

## Southwick-Tolland-Granville Regional School Building Project Cost

In a perfect world, there would be no financial unknowns. Residents could look at a chart and know exactly what the tax impact of the school building project would be on their taxes. Unfortunately, and particularly in Granville, nothing is that easy.

When Granville joined the Southwick-Tolland Regional School District, one reason Southwick and Tolland voted to allow us to join was to help support their building project. While Granville saves a substantial amount on its yearly school-operating budget, Southwick and Tolland have no savings. Granville's savings on a yearly basis appear to be enough to pay the yearly debt cost on the school building project. First year savings to the Granville budget are estimated at \$250,000-\$290,000.00 and the first year bond payment for the building project is estimated to be around \$236,000.00. Granville still ends up saving money. The school building project is approved and Granville residents do not see any rise in their taxes except for the usual 2 ½ % increase.

Unfortunately, it is more complicated. The Commonwealth does not allow us to promise to pay out of our yearly budget the annual debt cost; instead, they require all three towns to vote 2 ½-debt exclusion. The debt exclusion is a guarantee that whatever the Town's fiscal situation, the town has the authority to tax outside the normal tax bill the cost of the yearly debt payment. **If the Town needed to expend its entire budget just to operate, then the added tax impact can be calculated.** For example if your house was assessed at \$300,000, based on the district borrowing \$29 million at an annual assessed 4% net interest cost over 25 years your tax bill would increase by \$365.00 or a \$1.00 a day to pay for the debt payment on the school. A house assessed at \$200,000 would pay an extra \$245.00 or \$.67 a day.

While the towns are required to pass the debt exclusion, and the debt exclusion cannot be used for any other purpose, they are not required to use it to pay the debt service payment unless it is necessary to do so. The Selectboard and Finance Committee plan to make the annual debt payments for the school building project out of the operating budget, but they cannot guarantee that will be the case either this year or every year until the debt is paid. This year's budget is just beginning. We do not have the amount we are getting in state funds. We do not know exactly how much everything will cost. We do not know how many new houses will be built or how much property will be removed from the tax rolls. We do not know if the rate on the bond will be 4% or 2%. Budgeting for this year is a problem and thinking about 25 years into the future, is almost impossible.

So what happens next? All three towns are having public information sessions. Granville's is at 6:30pm on December 21<sup>st</sup>. (Day care will be provided.) Next, each town has a town meeting where they vote the debt exclusion. Granville's Special Town Meeting will be January 9 at the GVS at 7pm. Finally, we will go to the polls at Town Hall to vote. The polls will be open from noon until 8pm on January 31, 2012. If everything is approved, the construction work will begin in 2013 and be completed in 2016. Please come to the meetings and be an informed voter!

Granville Selectboard and Finance Committee