

What is a Bond Referendum?

A bond referendum seeks voter approval for the financing of projects that are unable to be included in the Board's regular operating budget. Since the introduction of the 2% budget cap on local School Boards in 2010, Shamong Township Schools is no longer able to include capital improvements such as parking lot replacement, generators, and climate control in the annual budget. The bond referendum that is being proposed in Shamong enables our teachers, administrators, and Board members to maintain the excellent quality of our schools for all students.

What Prompted the District to Consider a Referendum now?

The Shamong Township Board of Education, in conjunction with the Director of Facilities, have been actively monitoring the status of our schools through our review of the Long Range Facility Plan. We are asking the public to support this referendum because the board has unanimously concluded that there are an increasing number of facility concerns that need to be expediently addressed. The Shamong Township Board of Education is unable to include these necessary projects in our annual budget without significantly decreasing the well-being of our students. In addition, the Department of Education has determined that our projects qualify for up to 40% funding of the total project cost.

What Projects will this Bond Referendum Include?

Indian Mills Memorial School

- Parking Lot Reconstruction and Related Work
- HVAC Upgrades and Climate Control of Classrooms, Gym, and Cafetorium
- ATC Upgrade to Digital Controls
- Classroom Door Access Controls

Indian Mills Elementary School

- Generator Replacement and Upgrades
- Cafeteria HVAC Upgrades
- Classroom Door Access Controls

Why doesn't the district pay for these repairs within the existing school budgets?

Like most school districts, Shamong struggles to fit large dollar maintenance projects into their annual operating budgets. Shamong Township has followed the rules of a 2010 state law that caps general fund increases at a 2% each year, without voter approval. Within that amount, the district has had to accommodate the typical rising costs of payroll, benefits, educational materials, contracted services, utilities and more. Regular maintenance is constantly being done on both buildings in the Shamong School District.

The \$4.9 million in project costs would not fit in current budget within cap (even over time) without significantly cutting academic staff and programs. Further, projects paid as part of our regular budget are ineligible for debt service aid which provides up to a 40% rebate on most maintenance projects. If

voters approve the Bond Referendum, the state will give Shamong Township School District an estimated \$2 million toward the costs. This will not occur if the projects are placed in our annual budget.

What if costs end up lower than the estimates?

State rules impose strict oversight. There are only two ways a district can use proceeds from a Bond Referendum: the money can be used to overcome cost increases for projects that were approved as part of the Bond Referendum, or it can be used to pay down the bond debt. The Board of Education intends to pay down debt when practical in order to reduce the impact to taxpayers.

What if costs end up higher than the estimates?

The district is working with a team of construction and financial experts who pay close attention to trends in bond rates and construction costs. Unless a significant issue arises, it is unlikely costs will exceed estimates. The estimates reflect careful planning and analysis which reflect the board's desire to be realistic in our planning. The construction estimates are designed to err on the side of being conservative. Low estimates could be harmful and shortsighted. If estimates are lower than actual costs, the school board is still obligated to complete the projects within the Bond Referendum approved revenue.

What are the "soft costs" and why is the percentage set at 25 percent?

Soft costs include: construction contingencies, architect, engineers and consultant fees, construction administration, bonding and legal fees, inspections and utility fees and application, submission and permit. For that reason, the state's Department of Education requires that 25 percent be built into the project estimates. Private entities might be able to provide lower numbers, but school boards seeking state approval have no choice but to estimate soft costs at 25 percent.

What Projects Have Been Done Using the Capital Reserve Budget and SDA Grants?

In the past, the Shamong Township Board of Education has used the capital reserve budget to finance a number of projects. Most recently the Board has approved these funds to replace the well pit and generator at IMMS. Through The School Development Authority Shamong School District was able to install climate control in most areas of the elementary school, update security technology in both schools, and replace windows and exterior doors at each school. **These grants provided 40% state aid but are no longer available.**

I am a resident of Shamong Township but I have no children in the schools; why should I vote "yes" on this Referendum?

School bonds provide a higher return on investment than the cost to pay off the bonds that will benefit the entire community, not only for students. Research shows that adults and seniors will benefit through a stronger local economy, a better-skilled workforce, and higher property values. In the short term, school upgrades generate high-quality jobs and the ripple effects help local businesses and grow our local tax base. When completed, school improvements lead directly to better student performance—and as a result, to more valuable communities. According to the [National Bureau of](#)

[Economic Research](#), there is a definite correlation between school expenditures and home values in any given neighborhood. A report titled, "Using Market Valuation to Assess Public School Spending," found that for every dollar spent on public schools in a community, home values increased \$20. These findings indicate that additional school expenditures may benefit everyone in the community, whether or not those residents actually have children in the local public school system. (www.publicschoolreview.com/blog/what-is-the-connection-between-home-values-and-school-performance)

If the referendum is approved, what happens next?

If voters approve the bond referendum on September 26th, after a thirty-day waiting period, the district will authorize sale of the bonds.

Upon sale of the bonds, District architects and engineers would create detailed designs for the approved projects. This design phase would likely last through Winter 2017, depending on the project.

Bid development and awarding of contracts would begin in Spring of 2018, with construction projects beginning in the summer 18-19 school year. It is estimated that the construction phase would last into the 2019-20 school year.

When does the Board of Education expect Construction to Begin?

Upon approval of the referendum by the voters, some projects could begin as early as Summer of 2018.

Tax Impact/Financial Information

The new issue average tax impact would be \$42 for every \$100,000 of assessed value. The average home in Shamong is estimated at \$308,169 which would generate a \$147.67 tax bill for the debt portion of the school tax for the new referendum. In May 2018 a large portion of the district's outstanding debt is falling off, this new lower debt would replace that debt and taxpayers would still see a decrease in the debt portion of their tax bill.

How long will this bond be in effect?

The referendum is seeking authority for a 15-year bond totaling \$4.9M. This is similar to a mortgage on a home loan. Currently, interest rates are low and thus it is a favorable time to purchase bonds. Furthermore, the district continuously monitors the bond market and, as it did in 2012 with the 2003 voter-approved bond referendum, would consider refinancing the bonds if it in future years it proves beneficial for taxpayers.

Is the district eligible for State funding?

Yes. The New Jersey Department of Education has determined that close to 100% of our project cost (approximately \$4.7M) are eligible for State funding in the form of Debt Service Aid. Debt Service Aid is a partial payment of a bond made by the state based on eligible costs, in effect paying a portion of the principal and interest due annually. The State of NJ determines eligible costs by reviewing the proposed projects submitted by the district. **This payment is made annually over the life of the bond issue to cover a portion of the cost of principal and interest due each year.**

What happens to my property taxes if the referendum is approved?

Assuming a 3.2% interest rate on 15 year bonds and based on approximately 32.61% state aid (advised from district bond council), an average Shamong Township taxpayer with a home assessed value of \$308,169 will pay approximately \$129 annually for this referendum. These payments will fluctuate slightly annually based on actual ratables.

I am not Registered to Vote, Can I Still Support the Shamong Township School District's Commitment to Maintaining Excellence?

Yes! We encourage all members of the Shamong Community to support the needs of our students. If you are not currently registered to vote, voter registration forms are available at all schools, on the schools website, the Shamong Township Municipal Building, and online at <http://www.co.burlington.nj.us/DocumentCenter/View/1178>. All forms must be completed and submitted to the county or municipal clerk 30 days before the election.

To become a registered voter you must meet the following criteria:

- You are at least 18 years of age
- You have lived at your Shamong address at least 30 days prior to the election
- You are a United States citizen
- You must not be serving a sentence, on parole, or on probation as a result of a conviction of an indictable offense under state or federal law.
- You must not be adjudged mentally incompetent.

You may drop off your voter registration form or mail at the Burlington County Superintendent of Elections 755 Eayrestown Road PO Box 6000 Mount Holly, NJ 08060.

Who can I Contact with Questions Regarding the Referendum?

Please review the Referendum Page on the district website. You may also contact the Shamong Township School District at (609) 268-0316.

How can I find my Polling Place?

Polling location for all residents of Shamong will be at the Indian Mills Memorial School Gymnasium. Polls will open on September 26, 2017 at 7am and will close at 7pm.

