1. What is a bond referendum?
A bond referendum is an election when a Board of Education seeks voter approval for funding to undertake capital improvement projects and to finance such projects through a short or long term loan (a note or a bond).

2. Why does the school need to perform a referendum for this project? Can't they just use their annual budget funds?
The only way for the school district to obtain State Debt Service Aid (up to 40%) for a capital project is through a referendum, which requires the issuance of debt (short-term in this case). If the School District performed this project using its operating budget, it would not be eligible to obtain the up to 40% of state aid to offset local property taxes. Watchung Hills Regional High School has been historically underfunded by the State of New Jersey each year. This is an opportunity to recapture some of those funds.

3. Why do the costs in the referendum budget appear to be high?
The cost for each individual item takes into account not just that item and the labor to install it, but rather the whole cost for all of the associated work that each item requires, such as painting, patching, utilities, etc. Additionally, each line item includes costs for prevailing wage labor, state required contingency, the soft costs for professional fees, financing fees, permitting, etc.

4. With all the work being done, how is there a $0 impact to taxpayers?
The net annual cost of paying off the bond (Annual Cost less State Aid) will be paid for by reallocating funds from the district’s current operating and capital project funds, not through a tax increase. The balance of the bond will be paid for by the state through Debt Service Aid. This will allow the taxpayers to recoup money that is taken out of their state income tax and put it back into improving the education of their students.
5. Who is eligible to vote on the referendum?
Anyone who is registered to vote in Warren, Watchung or Long Hill Township can vote on the referendum. You do not have to be a homeowner to vote, you just need to be registered to vote in these towns. To become a registered voter you must complete a Voter Registration form. This can be found at: https://www.state.nj.us/state/elections/voting-information.html, or you may pick up a form at your local municipal office. The registration deadline to vote is on or before the 21st day preceding the election which is scheduled to occur on September 24, 2019.

6. What is the difference between eligible costs and ineligible costs in regard to state aid?
Although the state offers up to 40% Debt Service Aid on the work included in the referendum, certain portions of a project are not eligible for aid. The state usually only grants state aid for full replacement of systems or for educational programmatic needs. Items that are deemed “regular building maintenance” are considered ineligible costs. In this case, the state approved ALL of the costs in this project as eligible costs.

7. What happens if the referendum fails?
The district would be limited to spend the 60% cost it has budgeted in its capital reserve account and would forfeit the 40% State Aid. This would greatly reduce the work that can be completed for both projects. The electrical system is beyond its useful life as most of the panels are over 50 years old. The systems have been very costly to repair and there will come a time when repair is no longer possible and replacement will be the only option. Addressing the concern now through the referendum allows the district to capitalize on the Debt Service Aid funding of up to 40%. The media center project’s scope would be reduced in half and, as mentioned, would lose the State Debt Service Aid funds.