

COSTS

Originally budgeted as a \$62 million construction project for ADS, CMS, MBS, the 2012 construction came in well under budget and under bond, and on schedule. All 3 projects were building/rebuilding on existing (improved) SAU8 property. Projects completed on schedule.

Aug-2012 Cap Facilities Minutes:

Jack Dunn presented estimated costs of the three new elementary school buildings. Abbot-Downing, Christa McAuliffe and Mill Brook Schools cost \$53.2 million to build, \$1.8 million less than the \$55 million bond sold in 2010, and \$8.8 million less than the original budget of \$62 million. The \$53.2 million includes estimated final invoices for landscaping and furniture, and includes \$2.1 million in upgrades to materials the Board chose at the beginning of construction to increase the longevity and sustainability of the buildings. In the spring of 2012, the Board committed to spending \$1.5 million of the \$55 million to renovate Dewey School to be the permanent home of the District's offices.

Before construction began, school officials estimated building costs could be as high as \$62.5 million, and in 2010 the Board authorized borrowing up to that amount. Mr. Dunn reported that timing, economies of scale, favorable bond markets¹, *detailed drawings, and planning and oversight by District staff and the Board contributed to the lower construction costs. He stated that change orders on a project such as this would result in a school district going way over budget. This has happened in other areas of the state, but not in Concord.*

The total bill for the new schools, after interest payments, costs of purchasing the land and buildings, and construction, adds up to \$90.8 million. With the state building aid program paying 43 percent of most costs, the District's share of the costs is \$31.35 million in principal and \$33.4 million in interest.

In 2005, the Board voted to raise \$3.2 million each year for current debt and future projects. As the District paid off debt, the difference between what is still owed and the \$3.2 million cap went into a savings account for the future elementary school project. Board members said that fund will be drawn to keep the tax impact as low as possible.

- In 2011, the owner of a house assessed at \$250,000 paid \$240.00 for the \$3.2 million debt and savings payment.
- The elementary school construction project will increase the District's debt level for three years, from 2014-2016.
- In 2014, the debt portion of the tax bill will be \$312.50, an increase of \$72.50 due

¹ Muni bond rates are as low/lower today vs 2010/11.
<https://www.nhmbb.org/index.php/loan-program/history-of-municipal-interest-rates>

to the project.

- In 2015, the debt portion of the tax bill will be \$337.50, an increase of \$97.50 over current levels, due to the project.
- In 2016, it will be \$250.00, an increase of \$10.00 over current levels, due to the project.
- After 2016, barring any future bonds, the District debt will return to \$3.2 million and gradually decrease.

The projected tax impact calculation does not include the potential effect of using the bond premium of about \$1.9 million the District received because of favorable market conditions when it sold the construction bond in 2010.

Mr. Dunn reported that the premium is not a loan that the District must repay, and there is no interest to pay on it. Under federal restrictions, the premium can either be used for further construction projects with no additional tax impact, or to pay down the principal of the bond after all the work on the project is completed.

Kass Ardinger stated that if the Board votes to use the premium to lower the principal, the tax impact of the project could be erased entirely.

Mr. Dunn, Ms. Ardinger, and Mr. Glahn praised the hiring of Matt Cashman because of his experience in private sector construction projects.

Sept 4 2012 Board Meeting Minutes

The Committee also heard a presentation on the estimated final costs for the elementary school project, commenting that it bears saying again that prior Boards, and the administration, performed admirably such that the District was able to do the whole project for \$55 million. Due to the stagnant economy, bids came in low; bonding rates were excellent; state school building aid was available; and the Board was able to take advantage of these factors to construct three new elementary schools simultaneously. Mr. Cogswell congratulated the Board on its diligence and hard work, and said he was glad to have been a part of this project.