



Funding School Construction

January 15, 2025



We want to learn from you.....

What information would be helpful to have to make an informed vote?

What is the community's appetite for increased investment to realize more of vision?

How to package costs?

How do you think about tradeoffs balancing the improvements and the investment?

Anything else?

Our current best thinking: Present a cost neutral option with additional propositions for additional investment.



Funding a Capital Project.....

	Pros	Cons
Cash	<ul style="list-style-type: none">- No debt- Building aid	<ul style="list-style-type: none">- Work limited to cash on hand- Available cash varies from year to year- Escalating costs- Small projects only
Financing	<ul style="list-style-type: none">- Maximize work that will last for years to come- Economy of scale with larger project- Competitive bidding- Building Aid to offset debt- Predictable payments	<ul style="list-style-type: none">- Debt payments- Potential increase in taxes



We want to save money and be fiscally responsible.....

Potential opportunities for savings:

- Structuring funding to maximize Building Aid
 - Combining cash with financing to create a complete project. Building aid is calculated based on the full cost of the project, including the cash not just the debt.
- Looking into Grants
 - Some potential components may be eligible for outside funding sources to support environmentally sustainable initiatives.
- Construction efficiencies
 - It is more cost effective to complete multiple projects of similar scope concurrently so that contractors only need to mobilize one time.
- Commencing construction as soon as practicable lessens escalation costs in the future
 - Cost estimates are created using current pricing and adding inflation type escalation factors for each year that the construction is projected to be delayed.



What is the funding horizon.....

Similar to constructing a house, a large school construction project will require long-term commitments that will need to be repaid annually as principal and interest.

A school district can issue short term notes known as BANS (Bond Anticipation Notes) for up to 5 years, or a long term note, known as a serial bond for the period of useful life as determined by NYSED. (aid schedule matches the debt schedule)

Most schools issue bonds, where the payments match the number of years that building aid associated to the project is received.

Projects approved in May of 2025, will not require debt payments to begin until several years after the vote. This allows the district to continue to save funds to lower the amount financed and not incur debt payments until construction is completed.



What affects any additional tax burden.....

- ☐ Building Aid Ratio
 - ☐ Maximum amount of a project eligible for Building Aid - 95%
 - ☐ Onteora's Building Aid Ratio is 31%
- ☐ Use of Cash to offset amount borrowed
 - ☐ Onteora has a Capital Reserve that would reduce the amount of borrowing
- ☐ Interest Rates
 - ☐ Interest rates are expected to decrease
- ☐ Percentage of the project that is aidable
 - ☐ Depending on work being done, not all will be aidable
 - ☐ Non-instructional work scope is limited (ex: classrooms sized larger than state regulations would only be aided up to the approved square footage)
 - ☐ Meeting with Facilities Planning to maximize project aidability
- ☐ Budget Savings



Can A Capital Project Be School Tax Neutral?

(prepared by Fiscal Advisors)

Example of \$45 million project with \$30 million borrowing.
Debt payment projected to begin in 2028 - 2029.

Estimated Annual bond payment	Estimated Building Aid	Net estimated local share	Less Budgetary appropriations	Annual consolidation savings needed
\$2,300,000	\$775,000	\$1,525,000	\$750,000*	\$775,000**

** Represents the annual amount budgeted for small projects that may no longer be necessary*

*** Represents savings from consolidation*



Projected Consolidation Savings.....

Department	Cost Savings (in 2024-2-025 dollars)	2028-2029 Estimated (assuming 3% annual escalation)
Transportation Phoenicia Woodstock	\$650,000 \$350,000	\$731,580 \$393,928
Facilities Phoenicia Woodstock	\$155,000 \$225,000	\$174,454 \$253,239
Projected Staff Attrition*	\$725,000	\$815,993
Total <i>Woodstock Only</i>	\$2,105,000 \$1,300,000	\$2,369,196 \$1,463,161

**Commitment remains to maintain class sizes and appropriate staffing.*



How does additional investment impact my school taxes?

Hypothetical Scenario

Assuming a tax neutral base proposition of \$45M:

A potential additional proposition of \$20M would impact taxpayers in the amount of \$25 - \$35 per year per \$100,000 of fair market value for a property.

For example, a \$400,000 home would see an increase of approximately \$100 to \$140 per year tax increase. (\$8.33 - \$11.67 per month)



Additional Considerations.....

- ❑ District currently holds over \$6M dollars in Capital Reserve
- ❑ The District will continue to add to the Capital Reserve thereby reducing the tax impact on the Community
- ❑ With every dollar of Capital Reserve money used, Building Aid will increase, but the debt payment will not. Building Aid is calculated based on the full cost of the project, not the method of funding.
- ❑ Deferred taxpayer impact: The district will prioritize all the available reserve funds and cash on hand which will defer the tax impact on the community until approximately 2028 - 2029. We would not begin collecting any money for this project from our tax payers until then.



Upcoming Dates.....

- January 15 - Community Forum
- January 16 - Facilities Committee Meeting
- February 4 - Capital Project Update to BOE
- February 18 – Capital Project Update to BOE
- February 20 - Facilities Committee Meeting
- February 25 - Final Community Forum
- End February - Supply Bond Counsel with detailed scope and estimated costs of the project to be voted on so they can prepare all necessary resolutions for the vote
- ***March 4 - Final Capital Project presentation to the BOE***
- March 18 - BOE adopts resolution for vote at the annual district meeting and election on May 20, 2024



Future BOE Meetings.....

- ❖ February 4 BOE Meeting
 - Initial design
 - Initial funding considerations
 - Initial SEQR resolution to allow for the assessment of the potential project environmental impact
- ❖ February 18 BOE Meeting
 - Revised design
 - Revised funding considerations
- ❖ March 4 BOE Meeting
 - Final design with maximum not to exceed cost and tax impact
 - Recommendation as to number of proposition to be included
 - Project could be split into more than one proposition
- ❖ March 18 BOE Meeting
 - Approve proposition(s) to be added to the ballot



Roadmap to Vote Day.....





What a vote can include.....

There are a lot of ways to package a vote:

- Core Proposition (e.g. instructional upgrades and infrastructure improvements)
- Additional Propositions (e.g. campus design)
 - Propositions may or may not be contingent on each other
- Propositions may be broad or specific (e.g. stadium lights; turf)



What happens after the vote.....

- If the project vote passes, a ***tentative*** timeline could look like this:

July 2025 - June 2026

Design documents created in collaboration with key stakeholders

July 2026 - Jan 2027

SED will review and approve

Feb 2027 - March 2027

Project bidding and award

July 2027 - August 2027

Construction begins

July 2028 - August 2028

Construction continues

September 2028

Construction complete



Share Your Feedback.....

What information would be helpful for you to have to make an informed vote?

What is your willingness to fund an increased investment to realize more of the vision?

How should the costs be packaged or grouped into propositions?

How do you think about tradeoffs balancing the improvements and the investment?

Anything else?

Again, our current best thinking: Present a cost neutral option with additional propositions for additional investment



We want to hear from you.....

If you have any questions or comments regarding the Optimizing Onteora plan and vision, please reach out to:

Victoria McLaren at vmclaren@onteora.k12.ny.us

or

Stephanie Laffin at slaffin@onteora.k12.ny.us

Financial questions or comments should be directed to Monica LaClair at mlaclair@onteora.k12.ny.us