Fiscal Analysis of the Permanent Building Committee's Report

Presented to:
Board of Selectmen

Agenda

Overview

 PBC Findings and Potential Financial Strategies

Next Steps

Overview:

Town Facilities Profile

Municipal:

- 11 Buildings
- 111,426 sq ft

School:

- High School, Middle School, 3 Elementary
- White House at 88A Hayden Rowe
- 541,192 sq ft

Total: 652,618 sq ft

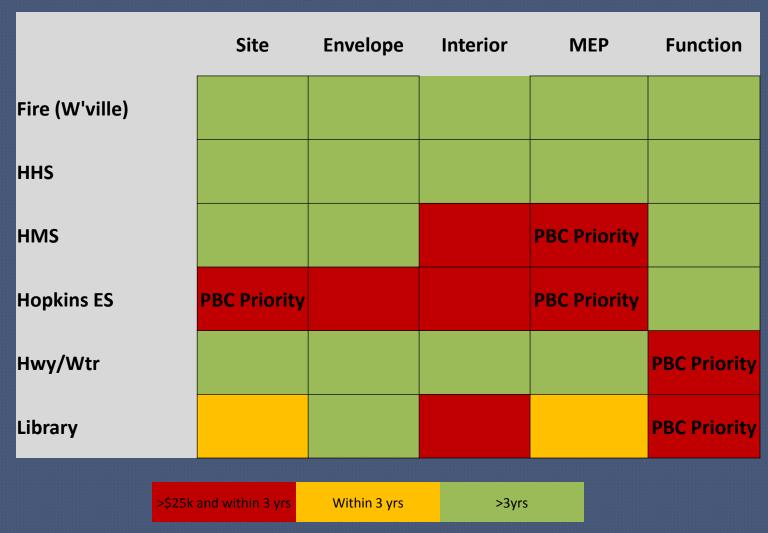
Overview: Data Points – Four Sources

- •Latest Financial Model (Staff)
- Report of the Conditions and Need
 Assessment of Town Buildings (PBC)
- Hopkinton Public Schools Capital Asset
 Assessment (Habeeb & Associates)
- Facilities Assessment Town-Owned
 Buildings (Gorman Richardson Lewis)

Overview: Visual Summary

Site	Envelope	Interior	MEP	Function
				PBC Priority
				PBC Priority
				PBC Priority
PBC Priority	PBC Priority			
Ek and within 2 yes	Within 2 yrs	Savre		
		PBC Priority PBC Priority	PBC Priority PBC Priority	PBC Priority PBC Priority

Overview: Visual Summary



Overview: Visual Summary

	Site	Envelope	Interior	MEP	Function
Police	PBC Priority			PBC Priority	
Sand Shed					
Senior Center					
Town Hall		PBC Priority		PBC Priority	
White House		PBC Priority			

>\$25k and within 3 yrs

Within 3 yrs

>3yrs

PBC Findings

- Town should bring Center School, Library, DPW
 "in line with" needs; Repair Elmwood Roof

 *(CIC est. \$61.3 million, minus State assistance and fundraising)
- Recommend undertaking several priority items (\$2.57 mil)
- Ongoing line items for data, monitoring and maintenance (see benchmarks)
- Appraisals to determine realistic building values (nominal cost)

Estimated cost of new Center School and Elmwood Roof

Center School (\$38 million)

- Assume 40% MSBA reimbursement; 3 year time lag
- Tax Impact = \$22.8 million
- 20 year term; 4% interest rate
- Year 1 debt service = \$2,054,052
- Avg Single Family Tax Impact = \$352.97

Elmwood Roof (\$1.4 million)

- Begin design immediately; construction during summer 2013
- 10-year term; 4% interest rate
- Year 1 debt service = \$204,687
- Avg Single Family Tax Impact = \$35.17

Estimated cost of new DPW and new Library proposals

DPW (\$11.6 million)

- Assume 100% tax impact with 2 year time lag
- 20 year term; 4% interest rate
- Year 1 debt service = \$1,046,000
- Avg Single Family Tax Impact = \$179.75

Library (\$10.2 million)

- Assume \$4.35 million (State) and \$2.92 million (fundraising) with 2 year time lag
- 20 year term; 4% interest rate
- Year 1 debt service = \$263,700
- Avg Single Family Tax Impact = \$45.31

PBC estimated budget for buildings that meet current town needs*

Various Buildings (\$2,574,070)

- 20 year term; 4% interest rate
- Year 1 debt service = \$231,666
- Avg Single Family Tax Impact = \$39.81

(*See PBC report Table 1. Buildings include: Elmwood, Town Hall, Hopkins, Middle School, White House, Police Station; Excludes: Center School, Library, DPW)

Potential Financial Strategies: Maintain current debt level

• FY2013/14 debt service = \$5.2 million

 Declines by \$1,004,257 to \$3.8 million in FY2016

 Could leverage savings to finance additional projects

Potential Financial Strategies: Maintain current debt level

Declining debt service provides relief to fund additional projects



Potential Financial Strategies: Establish reinvestment benchmarks

• 2% of replacement value (NRC): \$87.5 million

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0.02
\frac{x}{= $1.75 \text{ million/year}}
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\$300.72 - Avg Single Family Impact

2010 BOMA reported actual:

\$211.96 - Avg Single Family Impact

Potential Financial Strategies: Modified ("phase-in") strategy

- Maintain existing PAYG plan with new emphasis on building maintenance (current model calls for \$800k/yr)
- Plan to redeploy savings in debt service to fund building maintenance (starting in FY15)
- Acceptance among policy-makers that additional, discrete needs will require funding above the prescribed "run rate"

Next Steps:

- Make decision on most time sensitive item (Elmwood ES roof)
- Direct staff on which fiscal approach to pursue for building maintenance
- Work with CIC to refine out-year financial strategy for borrowing vs PAYG within defined parameters
- Develop approach for those buildings no longer meeting Town needs

Next Steps:

 Refine financial model to effectively reserve/allocate funding to specific projects

 Develop approach for those buildings no longer meeting Town needs

Questions?