

You've got questions. We've got answers!

Q: Couldn't much of the proposed work have been carved out and performed through the district's annual operating budget, exempting it from prevailing wage costs? Has any of the project been broken down to see where and how taxpayers could save money? Why weren't any of the upgrades performed à la carte over the past several years?

How Come the District Cannot Skirt Prevailing Wage Costs?

A: Over the years the Oceanport Board of Education has done its best to react to each of the school's facilities needs. Each year, thousands of dollars are spent in capital repairs—fixing and reacting to failing equipment and deteriorated systems. Unfortunately, as a public school district, Oceanport is unable to address larger, big ticket items without exceeding the annual state mandated cap restriction of 2% revenue increases. Since the primary charge is to educate the students, capital projects often times take a back seat to educational programs.

Boards of Education are not able to break up projects into smaller ones to skirt prevailing wage requirements in the same way that municipalities might be. Public school districts have to pay prevailing wage for all projects in excess of \$2,000, while municipalities have a threshold of \$15,000. In the context of \$33 million in projects, there really are no meaningful savings to be achieved by skirting the prevailing wage laws. There are virtually no components of these projects that are below the \$2,000 threshold and that aren't tied into the larger project as a whole.

There is no room within the 2% cap restriction to carve out (set aside/stockpile) monies from the district's operating budget for large capital projects. Nothing goes up at 2% — not energy costs, labor costs, (schools are personnel-intensive business), supplies, tuition, health benefit coverage, transportation. Therefore, there are precious little discretionary monies left in an annual school budget after covering the essentials. Even in the unlikely event that the district could "save money" out of its annual budget, if that resulted in a surplus in excess of 2%, by law the district would have to return that surplus to the taxpayers. There is no way a school district can ever reach the point where it has saved millions of dollars to be used on a capital project.

Despite these constraints, the district has done everything in its power in recent budget years to repair aging and failing infrastructure. Over the past few years, the district has taken \$447,330 from its Maintenance Reserve to address and repair items such as failing windows at Maple Place, deteriorated boiler components at Wolf Hill, repairs to pot holes and cracking in the roads and walkways, as well as making best efforts to retrofit the buildings for today's technology. In addition, the district has taken \$233,000 out of Emergency Reserve for security upgrades at both schools.

The district has not gone out for a referendum in 15 years and has not performed new construction in 23 years. The can has been kicked down the road far enough. There is simply no way to address all of the district's pressing needs without going out for a public referendum.

All of that said, there will be ways to get creative and look for savings during the course of the referendum projects. Our Architect will be strategically planning the bidding of the projects, when contractors are usually less busy, to achieve optimal pricing. The work will be planned so as to limit the constraints on the contractors, thereby resulting in better pricing. Additionally, the Architect will include alternates in the projects, allowing the possibility of adding or removing scope, depending on the bid results of each project. Finally, the Architect will design and select energy efficient products and systems, allowing the school district to receive additional refunds using the NJ Clean Energy Program. In fact, for many districts, including Ocean Township during their recent referendum, applying these strategies allowed the districts to realize substantial savings, resulting in certain monies being returned to the District at the conclusion of the referendum work.

Lastly, and maybe the most compelling reason why the referendum route is most beneficial, is that completing these projects via a referendum allows the District to receive 34% in Debt Service Aid on eligible projects from the State, thus allowing \$33 million in projects to translate to \$24 million to the taxpayers.