

TOWN OF GROTON
PUBLIC HEARING – BOND FOR PUBLIC WORKS BUILDING
February 3, 2021

In Attendance: John Rescigno, Tony Albert, Ron Madan and Sara Smith (Administrative Assistant)

Audience Members Present

John called the Public Hearing on the Bond for the Public Works Building to order at 8:40pm.

ARTICLE 2: To see if the town will vote to raise and appropriate the sum of **one million eighty-three thousand nine hundred eighty four dollars (\$1,083,984.00)** to design and construct a new Department of Public Works building, and to authorize the issuance of **six hundred eight-five thousand dollars (\$685,000)** of bonds or notes in accordance with the provisions of the Municipal Finance Act (RSA 33); to authorize the Selectmen to issue, negotiate, sell and deliver such bonds or notes and to determine the rate of interest thereon and the maturity and other terms thereof; to authorize the Selectmen to apply for, obtain and accept federal, state or other aid, if any, which may be available for said project and to comply with all laws applicable to said project; and to authorize the Selectmen to take any other action or to pass any other vote relative thereto. The remaining appropriation will be funded through an anticipated **two hundred fifty thousand dollars (\$250,000)** USDA grant, and the withdrawal of **one hundred forty-eight thousand nine hundred eight four dollars (\$148,984)** from the Public Works Capital Reserve Fund. Further, to raise and appropriate from taxation up to \$100,000 for the first year's debt service payment.

Recommendations required (3/5 ballot vote required)

John mentioned that the amount the Town is looking to bond for the garage is \$685,000.00. This is a 3/5 ballot vote so there will be a ballot for everyone to vote on and voting will remain open for an hour.

John mentioned that we have reached out to the NH Municipal Bond Bank and got estimates of payment schedules and amounts.

- For a 5-year Bond:
 - Interest would be 1.25%
 - Total amount we would pay back is \$724,375.00.
 - The first payment would be \$162,437.50 which the Select Board felt was too high and a final payment of \$136,687.50.
 - The interest paid over the life of the bond would be \$38,375.00.
- For a 10-Year Bond which the Select Board thinks is the best option:
 - Interest would be 1.50%
 - Total amount we would pay back is \$753,745.00.
 - The first payment would be \$93,295.00 and a final payment of \$65,975.00.
 - The interest paid over the life of the bond would be \$67,745.00
- For a 15-Year Bond which the Select Board thinks is the best option:
 - Interest would be 2.00%
 - Total amount we would pay back is \$804,610.00.
 - The first payment would be \$75,010.00 and a final payment of \$45,900.00.
 - The interest paid over the life of the bond would be \$118,610.00

The Select Board feels the payment would be too high with the 5-year bond and would like to pursue the 10-year bond which now has a 1.5% interest which is down 0.5% from when we ran the numbers last. They feel this one is more realistic. John mentioned that the first-year payment is less than what we have been raising for storm damages, grant projects and road projects so it is within our budget of what we have been paying the last few years. It is 10 years so it doesn't keep the town trapped in a large payment for a long period of time. The 15-year bond has lower payments but we would be paying significantly more in interest.

John doesn't think that this will affect the tax rate as much since this payment each year will be less than what we have done for road work so we won't have to raise more money than we have been for these payments.

Russ asked what equipment will be going in the garage. Bubba explained that there is a backhoe, a large 6-wheeler, a smaller 6-wheeler and a pick up. John mentioned you also have other equipment and items that will go in there.

Russ said 1 million dollars is a lot of money. He asked if money has been spent on this project so far. John explained money hasn't been spent yet for the bond portion but in order to get the grant money of \$250,000.00 we had to get plans and costs done up. He resident asked if it has been bid on yet. John mentioned we haven't put it out to bid and won't until the Town approves the project. He asked how we got the figure of over 1 million dollars then. John explained that we had an architect and engineers that worked on the plan and costs of the project so we had an idea of costs. They do factor higher than what it costs since the costs can go up each year. He asked if this has offices, heat, etc.? John said yes it has all of that along with plumbing, etc.

John said we need to stick to the bond questions and then will go over the building questions on the next public hearing on the building.

A resident asked what this would do to the taxes. John mentioned that the bond payments will be raised through taxation but again since we don't have the other projects, we had in the past then we will not see the taxes increase. It should actually be less since the overall budget is less. The general rule is that for every \$100,000 that the budget goes up that the tax rate will go up \$1.00. For example, right now the tax rate is \$18.16 per thousand so if this was in addition to last year it would go up \$1.00 since it is a \$100,000.00 payment so it would bring the tax rate to \$19.16 per thousand. However, this year's budget is almost \$100,000.00 less than last year so it shouldn't go up at all.

John said that right now the interest rates on the bonds are very low and we have the grant money so it is a good time to do this.

Miles asked if it was up to the Select Board to present the 5-year, 10-year, 15-year options or if they are required to by statute. John explained this was decided by the Select Board. Tony said they decided to look at the options and let the people know the information and how they were leaning. John said this shows the townspeople why they are leaning towards the 10-year bond.

John mentioned that there is room since the warrants are less so the tax rate will match this. This year we have River Road on the warrant which won't be next year so the tax rate will be even less.

Sherry pointed out that the grant money is also going towards this to keep the bond payment lower. John said that is correct, we have the grant money and the low interest which are both helping keep costs down. Without the grant money we would have to bond even more.

Russ said that nowhere is it written that you have to backfill your taxes and once one project is done that you have to do another. The Select Board understands that but due to timing of the grant, the low interest rates, the other projects being complete this is the best time to do it.

Russ asked do you need a building. John answered that yes, we do since it is in a flood zone.

A resident asked if the \$100,000.00 is part of the budget. Sara explained that yes this is under the warrant article total for the year. This will be for the first payment. This is shown under warrant article 2 so when you are looking at the budget on the front page that is part of the total listed for the special and individual warrant articles. Once the town approves the bond, this will be part of the budget like the truck payment used to be instead of being a warrant article.

Sara explained that there will also be some fees for the bond counsel.

Bill asked where the Town stands for outstanding debt now. John mentioned that the town does not have any outstanding debt or any payments on anything right now.

A resident said that he thought the vehicles in a heated building don't last as long. Tony said he disagrees and it has been proven that vehicles left outside need more maintenance.

There were no other questions on the bond.

Having no other business to conduct, John motioned to close the public hearing on the bond for the public works building at 8:55pm, Tony 2nd, so voted.

Respectfully Submitted,

Sara Smith
Administrative Assistant