



THE TOWN OF
WILTON
CONNECTICUT

Board of Finance
School & Municipal Infrastructure Funding

January 9, 2024

Executive Summary

- On November 27, 2023, the Board of Finance (“BOF”) reviewed a School Facilities Needs Assessment report as commissioned by the Board of Selectman (“BOS”). During this meeting, we were informed that school infrastructure would require **~\$132.1m of upgrades over the next 10-15 years**. Net of expected state reimbursement, **the total forecasted cost to Wilton’s taxpayers would be ~\$105.4m**
- The BOS also commissioned a report to assess the town’s infrastructure as well, which is not yet complete. **We expect to receive this report later in January**. In February, the BOS and Board of Education (“BOE”) will present their prioritized projects, timing, and expected cost
- To finance these upgrades, the town has 2 existing options: **operating expenditures** (i.e., funding from within the budgets of the BOS and BOE) and **bonding**
- Additionally, this presentation includes a third option for **utilizing a new line item for the purpose of upgrading infrastructure** (i.e., the School & Municipal Infrastructure Fund). This line item would enable funds to carry over annually

Three Potential Funding Methods

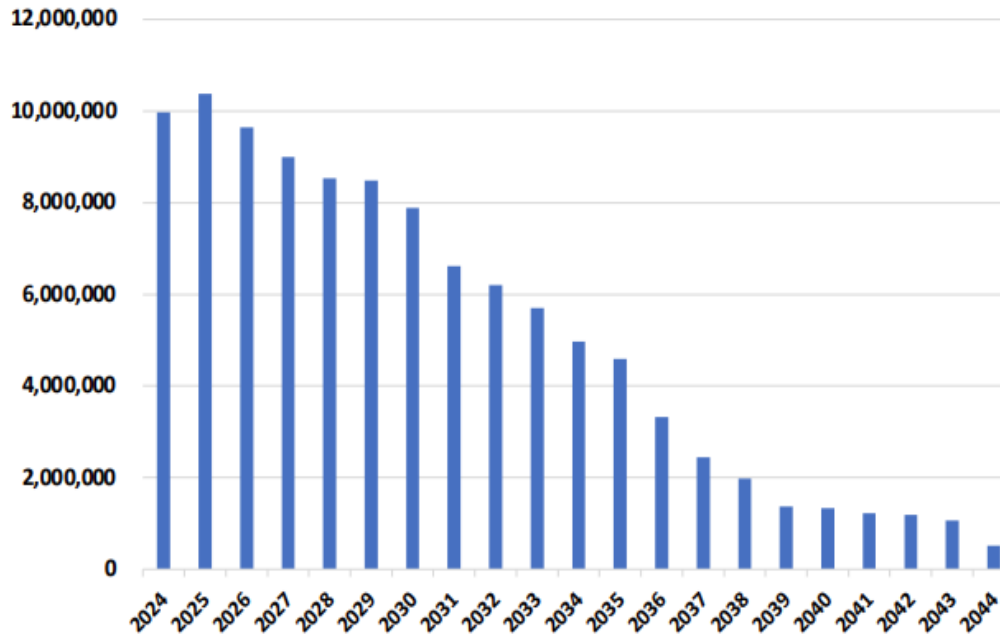
Item	Description	Current Status	Funding Mechanism
BOS / BOE Operating Expenditures	<ul style="list-style-type: none">The BOS & BOE could fund infrastructure improvements and maintenance out of their operating expendituresAs part of the operating budget, the BOS currently has an operating capital account which can carry over annually, while the BOE does not	<ul style="list-style-type: none">The BOE has historically budgeted \$400-500k. Note, this amount includes maintenance contractsThe BOS has historically budgeted ~\$1m in operating capital	<ul style="list-style-type: none">BOS / BOE request through budget process, subject to BOF approval and town voteNote: BOF has line-item authority over BOS items, but not BOE
Bonding	<ul style="list-style-type: none">Subject to meeting certain criteria, larger project can be financed through municipal bondingProjects which can be bonded typically have a useful life of >10 years	<ul style="list-style-type: none">Wilton currently has ~\$80m of debt outstanding and ~\$10m annual of debt serviceDebt service is expected to decrease \$500k-1m per year after FY25 (based on current approved debt levels); see p.4 for more detail	<ul style="list-style-type: none">Bonding resolution determined by the BOS, subject to town voteBOF can issue an opinion on the bonding resolution
School & Municipal Infrastructure Fund	<ul style="list-style-type: none">A new fund which can carry over annually for the purpose of addressing needed improvements in school and municipal infrastructureWhile funding the account would fall under the purview of the BOF, the BOS would oversee the spending	<ul style="list-style-type: none">Fund does not currently exist	<ul style="list-style-type: none">Funding amount determined by the BOFFunding mechanisms can include 1) transferring unused reserve; 2) transferring revenue favorability; and 3) budgeting an annual contributionSee pgs. 5-6 for more detail

Debt service forecast through FY44

Note: from 11/27/23 Tri-Board Meeting

Expiring Debt

- This chart shows the **estimated debt service for current debt plus the estimated debt approved at the 2023 ATM***.



Note: Bonding is authorized at May ATM, borrowed in Spring of the next fiscal year, debt service begins in the following fiscal year. Example, approve in May 2024, borrow in Spring 2025, debt service begins in FY2026.

*Net of bond premium. Amortization reflected based on estimated timing of new debt. Interest at 4%

How would the potential fund function ?

Note: from 11/27/23 Tri-Board Meeting

How Might the School and Municipal Building Fund Function?

- ***Board of Selectmen creates the Fund for the designated purpose.***
 - Legal authority to create, terminate and determine how funds are withdrawn rests with the Board of Selectmen.
 - Monies in Fund are not required to be spent by the end of the year.
- ***Adopt an agreement between the boards***
 - Annual spending budgets from the Fund submitted by the BOE and DPW to the Board of Selectmen for approval. Then submitted to the Board of Finance for approval.
 - Annual contributions budgeted as a separate line item by the Board of Finance within the annual budget. Acts as a second reserve line item.
 - Agreement between BOS and BOE as to which department will be responsible for overseeing each budgeted spending project.

How would the fund be financed?

Note: from 11/27/23 Tri-Board Meeting

Proposal to Create School and Municipal Building Fund as and Additional Means Beyond Bonding to Fund Needed Work

- ***Transfer unused 1% annual budgeted reserve to a School and Municipal Building Fund***
 - We rarely use the 1% budgeted reserve. Approximately \$1.3+ million per year. **Potential of \$11+ million.**
 - Need the unused amounts for FY24 through FY2026 to build undesignated fund balance to meet Moody's fund balance range. After FY2026 unused amounts will be available.
 - Requires BOS and BOF to each vote to allocate the monies to the SMB Fund.
- ***Transfer revenue favorability to a School and Municipal Building Fund***
 - With an increase in new development, it is likely we will have budgeted favorability in building permit fees, as the timing is difficult to predict and budget.
- ***Budget an annual contribution to a School and Municipal Building Fund, when able***
 - BOF decision.
 - Will likely need to build the contribution amount over time.
- ***Consider adopting guidance to cap the dollar amount of grand list growth used to fund BOS and BOE operating expenses, with any excess used to fund additional debt service and possibly contributions to a School and Municipal Building Fund***
 - BOF decision
 - **\$1,000,000 of new taxes supports the first year of \$11,000,000 of new 20-year debt at 4% interest.**