

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 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.

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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 of which resulted from lower- than -projected bids and other savings accrued in each of the roofing project contingency budgets.

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 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>

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.