



EAST RUTHERFORD PUBLIC SCHOOLS

Office of the Board of Education

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January 28, 2020 School Bond Referendum FAQs

How did mega-mall funding slash the tax impact by more than half?

The Borough Council and Board of Education have reached an agreement to share at least \$13.7 million, and as much as \$20 million, in payments from the American Dream mega-mall. Instead of property taxes based on property value, mall owners have a PILOT (payment in lieu of taxes) deal. Borough Council already has directed some PILOT money toward a new police and court facility. On Jan. 1, the Council agreed to share some of the funds with the school district. The range of \$13,725,000 to \$20,000,000 gives Council some flexibility over the next 20 years, but would significantly cut the local tax cost of the school district's bond referendum. Even at the low end of the range, that contribution would equate to about 39% of the school improvement plan's total cost. Prior to this agreement, the plan's tax increase was estimated at \$269 per year. The new estimate with the Borough's contribution ranges from \$107 to \$161 total over three years, with the remaining years of the loan estimated to have no further tax increase. The estimate is based on several factors including a home assessed at \$388,640, the average in East Rutherford.

What is a bond referendum, and why do schools use it for major improvements?

A bond referendum is a vote (referendum) that seeks voter permission for a school or municipality to sell bonds to generate funds. Those bonds are like IOUs, and the school or municipality will buy them back, with interest, from the lender over a period of time. It is similar to the way a homeowner might get a loan for an addition or renovation. School districts use them to spread out the costs of significant improvements. There is another compelling reason in New Jersey: When voters say yes to bond borrowing, state aid will contribute up to 40% of project costs. That reduces the costs on local tax bills, but only through a voter-approved bond referendum.

Why does the East Rutherford Board of Education believe a bond referendum is necessary and advantageous?

Enrollment growth continues to crowd classrooms and building systems continue to get older. The Board of Education believes a bond referendum is the best way to address those critical needs because it would spread out the cost and because it is the only way to capture state aid to pay as much as 40% of the cost. The BOE is committed to making sure residents are registered to vote, are educated about the needs and solutions, and are encouraged to submit ballots for the January 28, 2020 referendum. In 2017 and 2018, low voter turnout decided referendums by very narrow margins – each time, those proposals lost by less than 100 votes. In 2019, the BOE wants to be sure every resident understands that Your Vote Makes a Difference!

What are the specific needs facing our schools, and how could this bond referendum solve them as part of a solid vision for the future?

East Rutherford schools are struggling with higher enrollment and aging buildings, and the bond proposal addresses both needs.

Enrollment has risen and is expected to keep rising. Over the next 4 years, East Rutherford schools are projected to squeeze in 30 percent more students. A 2019 analysis pointed to 133 more students expected between now and the 2023-24 school year. Every classroom is regularly used, and so our teachers of Art, Music, World Languages, and Special Services travel room to room without a home base for those important features of our curriculum. Classrooms are also becoming crowded, and that impacts the quality of instruction and student achievement. The bond proposal includes a Faust School addition of 11 classrooms plus activity-specific instructional space, and a McKenzie School renovation to create 2 classrooms. More classrooms will enable us to reduce class sizes – especially for the youngest students.

Aging buildings create other needs. The original McKenzie School was built in 1910, and Faust in 1927. Although they have been well maintained and have undergone various renovations over the years, some of the facilities and equipment are original to those old buildings. They need no-frills improvements and upgrades. Proposed projects would improve energy efficiency, security, accessibility, and the overall school environment. Paying for them through a voter-approved bond referendum – instead of the district’s regular operating budget – qualifies for state aid of up to 40%. The needs are critical, and using bonds to pay for them puts less of a burden on local taxes.

What other locations were considered for space needs, and why were they determined to be not useful or feasible?

The Board of Education considered numerous locations to add more space to meet the needs of higher enrollment. Proposed locations included property near the former Franklin School, fields near McKenzie School, the Tot Land recreation area, the campus of Becton Regional High School, and land at the Community Center. Of many options, and different approaches that could be taken to shift grades or move offices, none were as useful or feasible as the one in the proposal. In most cases, the Borough of East Rutherford owns the land and reserved its right to maintain that ownership. In other cases, the property was not large enough to meet the district’s needs. Other ideas interfered with existing uses for land, such as at Becton or the Community Center. The Board of Education was also cost conscious, because acquiring land and building new space carries a much higher price tag than renovating or expanding existing space. After considerable research and exploration, it makes the most sense to create more classroom space by building an addition at Faust School and shifting administrative offices from the school to the Annex.

What does it mean to improve the “overall school environment?”

The bond proposal was thoughtfully developed to consider not just building structures and systems, but the educational environments they house. It would enable the main Faust School to focus on grades 6, 7 and 8, while a Faust School extension would focus on grades 4 and 5. That reconfiguration better matches the educational and developmental needs of those age ranges. McKenzie School would serve Pre-Kindergarten through grade 3. The proposal also includes modernizing learning spaces to bring them up to 21st Century standards. Modernized science labs, a redesigned Media Center, and more small-group instruction spaces are all part of the proposal. Another important way this proposal would improve the school environment is by creating security vestibules at Faust and McKenzie.

How would the entire community of East Rutherford benefit from an approved bond referendum?

East Rutherford School District is a key piece of an appealing community package that also includes proximity to New York City and the Meadowlands, the American Dream mall, a revitalized downtown, and convenient access to public transportation. This close-knit community is a great choice for families, as proven by the rate of new home construction. Generations call it home, and newcomers readily move in. Great schools make great communities!

How would Faust School benefit from a voter-approved bond referendum?

With voter approval, Faust School on Uhland Street would gain an additional 10 classrooms for regular education; 1 classroom for special education; and activity-specific instructional spaces for Music, Art, STEM (Science, Technology, Engineering and Math) and computer use. That addition would provide the space necessary because of enrollment growth. The school would gain a Multi-Purpose Room to serve as a cafeteria, gymnasium and kitchen that could also be used for community events and athletic programs. A redesigned Media Center and Science facilities would meet modern educational needs. It would replace the building’s original HVAC system and upgrade its electrical service with new, energy-efficient systems, and include an elevator to meet accessibility standards. Faust School would gain a security vestibule to increase safety for our students and staff.

How would McKenzie School benefit from a voter-approved bond referendum?

With voter approval, renovations at McKenzie School would create two new Kindergarten classrooms with accessible bathrooms called for by state regulations. The proposal would add an Art room and small-group instructional space. It would replace/refurbish the building’s roof, which has been plagued by leaks, and replace the building’s original HVAC system with a new, energy-efficient system.

Why doesn't it make sense to do this work within the annual operating budget?

The proposal includes significant upgrades and repairs, and they cannot be done within the state's cap on school district operating budgets. (Spending cannot increase more than 2% from one year to the next without voter approval.) Payments on bond borrowing do not count against that 2% cap. But a more compelling reason is the state aid that comes with voter-approved bond proposals. When voters say yes to bond borrowing, state aid will contribute up to 40% of project costs. For East Rutherford's proposal, state aid would contribute nearly \$5.2 million. That savings is in addition to the Borough of East Rutherford's pledge to share \$13.7 million to \$20 million of payments from the American Dream mega mall. Both reductions – state aid and the Borough's contribution – require voter approval of the bond referendum.

How much would these improvements cost taxpayers, after state aid and mega-mall funding are applied?

The January 28th referendum asks voter permission to borrow about \$35.5 million, but state aid would reduce the local impact by about \$5.2 million. The Borough's contribution of mega-mall funds would reduce it by another \$13.7 million to \$20,000 million. After those reductions are accounted for, the annual cost on a home with an assessed value of \$388,640 (the average in East Rutherford) is estimated to be \$107 to \$161 total over three years, with the remaining years of the loan estimated to have no further tax increase. With voter approval, East Rutherford would receive \$35.5 million worth of improvements, but pay a fraction of that cost locally.

How is state aid for voter-approved bond proposals separate from state aid given each year for East Rutherford's operating costs?

General state aid is provided every year to public school districts based on the number of enrolled students. That reduces the local costs to taxpayers for everyday operating expenses like salaries, supplies and utilities. Costs to build space – even when enrollment goes up like it has in East Rutherford – are not part of that general state aid. The state does provide aid when voters approve a bond referendum to build or improve facilities, and that aid does not affect the amount of general state aid. If voters approve the January 28th bond referendum, East Rutherford would not lose any general state aid but would get bond-related state aid.

What is the proposed timeline for these school improvements?

The process of making detailed building plans, submitting paperwork for state approval, and requesting competitive bids for the work will take as much as 12 months and cannot begin without voter approval. Work to repair roofs and to improve security at both schools could be done in summer 2020. Renovation work at Faust could be complete during summer 2021, and at McKenzie by January 2022. The Faust addition could be finished in 2023. By that school year, projections say East Rutherford could be serving about 130 students more than this current school year.

If voters approve the referendum, how will the district ensure that educational programs and the safety of students and staff are maintained during construction?

The District has retained the services of an experienced construction management firm that specializes in working with school facilities. The construction management firm is working with our architect to develop the appropriate plans for keeping students and staff safe.

Construction materials and equipment will be isolated to a small fenced-in area in a location that will be used for staging.

The proposed project schedule would have renovations occur after the fourth- and fifth-grade addition is complete. This will enable the spaces in the renovation areas to be cleared out. The design plans will include requirements for the contractor to separate construction activities from students and staff for that work which will occur while school is in session.

What are some long-term benefits of this bond proposal?

East Rutherford has made its schools as safe as possible within the current configuration of space, but creating security vestibules is a necessary next step for a more comprehensive solution. Adding classrooms will reduce class sizes and increase additional instructional space, which will enhance instructional impact, support student achievement, enable greater flexibility for scheduling, and enable the reconfiguration of grades at Faust School and the Annex. Replacing

leaking pipes will reduce repair costs, and replacing outdated HVAC systems will improve monitoring and control. With more classroom space, East Rutherford students with special needs can stay in-district rather than being bused to other schools that charge tuition. All of the future cost savings could be channeled toward the district's core needs of staff and programs.

Is there a way for senior citizens to be protected from a tax increase?

Seniors and people with disabilities may be protected from future property tax increases by applying for the Property Tax Reimbursement Program. Eligibility can be determined through the NJ Division of Taxation at 1-800-882-6597 or www.state.nj.us/treasury/taxation/ptr.

What if the actual project costs are lower than estimated?

Detailed project plans are created from expert estimates and typically include a cost cushion. But the district cannot spend bond funding on any projects that were not included in the original proposal. If costs are lower than estimates, state law requires the district to return all unused bond proceeds to the taxpayer in the form of tax relief.

What if the actual project costs are higher than estimated?

The proposal asks voters to approve up to \$35,553,000 for specific projects. No more than that amount can be spent. The district's consultants are accustomed to making very educated estimates with some built-in cushions. In the unlikely event that actual costs exceed the bond amount, the district will work with advisors to meet the proposal's overall objective and/or reduce the scope of work.

When and where can residents vote on this referendum to improve and expand East Rutherford schools?

Eligible voters can send Vote By Mail ballots postmarked by Tuesday, January 28th, or go to the polls in person on that date. The polls will be open from 6:00am to 8:00pm at your local polling locations.

What is the voter registration deadline for this referendum?

To participate in this referendum, voters must be registered with an East Rutherford address by Tuesday, January 7, 2020. Voter registration forms are available at the offices of Faust and McKenzie Schools, and online at www.co.bergen.nj.us/voter-forms. Any resident who needs a printed form can send an email with his or her name and mailing address to referendum@erboe.net. We'll send printed forms through the postal service.

Anyone who is already a registered voter with an East Rutherford address does not need to register again. He or she will be able to vote on January 28, 2020 in the special election.

If you're not sure if you're registered, or what address your registration shows, go to voter.njsvrs.com and enter your name and birthdate to be sure you are registered to vote in East Rutherford.

Are Vote by Mail ballots available?

Vote by Mail is a convenient way to participate in an election, and that method is available for East Rutherford's bond referendum. It's not too early to send an application now! To receive a ballot by mail, the county clerk's office must receive your application by January 21. Applications are available at the offices of Faust and McKenzie Schools, and online at www.co.bergen.nj.us/voting-by-mail-superintendentofelections.

If you voted by mail in any election in 2016, 2017 or 2018, you should automatically receive a Vote By Mail ballot for this January 28th referendum. Watch your mailbox about mid-December.