

TOWN OF GROTON
Inter-Department Memo
FINANCE DEPARTMENT

Date: December 29, 2010
To: Mark R. Oefinger
From: Sal M. Pandolfo, Finance Director
Subject: Current and Proposed Debt Impact from Thames Street and Schools-Phase II Projects
Referral #2010-0262
Referral #2010-0266

The Town Council's Debt Policy and Management/Fiscal Practices Section E-2 require the following:

"The Town Manager shall submit for Council consideration a fiscal impact statement prior to any Council action to authorize a project involving the issuance of debt. The fiscal impact statement shall contain tables, charts and graphs which address the following:

- (a) *an estimate of the debt service levy to be required at the time of long term debt issuance,*
- (b) *a calculation showing the impact of this additional levy to the existing debt service levy at that time,*
- (c) *a schedule showing the impact of such issuance on the mill rate over the period of time that the issuance is for, and*
- (d) *a table setting forth the computation of the debt limit of the Town and the debt incurring margin as set by State Statute and listing various debt ratios relating to the Town's indebtedness."*

With assistance from Bill Lindsay, the Town's Financial Advisor with IBIC, we have put together the attached pages which addresses the projected fiscal impact on the proposed Thames Street and School-Phase II projects.

1) The Project Planning sheets for each of the projects estimate how that project alone will impact the Town's mill rate and the potential impact on a Median home assessment.

2) Sections A1, A2, A3: Existing and Proposed Debt Service Payments: This schedule lists the current debt service payments (column B) on previously issued long term financing as well as the bonds that will need to be issued on the outstanding BANs. Column C (shaded) lists the debt service payments on the Thames Street Project, same dollar figures as on the Project Planning sheet. Column D shows what the total debt service payments would be on already issued debt as well as the proposed debt. Column E (shaded) shows the impact that all debt, already issued and proposed, would have on the mill rate. Columns F and G show the annual change and the percent change in the mill rate respectfully. Section A1 pertains to the Thames Street project, Section A2 pertains to the Schools-Phase II project and Section A3 is the combination of both projects.

3) Section B: Graphic Presentation of Debt Service: This chart is a graphic presentation of columns B, C and D from Section A3. With the bottom bars depicting the current debt service payments plus bonding the outstanding BANs. The next set of bars depict debt service payments on the \$6.375 million Thames Street project, and then followed by bars depicting the debt service payment on the anticipated bonding portion (\$65.845 million) of the \$133.481 million Schools-Phase II project.

4) Section C: Statutory Debt Limit: This section compares the Town's current and proposed debt (\$118.955 million) to the limit imposed by State Statute (\$742.428 million). The Town Council's policy is that the Town debt should not be more that 50% of the State limit, or \$371.214 million. The current and proposed debt issuances would bring the Town's debt to \$118.955million or 32.0% of the Town Council's debt limit. Additionally the Town Council debt policy has a provision that debt service should not be more than 10% of General Fund Expenditures. With the current and proposed debt, it is estimated that in the year of the highest debt service payment, the Town will be at 9.7% of FYE 2011 General Fund expenditures.

5) Section D: Bonds: This section lists the current outstanding debt issued as well as the proposed new debt to be issued for the Thames Street and School-Phase II projects.

TOWN OF GROTON, CT

Project Planning - THAMES STREET

General Obligation Bonds @ 5.5% for 20 years

	Town Funding:					
	Principal Payment	Interest Payment	Total Payments	Estimated Mill Increase	Annual Cost on Median Home Assessment (\$165,410)	
FYE 2014	\$ -	\$ 81,813	\$ 81,813	0.02	3.12	
FYE 2015	\$ 150,000	\$ 253,000	\$ 403,000	0.09	15.13	
FYE 2016	\$ 320,000	\$ 333,575	\$ 653,575	0.15	24.18	
FYE 2017	\$ 320,000	\$ 315,975	\$ 635,975	0.14	23.18	
FYE 2018	\$ 320,000	\$ 298,375	\$ 618,375	0.13	22.21	
FYE 2019	\$ 320,000	\$ 280,775	\$ 600,775	0.13	21.25	
FYE 2020	\$ 320,000	\$ 263,175	\$ 583,175	0.12	20.33	
FYE 2021	\$ 320,000	\$ 245,575	\$ 565,575	0.12	19.42	
FYE 2022	\$ 320,000	\$ 227,975	\$ 547,975	0.11	18.54	
FYE 2023	\$ 320,000	\$ 210,375	\$ 530,375	0.11	17.68	
FYE 2024	\$ 320,000	\$ 192,775	\$ 512,775	0.10	16.84	
FYE 2025	\$ 320,000	\$ 175,175	\$ 495,175	0.10	16.02	
FYE 2026	\$ 320,000	\$ 157,575	\$ 477,575	0.09	15.22	
FYE 2027	\$ 320,000	\$ 139,975	\$ 459,975	0.09	14.45	
FYE 2028	\$ 320,000	\$ 122,375	\$ 442,375	0.08	13.69	
FYE 2029	\$ 320,000	\$ 104,775	\$ 424,775	0.08	12.95	
FYE 2030	\$ 315,000	\$ 87,313	\$ 402,313	0.07	12.08	
FYE 2031	\$ 315,000	\$ 69,988	\$ 384,988	0.07	11.39	
FYE 2032	\$ 315,000	\$ 52,663	\$ 367,663	0.06	10.72	
FYE 2033	\$ 315,000	\$ 35,338	\$ 350,338	0.06	10.06	
FYE 2034	\$ 315,000	\$ 18,013	\$ 333,013	0.06	9.42	
FYE 2035	\$ 170,000	\$ 4,675	\$ 174,675	0.03	4.87	
Totals	\$ 6,375,000	\$ 3,671,250	\$ 10,046,250			

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TOWN OF GROTON, CT						
Project Planning - SCHOOLS-PHASE II						
General Obligation Bonds @ 4.5% to 5.5% for 20 years						
Town Funding: \$65,845,000						
	Principal Payment	Interest Payment	Total Payments	Estimated Mill Increase	Annual Cost on Median Home Assessment (\$165,410)	
FYE 2012	\$ -	\$ 79,324	\$ 79,324	0.02	3.11	
FYE 2013	\$ 190,000	\$ 494,700	\$ 684,700	0.16	26.49	
FYE 2014	\$ 790,000	\$ 1,349,650	\$ 2,139,650	0.49	81.55	
FYE 2015	\$ 1,790,000	\$ 2,518,100	\$ 4,308,100	0.98	161.77	
FYE 2016	\$ 3,040,000	\$ 3,214,650	\$ 6,254,650	1.40	231.39	
FYE 2017	\$ 3,300,000	\$ 3,182,175	\$ 6,482,175	1.43	236.26	
FYE 2018	\$ 3,300,000	\$ 3,002,575	\$ 6,302,575	1.37	226.32	
FYE 2019	\$ 3,300,000	\$ 2,822,975	\$ 6,122,975	1.31	216.62	
FYE 2020	\$ 3,300,000	\$ 2,643,375	\$ 5,943,375	1.25	207.16	
FYE 2021	\$ 3,300,000	\$ 2,463,775	\$ 5,763,775	1.20	197.93	
FYE 2022	\$ 3,300,000	\$ 2,284,175	\$ 5,584,175	1.14	188.93	
FYE 2023	\$ 3,300,000	\$ 2,104,575	\$ 5,404,575	1.09	180.15	
FYE 2024	\$ 3,295,000	\$ 1,925,088	\$ 5,220,088	1.04	171.43	
FYE 2025	\$ 3,295,000	\$ 1,745,713	\$ 5,040,713	0.99	163.09	
FYE 2026	\$ 3,285,000	\$ 1,566,613	\$ 4,851,613	0.93	154.66	
FYE 2027	\$ 3,285,000	\$ 1,387,788	\$ 4,672,788	0.89	146.75	
FYE 2028	\$ 3,285,000	\$ 1,208,963	\$ 4,493,963	0.84	139.05	
FYE 2029	\$ 3,285,000	\$ 1,030,138	\$ 4,315,138	0.80	131.55	
FYE 2030	\$ 3,285,000	\$ 851,313	\$ 4,136,313	0.75	124.23	
FYE 2031	\$ 3,285,000	\$ 672,488	\$ 3,957,488	0.71	117.10	
FYE 2032	\$ 3,285,000	\$ 493,663	\$ 3,778,663	0.67	110.16	
FYE 2033	\$ 3,100,000	\$ 319,000	\$ 3,419,000	0.59	98.20	
FYE 2034	\$ 2,500,000	\$ 165,000	\$ 2,665,000	0.46	75.41	
FYE 2035	\$ 1,500,000	\$ 55,000	\$ 1,555,000	0.26	43.35	
FYE 2036	\$ 250,000	\$ 6,875	\$ 256,875	0.04	7.06	
Totals	\$65,845,000	\$37,587,687	\$103,432,687			

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"Section A 1" TOWN OF GROTON, CONNECTICUT Estimated Debt Service Payments on Existing and Proposed Thames Street Project with Mill Rate Impact							
A	B	C	D	E	F	G	H
Fiscal Year	Existing and Outstanding BANs (principal & Interest)	Proposed Thames Street (principal & interest)	Total Existing & Proposed (principal & Interest)	Mill Rate Impact on Existing & Proposed	Mill Rate Change from Previous Year	Mill Rate % Change from previous year	Fiscal Year
2010-11	\$5,136,524	\$0	\$5,136,524	1.24			2010-11
2011-12	\$5,034,188	\$0	\$5,034,188	1.20	(0.04)	-3.4%	2011-12
2012-13	\$4,762,696	\$0	\$4,762,696	1.11	(0.08)	-6.8%	2012-13
2013-14	\$4,648,611	\$81,813	\$4,730,424	1.09	(0.02)	-2.1%	2013-14
2014-15	\$4,525,593	\$403,000	\$4,928,593	1.12	0.03	2.6%	2014-15
2015-16	\$4,403,666	\$653,575	\$5,057,241	1.13	0.01	1.1%	2015-16
2016-17	\$4,288,070	\$635,975	\$4,924,045	1.09	(0.05)	-4.1%	2016-17
2017-18	\$3,762,162	\$618,375	\$4,380,537	0.95	(0.13)	-12.4%	2017-18
2018-19	\$3,650,460	\$600,775	\$4,251,235	0.91	(0.04)	-4.4%	2018-19
2019-20	\$3,425,730	\$583,175	\$4,008,905	0.84	(0.06)	-7.1%	2019-20
2020-21	\$3,308,941	\$565,575	\$3,874,516	0.80	(0.04)	-4.8%	2020-21
2021-22	\$3,202,065	\$547,975	\$3,750,040	0.77	(0.04)	-4.6%	2021-22
2022-23	\$3,099,023	\$530,375	\$3,629,398	0.73	(0.04)	-4.6%	2022-23
2023-24	\$2,996,548	\$512,775	\$3,509,323	0.70	(0.03)	-4.7%	2023-24
2024-25	\$2,893,678	\$495,175	\$3,388,853	0.66	(0.03)	-4.9%	2024-25
2025-26	\$2,594,259	\$477,575	\$3,071,834	0.59	(0.07)	-10.7%	2025-26
2026-27	\$2,439,080	\$459,975	\$2,899,055	0.55	(0.04)	-7.0%	2026-27
2027-28	\$1,536,507	\$442,375	\$1,978,882	0.37	(0.18)	-32.7%	2027-28
2028-29	\$716,735	\$424,775	\$1,141,510	0.21	(0.16)	-43.2%	2028-29
2029-30	\$537,306	\$402,313	\$939,619	0.17	(0.04)	-18.9%	2029-30
2030-31	\$51,240	\$384,988	\$436,228	0.08	(0.09)	-54.3%	2030-31
2031-32	\$49,080	\$367,663	\$416,743	0.07	(0.00)	-5.9%	2031-32
2032-33	\$0	\$350,338	\$350,338	0.06	(0.01)	-17.2%	2032-33
2033-34	\$0	\$333,013	\$333,013	0.06	(0.00)	-6.3%	2033-34
2034-35	\$0	\$174,675	\$174,675	0.03	(0.03)	-48.3%	2034-35
2035-36	\$0	\$0	\$0	0.00	(0.03)	-100.0%	2035-36
	\$67,062,163	\$10,046,250	\$77,108,413				

"Section A 2"

TOWN OF GROTON, CONNECTICUT

Estimated Debt Service Payments on Existing and Proposed Schools-Phase II Project with Mill Rate Impact

A	B	C	D	E	F	G	F
Fiscal Year	Existing and Outstanding BANs (principal & Interest)	Proposed Schools Phase II (principal & interest)	Total Existing & Proposed (principal & interest)	Mill Rate Impact on Existing & Proposed	Mill Rate Change from Previous Year	Mill Rate % Change from previous year	Fiscal Year
2010-11	\$5,136,524	\$0	\$5,136,524	1.24			2010-11
2011-12	\$5,034,188	\$79,324	\$5,113,513	1.21	(0.02)	-1.9%	2011-12
2012-13	\$4,762,696	\$684,700	\$5,447,396	1.27	0.06	5.0%	2012-13
2013-14	\$4,648,611	\$2,139,650	\$6,788,261	1.56	0.29	22.8%	2013-14
2014-15	\$4,525,593	\$4,308,100	\$8,833,693	2.01	0.44	28.2%	2014-15
2015-16	\$4,403,666	\$6,294,650	\$10,658,316	2.38	0.38	18.9%	2015-16
2016-17	\$4,288,070	\$6,482,175	\$10,770,245	2.37	(0.01)	-0.4%	2016-17
2017-18	\$3,762,162	\$6,302,575	\$10,064,737	2.18	(0.19)	-7.9%	2017-18
2018-19	\$3,650,460	\$6,122,975	\$9,773,435	2.09	(0.09)	-4.3%	2018-19
2019-20	\$3,425,730	\$5,943,375	\$9,369,105	1.97	(0.12)	-5.6%	2019-20
2020-21	\$3,308,941	\$5,763,775	\$9,072,716	1.88	(0.09)	-4.6%	2020-21
2021-22	\$3,202,065	\$5,584,175	\$8,786,240	1.80	(0.09)	-4.6%	2021-22
2022-23	\$3,099,023	\$5,404,575	\$8,503,598	1.71	(0.08)	-4.6%	2022-23
2023-24	\$2,996,548	\$5,220,088	\$8,216,635	1.63	(0.08)	-4.8%	2023-24
2024-25	\$2,893,678	\$5,040,713	\$7,934,391	1.55	(0.08)	-4.9%	2024-25
2025-26	\$2,594,259	\$4,851,613	\$7,445,871	1.43	(0.12)	-7.5%	2025-26
2026-27	\$2,439,080	\$4,672,788	\$7,111,868	1.35	(0.08)	-5.9%	2026-27
2027-28	\$1,536,507	\$4,493,963	\$6,030,470	1.13	(0.22)	-16.5%	2027-28
2028-29	\$716,735	\$4,315,138	\$5,031,873	0.93	(0.20)	-17.8%	2028-29
2029-30	\$537,306	\$4,136,313	\$4,673,619	0.85	(0.08)	-8.5%	2029-30
2030-31	\$51,240	\$3,957,488	\$4,008,728	0.72	(0.13)	-15.5%	2030-31
2031-32	\$49,080	\$3,778,663	\$3,827,743	0.67	(0.04)	-5.9%	2031-32
2032-33	\$0	\$3,419,000	\$3,419,000	0.59	(0.08)	-12.0%	2032-33
2033-34	\$0	\$2,665,000	\$2,665,000	0.46	(0.14)	-23.2%	2033-34
2034-35	\$0	\$1,555,000	\$1,555,000	0.26	(0.19)	-42.5%	2034-35
2035-36	\$0	\$256,875	\$256,875	0.04	(0.22)	-83.7%	2035-36
	\$67,062,163	\$103,432,687	\$170,494,850				

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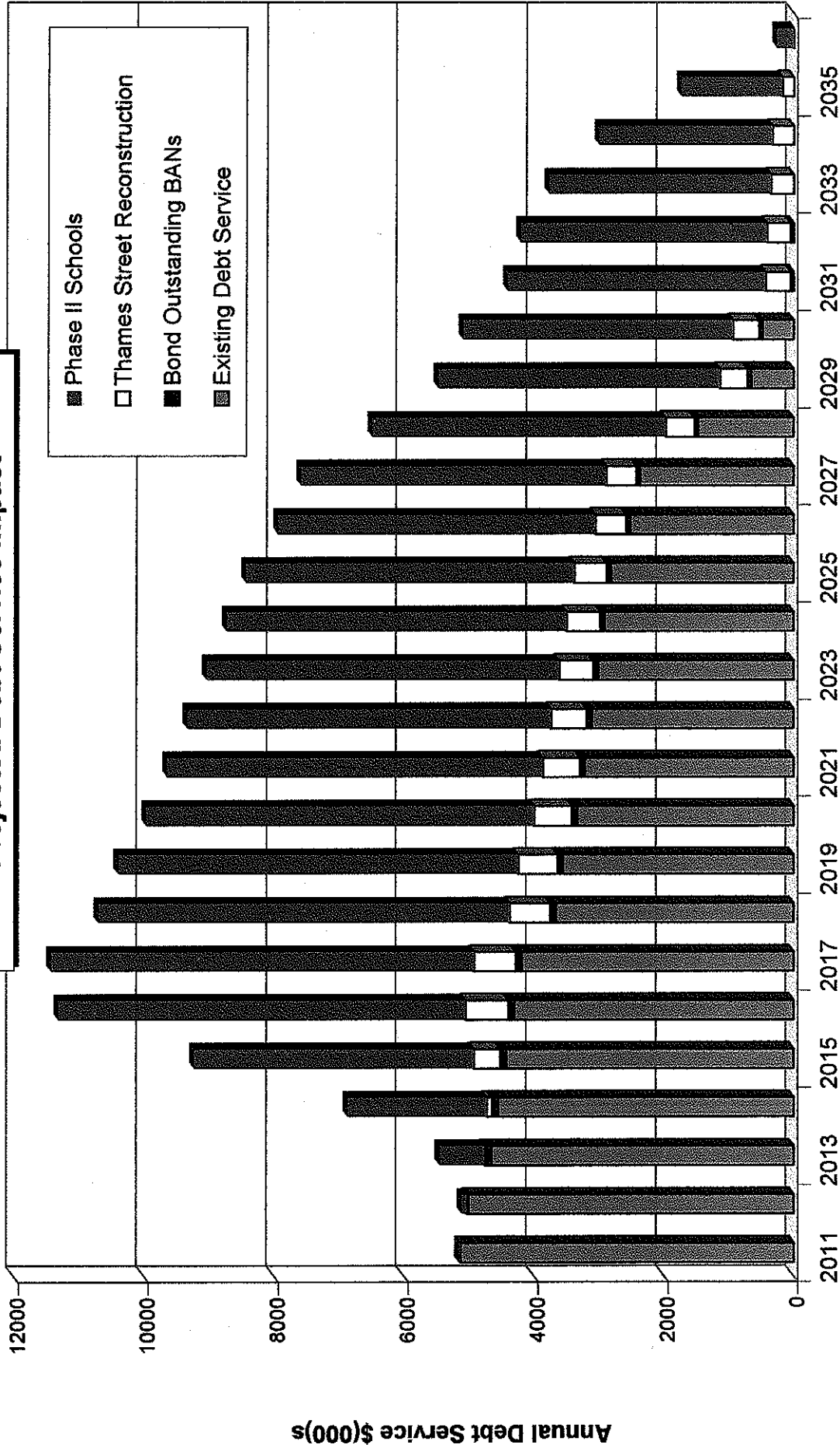
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TOWN OF GROTON, CONNECTICUT

Estimated Debt Service Payments on Existing and Proposed Thames Street & Schools-Phase II Projects with Mill Rate Impact

A	B	C	D	E	F	G	H	I
Fiscal Year	Existing and Outstanding BANS (principal & interest)	Proposed Thames Street (principal & interest)	Proposed Schools Phase II (principal & interest)	Total Existing & Proposed (principal & interest)	Mill Rate Impact on Existing & Proposed	Mill Rate Change from Previous Year	Mill Rate % Change from previous year	Fiscal Year
2010-11	\$5,136,524	\$0	\$0	\$5,136,524	1.24			2010-11
2011-12	\$5,034,188	\$0	\$79,324	\$5,113,513	1.21	(0.02)	-1.9%	2011-12
2012-13	\$4,762,696	\$0	\$684,700	\$5,447,396	1.27	0.06	5.0%	2012-13
2013-14	\$4,648,611	\$81,813	\$2,139,650	\$6,870,074	1.58	0.31	24.3%	2013-14
2014-15	\$4,525,593	\$403,000	\$4,308,100	\$9,236,693	2.10	0.51	32.5%	2014-15
2015-16	\$4,403,666	\$653,575	\$6,254,650	\$11,311,891	2.53	0.43	20.7%	2015-16
2016-17	\$4,288,070	\$635,975	\$6,482,175	\$11,406,220	2.51	(0.02)	-0.7%	2016-17
2017-18	\$3,762,162	\$618,375	\$6,302,575	\$10,683,112	2.32	(0.19)	-7.7%	2017-18
2018-19	\$3,650,460	\$600,775	\$6,122,975	\$10,374,210	2.22	(0.10)	-4.3%	2018-19
2019-20	\$3,425,730	\$583,175	\$5,943,375	\$9,952,280	2.10	(0.12)	-5.5%	2019-20
2020-21	\$3,308,941	\$565,575	\$5,763,775	\$9,638,291	2.00	(0.10)	-4.6%	2020-21
2021-22	\$3,202,065	\$547,975	\$5,584,175	\$9,334,215	1.91	(0.09)	-4.6%	2021-22
2022-23	\$3,099,023	\$530,375	\$5,404,575	\$9,033,973	1.82	(0.09)	-4.6%	2022-23
2023-24	\$2,996,548	\$512,775	\$5,220,088	\$8,729,410	1.73	(0.09)	-4.8%	2023-24
2024-25	\$2,893,678	\$495,175	\$5,040,713	\$8,429,566	1.65	(0.08)	-4.9%	2024-25
2025-26	\$2,594,259	\$477,575	\$4,851,613	\$7,923,446	1.53	(0.12)	-7.4%	2025-26
2026-27	\$2,439,080	\$459,975	\$4,672,788	\$7,571,843	1.44	(0.09)	-5.8%	2026-27
2027-28	\$1,536,507	\$442,375	\$4,493,963	\$6,472,845	1.21	(0.23)	-15.8%	2027-28
2028-29	\$716,735	\$424,775	\$4,315,138	\$5,456,648	1.01	(0.21)	-16.9%	2028-29
2029-30	\$537,306	\$402,313	\$4,136,313	\$5,075,931	0.92	(0.08)	-8.4%	2029-30
2030-31	\$51,240	\$384,988	\$3,957,486	\$4,393,715	0.79	(0.14)	-14.7%	2030-31
2031-32	\$49,080	\$367,663	\$3,778,663	\$4,195,405	0.74	(0.05)	-5.9%	2031-32
2032-33	\$0	\$350,338	\$3,419,000	\$3,769,338	0.65	(0.08)	-11.5%	2032-33
2033-34	\$0	\$333,013	\$2,665,000	\$2,998,013	0.51	(0.14)	-21.6%	2033-34
2034-35	\$0	\$174,675	\$1,555,000	\$1,729,675	0.29	(0.22)	-43.2%	2034-35
2035-36	\$0	\$0	\$256,875	\$256,875	0.04	(0.25)	-85.4%	2035-36
	\$67,062,163	\$10,046,250	\$103,432,687	\$180,541,100				

**Combined Thames Street & Phase II Schools
Projected Debt Service Impact**



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Fiscal Year

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"Section C"				
Comparison of Current Debt Limit				
to Statutory Debt Limit & Town Council Policy				
A	B	C	D	
Description	with BANS & Thames Street only	with BANS & Schools Phase II only	with BANS & Both Projects	
1	Outstanding Bonds (6/30/2011)	\$45,700,000	\$45,700,000	\$45,700,000
2	Bonding Outstanding BANS (Senior Center & Phase I)	\$1,035,000	\$1,035,000	\$1,035,000
3	Proposed Bonding for Thames Street	\$6,375,000	-	\$6,375,000
4	Proposed Bonding for Schools (Phase II)	-	\$65,845,000	\$65,845,000
5	Total Town Debt: Outstanding & New Bonds (see detail below)	\$53,110,000	\$112,580,000	\$118,955,000
6				
7	Debt Limit per State Statute for Town of Groton (6/30/2010):	\$742,428,072	\$742,428,072	\$742,428,072
8	Projected Town Debt as a % of Statutory Limit:	7.2%	15.2%	16.0%
9	Debt Limit per Town Council Policy (=50% of State Statute):	\$371,214,036	\$371,214,036	\$371,214,036
10	Projected Town Debt as a % of Council Limit:	14.3%	30.3%	32.0%
11				
12	FYE 2011 General Fund Expenditures (GFE)	\$117,795,148	\$117,795,148	\$117,795,148
13	Debt Service \$\$ per Town Council Policy (=10% of GFE):	\$11,779,515	\$11,779,515	\$11,779,515
14	Estimated Debt Service for FYE 2016/FYE 2017 (highest year):	\$5,057,241	\$10,770,245	\$11,406,220
15	Estimated Debt Service for FYE 2016/FYE 2017 as a % of GFE:	4.3%	9.1%	9.7%

"Section D"			Bonds	
Debt: Outstanding and Pending/Proposed			Outstanding as of 6/30/2011	Pending/Proposed
Project Description Detail	FYE Issue			
16 Public Safety Facility	2002		\$ 2,430,000	-
17 Library Addition/Fort Hill Water	2003		\$ 235,000	-
18 Pleasant Valley Road South/Wells and Flanders Road Transfer Facility/Town Hall Annex	2006		\$ 2,740,000	-
19 Schools (Phase I)	2006		\$ 940,000	-
20 Pleasant Valley Road South	2007		\$ 1,250,000	-
21 Schools (Phase I)	2007		\$ 12,000,000	-
22 Schools (Phase I) & Roads (PVRS)	2008		\$ 13,175,000	-
23 Schools (Phase I) & Animal Shelter	2009		\$ 3,750,000	-
24 Schools (Phase I), Animal Shelter & Senior Center	2010		\$ 9,180,000	-
25 Schools (Phase I), Senior Center & Schools (Phase II)	2012		-	\$ 4,790,000
26 Schools (Phase II)	2013		-	\$ 12,000,000
27 Schools (Phase II) & Thames Street	2014		-	\$ 22,975,000
28 Schools (Phase II) & Thames Street	2015		-	\$ 28,400,000
29 Schools (Phase II)	2016		-	\$ 5,090,000
30 Totals			\$ 45,700,000	\$ 73,255,000