

TOWN OF GROTON
PUBLIC HEARING – BOND FOR PUBLIC WORKS BUILDING
February 7, 2023

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 6:00pm.

The posting in the newspaper about the public hearing shared the warrant article wording which is as follows:

ARTICLE 3: To see if the town will vote to raise and appropriate the sum of **six hundred twenty five thousand dollars (\$625,000)** to design and construct a new Department of Public Works building, and to authorize the issuance of **two hundred fifteen thousand dollars (\$215,000)** of bonds or notes in accordance with the provisions of the Municipal Finance Act (RSA 33); with **two hundred fifty thousand dollars (\$250,000)** to come from a grant from USDA Rural Development; to authorize the withdrawal of **one hundred sixty thousand dollars (\$160,000)** from the Public Works Capital Reserve Fund; 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. Further, to raise and appropriate from taxation **ninety thousand dollars (\$90,000)** for the first year's debt service payment. Recommendations required (3/5 ballot vote required).

John mentioned that the Town is hoping to move forward with the Town Garage. The total cost of the building is \$625,000 and we are looking to possibly bond \$215,000.00. John mentioned that we have reached out to the NH Municipal Bond Bank and got estimates of payment schedules and amounts. We did look into two options for a bond, a two-year and a three-year option.

- For a 3-Year Bond:
 - Interest would be 4.75%
 - The interest paid over the life of the bond would be \$21,656.25.
 - The first payment would be \$85,968.75, the second payment of \$82,125.00 and a final payment of \$78,562.50.
- For a 2-year Bond:
 - Interest would be 4.75%
 - The interest paid over the life of the bond would be \$16,193.75.
 - The first payment would be \$125,968.75 and the second payment of \$115,225.00.

A resident asked if the interest rate is the same for both. John mentioned it is at 4.75%. Tony mentioned that the interest is just an estimate and is subject to change. This could go up, we should know more in March. John said that he just saw that they are looking to increase this in March.

David asked why the Select Board didn't go with a 5-year bond and asked how long the building will last. John said that hopefully the building lasts 40 years or so. John mentioned they want to pay it off faster so that they don't pay more in interest, so that the Town doesn't have that debt laying over their head,

especially not knowing what can happen. John said if you look at the budget with paying for the full building, it doesn't increase by a lot from last year's budget. Then the Town would own the building without having a payment over its head. With the uncertainties in the economy, it would be nice to pay it off in one year so that we do not have these costs over our head and then if we did have to tighten the budget in the future we wouldn't have to worry about this payment.

Stacey asked what are the chances of getting the short-term bond over a long-term bond. John mentioned it is the same.

Tony mentioned that the biggest reason we put the bond on the warrant article is that we have received costs from the building committee but an engineer has to approve these costs. If these costs stay the same then the Select Board would like to move forward without a bond. However, if these costs increase then a bond may be needed. If the engineer thinks it needs \$100,000.00 more then it would be better to bond. If it doesn't increase then we do not have to go the bond route and can raise the entire amount in one year to save on interest. Tony said if we look at the total budget, including budget and warrant articles, it will only increase \$51,971 from last year with the full building in there. If we pay for it all now, it will be one and done. Again, if the architect comes back with a higher amount, then we would want to bond. If we do go the bond route, we are required to have two bond meetings before Town meeting. This is the first one and once we get the costs back, we will set the second meeting. We can increase the amounts if we need to. We are hoping the costs remain the same.

John said that it is a small amount of money to bond so that is why we didn't put it out for longer. We would be paying too much in interest.

Sara explained that the bond warrant article would require a ballot vote and a 3/5 vote is required. Voting would remain open for an hour. If we just did the building with no bond then it wouldn't have to be a ballot vote and only majority vote is required.

Stacey asked how long it will take for the building to be built. John said seeing how fast Casey's went up it should take roughly a year. Sara explained that because there is federal money involved, we have to follow timelines so that makes it take a little longer.

Sherry asked if it will be the same as the building in Hebron. Tony said yes, that is where we got the building plans from.

Slim thought there was a time limit on the grant that it needed to be done within the year so we would have moved ahead now. John said that if we do not pass the building at Town meeting this year we will lose the grant. Also, it will make it so we are blacklisted for other grants going forward. If the Town votes for the building, then we get the grant. Sara said we have a few years to build the building once the Town approves it, we do not only have a year to build.

Tony said when we were approved for the grant it was a 75/25 grant so since the building was one million dollars that is why we were getting \$250,000.00. However, we talked to USDA and explained the lower building costs and they agreed to still give us the \$250,000.00. John said in order to keep the grant we need the vote in March.

David asked is approved with this building. John said yes, it is. Tony explained that we have presented the new building information but the plans and costs need to be stamped by an architect/engineer. David then asked if it meets state codes, OSHA requirements, etc. John and Tony said yes it meets all codes.

Cindy asked if there is a reason why we don't have the stamp of approval yet. Sara explained that USDA reached out and stated something needs to be done now. The Select Board then reached out to a few residents in Town that are knowledgeable in this area to form a building committee. One of them was Casey Kuplin who owns the building in Hebron which is similar to what we need. Since Casey knew the costs of his building he was able to reach out to the company to get the building plans for what we are looking for and he knew the costs so he was able to put together an estimate. However, since it is a grant, they cannot just take this information from a committee it needs to be signed off on by an actual architect/engineer. USDA said it looks good but needs the stamp. We have an agreement for the Select Board to sign later so once that is signed, they will move forward with the process.

Bubba explained that USDA and the Architect have also talked about what USDA needs from the architect so that we meet the grant deadlines.

Tony mentioned that we also had the septic and site plan done by the Barnard's which are professionals and well known but they need to be stamped by an architect. USDA requires that stamp of approval.

David asked if we can get the grant money before to use as cash flow. Tony said he thinks so. John said the money would have to be raised through taxation any way, that is the way it works. Sara said we would have to look into this because the other grants we applied for we had to pay for it and then submit the invoices and proof of payment for reimbursement. David asked if we have enough money to cover this. John said yes and Pam said absolutely.

Stacey said if this goes through, we could break ground the next day. Tony and John explained that once it is approved it has to go out for bid so we would be on the time frame of the person that is awarded the project. John said once it is voted on it will be locked in and the grant will be safe. Sara said the federal grants have certain timeframes for the bids and the bid process takes some time. The resident said that this should be clarified because she thinks that people may have the expectation that it will start right away.

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 6:16pm, Tony 2nd, so voted.

Respectfully Submitted,

Sara Smith
Administrative Assistant