

## Reasons for Increase of School Project Appropriation Referendum

In 2019 Granby residents authorized two capital projects for which bonding authority was given. The June 4, 2019, referendum supported both a Bridges Project and a School Project. The Bridges Project authorized \$13,716,000 for five bridges and the School Project authorized \$7,100,000 for various improvements in the school district. Both authorizations are reduced by any grants or other sources of funding received. The Office of School Construction estimates a 37.86% reimbursement for all qualifying projects. In 2019 the Bridges Project was estimated to be reimbursable at either 50% or 80%.

Since 2019 both projects have moved forward to construction. Two bridges are complete (Griffin Road and Hungary Road) and the third is in progress (Moosehorn Road). The actual contract costs for these projects were lower than estimated at the time of the referendum in 2019. Additionally, Simsbury Road and Donahue Road are now 100% reimbursable. Originally, the Town expected to pay 20% of these two projects.

The School Building Committee is charged with managing the School Projects. At the Granby Memorial High School (GMHS) a staircase and a science classroom have been renovated to meet safety standards. The roof and gutters have been replaced at the Granby Memorial Middle School. Other interior work at GMHS has been ongoing since late spring 2022. Work to construct a new cafeteria, kitchen facility, as well as renovations to the music and vocational education spaces (Phase I) is nearing completion.

The Bridges Project and the School Project are bonded capital projects. This means that the Town goes to the financial marketplace and secures funding for the projects to be paid back with interest over a certain period, generally 20 years. In 2021 two bond issuances took place. These bonds were issued at true interest cost of 1.73% and 1.54%. The Town received cash, or bond proceeds, to pay for the anticipated net cost for all the projects.

Moving ahead to late summer 2022, a series of change orders in the Phase I School Project occurred due to unforeseen conditions and unexpected project modifications. The change orders, as of November 11, 2022, total \$503,337.74. Another large piece of the School Project is the GMHS roof replacement, which was part of the original School Project scope. However, due to grant reimbursement requirements, the State of Connecticut Office of School Construction did not allow Granby to begin the application process for reimbursement until November 2022. Since 2019, the estimated cost of the roof project has grown by 49%. The estimates received at the end of 2021 and then again in fall 2022 have increased by approximately \$816,000. The change orders and the increase in the roof estimate has resulted in a shortfall in the School Project of \$1,253,169. This is the amount estimated to be needed to complete Phase I interior work as well as to install a new roof at Granby Memorial Highschool.

Currently the Town has two problems it must solve for. The first is the overage in the School Project. The second problem is that the Town has more bond proceeds on hand than will be necessary to complete the five bridge projects. It is estimated that there will be \$2,585,151 in excess bond proceeds that were issued for the Bridges Project. Excess bond proceeds must be allocated to a duly authorized capital project. The Town executed Tax Regulatory and Compliance Agreements with regard to the bond issues wherein the Town represented that that it reasonably expected that at least 85% of the bond proceeds would be allocated to expenditures on the Projects on or before 3 years from their issue dates, and that completion of the Projects and the allocation of the bond proceeds to expenditures will proceed with due diligence.

Given that the School Project allocated funds are insufficient to pay the total School Project cost and the Bridges Project allocated funds exceed the Bridges Project cost by \$2,585,151 the Town desires to reallocate a portion of the excess bridge proceeds in the amount of \$1,460,000 to the School Project to address any shortfall in funds needed to complete the School Project. Not all excess proceeds are being reallocated to allow for any non-reimbursable costs in the Bridges Project or other unanticipated costs. The Town would have to determine how to use any excess Bridges Project proceeds that remain in the future. The process to do that would be the same as the one that is currently being put to a referendum vote. The charts below illustrate the financials associated with both projects:

<b>Bridges Project</b>		<u>Grant</u>	<u>Authorized Amt to Bond</u>	<u>Total Bond Issuance</u>	<u>Bond Proceeds not expected to be spent</u>
Authorized Referendum	\$13,716,000				
2021 Estimate	\$13,052,500	\$8,987,750	\$4,064,750	\$4,050,000	
Oct 2022 Current Estimate	\$9,868,882	\$8,404,033	\$1,464,849	\$4,050,000	\$2,585,151

<b>School Project</b>							
		<u>Grant 37.86%</u>	<u>Authorized Amt to Bond</u>	<u>Total Bond Issuance</u>	<u>Shortfall</u>	<u>Contingency</u>	<u>Increase to Authorization</u>
Authorized Referendum	\$7,100,000						
Oct 2022 Current Estimate	\$8,308,238	\$2,705,069	\$5,603,169	\$4,350,000	\$1,253,169	\$206,831	\$1,460,000

Both the Board of Selectmen and the Board of Finance have approved resolutions to advance this to a Special Town meeting and Referendum. The Special Town meeting will consider and discuss a resolution to increase the School Project appropriation from \$7,100,000 to \$8,560,000. The source of funding for this increase will be from the Bridges Project. Therefore, there will be no change in the total amount of authorized funding from the 2019 referendum. If passed by the voters, the dollars will be moved from one project to the other.

The question that will be before the voters on December 20, 2022 is as follows:

Shall the Town of Granby increase the appropriation from \$7,100,000 to \$8,560,000 for the costs of various school capital improvement projects including the planning, design, construction, reconstruction and repair of: (a) science, career and technology education spaces, (b) performing arts facilities; (c) library-media center; (d) kitchen facilities; (e) athletic fields; and (f) infrastructure and systems located in various schools all in the Town of Granby including all architectural, engineering, testing, inspection, and temporary and permanent financing costs related thereto, including capitalized interest costs, and authorize the issuance of bonds and notes in the amount of an additional \$1,460,000 for a total of \$8,560,000 to

finance such appropriation or so much as may be necessary after deducting grants or other sources of funding, including funds authorized but not needed to complete the Bridges Project?

**IMPORTANT DATES**

	<b>DATE</b>	<b>TIME</b>	<b>LOCATION</b>
<b>Special Town Meeting</b>	Tuesday - December 13, 2022	7:00 PM	Senior Center - Community Room 15C North Granby Road Granby, CT 06035
<b>Referendum Vote</b>	Tuesday – December 20, 2022	12:00 PM – 8:00 PM	Town Hall Meeting Room 15 North Granby Road Granby, CT 06035