

Bonding Proposal Town Meeting

January 31, 2019
East Granby Community Center

Background

- ▶ **The Capital Advisory Committee** report issued in May of 2014 identified town infrastructure needs including roads and roofs.
- ▶ **BOE & BOF** have identified school roofs as a concern since 2015.
- ▶ **BOS** identified town roof replacement in the 5-year capital plan since 2015. For many years the BOS has spoken to the need for more road funding to keep up with deterioration.
- ▶ **The Bonding Committee** was established in December 2016 and was tasked with evaluating infrastructure projects for a potential bond issue. Report issued - Dec 2018.
 - ▶ **The Bonding Committee** utilized the Capital Advisory Report and needs identified by the BOE and the BOS.

Background

- ▶ The Bonding Committee identified three pressing infrastructure needs:
 - ▶ **ROADS** - 23 of 37 miles of town roads rated poor, poor/fair, fair. The town does not have a comprehensive road plan. Funding has not kept up with the deterioration of the roads.
 - ▶ **ROOF REPLACEMENT**
 - ▶ Town Buildings - Public Safety, Ambulance, Town Hall, Senior Community Center, South End Fire House
 - ▶ School Buildings - Allgrove School, Middle/High School
 - ▶ **AIR CONDITIONING/ELECTRIC SERVICE UPGRADE** at Allgrove School - air condition the classrooms

Project Scope - Roofs

- ▶ **Town Roof Replacement** - all of the roofs listed with the exception of the South End Fire House are failing or at the end of their service life.
 - ▶ **Senior Community Center** - original roof 1991 - 27 years old
 - ▶ **Public Safety** - original roof 1991 - 27 years old
 - ▶ **Town Hall** - 28 years old, failing, leaks have been patched
 - ▶ **Ambulance Barn** - 28 years old
 - ▶ **South End Fire House** - 16 years old, premature shingle failure.

Project Scope - Roofs

▶ School Roof Replacement

- ▶ Allgrove School - 27 years old, replaced in 1992. Approaching the end of its service life. Pending State approval, it is anticipated that a 45% State Grant is available for the roof replacement project.
- ▶ Middle/High School - 27+ years old with active leaks, patching and repairs are done as needed. Pending State approval, it is anticipated that a 45% State Grant is available for the roof replacement project
- ▶ School roofs are at end of service life - not a maintenance issue. Roofs have been identified by the BOF & BOE for many years on the 5-year capital plan.
- ▶ H.S. Gym and adjacent area's roofs are 17 years old and have 10 or more years of service life left and are not part of this project.

Project Scope - Roads

- ▶ Pave twenty-three miles of roads rated as poor, poor/fair, fair.
 - ▶ Project would also include paving town campus parking lots
 - ▶ Project would also include a 50% town share for an anticipated State Grant to remediate riverbank scour at the Floydville Bridge
- ▶ Road Paving Assumptions for a comprehensive road maintenance program:
 - ▶ Mill and overlay 70% of the poor, poor/fair & fair town roads
 - ▶ Pulverize 15% of the poor, poor/fair & fair town roads and reuse pavement as base.
 - ▶ Chip Seal 15% of the town roads, stone/tar process on cross roads (similar to East Street) to extend the life-cycle of fair/good/very good roads.
 - ▶ Roads paved over a 5-year period.
 - ▶ There is not an inflation escalator built into the 5-year construction period.

Project Scope- Allgrove

▶ Electrical

- ▶ Current 400 amp service
- ▶ Upgraded service needed to handle anticipated air conditioning electrical load. Pending engineering report.

▶ Air conditioning

- ▶ Initial proposal calls for a ductless system
- ▶ 12 classrooms, 5 teaching/office spaces, 2 cafeteria
- ▶ Does not include gym or hallways

Project Cost

- ▶ **Budgets** have been developed by the Bonding Committee and are based on the information that the committee had at the time it issued the report.

- ▶ If the project is approved by the Town, the Building Committee would conduct a competitive bid process by issuing Request for Proposals (RFP's) and/or utilizing the State VIP Bid List for paving.

- ▶ **Roofs** - \$4,190,000 minus anticipated State Grant of \$1,700,000 or **\$2,461,000 net** to the town

- ▶ Town Roofs - \$386,000 net to town (not eligible for State Grant)
- ▶ Allgrove - \$942,000 minus \$428,000 = \$514,000 net to town
- ▶ MS/HS - \$2,862,000 minus \$1,301,000 = \$1,561,000 net to town

Project Cost

- ▶ **Roads - \$7,100,000**
 - ▶ Road Maintenance and Paving - \$6,700,000
 - ▶ Paving Town Campus - estimated to be \$200,000
 - ▶ Floydville Bridge river bank scour remediation - estimated \$150,000
- ▶ **Allgrove A/C & Electric Upgrade** - anticipated to be \$250,000
- ▶ **Total Appropriation - \$12,200,000** (includes construction costs, bond issuance costs and the interest on Bond Anticipation Notes (BANS) payable in the first two years of the project)
- ▶ **Bond Issue - \$9,951,000**

Bonding Information

- ▶ **Bond Issue - \$9,951,000**
 - ▶ BANS (interest only) the first two years
 - ▶ Borrow only part of the overall appropriation for years one and two since roads are a five-year project
- ▶ **Issue 15-year Bonds in FY22**
 - ▶ Using conservative projections for interest rates since we are two years out from permanent bonds.
 - ▶ BANS - Interest rates - 3% and 3 ½ % - we pay interest only
 - ▶ Bonds - 6% interest on a decreasing scale. Does not include the net interest cost reduction paid by underwriter.

Bonding Information

▶ Why one large project?

- ▶ Roofs are at end of their expected life span
- ▶ Road maintenance funding through the capital plan has not kept up with the rate of road deterioration.
- ▶ Bonding is expensive - \$140,000 estimated issuance cost
- ▶ Future interest rate risk
- ▶ Inflation risk
- ▶ State Grant availability

Timeline

▶ Referendum - February 13, 2019 at the East Granby Senior Community Center - hours to be set tonight

▶ If approved by the Town

- ▶ School Roofs - tight timeline for mid-June 2019 construction during summer vacation otherwise 2020.
- ▶ Town Roofs - completed by fall 2019
- ▶ Roads 5-year period starting in Spring of 2019, parking lots fall of 2019 and scour remediation in 2020
- ▶ Allgrove electric upgrade depends on utility scheduling. Air conditioning either 2019 or 2020 depends on electric upgrade

Board of Finance

▶ So...What Will it Cost Me

- ▶ Presented at the Town Meeting by Board of Finance Chair - Dave Kilbon

We Can't Accurately Predict the Future

Revaluation

- ▶ In the aggregate Revaluation changes the Grand List of Taxable Property
- ▶ More personally it changes the relative portion of Property Taxes you pay
- ▶ Won't have the finalized new Grand List until early February

State Aid to Municipalities

- ▶ Typically 12%-14% of total Town revenue
- ▶ Expect substantial changes this year ...
- ▶ ... but no clue what they'll be

And none of this has anything to do with the project!

But We Can Estimate Based on our Current Taxes

AS AN EXAMPLE:

If this year you were liable for **\$6,500** in Property Taxes

In the highest cost year the project would cost you

an additional \$400 for the year or

about **\$33** a month

Expect the change to be phased in

- ▶ Part next year (2019-2020)
- ▶ Part the following year (2020-2021)
- ▶ In the full third year when bonds are sold (2021-2022)
- ▶ Small reductions in the following years until bonds are paid off

Questions

- ▶ For more information www.eastgranbyct.org