Frequently Asked Questions about the Capital Project

Dear Berlin Community,
In an effort to better communicate details about the project and address questions that have come up, we have created the following Question and Answer document. Our hope is that it addresses your questions. But, please do not hesitate to reach out with additional questions as they arise. Thank you for being an engaged community.

1) *What are the goals of this capital project?*
   One goal of the capital project is to replace Heating Oil tanks that are:
   - more than 35 years old,
   - cannot be insured,
   - have run out of warranty, and
   - are a liability to the health of our students and the finances of the district.

   Another goal is to add an Outdoor Learning Center at BES, so that our students' educational experience is enhanced through incorporating movement and instruction in an outdoor learning environment.

2) *Will this Capital Project increase my tax levy?*
   No. This capital project will have **no tax impact** on the taxpayers.
   Through careful use of the Capital Reserve fund as well as State Aid associated with the project, there will be no impact to the taxpayers.

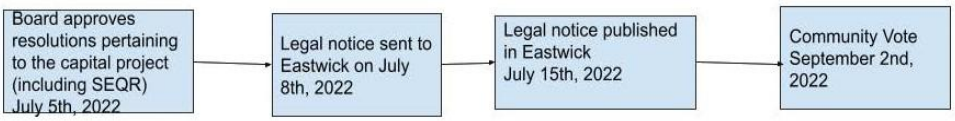
3) *Why do we need to do this capital project now?*
   This capital project is important for several reasons -
   - **Safety of our students and staff** - we need to provide a reliable heating source for our buildings
   - **Health** - contamination of the ground (and water) through a leak will result in health complications and a shutdown of the school building because a school cannot stay open without water.
   - **Financial** - The current heating oil tanks cannot be insured and any spills will hold the district liable for 100% of the costs. This cost could run very high.
   - **Enhancing learning** - We understand the importance of flexibility in educating our students as well as the importance of diversifying their learning opportunities. These became even more prominent due to Covid. While our students and staff took advantage of the outdoors, there was no learning center to provide them with an outdoor structure to enhance their learning experience. The Outdoor learning center has been discussed many times over the past years and is finally being implemented.

4) *Will our students be safe if they are learning outside (in the Outdoor Learning Center)?*
   At Berlin we take the safety of our students and staff very seriously.
   Our students already have classes outside the building for PE, going outside for recess, etc.

Our goal is to make our district even safer than before. To this end we are installing exterior and interior cameras in both buildings that are accessible to front office staff and administrators, Raptor visitor management system for all visitors to our buildings, continued collaboration with first responders during our drills, purchased of new radios which will be delivered in the Fall - any staff member going outside the building with students will also carry a radio with themselves, we have also hired a SRO who is a Deputy with the Sheriff's Office.

5) *The tanks are tested annually for safety and pass the test. Are they not safe for continued use?*
The tests performed on the tanks relate to the day of the test, and are not predictive of future safety.
In other words, we do not have any guarantee from the tests that the tanks won't leak in a week or a month from the date of the test.
The current tanks will be considered Passing the inspection until they Fail, then it will be called an 'oil spill' costing the district millions of dollars in clean up <u>and</u> a capital project to replace the failed tanks.
In the meantime due to the loss of heat and/or drinking water, BMHS will have to be closed.
An oil leak would affect the health and safety of our students and staff.
The age of the tanks means that they are out of manufacturer warranty for reliable operation. The lack of being able to obtain insurance coverage is due to the same reason - age of the tanks.
The company testing the tanks is <u>not guaranteeing</u> that the tanks will not leak.

6) *Why was September 2nd chosen as the date of the vote?*
The conversations about the aged tanks and an outdoor learning center have been happening for years.
There are timelines that the district has to follow regarding a capital project vote. This includes the time between a legal notification, a board vote and the community vote. This timeline also impacts the Request for Proposals going out to the contractors, which in turn has an impact on their project completion and the flow of State Aid to the district.
As a result of these timelines, September 2nd is the date for voting.
There are specific requirements for periodic advertisement of the Special Election in the official publications of the District, but most importantly:
The first Legal Notice of the Special Election must be no more than 49 nor less than 45 days prior to the Referendum date.
The only other option beside September 2nd would have been to hold the vote over the weekend , Labor day or the first day of school (which would be very disruptive to the students and staff).



7) *What was the timeline so far and the anticipated future timeline for this Capital project?*

Overview of the Capital Project Timeline

January 2015	NYSED Building Condition Survey identifies the need for planning for the replacement of aging fuel storage tanks.
January 2020	At the request of the BOE Synthesis and M/E Engineering evaluate and present to the Board anticipated fuel cost savings that would result from a capital project tank replacement.
Winter/spring 2021	The propane conversion and fuel tank replacement is included in the capital project as an alternate. While the capital project bid was successful, there were not enough available funds to proceed with the propane conversion alternate, and the work was deferred.
January 2022	The BOE asks Synthesis to look broadly at the benefits of fuel conversion: - Historic costs of heating oil and propane, and - Age of tanks compared to expedite useful life of tanks, including potential environmental risks.
April 2022	In response to accelerated increases in heating oil costs, the Administration asks Synthesis to outline a capital project to expedite conversion.
May 2022	At the request of the BOE, the Administration and Synthesis work with the District's financial consultant, Fiscal Advisors, and the District's legal counsel, Whiteman Osterman and Hanna, to prepare a capital project for the Board's review and ultimate approval. Fiscal Advisors evaluation results in a capital project with no impact on local taxes. Working with Synthesis, Whiteman Osterman and Hanna provides the required environmental evaluation and makes a Type II State Environmental Quality Review (SEQR) determination of no impact.
July 2022	At the July 5 BOE meeting the Board passed resolutions accepting the SEQR determination of no impact and establishing the capital project vote on September 2.

Summer 2022	Anticipating a successful vote, the BOE requests that Synthesis and M/E Engineering expedite the packaging of documents for submission to NYSED for project permitting and necessary approvals.
September 2, 2022	Capital Project Vote
September 2022	Following a successful vote the BOE is to schedule a special meeting to accept the results and certify the tally.
September 15 +/-	Following receipt of the certified tally and District signatures on application documents, Synthesis will submit the project to NYSED Office of Facilities Planning for permitting and associated approvals.
Fall 2022	The project will be in the NYSED queue awaiting review and approval.
December 2022	Anticipated project approval
January 2023	Project Bid
February 2023	Contract(s) signed
April/May 2023	Construction work will commence following the conclusion of the school heating season.
September 2023	Construction will conclude and boilers will be operating on propane at the start of the 2023/2024 heating season.
June 2024	Final project accounting will be submitted to NYSED so that the District may then receive the anticipated NYSED building aid for the completed work.

8) *What will be the impact if the capital project is not approved?*
   If the capital project vote is not approved the district will have to continue operating 35+ year old heating tanks which present a health, safety and financial challenge for the future. Even with yearly testings, a leak happening anytime between the tests will have serious implications for our students and staff.
   If a leak were to get into the aquifer and pollute the drinking water these complications would increase many times over, and could also lead to a possible shutdown of BMHS until reliable drinking water is found.
   In addition, the students at BES will not have a much needed outdoor learning center available for their use.

9) *Can the community use the Outdoor Learning Center?*

Absolutely! The community is welcome to use the center after school hours as long as there is no school event taking place. Please remember to notify the district and fill out a building use form. We welcome collaboration with the community.

10) *When will this capital project be completed? There are other capital projects which are still not completed.*
We have been in constant communication with our architects and contractors about the capital projects currently open. Completing these projects is a major priority for us.
Our architects have mentioned that the timeline for this proposed capital project being completed is September 2023.
The current capital project (BMHS main office, science classrooms, access control doors at both buildings, etc.) is expected to be completed by September of 2022 (barring closeout).
We are currently working actively with the contractors regarding the Athletic fields - namely completing them and taking ownership of the fields. The goal is to open the baseball and soccer fields at the earliest in a safe manner.

11) *Who should I contact regarding questions about this capital project?*
We welcome your questions and look forward to addressing them. Please reach out with any questions to the Superintendent's Office.

12) *How much of the project cost is for the outdoor learning area? Why was it added to this project?*
The Outdoor Learning Center will cost $400,000. Both the learning center and the tank conversion have been spoken about for years. The district is focused on both infrastructure and academic needs with regards to a capital project. Through the discussions, the plans for both the Propane conversion and the Learning center were finalized and hence both could be included in one capital project.

13) *How much money will be left in reserves after this project (if approved)?*
For this Capital project we will be using all of our Capital Reserve Fund.
None of the other reserves in the district like the Teachers Retirement System, Unemployment Reserve, etc. will be impacted by this Capital Project.

14) *How and when will the reserve funds be replenished?*
Reserves are replenished at the end of a school year if there is a surplus remaining in the budget. The surplus is determined by the expenses and revenue during the school year. As such, while it is hard to predict when exactly the reserves will be replenished, the district is committed to being fiscally responsible and will continue to replenish the reserves in a responsible manner.

15) *Are the tanks insured?*
No. The tanks are not insured and we cannot get an insurance company to insure them. The recommendation of our insurance company is to replace the tanks.

In the words of our insurance carrier "Getting insurance on your current heating oil tanks would be very difficult due to the age. Companies are rarely willing to insure tanks over 30 year old. Best case scenario (from 2017) would be $10,000 - $15,000 annual premium with a $250,000 deductible for a $1,000,000 site pollution/remediation limit. Back in 2017 we approached five different companies and only one was willing to offer the terms listed above simply due to the age of the tank and probability of it leaking or breaking down during the policy term. It's less likely for companies to entertain five years later. "

16) *Has leakage from tanks been an issue in other districts?*
Yes. A neighboring district just spent 2.5 million dollars to clean up environmental damage from leaks in two 5,000 gallon tanks.
https://www.facebook.com/egcsd/photos/pcb.5609962142348512/5609927389018654

17) *What would be the financial impact of an oil spill on the district?*
In addition to any emergency capital project expenses, the district will have to spend out of pocket money on pollution cleanup. We ran three scenarios of possible expenses for a cleanup - $5 million, $10 million and $15 million. The cost of this to the district per year would be as follows - The Column stating 'Total Debt Service' would be the amount that the district pays per year for the next 15 years.
Based on the Total Debt Service the approximate Tax levy Impact on the district from this Oil Spill itself would be:

Dollar Amount	Tax levy (approximate)
$5 million	5%
$10 million	9%
$15 million	13%

Berlin Central School District
RENSSELAER COUNTY, NEW YORK
$5,000,000 Bonded Debt
ESTIMATED DEBT SERVICE SCHEDULE

Assumptions: ***Schedule A***

- ***Debt Issued in June 2023***
- ***Ammortized over 15 years***
- ***Estimated interest rate of 4.00%***

(1)	*(2)*	*(3)*	*(4)*	*(5)*
Year	*Balance Outstanding*	*Principal Payment*	*Estimated Interest*	*Total Debt Service*
2023 - 2024	-	-	-	-
2024 - 2025	5,000,000	250,000	200,000	450,000
2025 - 2026	4,750,000	260,000	190,000	450,000
2026 - 2027	4,490,000	270,000	179,600	449,600
2027 - 2028	4,220,000	280,000	168,800	448,800
2028 - 2029	3,940,000	290,000	157,600	447,600
2029 - 2030	3,650,000	305,000	146,000	451,000
2030 - 2031	3,345,000	315,000	133,800	448,800
2031 - 2032	3,030,000	330,000	121,200	451,200
2032 - 2033	2,700,000	340,000	108,000	448,000
2033 - 2034	2,360,000	355,000	94,400	449,400
2034 - 2035	2,005,000	370,000	80,200	450,200
2035 - 2036	1,635,000	385,000	65,400	450,400
2036 - 2037	1,250,000	400,000	50,000	450,000
2037 - 2038	850,000	415,000	34,000	449,000
2038 - 2039	435,000	435,000	17,400	452,400
TOTALS		5,000,000	1,746,400	6,746,400

Berlin Central School District
RENSSELAER COUNTY, NEW YORK
$10,000,000 Bonded Debt
ESTIMATED DEBT SERVICE SCHEDULE

Assumptions: ***Schedule B***

- ***Debt Issued in June 2023***
- ***Ammortized over 15 years***
- ***Estimated interest rate of 4.00%***

(1)	*(2)*	*(3)*	*(4)*	*(5)*
Year	*Balance Outstanding*	*Principal Payment*	*Estimated Interest*	*Total Debt Service*
2023 - 2024	-	-	-	-
2024 - 2025	10,000,000	500,000	400,000	900,000
2025 - 2026	9,500,000	520,000	380,000	900,000
2026 - 2027	8,980,000	540,000	359,200	899,200
2027 - 2028	8,440,000	560,000	337,600	897,600
2028 - 2029	7,880,000	585,000	315,200	900,200
2029 - 2030	7,295,000	610,000	291,800	901,800
2030 - 2031	6,685,000	630,000	267,400	897,400
2031 - 2032	6,055,000	655,000	242,200	897,200
2032 - 2033	5,400,000	685,000	216,000	901,000
2033 - 2034	4,715,000	710,000	188,600	898,600
2034 - 2035	4,005,000	740,000	160,200	900,200
2035 - 2036	3,265,000	770,000	130,600	900,600
2036 - 2037	2,495,000	800,000	99,800	899,800
2037 - 2038	1,695,000	830,000	67,800	897,800
2038 - 2039	865,000	865,000	34,600	899,600
TOTALS		10,000,000	3,491,000	13,491,000

Berlin Central School District
RENSSELAER COUNTY, NEW YORK
$15,000,000 Bonded Debt
ESTIMATED DEBT SERVICE SCHEDULE

Assumptions: ***Schedule C***

- ***Debt Issued in June 2023***
- ***Ammortized over 15 years***
- ***Estimated interest rate of 4.00%***

(1)	*(2)*	*(3)*	*(4)*	*(5)*
Year	*Balance Outstanding*	*Principal Payment*	*Estimated Interest*	*Total Debt Service*
2023 - 2024	-	-	-	-
2024 - 2025	15,000,000	750,000	600,000	1,350,000
2025 - 2026	14,250,000	780,000	570,000	1,350,000
2026 - 2027	13,470,000	810,000	538,800	1,348,800
2027 - 2028	12,660,000	845,000	506,400	1,351,400
2028 - 2029	11,815,000	875,000	472,600	1,347,600
2029 - 2030	10,940,000	910,000	437,600	1,347,600
2030 - 2031	10,030,000	950,000	401,200	1,351,200
2031 - 2032	9,080,000	985,000	363,200	1,348,200
2032 - 2033	8,095,000	1,025,000	323,800	1,348,800
2033 - 2034	7,070,000	1,065,000	282,800	1,347,800
2034 - 2035	6,005,000	1,110,000	240,200	1,350,200
2035 - 2036	4,895,000	1,155,000	195,800	1,350,800
2036 - 2037	3,740,000	1,200,000	149,600	1,349,600
2037 - 2038	2,540,000	1,245,000	101,600	1,346,600
2038 - 2039	1,295,000	1,295,000	51,800	1,346,800
TOTALS		15,000,000	5,235,400	20,235,400

18) What will it cost to replace just the heating oil tanks with other heating oil tanks?

The removal of the existing tanks and replacing them with new tanks is a significant part of the project cost. The new tanks being Heating Oil or Propane is a small difference in the cost of the project.

19) *The Propane conversion was already approved as part of the larger capital project before? Why are we approving it again?*
In the current (larger) capital project, the district had to make decisions on which Alternates could be included. As a result of rising construction costs, the district could not complete all the alternates (including the Propane conversion) in the current capital project. We prioritized the student classrooms in the current project.
As a result, we have to resubmit the plans for the Propane Conversion to the state again and go through the process once more.

20) *What would be the payback time for this capital project?*
Approximate Total Project Cost = $1,700,000
Approximate Outdoor Learning Cost = $400,000
Approximate Propane Project Cost = $1,300,000 ($1,700,000 - $400,000)
Approximate Project Cost to Replace Existing Fuel Tanks = $1,100,000
Approximate cost difference = **$200,000** ($1,300,000 - $1,100,000)

The existing fuel tanks either need to be replaced or converted to propane due to lack of insurance, warranty, and other reasons.
Better option would be to switch to propane so in 20 years we are not in the same situation of a possible fuel spill cleanup when the tanks are unable to be insured again.
Propane is nontoxic and there is no issue with a future spill or water contamination.

Current Pricing from State Contracts
$1.87 per gallon for propane
$3.73 per gallon for heating fuel

Heating Efficiency
Propane = 91,500 BTU/gallon
Heating Fuel = 140,000 BTU/gallon
140,000/91,500 = 1.5 gallons of propane to produce the same BTUs of heating fuel

Average Heating Fuel Consumption per year for the two schools (Elementary & BMHS) = 56,400 gallons per year

Anticipated Propane Consumption per year for two schools (Elementary & BMHS) = 1.5 x 56,400 = 84,600 gallons per year

Average Heating Oil Fuel Cost per year for two schools = 56,400 gallons/year x $3.73/gallon = **$210,372 per year**

Average Propane Cost per year for two schools = 84,600 gallons/year x $1.87/gallon = **$158,202 per year**

Approximate Average Price Savings per year using propane = $210,372 - $158,202 = **$52,170**

Payback Period for Propane versus Heating Fuel = $200,000/$52,170 per year = **3.8 years**

This payback period does not take into account minimal maintenance costs of the propane system versus the heating fuel system, which will make the payback period even less.

In addition, if the tanks are not replaced and result in an oil spill, it will cost the district millions of dollars in cleanup costs out of pocket.