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MARCH 2015

BOND REFERENDUM BULLETIN

Sayville Board of Education Seeks Voter Approval for Bond Referendum

LEARN MORE! LOOK INSIDE

- Review the basic information and some frequently asked questions and come to the **Community Forum** to learn much more.

Sayville School District is seeking voter approval for a Bond Referendum of \$19.2 million that would fund necessary upgrades and enhancements to District Facilities.

These include:

- energy efficiencies
- maintenance items
- safety
- ADA
- parking
- an organic infill turf field on Depot Road (*for boys and girls interscholastic and community sports*)

The Bond Referendum will be up for vote on May 19, 2015.

Dear Sayville Residents:

You are invited to attend the **Community Forum** on the **Proposed \$19.2 million Bond Referendum** Wednesday, March 25th 7 p.m. to 9 p.m. Old Junior High Auditorium Sayville School District

A year ago, representative constituents comprising a **Bond Committee** held monthly meetings to prioritize the \$36.5 million worth of upgrades and enhancements itemized in the *District's Assessment Facility Improvement Plan*. In July of 2014, this Committee submitted to the Sayville Board of Education their list of priorities which totaled approximately \$26 million.

After deliberating since July, 2014, the BOE prioritized the cost of improvements totaling \$19.2 million by keeping projects that address the immediate needs of the District.

The School Budget and a Separate \$19.2 million Bond Referendum will BOTH BE UP FOR VOTER APPROVAL on May 19, 2015 in the **OLD JUNIOR HIGH GYM** from 7AM to 9PM. You may use the Greeley Avenue entrance both for convenient parking and Handicapped parking located near the gym doors.

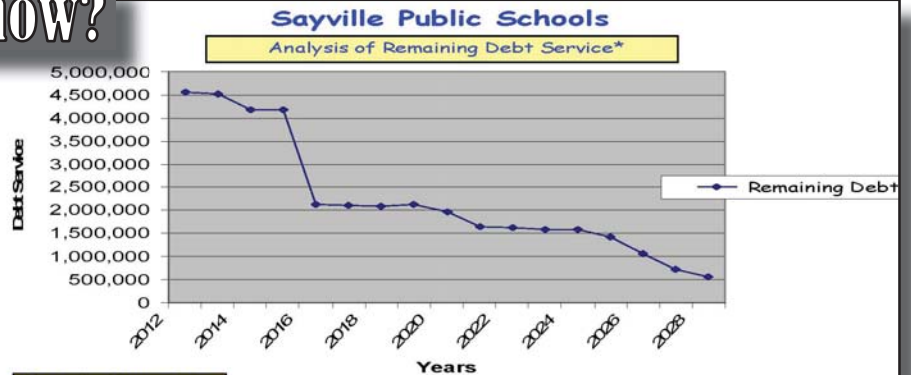
- Please check the District Website at www.sayvilleschools.org, go to the Business Office/Bond Discussion for more details.

Q. What will be presented to voters on May 19, 2015?

A. The Board of Education is seeking voter approval for *both* the **2015-2016 Proposed School Budget** and a separate **\$19.2 Million Bond Referendum** in May. Simply put, while the annual School Budget funds instructional programs and some capital improvements, the Bond will fund maintenance upgrades at our facilities that would otherwise be cost prohibitive if included in the Budget. In addition, the Bond *will* better serve to align the annual debt service with building-aid payments over the useful life of each project. **Many items, such as boilers, Middle School roof, obsolete HVAC system replacements, and upgraded fire alarm and emergency light systems MUST be done.**

Q. Why seek a BOND now?

A. The District has health-and-safety obligations to the community to keep our school buildings in good condition and provide our students with a safe learning environment. Over time, upgrades, replacements, and improvements need to be made—as with your home—to ensure our facilities do not fall into disrepair. In this proposed Bond Issue, the District is looking to make many needed infrastructure improvements.



In November 2012 we refinanced a portion of the District's outstanding debt, saving \$743,589 over a nine-year period.

As you can see from the chart (*above right*), there will be over \$2 million of debt retiring in the 2016-17 school year. The proposed Bond is the fiscally most prudent strategy to utilize this precipitous decrease to fund capital projects, while actually retaining a debt-service *decrease* of \$300,000 for the 2016 2017 school year and years beyond. This significant drop is a “window of opportunity” to fund capital projects and **spread the cost of these improvement over a fifteen-year period**, thereby continuing to ensure a decrease in the district's debt service payments beginning in the 2016-2017 school year.

Q. If we don't BOND, will our SCHOOL taxes go down?

A. NO. Even when the outstanding debt service decreases by \$2,046,750, in the 2016-17 school year, Sayville taxpayers will not see a \$2 million savings because the District *will still have to fund* many, high-cost capital items (Middle School roof replacement, boilers, infrastructure upgrades, etc.). Not Bonded, the funding for these capital improvements would have to be included in the budget, and taxpayers will shoulder the fiscal burden at **100%** of the project costs in *one* budget year. Unfortunately, New York State Aid of 68 cents on every capital-approved dollar is **reimbursed** over the *life* (how long the project takes to complete) *of the project*. Using the annual School Budget, therefore, is not a prudent fiscal approach to funding major capital improvements:

For example: including only the cost (\$3.5M) of replacing the Middle School roof in the annual budget would increase the tax rate by 6.16% in ONE school year. Additional improvements would raise it even more! By utilizing a Bond, the same Middle School roof expense would increase the tax rate by approximately 0.11% or \$14 per year.

WHAT TYPES OF PROJECTS WILL BE INCLUDED IN THE BOND?

The following is a partial list of the items to be included in the Capital Bond Improvement Plan (see our District website for a complete list with estimated costs):

- Roof replacement at Middle School
- Boiler replacement
- Auditorium air conditioning at High School
- Update Sayville High School Library-Media Center
- Upgrade security intrusion alarm systems districtwide
- New bus loop at High School
- Parking lot paving and storm pool refurbishment districtwide
- Upgraded fire alarm systems and emergency lighting systems
- ADA upgrades in Nurses Offices
- Replacement of gym folding doors
- Cafeteria equipment upgrades
- Playground upgrades at Elementary Schools
- Upgrade of electrical service at Sunrise Drive
- Standby generator for District's Technology offices
- Turf field, lights & bathrooms at the Depot Street and Greeley property
- MS Pool infrastructure and ventilation system.

Q. What is the effect on the 2015-2016 School Budget if the voters approve a \$19.2 million Bond Referendum?

A. **NO EFFECT** on the 2015-2016 School Budget! As the *Debt Service Analysis-Bonding Scenarios* chart (left) demonstrates, from the 2016-17 school year, the District will see a decrease in debt service.

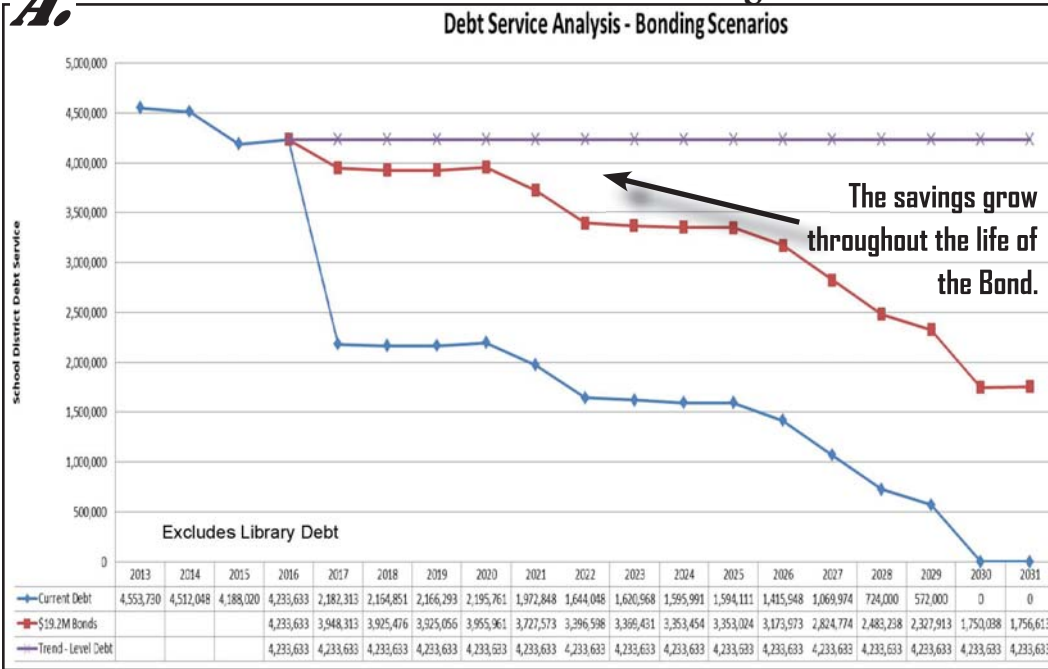


chart (left) demonstrates, from the 2016-17 school year, the District will see a decrease in debt service.

If the \$19.2 million Bond referendum passes, the debt service in the 2016-2017 school year will still have a NET DECREASE of \$300,000 that continues decreasing though the life of all capital school-bonded debt. The bottom line is the *savings grow* throughout the life of the Bond.

(left) On a year-to-year, increase-decrease basis comparison, Sayville's Debt

Service is DECREASING. Beginning with the 2016-2017 school year, the Proposed BOND REFERENDUM will still have a net decrease of \$300,000 annually on the debt service and continues decreasing thereafter.

Q. The Bond includes an organic infill Turf Field. What percentage and dollar value within the Bond is this field?

A. Of the \$19.2 million Bond Issue, the organic infill turf field represents 13.5% on the total bond. The initial cost projection of a synthetic turf sport complex (including home and visitor grandstands, concession stand/restrooms, lighting, fencing, and drainage, etc.) is estimated to be \$2,600,000.

For health and safety reasons, the District and Board of Education have agreed to go forward with a turf field on Depot Road that will service both boys and girls interscholastic sports, as well as community sports. After comparing up-keep costs for natural and synthetic fields over the long run, the costs were fairly equal. This decision was also based upon a careful consideration of how the value of this investment will see even greater benefits for our students, our athletes, and the community.

Q. What is the cost difference if the Turf Field were removed from the Bond?

A. Considering we are anticipating a 15-year bond, the amortized annual cost of the Turf project (\$2.6 million) minus 68% building aid to the "debt service" is approximately \$76,000 per year.

This translates to 0.08%, or 24 cents on the tax rate, or \$10 per year, and has a negligible effect on the overall Bond.

\$237,678 Average Annual Debt Service on \$2.6M (ASSUMES 4.25% INTEREST RATE)

— 161,621 Building Aid at 68%

\$76,057 Average Net cost to taxpayer (spread over 15 years) will be \$10/year.

Q. Why Fund Major Capital Projects Through a BOND rather than the School Budget?

A. The goal of financing capital projects with a Bond is to spread the payments over a period of time to align the Debt Service payments with the annual Building Aid, resulting in a minimal effect on the tax rate. (See previous Q&A on page 2 with Middle School roof example.)

Whether the District uses the Budget or the Bond, capital improvements must be done, but using a Bond Referendum rather than the Annual Budget is the most fiscally responsible way to fund these high-cost capital items.

Q. Why upgrade our school district facilities?

A. New York State requires Sayville School District to fund the necessary maintenance of our facilities so as to ensure a safe environment for our students and staff; while mandated changes to the instructional program require certain alterations to our facilities.

To relieve some of the fiscal burden, New York State pays districts building aid on approved capital projects. (Sayville School District's Aid ratio is 68% or 0.68 cents on every approved capital-expenditure dollar. There are some expenses not eligible for Building Aid, such as Administration Building upgrades and asbestos abatement.) Based on this building-aid formula, it is more cost-effective to do a Bond Referendum for approved capital improvements, rather than include the entire cost within a single, annual budget. A Bond Referendum prevents the taxpayers from funding the cost of the entire project costs up-front through the annual budget.

During the January 15th Board Meeting, the Sayville Board of Education agreed to go forward with a Bond Referendum of \$19.2 million. If approved by voters, this financial strategy will allow the District to seek a bond for facility upgrades.

The Bond vote will take place at the same time and same location as the Annual Budget Vote on May 19, 2015 in the gym at the Old Junior High.

For more information
Come to the **Community Forum**
Wednesday, March 25, 2015 7pm-9pm

New York State RESCUE Regulations (Rebuilding Schools to Uphold Education - 8 NYRR 155), requires:

- Annual Visual Inspections
- Five-Year Capital Facilities Plan
- School Facilities Report Card

The School District's Needs Assessment report is based upon this analysis of Sayville School District facilities and helps the District determine priorities for upgrades.

THE BOTTOM LINE

Starting in the 2016-2017 school year, on a year-to-year, increase-decrease basis comparison, Sayville's Debt Service is **DECREASING** and will continue decreasing thereafter.

The Proposed **BOND REFERENDUM** will still have a net decrease of \$300,000 annually for several years on the debt service and then continues decreasing thereafter.

TIDINGS
FOR THE SAYVILLE SCHOOL DISTRICT

School Tax Code 566

99 Greeley Avenue
Sayville, New York 11782
Dr. Walter F. Schartner, Superintendent of Schools

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