



Presentation to Town Council
School Building Project Update

Mansfield, CT

November 28, 2011

Agenda

- Recap School Construction Options
- State reimbursement policy
- Timing and issues
- Funding Sources Overview
- Next Steps

School Construction Options Current as of May 2010

Option	Proposal	Total Project Cost
A	<ul style="list-style-type: none"> Repair and maintain three elementary schools 	\$31M
C	<ul style="list-style-type: none"> Renovate two existing elementary schools Close one existing elementary school 	\$65M
D	<ul style="list-style-type: none"> Build one elementary school Close all three existing elementary schools 	\$48M
E	<ul style="list-style-type: none"> Build two elementary schools Close all three existing elementary schools 	\$60M

* All options include Middle School renovation of ~\$12M

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State Reimbursement Policy

- Rules recently revised on July 1, 2011
- New Construction*
Reimbursement of 10% to 70%
Preliminary estimate for Mansfield ~65%
- Renovation/Extension*
Reimbursement of 20% to 80%
Preliminary estimate for Mansfield ~75.71%
- If new construction is less expensive than renovating, the higher (renovation) reimbursement rate will be granted
- State imposes reimbursement penalty for exceeding a space per pupil standard that may reduce Mansfield's reimbursement rate ~15%

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Timing and Issues

- Accurately project State reimbursement for each option
- Plan for sufficient swing space during construction period
- Determine whether to stagger projects which may impact project costs and quality of schooling
- Determine the long term return on investment
- Potential timeline for improvements
 - Application to the State in June 2012 (or June 2013)
 - Start design in July 2012
 - State approves and funds; bidding by December 2013
 - Begin construction in February 2014
 - Complete construction in September 2015
- Select option, project costs, and identify funding sources

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Funding Source Overview

Potential sources

- One-time State reimbursement
- Annual operating cost savings
- Incremental Grand List growth
- Other Town Revenues
- Redevelopment of existing school site(s)
- Issuance of Bond Anticipation Notes and General Obligation Bonds

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Funding Source Overview
Potential Range in Net Cost

Option	Total Project Cost	Net Cost (Lower Reimbursement)	Net Cost (Higher Reimbursement)
A	\$31M	\$17M	\$14M
C	\$65M	\$35M	\$29M
D	\$48M	\$26M	\$21M
E	\$60M	\$32M	\$26M

* All options include Middle School renovation of ~\$12M

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Funding Source Overview
Annual operating cost savings

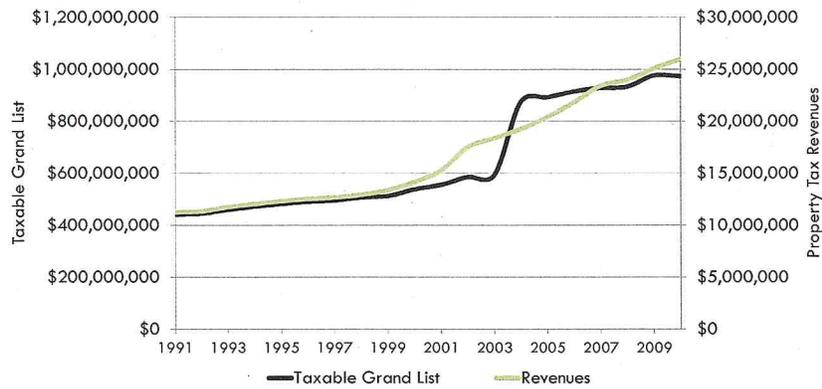
Option	Annual Savings	20-year present value discounted at 5%
A	\$28,000	\$469,000
C	\$610,000	\$10,000,000
D	\$945,000	\$16,000,000
E	\$807,000	\$13,000,000

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Funding Source Overview

Incremental Grand List growth – business as usual



- Revenues grew 4.5% annually from 1991 to 2010
- Revenues projected to grow 0.5% to 1.0% annually
- Revaluation Years – 1990, 2000, 2004, 2009

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Funding Source Overview

Incremental Grand List growth – new projects

Storrs Center

Program

- 700 units
- 200,000 commercial SF

Timing

- Phase 1A under construction, 126 units and 27,000 retail SF
- Phase 1B will commence next year, 160 units and 42,000 commercial SF
- Full build-out anticipated over the next five to seven years

Pertinent Issues

- Net revenues from Phase 1A and 1B in initial years will be contributed toward a reserve fund
- During future phases and later years of Phase 1A and 1B, net revenues will be potentially available to fund school construction costs

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Funding Source Overview

Incremental Grand List growth – new projects

Four Corners

Program

- 60 acres of primarily commercial development anticipated
- 350,000 square feet of development forecasted over the next 15 years

Timing

- Contingent on completion of water and sewer infrastructure

Pertinent Issues

- UCONN participation may offset water infrastructure costs
- At full build-out, the new development will generate \$500,000 in gross annual tax revenue to the Town and \$320,000 in net annual tax revenue
- Special assessments will be utilized for funding infrastructure costs
- Tax revenue may need to be allocated to Town costs to fund remaining infrastructure costs

Funding Source Overview

Incremental Grand List growth – new projects

UCONN Tech Park

Program

- 300 acres with 1.5 million SF of development

Timing

- First building, a 125,000 SF advanced manufacturing research facility, expected to open in 2015

Pertinent Issues

- UCONN still in planning stage, tackling water and design issues
- State-owned property will not generate taxes
- Revenue-generating (private) uses may be developed and may generate some taxes or PILOT

Funding Source Overview

Other Town Revenues

- Conveyance Tax
- Recording Fees
- Fire Safety Code Fees
- Building Permits
- Housing Code Permits
- Zoning Permits

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Funding Source Overview

Redevelopment of elementary school sites

- Locations of new elementary schools to be determined
- Possible sites:
 - Vinton
 - Southeast
 - Goodwin
- Which site has most development potential?
- Which site is appropriate for municipal use?



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Funding Source Overview

Bond Anticipation Notes/General Obligation Bonds

- Use of Bond Anticipation Notes to defer debt service payments
- Interest payments can be capitalized during construction phase
- General Obligation Bonds generally provide the lowest interest cost

Next Steps

Funding Source Projections

- Confirm State reimbursement
- Confirm annual operating cost savings
- Quantify incremental Grand List growth and revenue generation potential
- Quantify other Town revenues
- Evaluate development potential on existing school site(s)

Next Steps Expense Projections

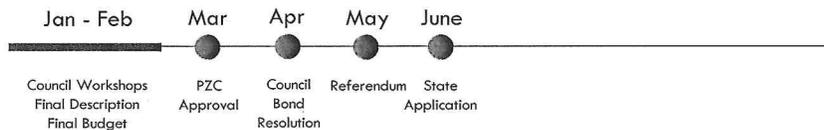
- Estimate debt service on school construction bond
 - Including bond anticipation note costs, if any
- Project municipal costs to service new development
- Estimate debt service on Four Corners infrastructure bond
- Determine funding for capital improvement program
- Determine funding for public safety program
- Estimate other mandated municipal costs

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Next Steps Decision timeline options

May 2012 Referendum & June 2012 Application



November 2012 Referendum & June 2013 Application



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Next Steps

Project Scope

- Final Decision on Construction Option
- Determine the sites
- Determine timeline

School Building Project Update

Q & A / Wrap-Up

