

Minutes of the Town of Farmington
Regular Town Council Meeting
May 26, 2015

Present:

Nancy W. Nickerson, Chair

Jeffery P. Apuzzo

Jon Landry

Peter M. Mastrobattista

Amy Suffredini

Meredith A. Trimble

Jon Vibert

Kathleen Eagen, Town Manager

Paula B. Ray, Clerk

A. Call to Order

The Chair called the meeting to order at 7:00 pm.

The Chair thanked the organizers of the Memorial Day Parades and informed the public about the new flag and monument in honor of all Farmington veterans donated by the Farmington Veteran's Memorial Committee and the Riverside Cemetery Board of Directors at the Riverside Cemetery. She then called for a moment of silence to honor the United States military active and retired.

B. Pledge of Allegiance

The Council and members of the public recited the Pledge of Allegiance of the United States of America.

C. Public Comments

Paula O'Brien, Vice Chair of the Board of Education spoke on behalf of the Board of Education. She told the Council the Board of Education had not had the opportunity to meet to discuss the agenda for that night's Council meeting. She told the public the Superintendent of Schools and the school's Business Administrator had worked with a consultant over the past winter to complete a study of the facility needs at Farmington High School. This study and a mandatory school inspection in 2014 were the basis for the "statement of needs" for the high school renovation project. She told the Council the priorities for the school renovations were:

1. School safety issues
2. All ADA issues
3. Educational needs for future curriculum and development anticipated for Farmington High School, such as bio-medical science studies and technology based course work.

The next step for the statement of needs is for the Board of Education to work with the Council to review the "Statement of Needs" and articulate the Board of Education's

priorities. She then reviewed the process for public building projects in the Town Code. She told the Council that the costs for the project being tossed around the community were completely invalid, and the Board of Education looked forward to working with the Council for the benefit of the children of the Town of Farmington.

D. Consideration of Special Topics.

1. Debt Impact Scenario Presentation
Joseph Swetcky, Finance Director

Mr. Swetcky reviewed the presentation recorded with these minutes as Agenda Item D-1 and answered Council questions. The Manager created a list of follow-up questions to be addressed.

E. New Business

There was no new business conducted.

F. Executive Session

There was no Executive Session held.

G. Adjournment

Motion was made and seconded (Apuzzo/Landry) to adjourn the meeting at 8:57 p.m.
Adopted unanimously.

Respectfully submitted,

Paula B. Ray, Clerk

Debt

MAY 26, 2015

Debt Policy

- Debt shall only be issued for acquiring, constructing or renovating Town owned fixed assets or for refinancing existing debt obligations.
- Debt obligations will have a maximum maturity of the earlier of :
 1. the estimated useful life of the capital improvement; or,

Debt Policy (cont.)

2. twenty years; or
3. for debt obligations issued to refinance outstanding debt, the final maturity of the debt obligation being refinanced.

Debt Policy (cont.)

- At least 70% of outstanding general obligation bonds shall mature in less than 10 years;
 Currently 91%
- Limit annual general fund debt service to 10% of the Total General fund Budget;
 FY15/16 = 6.9%
- Shall not exceed 50% of its statutory debt limitation. Currently = 6.8%

Current Debt (As of June 30, 2015)

• Principal	\$39,445,000
• Interest	<u>\$ 6,495,163</u>
Total	\$45,940,163
BANS	\$ 725,000
CWF Loans	\$ 0
Total Outstanding Debt	\$46,665,163

Future Debt Issues

- Issue of 2015C (October 2015):

Roads	\$1,000,000
IAR Heating System	100,000
IAR School Improve	100,000
Fire Engine Pumpers	1,100,000
Open Space	<u>900,000</u>
Total	\$3,200,000

Future Debt Issues (Cont.)

• Debt Issue of 2016	
IAR Heating System	\$1,900,000
Open space	<u>500,000</u>
Total	\$2,400,000

Future Debt Issues (cont.)

- WPCA Facility Upgrade Debt (Estimates)

Amount to be Financed	\$42,490,400
Interest	8,498,080
Assessments	(11,166,477)
Estimated Town Cost	\$39,822,003

Projected Debt Service

Fiscal Year	Existing	2015C	2016	BAN	Plant Upgrade	Inc/(Dec)
	Debt	Issue	Issue	Interest	Net	Total
	Service	Issue	Issue	Interest	Net	Total
FY15/16	\$ 6,759,864			\$ 130,000		\$ 6,889,864
FY16/17	5,715,187	318,107	232,197	300,000		6,565,491 (324,373)
FY17/18	5,596,338	312,763	228,320	300,000		6,437,421 (128,070)
FY18/19	5,388,363	306,125	223,440		2,704,511	8,622,439 2,185,018
FY19/20	5,191,188	299,488	218,560		2,177,797	7,887,033 (735,406)
FY20/21	4,482,313	292,850	213,680		2,177,797	7,166,640 (720,393)
FY21/22	3,493,313	286,213	208,800		2,177,797	6,166,123 (1,000,517)
FY22/23	1,885,913	279,575	203,920		2,177,797	4,547,205 (1,618,918)
FY23/24	1,876,488	272,938	199,040		2,177,797	4,526,263 (20,942)
FY24/25	1,809,932	241,300	194,160		2,177,797	4,423,189 (103,074)

Projected Debt Service As Percent of Operating Budget

Fiscal Year	Projected Debt Service	Projected Operating Budget	Debt Service	
			As % of	
			Operating Budget	
FY15/16	\$ 6,889,864	97,562,737	7.1%	
FY16/17	6,565,491	100,489,619	6.5%	
FY17/18	6,437,421	103,504,308	6.2%	
FY18/19	8,622,439	106,609,437	8.1%	
FY19/20	7,887,033	109,807,720	7.2%	
FY20/21	7,166,640	113,101,952	6.3%	
FY21/22	6,166,123	116,495,010	5.3%	
FY22/23	4,547,205	119,989,860	3.8%	
FY23/24	4,526,263	123,589,556	3.7%	
FY24/25	4,423,189	127,297,243	3.5%	
Assumes Operating Budget will grow by 3% per year.				

TAX IMPACTS

Tax Rate History

	Tax Rate	Mill Increase	% Increase
FY2015/2016	25.10	0.66	2.70%
FY2014/2015	24.44	0.37	1.54%
FY2013/2014	24.07	2.17	9.91%*
FY2012/2013	21.90	0.63	2.96%
FY2011/2012	21.27	0.81	3.96%
FY2010/2011	20.46	0.70	3.54%
FY2009/2010	19.76	0.29	1.49%
FY2008/2009	19.47		
* Revaluation Year			

Tax Impact of Existing Debt

Fiscal Year	Projected Debt Service	Value in Mills	Change	Mill Rate
FY15/16	6,889,864	1.96		25.10
FY16/17	6,565,491	1.85	-0.11	24.99
FY17/18	6,437,421	1.80	-0.05	24.94
FY18/19	8,622,439	2.38	0.58	25.52
FY19/20	7,887,033	2.16	-0.22	25.30
FY20/21	7,166,640	1.95	-0.21	25.09
FY21/22	6,166,123	1.66	-0.28	24.80
FY22/23	4,547,205	1.22	-0.45	24.36
FY23/24	4,526,263	1.20	-0.01	24.34
FY24/25	4,423,189	1.17	-0.04	24.31

**FY2018/2019
TAX AND BUDGET WORKSHEET
PROJECTED BUDGET
FIRST YEAR OF DEBT REPAYMENTS FOR WPCA UPGRADE**

	<u>FY17/18 Projected</u>	<u>FY18/19 Projected</u>	<u>Dollar Change</u>	<u>% Change</u>
<u>EXPENDITURES</u>				
Education	64,069,033	65,991,104	1,922,071	3.00
Town	28,770,449	29,633,562	863,113	3.00
Debt Service	6,437,421	8,622,439	2,185,018	33.94
Capital Improvements	3,609,000	3,609,000	-	-
Total	<u>102,885,903</u>	<u>107,856,105</u>	<u>4,970,202</u>	4.83

GRAND LIST

Real Estate	3,147,277,391	3,168,049,422	20,772,031	0.66
Personal Property	203,094,892	204,435,318	1,340,426	0.66
Motor Vehicles	232,060,123	233,591,720	1,531,597	0.66
Total	<u>3,582,432,406</u>	<u>3,606,076,460</u>	<u>23,644,054</u>	0.66

REVENUES

Other Property Taxes	1,079,000	1,079,000	-	-
Licenses and Permits	843,500	843,500	-	-
Fines and Penalties	39,200	39,200	-	-
Interest	75,000	75,000	-	-
Grants	6,471,275	6,471,275	-	-
Service Charges	1,288,834	1,288,834	-	-
Other	178,000	178,000	-	-
Fund Balance	-	-	-	-
Total	<u>9,974,809</u>	<u>9,974,809</u>	<u>-</u>	-

TAX & MILL RATE

Tax Levy	\$ 93,623,095	\$ 98,593,296
Mill Rate	26.24	27.46
Mill Rate Change	0.56	1.22
% Change	2.20%	4.63%
Avg Residential Assessment	\$ 232,074	\$ 232,074
Real Estate Taxes	\$ 6,090.59	\$ 6,371.87
Dollar Increase	131.35	281.28
Percent Increase	2.20%	4.62%

\$50,000,000 Debt Issue

PROJECT:		Bond Issue of 20??	
RATE:		3.35%	
TERM:		20 YRS	
TOTAL PROJECT COST:			\$ 50,000,000
ESTIMATED GRANTS:			\$ -
NET COST:			\$ 50,000,000
FISCAL			
YEAR	PRINCIPAL	INTEREST	TOTAL
1	\$ 2,500,000	\$ 1,652,055	\$ 4,152,055
2	\$ 2,500,000	1,591,250	4,091,250
3	\$ 2,500,000	1,507,500	4,007,500
4	\$ 2,500,000	1,423,750	3,923,750
5	\$ 2,500,000	1,340,000	3,840,000
6	\$ 2,500,000	1,256,250	3,756,250
7	\$ 2,500,000	1,172,500	3,672,500
8	\$ 2,500,000	1,088,750	3,588,750
9	\$ 2,500,000	1,005,000	3,505,000
10	\$ 2,500,000	921,250	3,421,250

**FY2017/2018
TAX AND BUDGET WORKSHEET
PROJECTED BUDGET
\$50.0 MILLION DEBT ISSUANCE-FIRST YEAR DEBT SERVICE**

	<u>FY16/17 Projected</u>	<u>FY17/18 Projected</u>	<u>Dollar Change</u>	<u>% Change</u>
<u>EXPENDITURES</u>				
Education	62,202,945	64,069,033	1,866,088	3.00
Town	27,932,475	28,770,449	837,974	3.00
Debt Service	6,565,491	10,589,476	4,023,985	61.29
Capital Improvements	3,484,000	3,484,000	-	-
Total	<u>100,184,911</u>	<u>106,912,959</u>	<u>6,728,048</u>	6.72
<u>GRAND LIST</u>				
Real Estate	3,126,641,557	3,147,277,391	20,635,834	0.66
Personal Property	201,763,255	203,094,892	1,331,637	0.66
Motor Vehicles	230,538,568	232,060,123	1,521,555	0.66
Total	<u>3,558,943,380</u>	<u>3,582,432,406</u>	<u>23,489,026</u>	0.66
<u>REVENUES</u>				
Other Property Taxes	1,079,000	1,079,000	-	-
Licenses and Permits	843,500	843,500	-	-
Fines and Penalties	39,200	39,200	-	-
Interest	75,000	75,000	-	-
Grants	6,471,275	6,471,275	-	-
Service Charges	1,288,834	1,288,834	-	-
Other	178,000	178,000	-	-
Fund Balance	-	-	-	-
Total	<u>9,974,809</u>	<u>9,974,809</u>	<u>-</u>	-
<u>TAX & MILL RATE</u>				
Tax Levy	\$ 90,922,102	\$ 97,650,150		
Mill Rate	25.68	27.37		
Mill Rate Change	0.58	1.69		
% Change	2.29%	6.59%		
Avg Residential Assessment	\$ 232,074	\$ 232,074		
Real Estate Taxes	\$ 5,959.24	\$ 6,352.57		
Dollar Increase	133.67	393.33		
Percent Increase	2.29%	6.60%		

\$25,000,000 Debt Issue

PROJECT:		Bond Issue of 20??	
RATE:		3.35%	
TERM:		20 YRS	
TOTAL PROJECT COST:		\$ 25,000,000	
ESTIMATED GRANTS:		\$ -	
NET COST:		\$ 25,000,000	
FISCAL			
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1	\$ 1,250,000	826,027	\$ 2,076,027
2	\$ 1,250,000	795,625	2,045,625
3	\$ 1,250,000	753,750	2,003,750
4	\$ 1,250,000	711,875	1,961,875
5	\$ 1,250,000	670,000	1,920,000
6	\$ 1,250,000	628,125	1,878,125
7	\$ 1,250,000	586,250	1,836,250
8	\$ 1,250,000	544,375	1,794,375
9	\$ 1,250,000	502,500	1,752,500
10	\$ 1,250,000	460,625	1,710,625

**FY2017/2018
TAX AND BUDGET WORKSHEET
PROJECTED BUDGET
\$25.0 MILLION DEBT ISSUANCE-FIRST YEAR DEBT SERVICE**

	<u>FY16/17 Projected</u>	<u>FY17/18 Projected</u>	<u>Dollar Change</u>	<u>% Change</u>
<u>EXPENDITURES</u>				
Education	62,202,945	64,069,033	1,866,088	3.00
Town	27,932,475	28,770,449	837,974	3.00
Debt Service	6,565,491	8,513,448	1,947,957	29.67
Capital Improvements	3,484,000	3,484,000	-	-
Total	<u>100,184,911</u>	<u>104,836,931</u>	<u>4,652,020</u>	4.64
<u>GRAND LIST</u>				
Real Estate	3,126,641,557	3,147,277,391	20,635,834	0.66
Personal Property	201,763,255	203,094,892	1,331,637	0.66
Motor Vehicles	230,538,568	232,060,123	1,521,555	0.66
Total	<u>3,558,943,380</u>	<u>3,582,432,406</u>	<u>23,489,026</u>	0.66
<u>REVENUES</u>				
Other Property Taxes	1,079,000	1,079,000	-	-
Licenses and Permits	843,500	843,500	-	-
Fines and Penalties	39,200	39,200	-	-
Interest	75,000	75,000	-	-
Grants	6,471,275	6,471,275	-	-
Service Charges	1,288,834	1,288,834	-	-
Other	178,000	178,000	-	-
Fund Balance	-	-	-	-
Total	<u>9,974,809</u>	<u>9,974,809</u>	<u>-</u>	-
<u>TAX & MILL RATE</u>				
Tax Levy	\$ 90,922,102	\$ 95,574,122		
Mill Rate	25.68	26.79		
Mill Rate Change	0.58	1.11		
% Change	2.29%	4.33%		
Avg Residential Assessment	\$ 232,074	\$ 232,074		
Real Estate Taxes	\$ 5,959.24	\$ 6,217.51		
Dollar Increase	133.67	258.27		
Percent Increase	2.29%	4.33%		

\$10,000,000 Debt Issue

PROJECT:		Bond Issue of 20??	
RATE:		3.35%	
TERM:		20YRS	
TOTAL PROJECT COST:			\$ 10,000,000
ESTIMATED GRANTS:			\$ -
NET COST:			\$ 10,000,000
FISCAL			
YEAR		<u>PRINCIPAL</u>	<u>INTEREST</u>
1	\$ 500,000	\$ 330,411	\$ 830,411
2	\$ 500,000	318,250	818,250
3	\$ 500,000	301,500	801,500
4	\$ 500,000	284,750	784,750
5	\$ 500,000	268,000	768,000
6	\$ 500,000	251,250	751,250
7	\$ 500,000	234,500	734,500
8	\$ 500,000	217,750	717,750
9	\$ 500,000	201,000	701,000
10	\$ 500,000	184,250	684,250
		<u>TOTAL</u>	

**FY2017/2018
TAX AND BUDGET WORKSHEET
PROJECTED BUDGET
\$10.0 MILLION DEBT ISSUANCE-FIRST YEAR DEBT SERVICE**

<u>EXPENDITURES</u>	<u>FY16/17 Projected</u>	<u>FY17/18 Projected</u>	<u>Dollar Change</u>	<u>% Change</u>
Education	62,202,945	64,069,033	1,866,088	3.00
Town	27,932,475	28,770,449	837,974	3.00
Debt Service	6,565,491	7,267,832	702,341	10.70
Capital Improvements	3,484,000	3,484,000	-	-
Total	<u>100,184,911</u>	<u>103,591,315</u>	<u>3,406,404</u>	3.40

GRAND LIST

Real Estate	3,126,641,557	3,147,277,391	20,635,834	0.66
Personal Property	201,763,255	203,094,892	1,331,637	0.66
Motor Vehicles	230,538,568	232,060,123	1,521,555	0.66
Total	<u>3,558,943,380</u>	<u>3,582,432,406</u>	<u>23,489,026</u>	0.66

REVENUES

Other Property Taxes	1,079,000	1,079,000	-	-
Licenses and Permits	843,500	843,500	-	-
Fines and Penalties	39,200	39,200	-	-
Interest	75,000	75,000	-	-
Grants	6,471,275	6,471,275	-	-
Service Charges	1,288,834	1,288,834	-	-
Other	178,000	178,000	-	-
Fund Balance	-	-	-	-
Total	<u>9,974,809</u>	<u>9,974,809</u>	<u>-</u>	-

TAX & MILL RATE

Tax Levy	\$ 90,922,102	\$ 94,328,506
Mill Rate	25.68	26.44
Mill Rate Change	0.58	0.76
% Change	2.29%	2.97%
Avg Residential Assessment	\$ 232,074	\$ 232,074
Real Estate Taxes	\$ 5,959.24	\$ 6,136.48
Dollar Increase	133.67	177.24
Percent Increase	2.29%	2.97%

**FY2018/2019
TAX AND BUDGET WORKSHEET
PROJECTED BUDGET**

**FIRST YEAR OF DEBT REPAYMENTS FOR WPCA UPGRADE AND 2ND YEAR OF DEBT REPAYMENTS
FOR \$10.0MILLION ISSUE**

<u>EXPENDITURES</u>	<u>FY17/18 Projected</u>	<u>FY18/19 Projected</u>	<u>Dollar Change</u>	<u>% Change</u>
Education	64,069,033	65,991,104	1,922,071	3.00
Town	28,770,449	29,633,562	863,113	3.00
Debt Service	7,267,832	9,440,689	2,172,857	29.90
Capital Improvements	3,484,000	3,484,000	-	-
Total	<u>103,591,314</u>	<u>108,549,355</u>	<u>4,958,041</u>	4.79

GRAND LIST

Real Estate	3,147,277,391	3,168,049,422	20,772,031	0.66
Personal Property	203,094,892	204,435,318	1,340,426	0.66
Motor Vehicles	232,060,123	233,591,720	1,531,597	0.66
Total	<u>3,582,432,406</u>	<u>3,606,076,460</u>	<u>23,644,054</u>	0.66

REVENUES

Other Property Taxes	1,079,000	1,079,000	-	-
Licenses and Permits	843,500	843,500	-	-
Fines and Penalties	39,200	39,200	-	-
Interest	75,000	75,000	-	-
Grants	6,471,275	6,471,275	-	-
Service Charges	1,288,834	1,288,834	-	-
Other	178,000	178,000	-	-
Fund Balance	-	-	-	-
Total	<u>9,974,809</u>	<u>9,974,809</u>	<u>-</u>	-

TAX & MILL RATE

Tax Levy	\$ 94,328,506	\$ 99,286,546
Mill Rate	26.44	27.65
Mill Rate Change	0.76	1.21
% Change	2.97%	4.57%
Avg Residential Assessment	\$ 232,074	\$ 232,074
Real Estate Taxes	\$ 6,136.48	\$ 6,416.67
Dollar Increase	177.24	280.19
Percent Increase	2.97%	4.57%

Conclusions

- The one more year of declining debt service payments.
- Debt impacts will depend on progress of WPCA Upgrade
- Current projections are that FY18/19 will see a significant increase in debt service expenditures.
- The Town's capacity to issue large amounts of debt will be limited until FY20/21.