

Worcester Central School District's Capital Project: Frequently Asked Questions (FAQs)

What is included in the capital project?

As approved by voters on December 12, 2017, the \$2.07 million capital project will replace the roof over the gymnasium, replace deteriorating parking lots, construct a storage building, and make electrical upgrades to all buildings as required by new codes.

Why did the board consider this project?

The Board has annually set goals that include the maintenance and protection of District assets, including the buildings and facilities. Periodic and continuous maintenance and repair prevent large-scale projects and tax-payer burden. The roof over the gymnasium has been closely monitored for several years, as its life expectancy neared; and the Building Condition Survey performed in 2015 reflected a need and a timeline for replacement. The driveway and parking areas have noticeably deteriorated and replacement is timely, not only because of the condition of the pavement but also for its inclusion in a single capital project. Electrical and carbon monoxide upgrades are required by changes in codes and regulations and must be included in any capital project approved. The construction of a storage building will protect and add life to the equipment and implements the District owns for facilities maintenance.

Why do schools propose capital projects?

As it is funded largely by state building aid and bonds, a capital project enables a school district to invest in its facilities – to make repairs, renovations and updates necessary to address health, safety, learning and working environments – with significantly less financial pressure upon local taxpayers and school budgets. Specifically, without a capital project, WCS would miss the opportunity to have over 83% of project costs covered by state building aid, a significant amount of money for the district and local taxpayers. Without a capital project, school districts (WCS) would have to find ways to fund this work through annual operating budgets with no state building aid incentive. In addition to addressing immediate building and campus concerns, capital projects are also used to prevent future, often more costly, repairs and reconstruction.

Why does WCS need a capital project to complete this work?

The items included in the capital project represent one-time expenditures that would be next to impossible to pay for out of the District's annual operating budget, on which residents vote each May. State lawmakers recognize this and offer financial incentives, in the form of state building aid, for school districts to take care of their facilities through capital projects. State building aid is only available on work completed as part of a capital project. It is not available for facilities work completed as part of a school district's annual operating budget.

Why can't the items included in the proposed project be included in the annual school budget?

The items included in the project are not normal maintenance tasks and are not eligible for aid. The District receives over 83% state building aid on all eligible project expenses, meaning that over 83% of approved expenditures will be paid by New York State. Not only could the District not afford to include in the annual budget the items in the proposed project, but the District would also forfeit eligibility for state building aid on the expenses.

Why did the board pursue this capital project?

The timing is right for this project for a number of reasons:

- The District has a favorable building aid rate of over 83% which means that, for every eligible dollar spent on a capital project, the District will receive over 83 cents from New York State in the form of aid.
- Finally, the District will experience a capital debt reduction at the same time debt from a new project would be incurred, thereby maintaining consistent debt service which is a key in the long-term, effective management and maintenance of facilities with minimal, or in this case, **no additional cost to the taxpayers.**
- This project will maintain the District's spending in this budgetary area and allow for some much needed work to be done, **at no additional cost to the taxpayers.**
- Delaying the work proposed in the capital project would ultimately cost the District and taxpayers more over the long term, as the timing of this project presents substantial fiscal advantages that will not be available in the future.
- Current, identified facilities needs would continue to deteriorate, and renovations and repairs will cost more in the future.
- The District may be obligated to spend annual operating costs in order to maintain the facilities, making short-term repairs.

How can a \$2.07 million project result in no tax increase?

State building aid would pay for approximately 83% of the proposed project. Because of financial planning while maximizing the life of the roof to be replaced, debt incurred from a new capital project occurs at the same time that current debt is being reduced, which results in **no tax increase.**

Will my taxes go down if the capital project is not approved?

While there are many factors which impact the tax formula and tax rate for school districts, including the "tax cap" calculation, it is unlikely that taxes would have decreased had the project not been approved.

What happens if bids for this work come to more than \$2.07 million?

As with any capital project or annual budget proposal that voters approve, the Board of Education can only spend up to the specific amount approved by voters. If renovation bids are higher than estimated, the District would scale back the scope of work in the capital project to stay within the authorized amount.

How will the capital project affect the District's annual budget?

There are no anticipated increases in costs associated with District operations or maintenance as a result of the capital project. In fact, construction of the maintenance storage building may actually extend the life of equipment, thereby decreasing the need to budget for equipment repair or replacement.

Will the capital project effect annual increases in salary, retirement and benefits, thereby impacting resident' property taxes?

There are no new positions associated with this project and, as such, the project will have no additional impact on salaries, retirement, or other benefits. Every item that has been sent out to the community has stated clearly that there is no tax increase associated with this project. This is also true in the regarding the annual, operating budget.

When will work be completed?

Work is anticipated to begin late in the Spring of 2019 and will be completed by the Fall of the same year.

Why does a capital project process take so long?

Following voter approval, engineers and architects must prepare and submit complete construction documents (plans and specifications), such plans must be submitted to and approved by the State Education Department (SED), approved plans are publically bid, and contracts are awarded.

In general, why do school capital projects seem to cost so much?

Many factors enter into the equation that results in the projected costs. State laws require strict compliance with wage rates established by the NYS Department of Labor. These wage rates, combined with required bonding and insurance for contractors make projects more expensive for schools than a homeowner would incur.