

Board of Selectmen
10-Year School Facilities Needs Assessment Plan and
Possible Funding Sources

November 27, 2023

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10-Year School Facilities Needs Assessment and Possible Funding Sources

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- **Introduction**-Lynne Vanderslice
- **Facilities Assessment and Ten-Year Long Range Planning** – Erik Kaeyer, KG+D Architects
 - *Commentary-Kevin Smith, Frank Smeriglio, Jeff Pardo*
- **Possible Funding Sources** –Lynne Vanderslice

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Overview

- *Recent history of infrastructure investments-10+ year Focus on Restoring Infrastructure*
 - Comstock Renovation-Completed in 2016
 - Miller Driscoll Renovation and Expansion-Completed in 2017
 - Road Restoration-Completed in 2023. Virtually all roads are 10-years old or less
 - Bridge Restoration-Ongoing. Timing accelerated and scope expanded due to state inspections and grants
 - Police Headquarters-Ongoing. New construction
 - In 9 years, outstanding debt grew from \$53 million at the end of FY14 to \$77 million at the end of FY23.
- *Purpose of the needs assessment*
 - Aging school buildings were prioritized as next for infrastructure investment.
 - Allow town boards to develop a comprehensive 10-year capital plan, which improves decision making.
 - Satisfies any school building grant's requirement to have a 10-year plan.

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The Plan is estimated to have a **10-year net cost to taxpayers of \$105 million**, including escalation and contingencies.

With **Priority 1** recommended projects for the next two years at a **net estimated cost of \$9.2 million** or **\$2 million more** than the most recent **5-year capital plan and operating expense forecasts**.

	Total	Priority 1	Priority 2	Priority 3
<i>Estimated Current Cost</i>	\$ 93,345,002	\$ 8,680,027	\$ 57,761,118	\$ 26,903,857
<i>Estimated Escalation*</i>	\$ 19,462,620	\$ 417,002	\$ 8,461,773	\$ 10,583,845
<i>Estimated Contingency</i>	\$ 11,104,762	\$ 733,703	\$ 6,622,289	\$ 3,748,770
<i>Estimated Professional Fees</i>	\$ 8,230,738	\$ 528,550	\$ 4,754,669	\$ 2,947,519
<i>Estimated State Reimbursement</i>	\$ (26,741,990)	\$ (1,138,688)	\$ (16,186,504)	\$ (9,416,798)
Net Estimated Cost to Taxpayers	\$105,401,132	\$9,220,594	\$61,413,344	\$34,767,194
<i>Approximate Balance of funds for School roof projects</i>	\$ (225,000)	\$ (225,000)		
<i>BOE Operating Budget funding- 10 years And 2 years, respectively</i>	\$ (4,000,000)	\$ (800,000)	\$ (1,600,000)	\$ (1,600,000)
<i>Net to be approved for future bonding or incremental operating expenses</i>	\$101,176,132	\$8,195,594	\$59,813,344	\$33,167,194
<i>FY25 and FY26 Bonded Capital Plan for BOE buildings</i>		\$ (6,150,000)		
To be funded by additional (unplanned) bonding or annual budget over two years		\$2,045,594		
<i>*Escalation-Priority 1, FY2025. Priority 2, FY2027, Priority 3, FY2032</i>				

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Please See

Facilities Assessment and Ten-Year Long Range Planning Presentation

Prepared by Erik Kaeyer, KG+D Architects

Work Performance Considerations

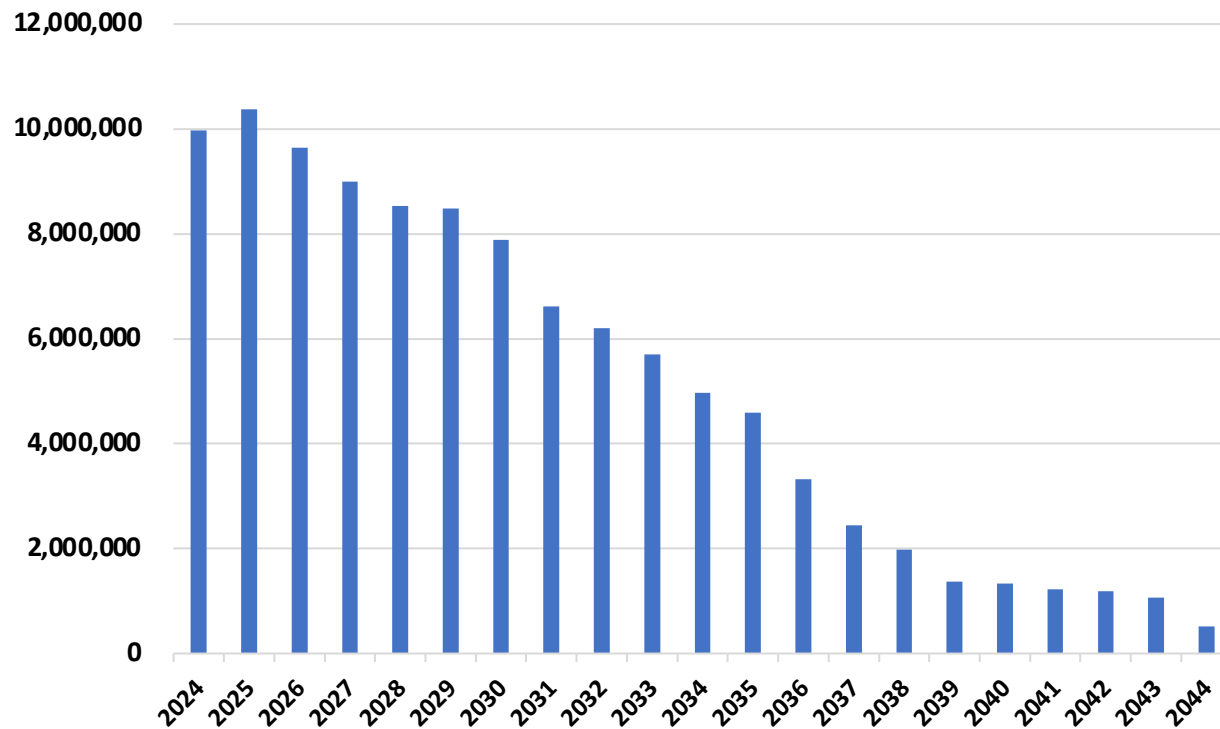
- ***Bundled bonded projects versus individual projects***
 - If bundled, prevailing wage will apply to all project components, even those that would be under \$100,000 as stand alone projects. May increase costs.
 - Bundled projects may allow some of the work to be performed earlier avoiding cost escalation. Escalation versus cost of borrowing.
 - Bonding allows the cost to be spread over up to 20 years.
- ***State grant funding vs foregoing a grant***
 - State grants have RFQ requirements related to equity, which may limit the possible vendors.
 - State grants require design work that might otherwise not be required.
 - All work must be bid. Work performed by staff is not grant eligible.
 - Town approval for bonding must be made prior to application for the grant.
- ***Work performed by employees vs outside contractors***
 - BOE staff is able to implement some of the required work plan at a lower cost, though their availability to implement may impact timing.
- ***Limits on the number of projects current DPW staffing can oversee at once***
 - Acceleration may require additional staffing.

Traditional Funding Sources

- ***BOE operating expense budget***
- ***Bonding for up to 20 years***
 - **Growth in grand list expected to occur to help support growth in debt service**
 - ***ASML-Current Application for 167,000 sq foot manufacturing addition.***
 - ***ASML-Expected further expansion.***
 - ***Current multi-family – 15 Old Danbury Road and 131 Danbury Road.***
 - **Likely over \$1 million each per year in new property taxes.**
 - **The educational costs associated with projected new students is less than taxes paid.**
 - Each new student does not automatically translate into additional costs equal to the average annual per public cost. At the start of this school year, the schools absorbed 93 unbudgeted students across multiple grades without needing to add another classroom. The decision to add another K section was discretionary.
- **We have sizable reductions in upcoming debt service beginning with FY2026.**

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%

**One Funding Option:
Manage Borrowing to a \$400,000 to \$500,000 Annual Increase in Debt
Service***

This is the forecasted results of such for the first 8 years (Spring FY25 to Spring 2032):

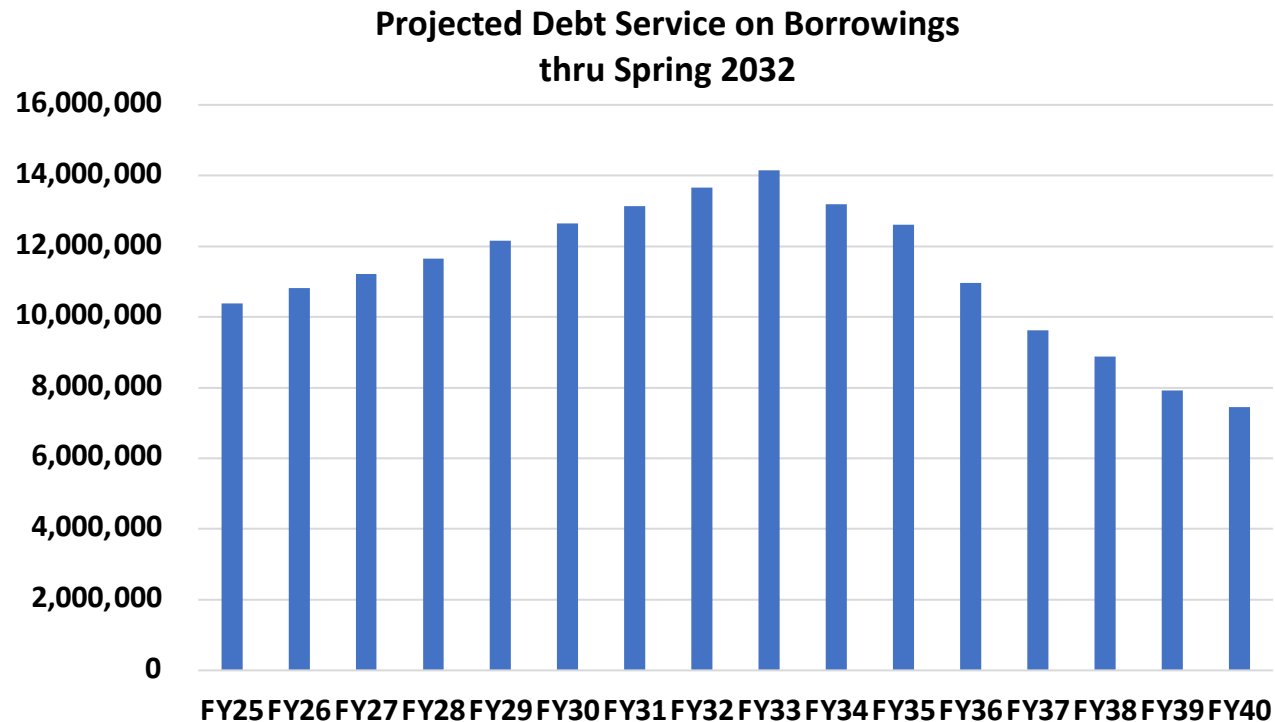
- **\$59.6 million in new school building replacements/repairs-20 years**
- **\$13.5 million in municipal building replacements/repairs-20 years**
- **\$20.7 million all other identified estimated needs**
- **\$22.5 million in additional outstanding debt as of 6/31/32. (\$93.8 million of new debt less \$71.3 of maturities)**

It's clear 10 years is not sufficient under this option. Though appears achievable within 15 years, but at higher cost due to addition escalation.

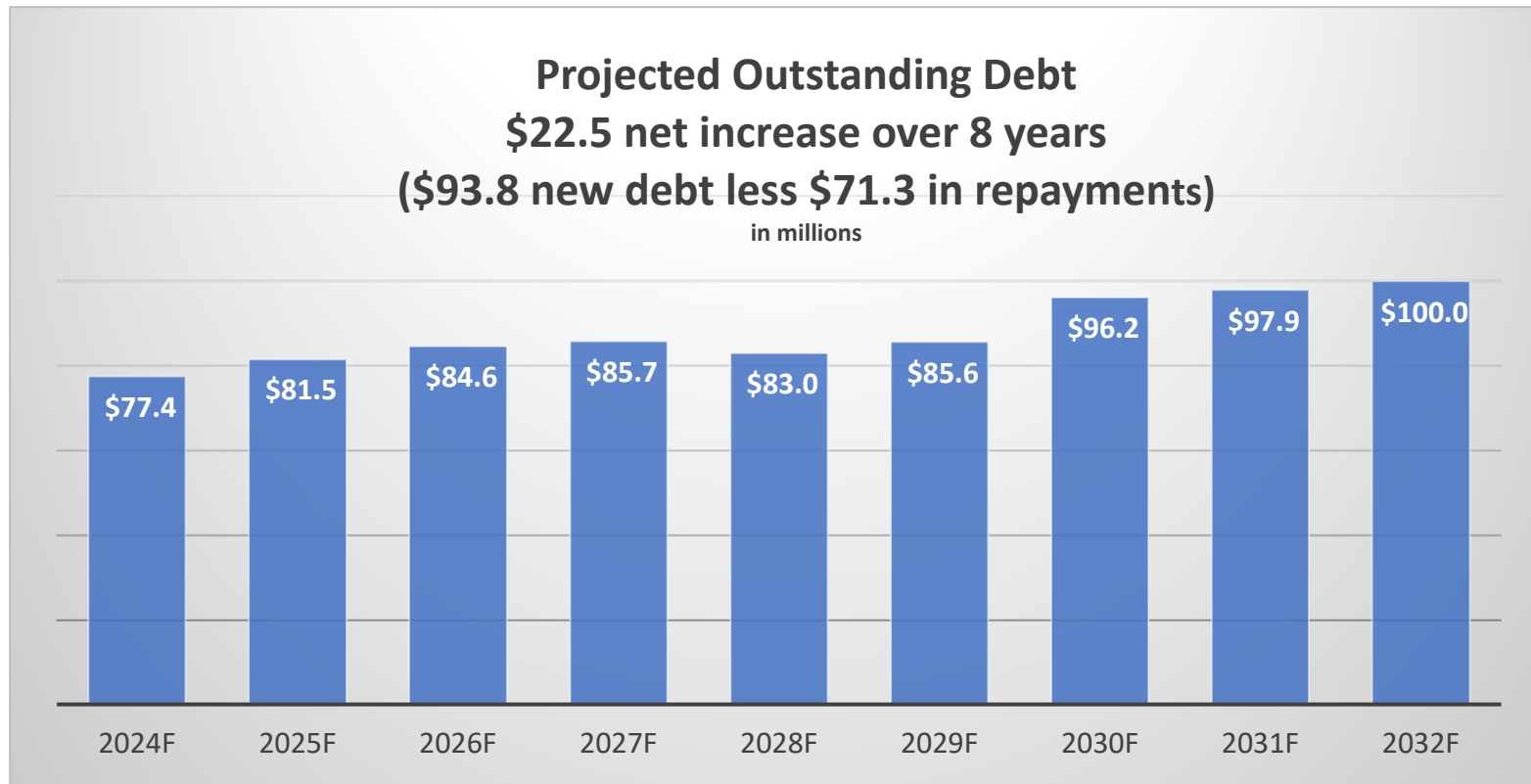
*4% interest rate

Historical note: in 8 years from 6/30/14 to 6/30/21, outstanding debt increased by \$76 million.

**One Funding Option:
Manage Borrowing to a \$400,000 to \$500,000 Annual Increase in Debt Service
Charts shows 8 years of projected borrowings including \$59.6 million of
school building recommendations**



**One Option for Managing Borrowing
for a \$400,000 to \$500,000 Annual Increase in Debt Service
8 years of projected borrowings including \$59.6 million of school building recommendations**



See Appendix for Details by Year

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.**

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.

Take-Aways

- ***Funding of 10-Year School Building Needs in less than 15 years appears achievable assuming the following***
 - BOE annual budgets for building repairs remains at least \$500,000.
 - We experience anticipated grand list growth, with ASML remaining vibrant in Wilton.
 - School and Municipal Building Fund is established and funded.
 - BOE and BOS expense growth can be reasonably managed.
 - The State Legislature doesn't meaningfully change the status quo.
 - Doesn't enact teacher pension sharing,
 - Doesn't eliminate the municipal motor vehicle property tax,
 - Doesn't enact significant reductions to the school projects reimbursement rate for Wilton.
- ***And a combination of some of these factors***
 - Inflation growth is within range of the estimates.
 - Costs are conservative as stated by the Consultants.
 - Municipal Building Needs are \$25 million or less and can be funded in 15 years or less.

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Appendix-Additional Information

Details for Slide 12

One Option for Managing Borrowing
 for a \$400,000 to \$500,000 Annual Increase in Debt Service
 8 years of projected borrowings including \$59.6 million of school building recommendations

Fiscal Year	Beg Debt	New Bonds	Principal Payments	Ending Debt
2025F	\$ 77,448	\$ 12,142	\$ (8,063)	\$ 81,528
2026F	\$ 81,528	\$ 11,055	\$ (7,943)	\$ 84,640
2027F	\$ 84,640	\$ 9,672	\$ (8,591)	\$ 85,722
2028F	\$ 85,722	\$ 6,181	\$ (8,917)	\$ 82,986
2029F	\$ 82,986	\$ 11,750	\$ (9,147)	\$ 85,589
2030F	\$ 85,589	\$ 20,050	\$ (9,479)	\$ 96,160
2031F	\$ 96,160	\$ 11,150	\$ (9,457)	\$ 97,854
2032F	\$ 97,854	\$ 11,850	\$ (9,734)	\$ 99,969
		\$ 93,850	\$ (71,329)	

Details for Slide 12

One Option for Managing Borrowing
 for a \$400,000 to \$500,000 Annual Increase in Debt Service
 8 years of projected borrowings include the following:

	8-year Total
<i>Town 20 Year</i>	
Bridge replacement	\$ 3,475,348
Municipal Buildings Infrastructure	\$ 13,500,000
Ambler Farm Yellow House	\$ 350,000
Hwy Garage Oil Tank Replacement	\$ 1,000,000
Scribner Hill	\$ 1,700,000
Subtotal	\$ 20,025,348
<i>Town 10 Year</i>	
Paving	\$ 13,000,000
Town Hall Parking Lot	\$ 250,000
Replace Turf at WHS or Lilly	\$ 1,500,000
Excess borrow close out	\$ (500,000)
Subtotal	\$ 14,250,000
<i>BOE 20 Year</i>	
All School Infrastructure Improvements-10 year Study	\$ 59,575,000
Total	\$ 93,850,348