasons are straightforward as to why this shortfall occurred, despite already having more than \$2 million to address cost escalation built into the budget that was approved in 2018. Our construction professionals identified three key factors that overwhelmed the conventional construction budgeting practice and could not be anticipated:

- The highly competitive regional construction market has resulted in much higher bids.
- Recent steel tariffs have drastically increased the price of this already-costly material.
- Recent soil testing indicated that the MS/HS will require use of more costly pilings instead of concrete foundations.

On February 11, the Board is asking voters to consider the following:

1. Transfer of the unused \$1.2 million in bond capacity from the roof project to the Phase II project. This will have no additional financial impact to voters based upon previous tax impact estimates.
2. Approval for an additional \$2.9 million in bond capacity should it be needed. We certainly anticipate needing some of this funding, but we will exercise all due diligence to borrow only what is required to complete the project. (Even though bids are known, unanticipated conditions and likely change orders typically impact new construction/renovation projects.) If fully used, this additional bond capacity would add \$48 per year to the school tax bill for an average home in the Village of Mamaroneck, and \$119 per year for an average home in the City of Rye.

The Board was certainly disappointed by the bid results based upon the market conditions, but there is simply no option to complete the project without the additional bond capacity. If voters disagree, we would have to commence a public discussion on next steps, since the existing bids would be null and we would not be able to begin construction.

This document contains some questions and answers you might find helpful. As always, you are encouraged to call Superintendent Barbara Ferraro or Assistant Superintendent Kim Bucci for specific questions or concerns you would like to share.

The vote will take place on Tuesday, February 11 at the Rye Neck HS Community Room. Polls are open from 7 a.m.–9 p.m. A snow date of February 13 has been created if needed. Please remember to vote!

Frequently Asked Questions

High School STEAM Wing/Middle School Gymnasium 2018 Capital Project

Why is Rye Neck holding a bond vote on February 11?

Rye Neck's Board of Education is proposing a supplemental bond proposition that asks voters to authorize the district to increase its borrowing capacity so it can complete the capital improvement project that voters overwhelmingly approved in February 2018.

Why does Rye Neck potentially need to borrow more money to complete the project?

In early November 2019, the bids received were excessively high. In an effort to stay within budget, the project underwent extensive review focused on value engineering and cost reductions. The projects were re-bid in late November 2019 and contractors submitted new proposals on December 17, 2019. Again, these new bids exceeded the \$21.3 million authorized by voters in 2018 by \$4.1 million. Therefore, the Board is now seeking additional borrowing capacity to cover this potential shortfall to bring the project to completion.

What are voters being asked on February 11?

To address the project shortage of \$4.1 million, Rye Neck's Board of Education is asking voters for permission to:

- *Apply the savings of nearly \$1.2 million from the completed roof projects to the next phase of construction.*
- *Borrow up to an additional \$2.9 million, if needed, to successfully complete the projects, due to the fact that construction bids have come in much higher than anticipated.*

A portion of the \$2.9 million additional funding we are requesting will be used for construction contingencies, and to address unforeseen project conditions and costs. The district and our construction partners will be working with all due diligence to complete the project without having to borrow any more than is absolutely necessary.

Why are the construction bids so much higher than originally expected?

Our architectural and construction consultants point to two economic factors for the higher-than-expected bids. One is the market price of steel, which has been rising sharply due to the U.S. government's recent imposition of steel tariffs. The other economic factor is the large number of major construction projects that are on the drawing board in our region. The demand for construction companies is surging, which has created a seller's market that allows these companies to charge higher prices for their work.

In addition, extensive testing conducted in the last several months has revealed that the soil composition at the MS/HS will require much more expensive pilings instead of concrete foundations. Testing cannot be completed before a bond is approved because that funding is included in the bond proposition, and can only be conducted upon voter approval.

Did the original budget contain contingencies to address price escalation?

Yes, and this part of the project budget totaled more than \$2 million. Addressing price escalations and unforeseen conditions (like the soil composition

MS Gymnasium Addition



STEAM Wing

Why is the district moving so quickly to hold a bond vote in February?

The construction contractors that submitted bids on December 17, 2019 are required to hold the price of their bids for only 60 days (up to February 15, 2020). If the voters approve the additional borrowing

issue), is standard for these kinds of public agency projects. Even with that substantial 'hedge,' unanticipated excessive market escalation and the tariffs have affected our project.

What capital improvements are being made?

In 2018, voters approved a bond referendum that featured two separate spending propositions – \$6.3 million to replace and/or repair roofs at all of our school buildings and \$21.3 million to build a new two-story Collaborative Science Center and a new Middle School gymnasium, as well as to make other academic improvements at the Middle/High School campus.

How much work on the capital project has been completed so far?

The first phase of the capital project – the roof work – was completed last year and came in significantly under budget by about \$1.2 million. Of that total, \$900,000 resulted from lower-than-projected bids and other savings accrued in each of the roofing project contingency budgets.

capacity on February 11, 2020, then the district can lock in contracts with these contractors before their bids expire. We want to secure a commitment from contractors as soon as possible because we will soon face competition from a number of other school districts with construction projects ready to go out to bid. This could potentially drive up the cost of our project even beyond current estimates.

If approval is provided by voters, what will be the financial impact on the district's taxpayers?

In order to finance up to \$2.9 million in additional new borrowing capacity, the district's taxpayers will see a modest increase in their tax levy. In the Village of Mamaroneck, the average house (valued at \$830,000) will pay an additional \$48 per year over the course of the 30-year repayment period. In the City of Rye, the average house (valued at \$2.16 million) will pay an additional \$119 per year.

Taxpayers can calculate their taxes by plugging in their actual home valuation into the tax calculator below:

<http://admin.ryeneck.org/rn-webapplications/2020-taxcalculator/bondcalculator.htm>

Continued on back page