

Capital Projects – Bond Proposal

- Operations Budget -- annual and recurring expenses (i.e. heat, lights, gasoline, insurance, etc.) which must be supported by *ongoing and sustainable* revenues.
- Capital Budget -- Typically items with a *long life-span* (longer than 5 years and up to 50 years and beyond) and are typically supported by non-recurring revenues
- Bonds -- Costly items, *usually one-time expense*, over longer period of time – i.e. bridges, buildings, roads
- *Cannot bond for salaries* – this would lead to major financial problems. *RSA 33:3 “A municipality or county shall not issue bonds or notes to provide for payment of expenses for current maintenance and operation except as otherwise specifically provided by law.”*

Why bond now – during difficult economic times?

- The same reason that most have remortgaged their home, *historical low interest rates* that substantially *reduce the cost of borrowing*.
- Ability to lock in a low interest rate now.
- Everyone is looking for work. *Bids received* for construction have been *substantially lower* than in the past.
- Good time to *invest in the community* and take advantage of lower costs.

Bonding for Completion of Projects

- North & Main Street Relocation & Reconstruction
 - Estimated Cost \$ 4,424,664
 - Draper’s Corner \$ 3,160,000
 - Paving Projects \$ 1, 000,000
 - New Community Center & Campus
 - Estimated Cost \$10,000,000
- Total Estimated Cost* \$18,564,344

Bonding to complete the projects – plus some available for paving!

Less: Revenues generated (thus far) from non-local tax-payers / private donations

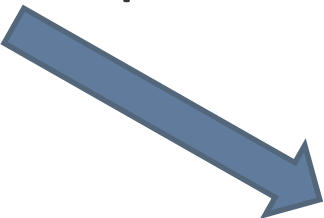
Claremont Savings Bank	\$3,000,000
Fundraising/Tax Credits	\$ 500,000
Federal Block Grants	<u>\$6,215,320</u>

Over ½ is OFF SETTING REVENUE !

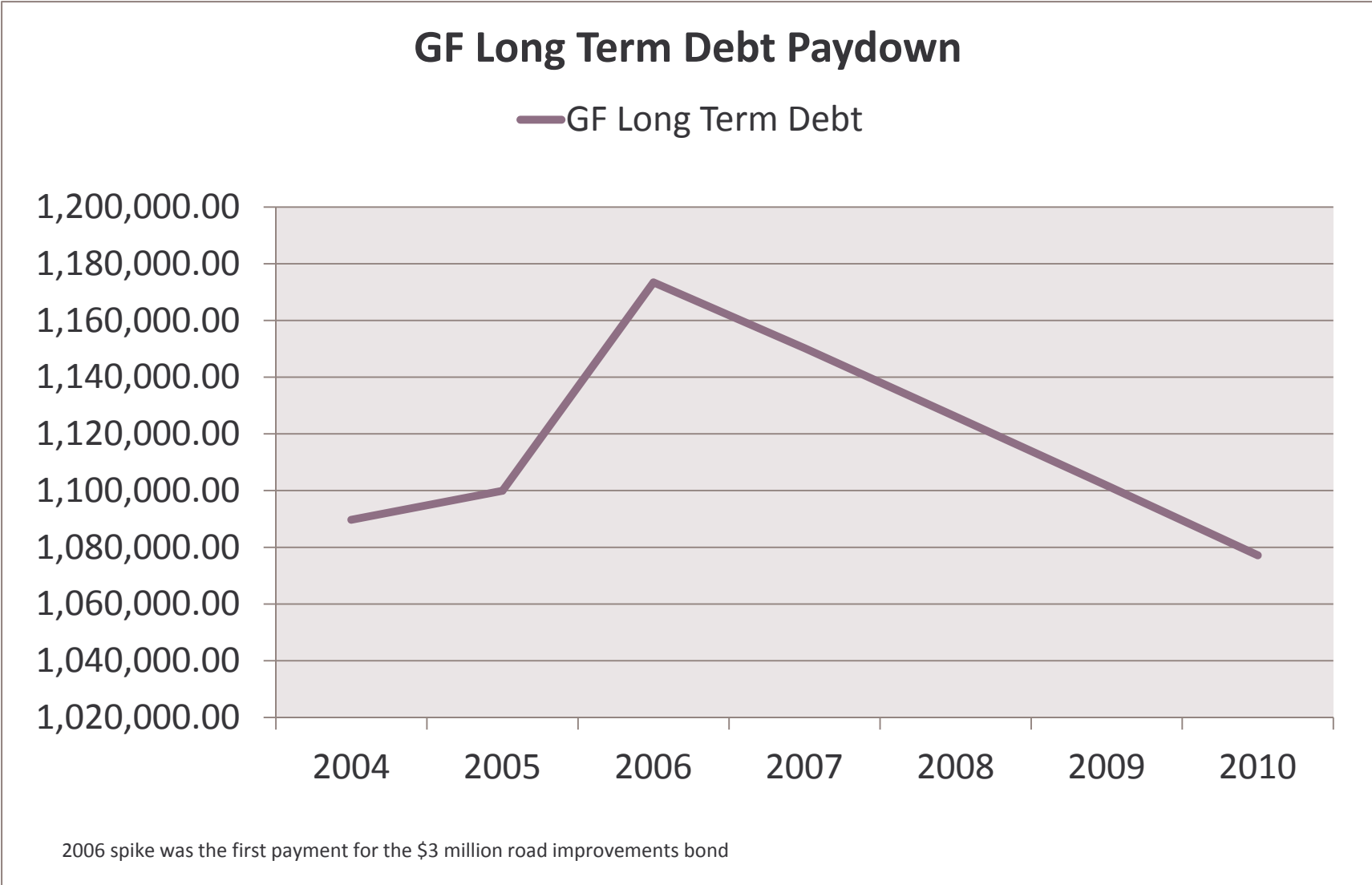


Total	\$9,715,320
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Amount to be raised through Bond

Total Cost	\$18,564,344
Less prior year costs	\$ 1,372,000
Less: Non-local tax revenue and private donations	<u>\$ 9,715,320</u>
 Total to Bond	\$ 7,497,344

How can this be done?



How can this be done?

- We have continued to pay down our general fund debt and will retire two more bonds in 2013.
- The savings when these 2 bonds are paid off will support approximately 71% of the anticipated yearly cost of this \$7,500,000 bond.
- The retirement of the bonds in 2013 coupled with the River Road TIFD closing out will be sufficient to pay the annual bond payments.

What Bonds are being paid off?

Bond Year --- Original \$\$	Funding Available from Annual Payment
• 1993 Bond - \$2,350,000	➤ \$166,935
• 1996 Bond - \$1,680,663	➤ 121,000
• 2003 Bond – \$147,597	➤ <u>15,443</u>
• Total Current Bond \$\$ =	\$303,378

What were the bonds used for that we are going to be paying off?

- 1993 Original bond of \$2,350,000 -- Great Lakes Lawsuit
- 1996 Original bond of \$1,680,663 -- \$330,000 - Tax Deeded Properties, \$600,000 - Main St Bridge, \$85,000 - Parks & Recreation, \$90,000 - Purchase of North St Properties, \$100,000 - purchase of Coy Paper Co., \$175,000 - Foundry, \$55,000 - Airport Gas Tank, \$40,000 - City Hall Roof
- 2003 Supplemental SRF debt of \$147,000 to close the landfill

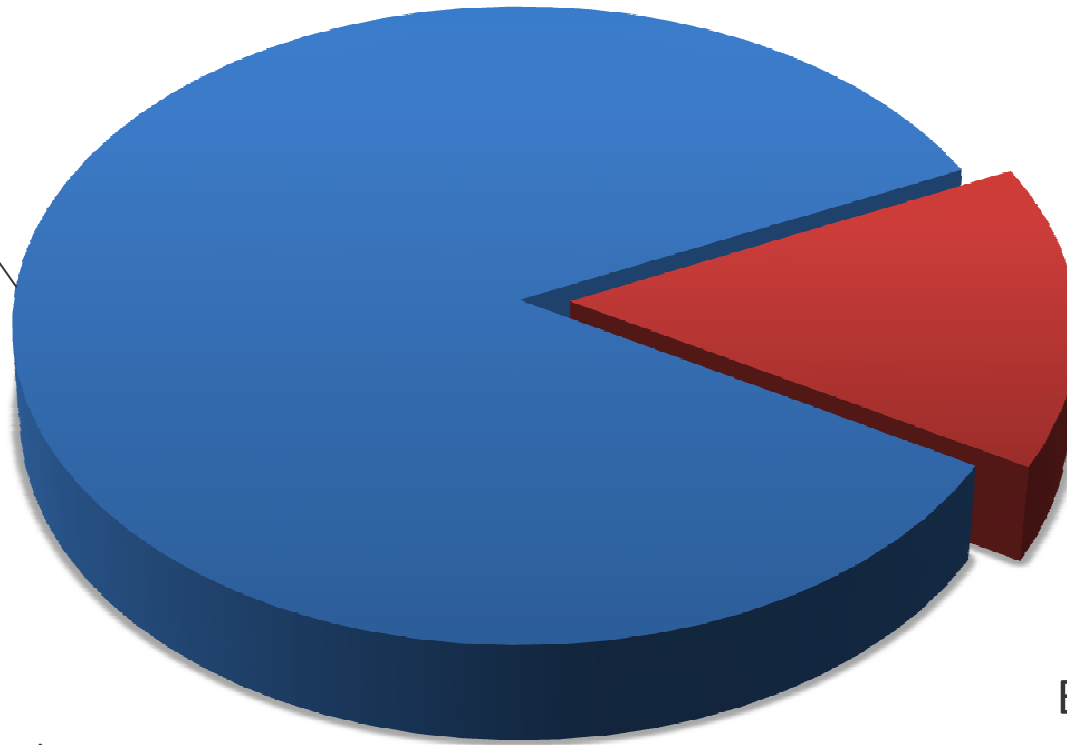
Anticipated Allocation of Expenses

• North & Main Street	\$ 785,000
• Drapers Corner	\$ 225,000
• Community Center	\$5,315,000
• Paving program	\$1,100,000
• Misc Fees & Contingencies	<u>\$ 75,000</u>
Total	\$ 7,500,000

Draper's Corner Project - Revised Total Estimated Cost \$3,160,000

- Amount Federally Funded
- Estimated City Share

Amount Federally Funded, \$2,675,589, 85%



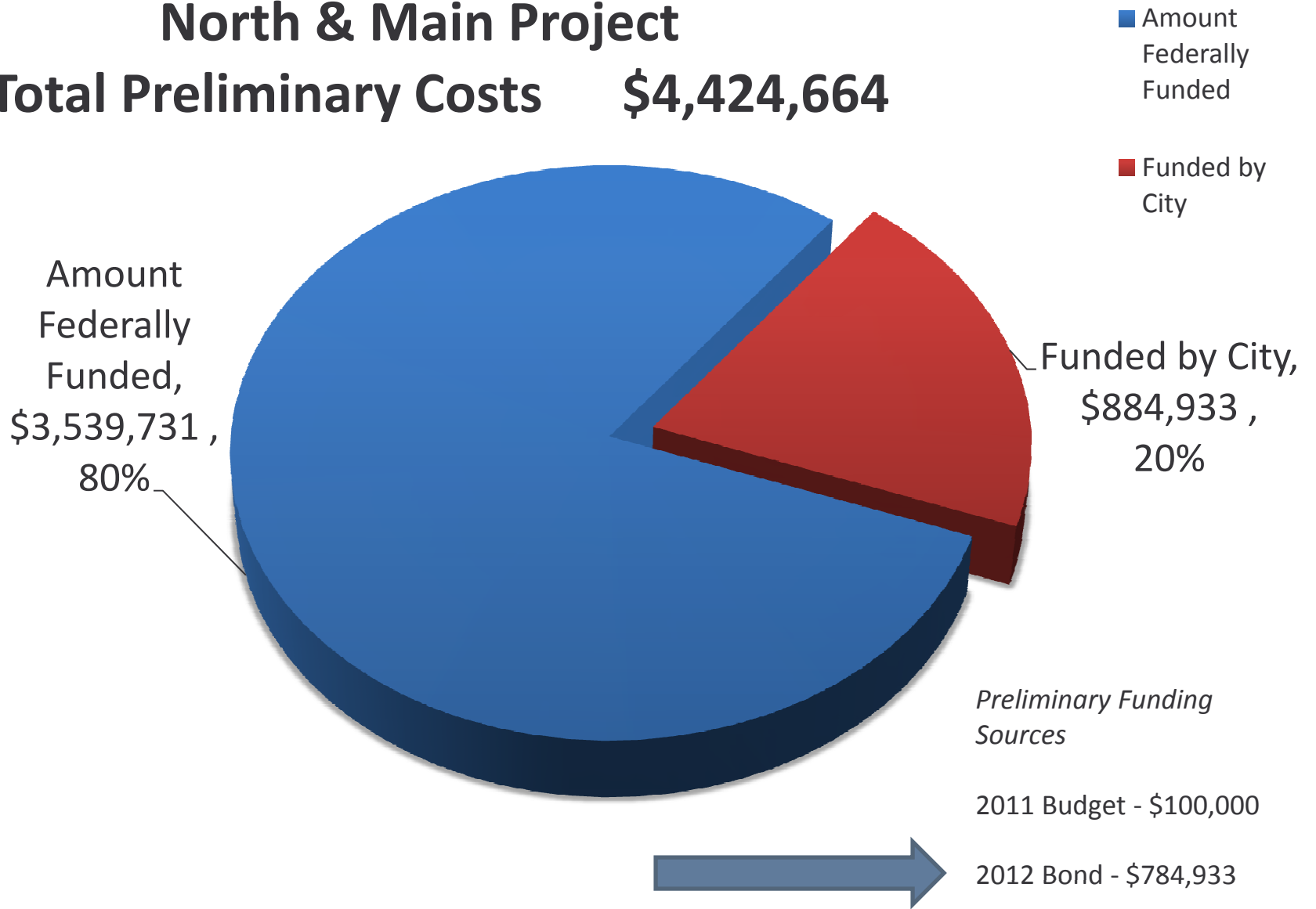
Estimated City Share, \$484,411, 15%

Budgeted 2010 - \$ (202,000) carried forward
Needed from this bond - \$225,000
Balance to come from Water & Sewer Enterprise Funds



North & Main Project

Total Preliminary Costs \$4,424,664



Total Estimated Project Cost for New Comm Center	
Construction Proposal – Original (Hutter)	\$8,395,000
Additional Construction Improvements Requested during design phase (2nd pool & upgrades)	\$505,000
Land Purchase - Rourke Residence & Vacant Lot	\$237,000
Possible Land Purchase - Additional Residence	\$150,000
Prior Costs -	\$202,380
FFE Budget (Furniture, Fixtures & Equipment)	\$380,000
Construction Contingency	\$100,000
Land (Claremont Savings Bank)	\$25,000
Total Estimated Project Cost	\$9,994,380

Required cash needed to fund the project	
Total Project Cost	\$9,994,380
Less City of Claremont contribution	-\$1,000,000
Claremont Savings Bank challenge	-\$3,000,000
Less cash donations against challenge	-\$427,958
Less Tax Credit Income from sales	-\$250,800
Less in kind donations	\$0
Remaining needed to fund project	\$5,315,622

Bond Payment Analysis

Based on a 30 yr bond – 3.83% interest

Annual Payment would be ~ \$ 425,000

2012 – interest only payment of \$167,600

Impact on tax rate for 2012 \$.21 / \$1,000

Impact on tax rate for 2013 \$.54/ \$1,000

After 2013 when 2 bonds retire it lowers

that cost to \$.15 / \$1,000

In 2015 when River Road TIFD matures and the Excess valuation is brought back on the tax rolls that tax impact goes to Zero.

Average cost for a homeowner on a \$150,000 home for the total bond of \$7.5 million?

In 2012 we plan on using the refunded dollars to cover most of that first year's "interest only" payment so at most it would be \$7.50 for the year

In 2013 it will be \$81.00 for the year

In 2014 that number drops to \$22.50 per year

In 2015 that number drops to ZERO

Bond Payment Analysis For ***JUST*** the New Community Center

*Based on a 30 yr bond – 3.83% interest
Annual Payment would be ~ \$ 302,755*

2012 – interest only payment of \$116,900 – Refunding of bond would cover this payment.

2013 – First full payment of \$302,755 --\$.39/ \$1,000 or Fund balance would fund the \$302,755.

2014 – Both bonds retire, freeing up annual debt payments of \$303,378 which will cover all of these payments going forward bringing this cost to ZERO

Can we have *NO* additional tax impact?

- Yes, these are items that would qualify as one-time or capital expenses and NOT ongoing operations. As such, the additional funding while the other bonds get paid down could come out of fund balance.
- 2011 – we are anticipating having one of our bonds refunded which could see a return of \$125,000 by year end. If so, we would apply those funds to the interest payment that would be due in 2012 leaving a balance of approximately \$43,000 to come from fund balance

Can we have NO additional tax impact?

- In 2013 we would need to take \$425,000 from fund balance to meet that payment
- In 2014 we would need to take approximately \$122,000 from fund balance to meet that payment.

Our current fund balance is approximately \$2.7 million. The total for all three years would be \$590,000 still leaving \$2,100,000 which is still more than we've had in fund balance for many of the previous years.

City Proposal for funding

**Budget Yr – taken from
Fund Balance**

Tax Rate Impact

➤ 2012 = \$43,000	\$0.00
➤ 2013 = \$425,000	\$0.00
➤ 2014 = \$122,000	\$0.00
➤ 2015 = \$0.00	\$0.00

Cost for ANY homeowner for the total bond
of \$7.5 million?

In 2013 it will be
\$0.00 per year

In 2014 it will be
\$0.00 per year

In 2015 and forward that
number continues to be zero
per year

Questions?

Retaining the Old Center

- North & Main Street Relocation & Reconstruction
 - Estimated Cost \$ 785,000
- Draper’s Corner \$ 225,000
- Paving Projects \$ 1, 100,000
- Revamp Current Community Center and return the \$3 million
 - Estimated Cost \$ 2,800,000
- Total to Bond \$ 4,910,000

Retaining the Old Center

- Forego the \$3 million challenge grant from CSB. Give back the tax credit and fundraising dollars being held for the project (over \$680,000)
- Bond payments on \$4.91 million would be \$355,869 per year instead of the \$425,000 - maximum of 20 yr bond (the average homeowner with a \$150,000 home would save \$.04 per day or \$13.30 per year on their actual tax bill)

And you'd still have 3 separate spaces of old vintage facilities with no parking. Plus your cost recovery will actually decrease below what it is now so more overall taxpayer money will be funding an old facility.