



Town Council
School Building Project Workshop
December 17, 2012

Financial Implications of Staggering Construction

Agenda

- Overall Objective
- Staggered Construction Options
- Financing Plan Objectives
- Financing Plan Comparisons and Mill Rate Impact
- Considerations
- Financing Perspective Conclusions

Overall Objective

To determine if staggering the construction of two new elementary schools would lessen the tax impact of the new debt service until such time that existing debt is reduced and/or the Town begins to see net revenues from the Storrs Center project.

Staggered Construction Options

Option	Vinton Site		Goodwin Site		Middle School		Total Project Cost	Cost to Mansfield
	Start	Finish	Start	Finish	Start	Finish		
Existing Proposal	02/15/15	09/15/16	02/15/15	09/15/16	03/15/16	08/15/17	\$ 65,715,321	\$ 35,874,007
Opt. 1 - Stagger Constr. Start 1 Yr	02/15/15	09/15/16	02/15/16	09/15/17	02/15/17	05/15/18	65,935,173	35,972,800
Opt. 2 - No Overlap in Constr.	02/15/15	09/15/16	09/15/16	04/15/18	04/15/18	07/15/19	67,423,671	36,720,075
Opt. 3 - Stagger Constr. Start 5 Yrs.	02/15/15	09/15/16	02/15/20	09/15/21	09/15/21	12/15/22	73,870,403	40,019,576

Financing Plan Objectives

- Phase-in borrowing to limit impact on operating budget while allowing existing debt to be retired and grand list to grow
 - Series of Bond & Note (BAN) issues
 - Defer principal payments on new debt until drop off of existing debt in FY 2014/15
 - Begin principal payments on new debt after final existing debt payment in 2025/26. Possible?
- Defer principal payments until Storrs Center net revenues are realized to limit the impact on the mill rate
- Minimize overall principal and interest cost

Financing Plan Comparisons

	Existing Proposal Concurrent Construction		Option 1 Stagger Construction 1yr		Option 2 No Overlap in Construction		Option 3 Stagger Construction 5yrs		Current Debt Service	Potential Storrs Ctr. Revenues
	w/BANs	w/o BANs	w/BANs	w/o BANs	w/BANs	w/o BANs	w/BANs	w/o BANs		
Total Project Constr. Cost	\$ 65,715,321	\$65,715,321	\$65,935,173	\$65,935,173	\$ 67,423,671	\$ 67,423,671	\$ 73,870,403	\$ 73,870,403		
Est. Cost to Mansfield	35,874,006	35,874,006	35,972,800	35,972,800	36,720,075	36,720,075	40,019,576	40,019,576		
Debt Service Payments:										
FY 2012/13									\$ 844,531	
FY 2013/14									650,717	
FY 2014/15	13,688	339,431	14,625	165,100	14,625	182,656	15,375	194,053	380,011	
FY 2015/16	210,391	1,234,250	165,375	623,425	165,375	641,125	143,100	962,534	300,324	
FY 2016/17	1,071,703	2,857,119	730,891	1,890,750	571,141	1,412,375	558,657	1,430,078	293,726	\$ 566,480
FY 2017/18	2,010,028	3,377,594	1,466,359	3,113,809	1,442,359	2,498,766	572,438	1,342,622	287,124	578,981
FY 2018/19	3,685,201	3,157,206	2,715,531	3,361,503	2,229,219	3,198,238	1,658,656	1,312,353	280,524	555,009
FY 2019/20	3,800,847	3,075,391	3,225,875	3,289,591	3,127,734	3,439,856	1,561,516	1,599,194	273,925	556,245
FY 2020/21	3,541,994	2,998,647	3,595,297	3,206,547	3,706,125	3,416,159	1,912,422	2,410,847	267,326	1,110,431
FY 2021/22	3,449,047	2,921,903	3,638,613	3,123,503	3,776,656	3,311,238	2,094,969	3,198,906	260,723	1,374,098
FY 2022/23	3,355,863	2,845,159	3,535,400	3,040,459	3,644,766	3,221,738	3,414,297	3,888,481	253,853	
FY 2023/24	3,257,550	2,768,416	3,432,188	2,957,416	3,538,609	3,132,238	3,644,438	3,588,213	245,600	
FY 2024/25	3,154,378	2,696,600	3,328,975	2,869,444	3,432,453	3,037,809	4,075,359	3,489,038	236,800	
FY 2025/26	3,056,347	2,619,713	3,225,763	2,786,544	3,326,297	2,948,453	3,763,484	3,389,863	208,000	
Continues.....										
FY 2043/44							370,125			
Total Debt Service	59,317,318	52,515,628	59,963,134	53,653,008	61,365,191	55,881,845	66,660,072	61,499,412	4,783,184	
Increase over Concurrent			645,816	1,137,380	2,047,873	3,366,217	7,342,754	8,983,784		

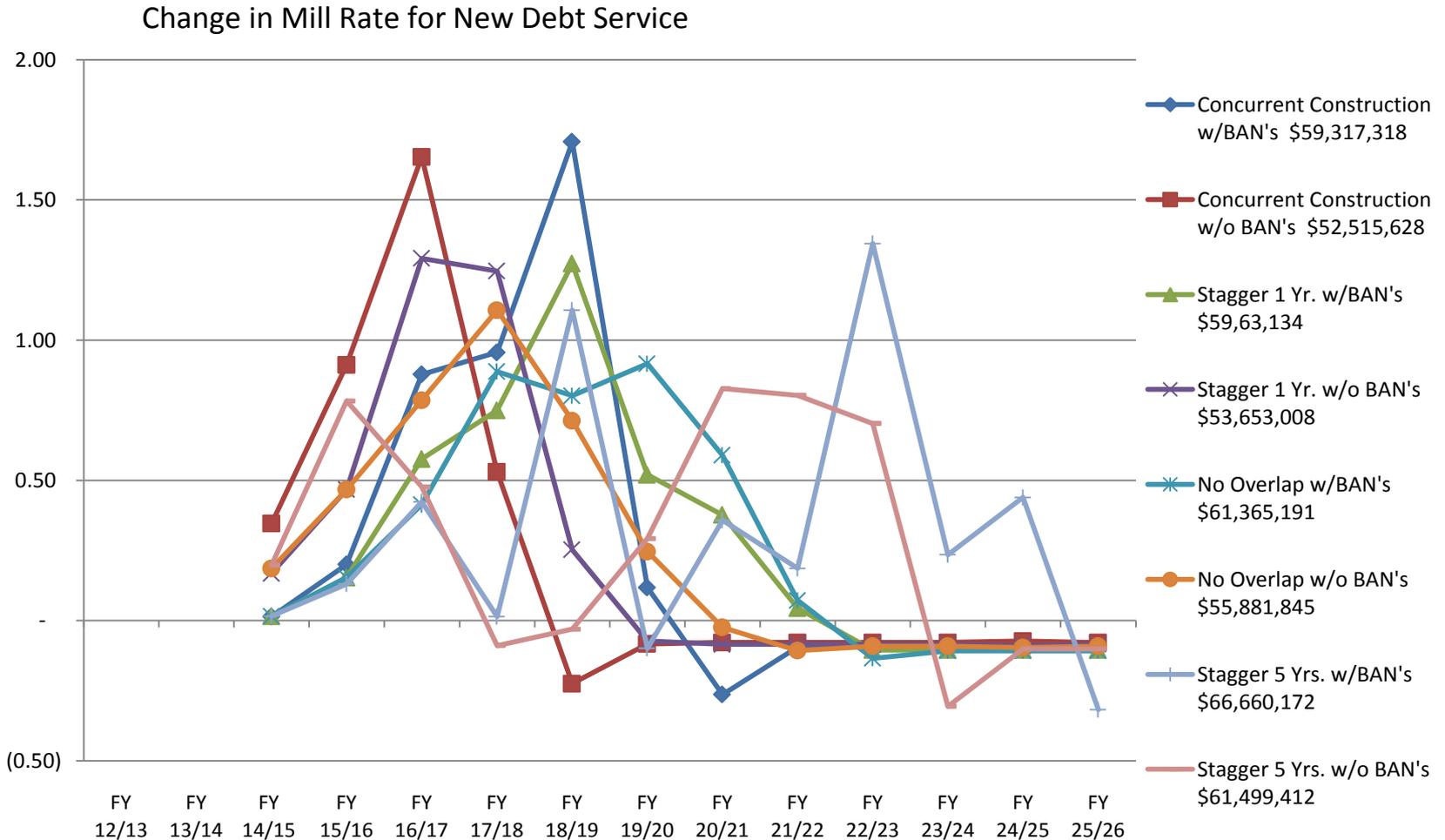
Peak Debt Service Year

Portion may be needed for Storrs Center

Financing Plan Comparisons – Mill Rate Impact

Change in Mill Rate for Debt Service Payments								
	Existing Proposal		Option 1		Option 2		Option 3	
	Concurrent Construction		Stagger Construction 1yr		No Overlap on Construction		Stagger Construction 5yrs	
	w/BANs	w/o BANs	w/BANs	w/o BANs	w/BANs	w/o BANs	w/BANs	w/o BANs
Total Project Constr. Cost	\$ 65,715,321	\$65,715,321	\$65,935,173	\$65,935,173	\$ 67,423,671	\$ 67,423,671	\$ 73,870,403	\$ 73,870,403
Est. Cost to Mansfield	35,874,006	35,874,006	35,972,800	35,972,800	36,720,075	36,720,075	40,019,576	40,019,576
FY 12/13								
FY 13/14								
FY 14/15	0.01	0.35	0.01	0.17	0.01	0.19	0.02	0.20
FY 15/16	0.20	0.91	0.15	0.47	0.15	0.47	0.13	0.78
FY 16/17	0.88	1.65	0.58	1.29	0.41	0.79	0.42	0.48
FY 17/18	0.96	0.53	0.75	1.25	0.89	1.11	0.01	-0.09
FY 18/19	1.71	-0.22	1.27	0.25	0.80	0.71	1.11	-0.03
FY 19/20	0.12	-0.08	0.52	-0.07	0.92	0.25	-0.10	0.29
FY 20/21	-0.26	-0.08	0.38	-0.08	0.59	-0.02	0.36	0.83
FY 21/22	-0.09	-0.08	0.04	-0.08	0.07	-0.11	0.19	0.80
FY 22/23	-0.09	-0.08	-0.11	-0.08	-0.13	-0.09	1.34	0.70
FY 23/24	-0.10	-0.08	-0.11	-0.08	-0.11	-0.09	0.23	-0.31
FY 24/25	-0.11	-0.07	-0.11	-0.09	-0.11	-0.10	0.44	-0.10
FY 25/26	-0.10	-0.08	-0.11	-0.08	-0.11	-0.09	-0.32	-0.10
Continues.....								
Total Debt Service	59,317,318	52,515,628	59,963,134	53,653,008	61,365,191	55,881,845	66,660,072	61,499,412
Taxable Grand List as of 10/1/2011	981,143,853							

Financing Plan Comparisons – Mill Rate Impact



Considerations

- Need for the project
- Financial impact...what is the priority?
 - Minimize near-term budget impact
 - Limit total costs
- Spreading out the construction timeline and related debt issues increases:
 - Interest rate risk
 - Construction inflation risk
- Level of new debt compared to existing debt is still significant regardless of how far we push it out

Financing Perspective Conclusions

- If the priority is to minimize near-term budget impact:
 - Then option #3 may be best solution
 - Does increase interest rate and construction inflation risk
- If priority is to limit overall cost:
 - Then consider existing proposal
- Balanced approach
- Regardless of option selected, resolution should include ability to use BANs to provide flexibility

Questions ?