Madison Public Schools – 10-year Master Plan

Presentation to Board of Selectmen, Board of Finance and Board of Education

April 24, 2017

Activities Completed to Date

- Educational Specifications Approved
- Early Studies Completed
- Budget Development
- Meeting with Office of School Construction Grants and Review
- Site Visit to South Windsor Orchard Hill school on 3/30/17
- Presentation of Options to BOE on 4/4/17
- BOE voted for Option 3 on 4/18/17

Project Options

Three Options were Considered

Common Scope for all three options

- 5-School Option as final program
- Elementary Schools will be two K-3 schools
- Brown to house grades 4 & 5
- Polson to house grades 6, 7 & 8
- Daniel Hand to house grades 9 through 12
- Construct new Ryerson Elementary now
- Ultimately close Island Avenue Elementary
- Minor Capital Projects to be planned for Polson over 10-years
- Routine maintenance for Hand and Brown within CNRE

Project Options

OPTION 1: Build New Ryerson and perform Minor Capital Improvements to Jeffrey and Polson under 10-year Master Plan

OPTION 2: Build New Ryerson and Renovate Jeffrey (Submit Grant Applications in 2017), perform Minor Capital Improvements to Polson under 10-year Master Plan

OPTION 3: Build New Ryerson and Renovate Jeffrey 2-3 years later, perform Minor Capital Improvements to Polson under 10-year Master Plan

Project Considerations for each option

- Cost
- Programmatic Needs
- Schedule
- Re-Districting
- Financing & Bonding

Option 3 – Estimated Project Costs

(Major Capital Improvements Only*)

Ryerson Elementary School New Construction
Jeffrey Elementary School Renovation (2019 Application)

Estimated Total Project Cost: $33.3M + $32.5M = $65.8M
Estimated District Share: $55.2M to $59.4M

Factors Affecting Estimate:

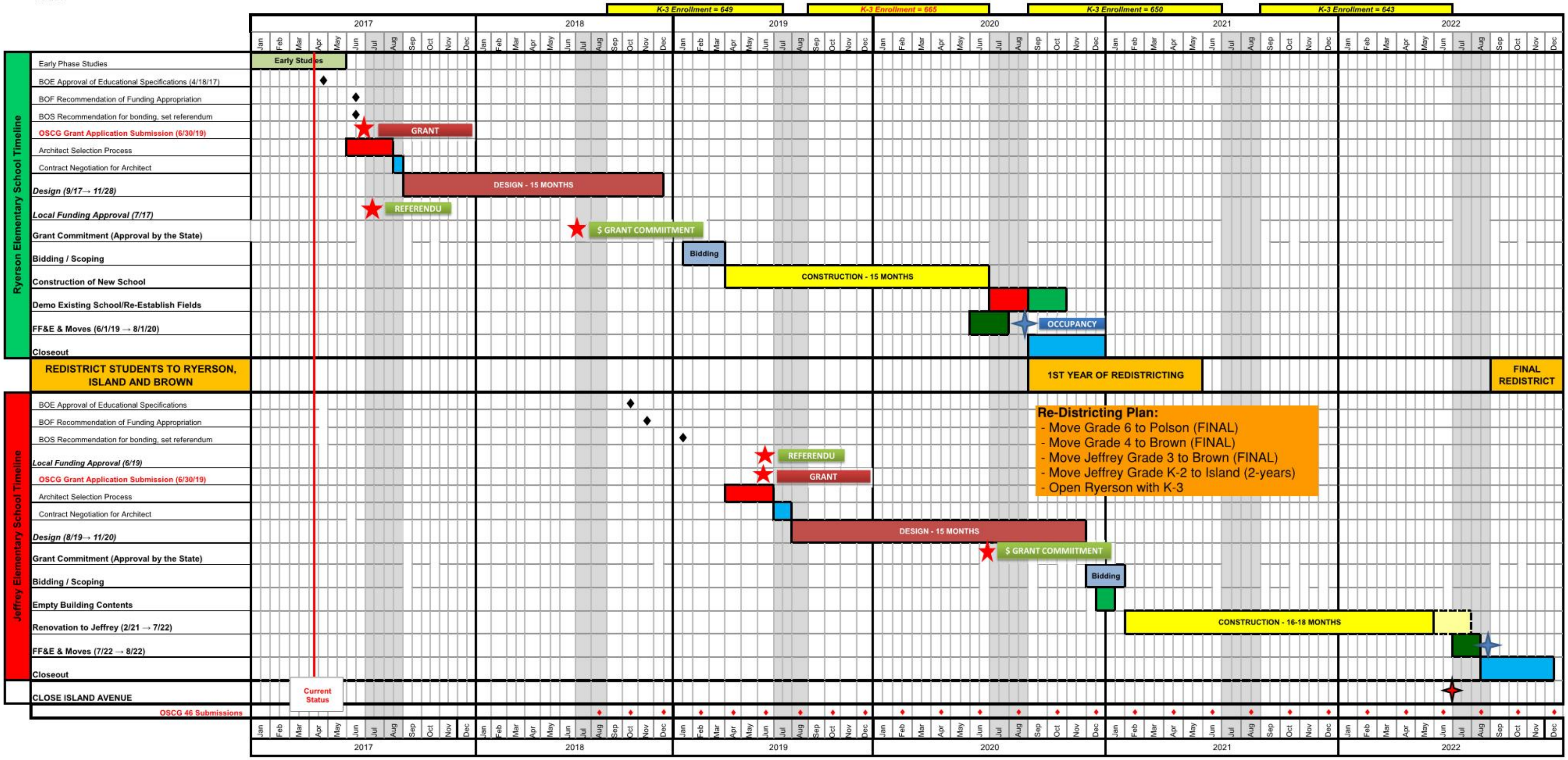
- Reimbursement Rate = 17.5% (NC) & 15% (NC & R) (Future Reimbursement for renovation is unknown, subject to proposed legislation)
- Obtaining Renovation Status (Notwithstanding Legislation)
- Space Waiver Approval
- Prevailing Wage Rate Project
- Based on current educational specifications, i.e. SF

Option 3 – Schedule

DRAFT

Madison Public Schools
Option 3 - Construct New Ryerson & Renovate Jeffrey ES, Stagger Grant Applications

Project Schedule
4/4/2017



Upcoming Activities and Key Dates

- Recommendation by BOF/BOS (6/7/17 & 6/12/17)
- **SCG-049 Grant Application Due (6/30/17)**

Colliers
INTERNATIONAL

Accelerating success.

Pro Forma Debt/Tax Impact- Ryerson/Jeffrey School Improvements

Independent Bond & Investment Consultants LLC

4/24/17

Financing Plan

Borrowings are phased-in over multiple debt issuances to reduce budgetary impact.

- Use of short-term bond anticipation notes to provide interim financing
- Same approach used to finance Daniel Hand 2001-2004
- Debt issuances in calendar years 2017 & 2018 timed to coincide with proposed financings for Library project

Analysis assumes interest rates will increase over the next five years.

- Short-term notes assumed to increase 2.2% over 5 year period
- Long-term bond rates assumed to increase 1.375% over 5 year period

Capitalized Issuance Costs

- **Capitalized Issuance Costs:** Includes costs incurred for the issuance of debt (origination costs) and interest on temporary borrowings during construction (bond anticipation notes).
- Rationale for capitalizing issuance costs is to reduce near term budget impact by charging costs to project rather than operating budget.
- If issuance costs/note interest is not capitalized, an additional $2,585,000 will be charged to the operating budget between FY 2018 to 2023.
- Same approach used in financing Daniel Hand 2001-2004.

Total Project Amounts w/ Capitalized Issuance Costs

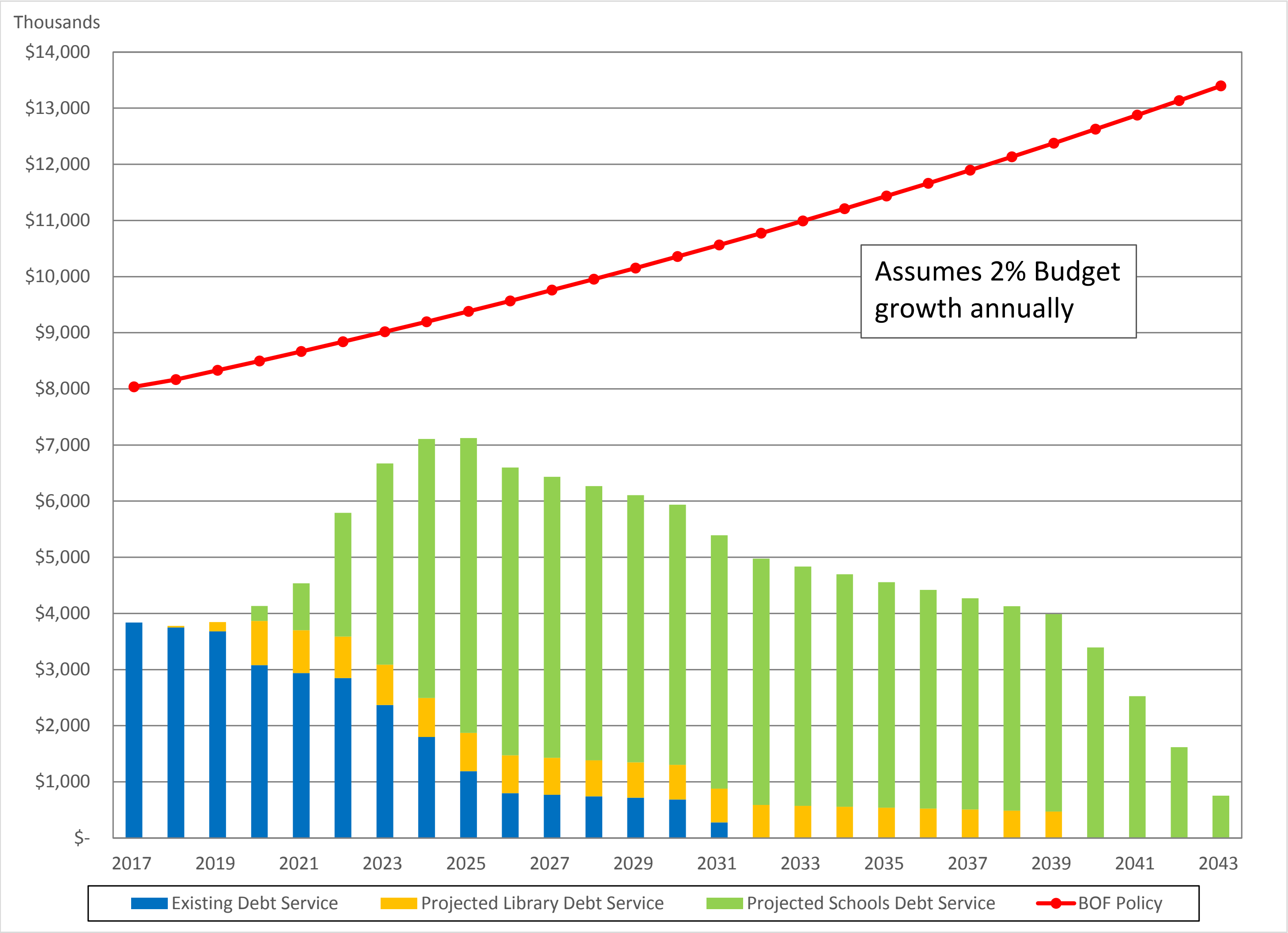
	Estimated Total Project Costs before capitalized issuance costs	Capitalized Short-term note interest & origination costs	Estimated Total Project Costs after capitalized issuance costs	Estimated Net Town Share after capitalized issuance costs
Ryerson[1,2]	$33,043,600	$1,215,233	$34,258,833	$29,365,233
Jeffrey[1,2, 3]	$32,333,500	$1,369,767	$33,703,267	$30,519,767
Combined Option #3	$65,377,100	$2,585,000	$67,962,100	$59,885,000

[1] - Based on Collier project cash flow
[2] - Subject to space waiver
[3] – Subject to obtaining Renovation status.

Projected Debt Service – Next 10 years

Estimated Combined Debt Service (Existing + Library + Schools)					
		Projected	Projected		
	Existing Debt	Library	Schools	Combined	Year/Year
Fiscal Year	Service	Debt Service	Debt Service	Debt Service	Change
2016-17	$3,837,594	$ -	$ -	$3,837,594	$ -
2017-18	3,748,044	31,261	-	3,779,305	(58,289)
2018-19	3,682,156	162,450	-	3,844,606	65,302
2019-20	3,080,331	785,785	264,899	4,131,015	286,409
2020-21	2,939,447	763,035	833,705	4,536,187	405,172
2021-22	2,847,313	740,285	2,204,301	5,791,899	1,255,712
2022-23	2,370,394	717,535	3,585,459	6,673,388	881,489
2023-24	1,800,394	694,785	4,613,353	7,108,532	435,144
2024-25	1,189,194	683,410	5,250,191	7,122,795	14,263
2025-26	799,494	671,466	5,127,018	6,597,978	(524,817)
2026-27	770,144	658,385	5,003,844	6,432,373	(165,605)

Projected Debt Service Chart



Tax Impact

	Peak Year Tax Impact (Median Assessed Value)*	Average Tax Impact (Median Assessed Value)*
Ryerson	$325	$222
Jeffrey	$360	$233
Combined Option #3	$685	$455

* - Based on median assessed value of $386,400 (70% of full value)