

Town of Mansfield
School Building Project

Debt Management – Maintaining our
Aa2 rating

August 23, 2010

Rating Agency – Credit Analysis

Credit quality based on factors that
affect:

- o Borrower's ability to pay
 - o Degree of control over resources –
both revenue & expenditures
- o Willingness to pay
 - o Tax & expenditure limitation initiatives
 - o Voter rejection of budgets & bond
issues

Rating Agency – Credit Analysis
(con't.)

- o Willingness of officials to make difficult
decisions to keep budgets in balance
- o A consistent trend of positive
performance, particularly during times
of economic stress shows strong
willingness to pay
- o No one single factor can be considered
most important



Four Basic Rating Factors

- o Economic Factors
- o Debt Factors
- o Financial Performance
- o Government Factors



Economic Factors

- o Least controllable & most difficult to predict
- o U.S. Census statistics of population, housing characteristics, measures of employment, unemployment, and economic production
- o Locally derived information such as property valuations
- o Sensitivity of municipality to performance of local economy



Debt Management

- o Control of debt position – planning
- o Ability to honor the promise to repay existing debt
- o Economic feasibility and the necessity of the project to be financed
- o Magnitude of debt vs. perceived benefit of project is critical

Debt Management (con't.)

- o If level of debt becomes too burdensome, can lead to unwillingness to pay (other services may suffer)
- o Capital Planning for future debt
- o Rate of debt retirement to tax base growth
- o Mix between long term vs. short term debt

Financial Performance

- o Annual operating performance and the resultant year-end position are the ultimate measure of management control
- o Financial results are deemed satisfactory when revenues meet or exceed expenditures and sufficient financial resources have been accumulated to meet unforeseen contingencies

Revenue Component

- o Revenue raising ability
- o Tax increases part of budget process, incremental increases?
- o Tax increases primarily in crisis situations?



Administration of Services

- o Scope & powers of municipality's administration (officials)
- o Financial & budgetary responsibilities clearly defined
- o Degree of flexibility in providing key services (intergov. cooperation)
- o Prudent funding of accrued expenses



Mansfield Factors

- o Mansfield unemployment rate - 8.4%
- o Tax collection rate remains stable - 98.4%
- o Revaluation results/tax base growth-4.6%
- o Reduction in building permits
- o Reliance on the State - Moody's Aa2 stable outlook
- o One major employer - State of CT/UConn



Mansfield Factors (con't.)

- o Current level of debt
- o Projected debt per capita
- o Voters' action on Region 19 athletic fields renovation
- o Five Year Capital Planning
- o History of budget passage
- o History of State aid

Mansfield Factors (con't.)

- o Recent reductions in State assistance and how we compensated for it
- o Local development & Increase to local tax base -Storrs Center and Four Corners Sewer & Water
- o Fully funded medical self-insurance fund
- o Annually funding post employment benefits, much lower than many communities
- o History of Intergovernmental cooperation

Mansfield Factors (con't.)

- o Strong Financial Management Goals
- o Long Term Financial Planning
- o Interim Financial Reporting
- o History of Pay-As-You-Go for CIP
- o Impact of Wellness Program on Health Insurance Claims

Project Considerations

- o Merits of the school building project
 - What goals are we trying to achieve?
 - Which project will best meet those goals?
- o Local support for the project - willingness to pay
- o Impact on future borrowing
- o Impact on other community services
- o Financial Management Goals - debt per capita

Estimated Project Timeline

- o Council Decision By 3/1/2011
- o Referendum By 5/1/2011
- o Application to State 06/30/2011
- o State Grant Approval 06/01/2012
- o Design Complete 07/01/2012
- o State Approvals 10/01/2012
- o Bidding & Award 12/01/2012
- o Construction begin 12/15/2012

Schedules to Review

- o Projected Debt Service
- o Mill Rate Equivalency – Project Options
- o Aa2 Communities Comparison

Additional Questions ?

Mansfield School Building Committee
 Estimated Mill Rate Equivalency
 August 23, 2010

	2009/10	repairs Option A	Option B	Option C	school Option D	school Option E
Taxable Grand List - October, 2009	\$ 969,090,991	\$ 969,090,991	\$ 969,090,991	\$ 969,090,991	\$ 969,090,991	\$ 969,090,991
Capital/Debt Service Costs	\$ 1,100,000	\$ 4,751,500	\$ 3,041,375	\$ 1,977,250	\$ 2,803,750	
Mill Rate Equivalent	1.14	4.90	3.14	2.04	2.89	
Estimated Annual Costs:						
Salaries & Benefits - All schools	\$ 15,849,654	\$ 15,654,654	\$ 15,654,654	\$ 15,100,654	\$ 15,030,654	\$ 15,075,654
Maintenance Costs (Incl Salaries) *	1,882,106	1,689,106	1,689,106	1,661,606	1,395,646	1,489,246
Total Salaries, Benefits & Maint. Costs	17,731,760	17,343,760	17,343,760	16,762,260	16,426,300	16,564,900
Estimated Change in Annual Costs	(388,000)	(388,000)	(969,500)	(1,305,460)	(1,166,860)	
Mill Rate Equivalent	(0.40)	(0.40)	(1.00)	(1.35)	(1.20)	
Net Change in Mill Rate	0.73	4.50	2.14	0.69	1.69	

Average Cost per Household Increase/Decrease
 (Median assessed value of \$168,000)

123	756	359	116	284
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TOWN OF MANSFIELD
PROJECTED DEBT SERVICE
As of August 23, 2010

Direct Net Debt Outstanding at June 30, 2010	\$ 1,520,000	
Plus: Mansfield Share Of Region 19 Direct Net Debt Outstanding @ 58% (rounded)	2,529,000	
Overall Net Debt Outstanding at June 30, 2010	\$ 4,049,000	
Principal Lease Purchases Balance	1,024,270	
Authorized but Unissued:		
MMS Heating Conversion	\$ 1,025,000	
Community Center Air Conditioning	170,000	
Storrs Center Streetscape	302,000	
Salt Shed	264,000	
Hunting Lodge Road Walkway	106,000	
4 Corners Sewer/Water Design	330,000	
Total Authorized but Unissued	2,197,000	
Proposed Bonding:		
Open Space	1,040,000	
Stone Mill/Laurel Land Bridges	378,000	
Misc Equip & Improvements	263,000	
Total Proposed 2010/11 Bonding	1,681,000	
Sub-total Projected Overall Net Debt Outstanding	\$ 8,951,270	\$ 8,951,270
Potential 4 Corners Sewer Construction Debt ¹	7,100,000	7,100,000
Potential School Building Projects Debt:		
Option D Debt Issuance	19,545,000	
Option E Debt Issuance		27,575,000
Region 19 Track Renovation @ 58%	1,256,860	1,256,860
Total Potential Overall Net Debt Outstanding	\$ 36,853,130	\$ 44,883,130
Overall Net Debt Per Capita	\$ 1,365	\$ 1,662
 <u>State Statute Debt Limitation:</u>		
Total Collections 06/30/2010	\$ 23,771,305	
2.25 times Total Tax Collections - General Purpose		\$ 53,485,436
4.5 times Total Tax Collections - Schools		\$ 106,970,873
7 times Total Tax Collections - Total Indebtedness		\$ 166,399,135
<u>Mansfield Financial Management Goals (as amended Nov. 1996):</u>		
3% of Total Assessment Value (10/1/09)		\$ 29,072,730
\$500 Per Capital Limit (Est. population of 27,000, incl students/inmates)		\$ 13,500,000

¹ Estimated debt net of potential grants (\$3mil); including \$4.1mil to be paid through assessmen

Sustainability Considerations for School Siting

From the Mansfield Sustainability Committee for the Town Council and Board of Education
August 3, 2010 DRAFT

This matrix addresses only the SITING issues of the school with regard to sustainability. There will be many additional sustainable DESIGN considerations once the site has been established. Most of the design considerations will be addressed by designing according to the LEED Green Building Rating System.

<p align="center">Site Features for Sustainability (Note: these features should be considered for renovating, replacing, and relocating)</p>	<p align="center">Potential Specific Applications in Mansfield</p>
<p>Site is in a community-centered location and has connectivity to community amenities and public spaces.</p>	
<ul style="list-style-type: none"> • Within walking distance of existing or planned amenities, such as retail development, other schools, community center, library, recreational fields, university, parks, open space, "heart" of the community. 	<p>Close to future Storrs Center, Farrell Fields, Mansfield Community Center, UConn. Or close to Four Corners. Or close to Mansfield Library and Mansfield Center.</p>
<ul style="list-style-type: none"> • Close to existing or proposed higher density neighborhoods and/or areas planned for additional residential development. 	<p>See Mansfield zoning regs/map and Plan of Conservation and Development for higher density residential areas.</p>
<ul style="list-style-type: none"> • Potential to share infrastructure with adjacent sites (e.g., recreation fields, library, parking, parks, swimming pool). 	<p>EO Smith and Farrell fields, future infrastructure for Storrs Center.</p>
<ul style="list-style-type: none"> • Potential for "co-location" - a facility on this site could meet multiple needs and be shared for complementary uses during non-school hours (e.g., senior citizens). 	
<ul style="list-style-type: none"> • School use of site achieves or complements multiple goals for the community. 	<p>School integrates into vision and/or design for Storrs Center, additional senior housing, Mansfield Plan of Conservation and Development. Helps fulfill Mansfield 2020 vision and goals.</p>
<ul style="list-style-type: none"> • School use of site would add value to surrounding land uses. (Also consider impact on property values of moving existing school out of neighborhood.) 	

<ul style="list-style-type: none"> Potential for future renovations of site for education and non-educational uses (building will continue to serve the community if no longer used as a school in the future). 	Close to areas planned for commercial and community uses (e.g., Storrs Center, Four Corners).
Site is walk/bike/transit accessible.	
<ul style="list-style-type: none"> Accessible by walkers and bikers and has existing or potential for bike/pedestrian infrastructure. 	
<ul style="list-style-type: none"> Close to areas with greatest existing or planned concentration of neighborhoods with families, minimizing busing distance and costs. 	See Mansfield zoning regs/map and Plan of Conservation and Development for higher density residential areas.
<ul style="list-style-type: none"> Close to existing or planned public transit for school and non-school users. 	
Site is environmentally suitable for development.	
<ul style="list-style-type: none"> Avoids "greenfields" (previously undeveloped lands). If a greenfield is chosen, mitigate the loss through protection of other land with comparable qualities. 	
<ul style="list-style-type: none"> Can be developed without impacting wetlands and waterbodies, floodplains, or habitat for threatened and endangered species. 	
<ul style="list-style-type: none"> Served or serviceable by existing water and waste water infrastructure. 	
<ul style="list-style-type: none"> Minimal impact on traffic patterns, congestion, and air quality and public safety issues related to traffic. 	
<ul style="list-style-type: none"> Potential to minimize lot size and development footprint (LEED Neighborhood Development calls for 5 acre maximum for elementary schools). 	
<ul style="list-style-type: none"> Redevelop existing buildings or site within an already developed area that is community-centered. 	
<ul style="list-style-type: none"> Potential to optimize building orientation to take advantage of passive heating and cooling, natural ventilation, daylighting (i.e., elongate the building along east-west axis). 	

<ul style="list-style-type: none"> Natural site attributes provide opportunities for outdoor learning (e.g., forested areas, streams, etc). 	
<ul style="list-style-type: none"> Requires minimal site regrading. No steep slopes. 	
<ul style="list-style-type: none"> Excellent environmental quality (no water or soil contamination). 	
<ul style="list-style-type: none"> Has potential for school garden to support local food production. 	
Other considerations.	
<ul style="list-style-type: none"> Budget for ongoing repair and maintenance to maintain usefulness and efficiency of facilities and avoid cost analysis in the future that results in "new is cheaper." 	

Useful Sources

National Trust for Historic Preservation – Community-Centered Schools Initiative, *Helping Johnny Walk to School: Policy Recommendations for Removing Barriers to Community-Centered Schools*
<http://www.preservationnation.org/issues/historic-schools/helping-johnny-walk-to-school/helping-johnny-walk-to-school.pdf>. See MN, NM, NH, CO, MD case studies on legislative and policy changes to eliminate minimum acreage requirements and bias against renovating existing schools in school construction funding decisions.

<http://www.preservationnation.org/issues/historic-schools/>

EPA school siting information http://cfpub.epa.gov/schools/top_sub.cfm?t_id=45&s_id=64

EPA Schools for Successful Communities: An Element of Smart Growth
http://www.epa.gov/smartgrowth/pdf/SmartGrowth_schools_Pub.pdf

See case studies at end.

Cost comparisons checklist to analyze renovating or building new school
http://www.epa.gov/smartgrowth/pdf/SmartGrowth_schools_Pub.pdf (see page 19)

EPA Travel and Environmental Implications of Schools Siting,
http://www.epa.gov/smartgrowth/school_travel.htm

This 2003 EPA study was the first to empirically examine the relationship between school location, the infrastructure and environment around schools, transportation choices for trips to school, and impact of those choices on air pollution. It found that: school proximity matters (students with shorter distances are more likely to walk or bike), the built environment influences travel choices (students are more likely

to bike in bike-friendly neighborhoods with sidewalks and bike lanes), school location impacts air emissions (centrally located schools that are walkable/bikable reduce air pollution).

US Green Building Council *LEED for Neighborhood Development Rating System*

<http://www.usgbc.org/DisplayPage.aspx?CMSPageID=148>

National Best Practices Manual for Building High Performance Schools

<http://www.p2pays.org/ref/20/19494.pdf>

California Division of the State Architect's Sustainable Schools Resource,

<http://www.sustainableschools.dgs.ca.gov/SustainableSchools/sustainabledesign/siting/siting.html>

RUDY J. FAVRETTI
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TO: Mansfield Town Council
FROM: Rudy J. and Joy P. Favretti

23 August 2010

If your desk is like mine, the letter that we wrote to you last June 28th is buried; therefore, we attach a copy. But we write tonight to add more and to encourage the Council, the citizens of Mansfield, and especially the Board of Education, to adopt the concept that "Old is the New Green" (to quote from an article in Preservation News, March/April issue.)

In the article, the author states that he is confused "by those who claim that old buildings stand in the way of a greener America. Old isn't obsolete, it's versatile. Every month [we] document... structures with extraordinary green potential. Why replace them? Why waste the time, money, and energy when what exists is infinitely adaptable." **This is the concept we encourage the Town of Mansfield to adopt.** "Reuse, reinvestment, and retrofit can contribute to a sustainable future."

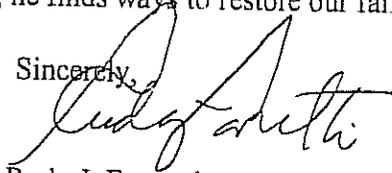
We were encouraged to read, in the 8/21/2010 CHRONICLE, Matt Hart's comments that the renovation of the four schools could be accomplished for less than half the figure that had been quoted earlier. This is what communities all over the country are saying, so his comments were not surprising. Readapting the old is especially important, and more cost efficient and green, today than ever before given the high cost of material, labor, energy, etc., and with this downward turn of the economy.

The problem is that many today -citizens as well as architects and contractors - still think as we did when materials, labor, and energy were cheap: tear it down and throw it away. Today, this notion is all wrong, and all it accomplishes is a lot of waste to fill our landfills, and huge expenditures of money that we can ill afford.

We need to consult architects and contractors to evaluate our school buildings who are up-to-date with the times and who realize that the throw-away mentality is no longer in tune with the times. There are many such professionals out there. I am sure the town building department has a list of them, but if such lists are not available to them, I would be happy to provide them.

In closing, I have heard the comments made that the three school buildings, built an average of 55 years ago, were not built to last. This is not true. I (Rudy) was a resident of the town then and watched these buildings go up, and I can attest to the fact that they were expected to last with regular repairs and renovations, of course. (We are very glad that our medical doctor doesn't think we should be thrown out because we are well over 55; he finds ways to restore our failing body parts!)

Sincerely,


Rudy J. Favretti


Joy P. Favretti

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TO: Mansfield Town Council
FROM: Rudy J. and Joy P. Favretti

28 June 2010

We write in response to your invitation "to receive comments regarding the recommendations presented by the Mansfield Board of education in its May 24, 2010 report." Our response is a strong NO to their proposal "...to build two new elementary schools, replacing and closing our three existing elementary schools." We are in favor of their recommendation to "conduct renovations at the Mansfield Middle School..."

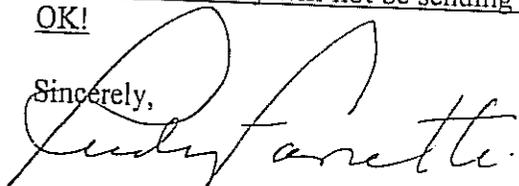
Our reason for this decision is that we think that renovations should also be made at the three elementary schools to meet the objectives set forth in the Board's report "including security concerns, roof replacements and other basic facility needs in addition to enhancing the library/media centers ..."

We must get over being a throw-away society! We thought the town had arrived there during the many sessions and discussions when Mansfield was developing its "Mansfield 2020: A Unified Vision Strategic Plan" in 2007-2008. Sustainability and "going green" were major topics of discussion. We thought that the town had gone green and sustainable. It was a great disappointment to us that the Board's proposal recommends abandoning/destroying three buildings averaging 55 years in age; this is not green or sustainable! We are the only nation in the world that, in general, does not re-adapt such structures to meet changing needs. This is wasteful, not just for the structures themselves, but also of the taxpayers' money.

Yes, we realize that making these renovations may not draw as much state funding, but that is not the point. We should not use quantities of energy and resources to build two new buildings when we have three that are adaptable, especially in light of the projected decline in enrollment for the next two decades. Also, the statements made by the then superintendent of schools and his assistant (the present superintendent), emphasized that no new schools would be needed in the years to come (as they testified before the Planning and Zoning Commission during the preparation of the 2006 plan of development.)

The Board's proposal also does not recognize that the trend today in America is towards the re-adaptation of buildings so that we can be green. We suggest that the Board, as it proceeds, have a study done by experts who understand this concept and will come up with economical figures and plans that will achieve the schools' needs with no waste. In turn, they will not be sending the wrong message to our children that waste is OK!

Sincerely,


Rudy J. Favretti


Joy P. Favretti