



# Town of New Canaan

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## Debt & Mill Rate Impact

### Saxe Middle School & Various Capital Improvements

November 10, 2015

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# Assumptions

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## STRUCTURE

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- ❖ First coupon payment at 6 months for all bond issues
- ❖ First principal payment at 12 months for all bond issues
- ❖ Substantially level principal payments for all bond issues
- ❖ Principal amortization based on useful life of asset financed

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## INTEREST RATES

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- ❖ Interest rates based on market of 11/3/15 and the following assumptions:
  - ❖ May 2016 - Current market (2.46%) plus 50 basis points
  - ❖ May 2017 - Current market (2.46%) plus 100 basis points
  - ❖ May 2018 - Current market (2.46%) plus 150 basis points
  - ❖ May 2019 - Current market (2.46%) plus 200 basis points
  - ❖ May 2020 - Current market (2.46%) plus 225 basis points
  - ❖ May 2021 - Current market (2.46%) plus 250 basis points
- ❖ Waste Water Treatment Facility Improvements (2019) to be financed through State of CT Clean Water Fund Program (2% loan).

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## STATE GRANT REIMBURSEMENT

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- ❖ Amount of State grant reimbursement, if any, for the Saxe MS Improvements is unknown at this time.

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## GRAND LIST

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- ❖ Grand List years 2005 to 2014 are actual
- ❖ Grand List years 2015 to 2023 assumes 0.5% growth unless stated otherwise
- ❖ Tax Impact based on 10/1/14 Grand List and median assessment of \$1,023,960 per assessor

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## OPERATING BUDGET

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- ❖ FYE 2005 to 2016 are actual
- ❖ FYE 2017 to 2025 assume the following:
  - 2.75% Town salary increases per year
  - 12% benefit increase per year (Town & BOE)
  - \$2M increase in CNR transfers per year
  - 4.5% BOE Operating increase per year
  - No increase in non-tax revenues



# Proposed Borrowing Matrix

	Bond Issues					
	2016	2017	2018	2019	2020	2021
<b>Authorized but unissued</b>						
Town Hall Renovations	1,170,000					
Community Center Roof	712,000					
Carriage Barn Roof	421,000					
South School Project	2,600,000					
MUNIS Financing Accounting Software	470,000					
<b>Total Authorized but Unissued</b>	<b>5,373,000</b>	-	-	-	-	-
<b>New Projects</b>						
<b>Saxe Middle School Improvements</b>	<b>9,300,000</b>	<b>9,300,000</b>				
Locust Ave Parking	-	4,000,000				
Pavement Management Program	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Bridge to WWTF	-	-	-	1,400,000	-	-
Bridge at Nursery Road	-	-	-	-	-	1,400,000
HS Track/Field Rebuild	-	-	1,500,000	-	-	-
Waveny House Building Repairs	-	1,500,000	3,500,000	-	-	-
Playhouse Building Repair	-	-	3,000,000	-	-	-
Police Dept Window Replacement	-	-	-	-	2,000,000	-
Waste Water Treatment Facility	-	-	-	15,000,000	-	-
South School Roof Replacement	-	-	2,300,000	-	-	-
East School Roof Replacement	-	-	-	1,500,000		
West School Roof Replacement	-	-	-	2,000,000		
<b>Total New Projects</b>	<b>11,800,000</b>	<b>17,300,000</b>	<b>12,800,000</b>	<b>22,400,000</b>	<b>4,500,000</b>	<b>3,900,000</b>
<b>Grand Total</b>	<b>17,173,000</b>	<b>17,300,000</b>	<b>12,800,000</b>	<b>22,400,000</b>	<b>4,500,000</b>	<b>3,900,000</b>



# Overview of Borrowing Program

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- \$78M of total projected borrowing over 6 years.
  - \$5.4M for previously approved projects
  - \$18.6M for Saxe Middle School Addition/Renovations
  - \$24M for various other capital improvements
  - \$15M for improvements to Wastewater Treatment Facility
    - The timing, final cost and grant/loan split for this project are subject to change.
  - \$15M for Pavement Management Program
- Total indebtedness would increase from \$123M on 6/30/15 to a peak of \$143M at 6/30/19.
- Total indebtedness would then decrease to \$126M by 6/30/21.

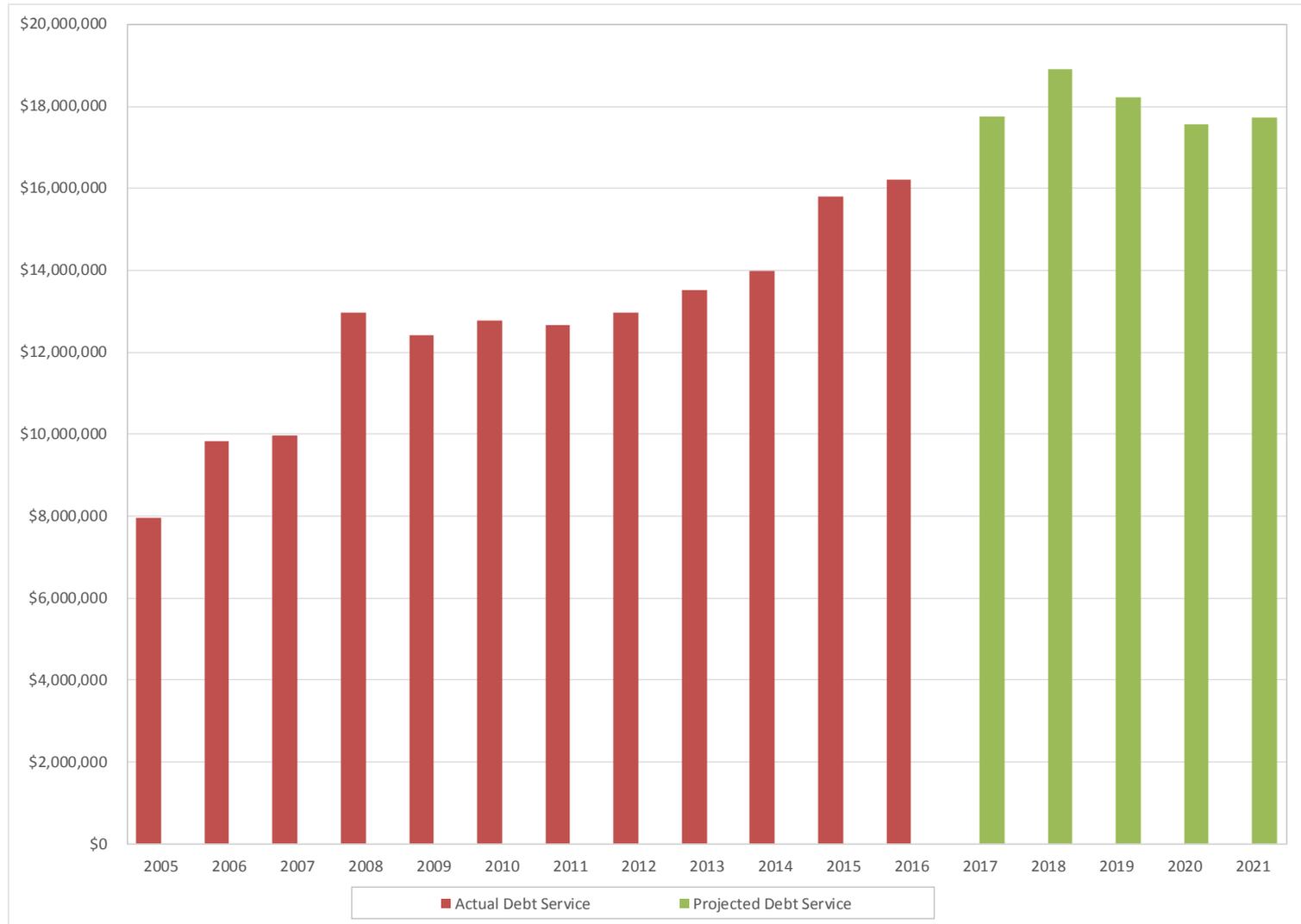


# Pro Forma Debt Impact – Next 10 yrs

FISCAL YEAR	Existing General Fund Debt Service	Saxe MS Projected Debt Service	All other Projects Projected Debt Service	Grand Total Existing Debt + All proposed Projects	Year/Year Change in Debt Service	FISCAL YEAR
	P & I	P & I		P & I	(Dollars)	
2016	\$16,203,809	\$ -	\$ -	\$16,203,809	\$ -	2016
2017	16,364,245	740,280	652,041	17,756,566	1,552,757	2017
2018	16,076,420	1,513,296	1,315,438	18,905,154	1,148,589	2018
2019	14,313,295	1,483,443	2,436,106	18,232,844	(672,311)	2019
2020	12,093,170	1,453,590	4,001,940	17,548,700	(684,144)	2020
2021	11,936,395	1,423,737	4,370,831	17,730,963	182,263	2021
2022	11,701,480	1,393,884	4,680,615	17,775,979	45,016	2022
2023	10,457,900	1,364,031	4,592,287	16,414,218	(1,361,761)	2023
2024	10,305,080	1,334,178	4,503,958	16,143,216	(271,002)	2024
2025	8,793,674	1,304,325	4,415,629	14,513,628	(1,629,587)	2025
2026	4,916,125	1,274,472	4,327,301	10,517,898	(3,995,730)	2026

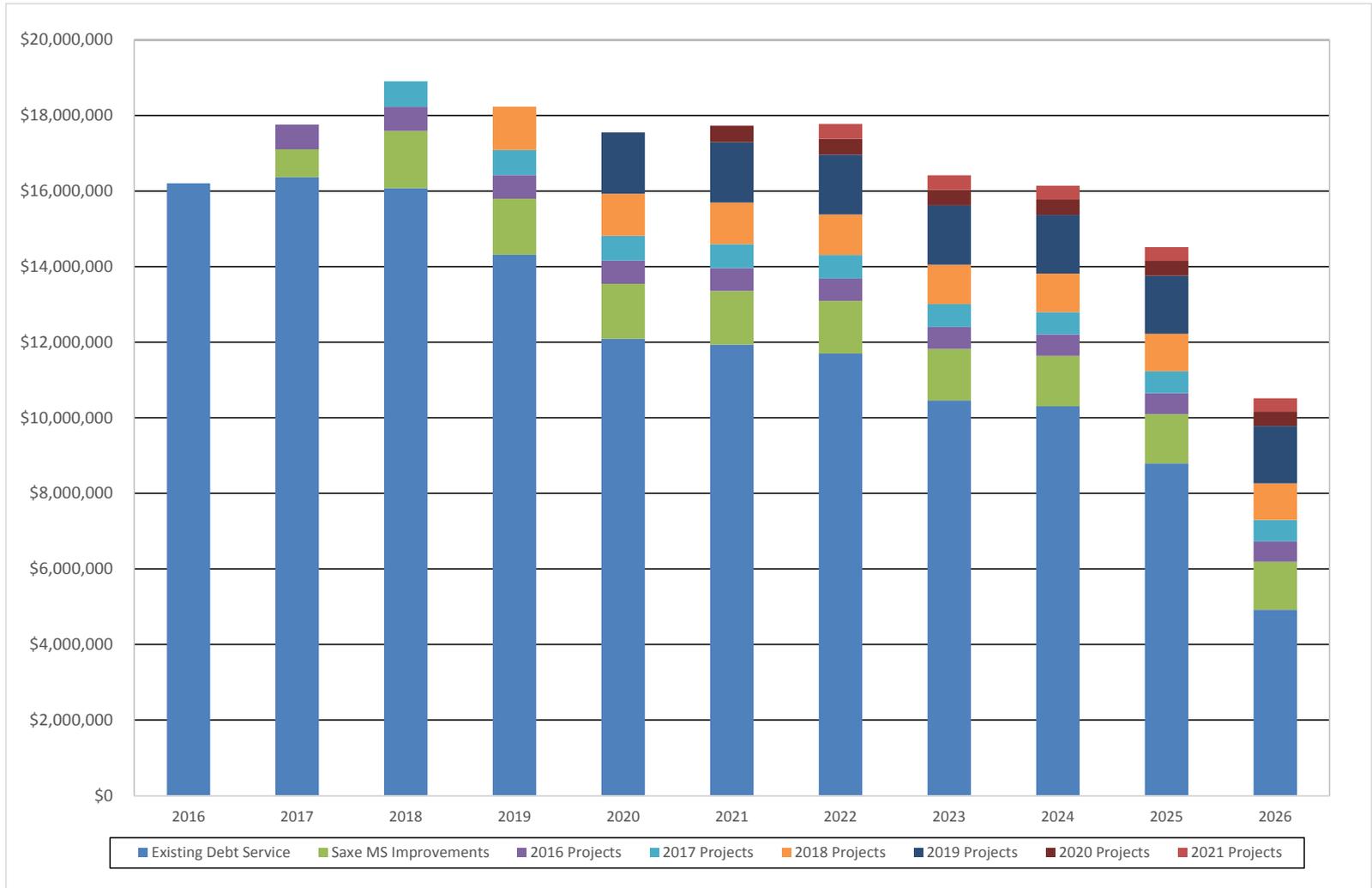


# Actual vs Projected Debt Service





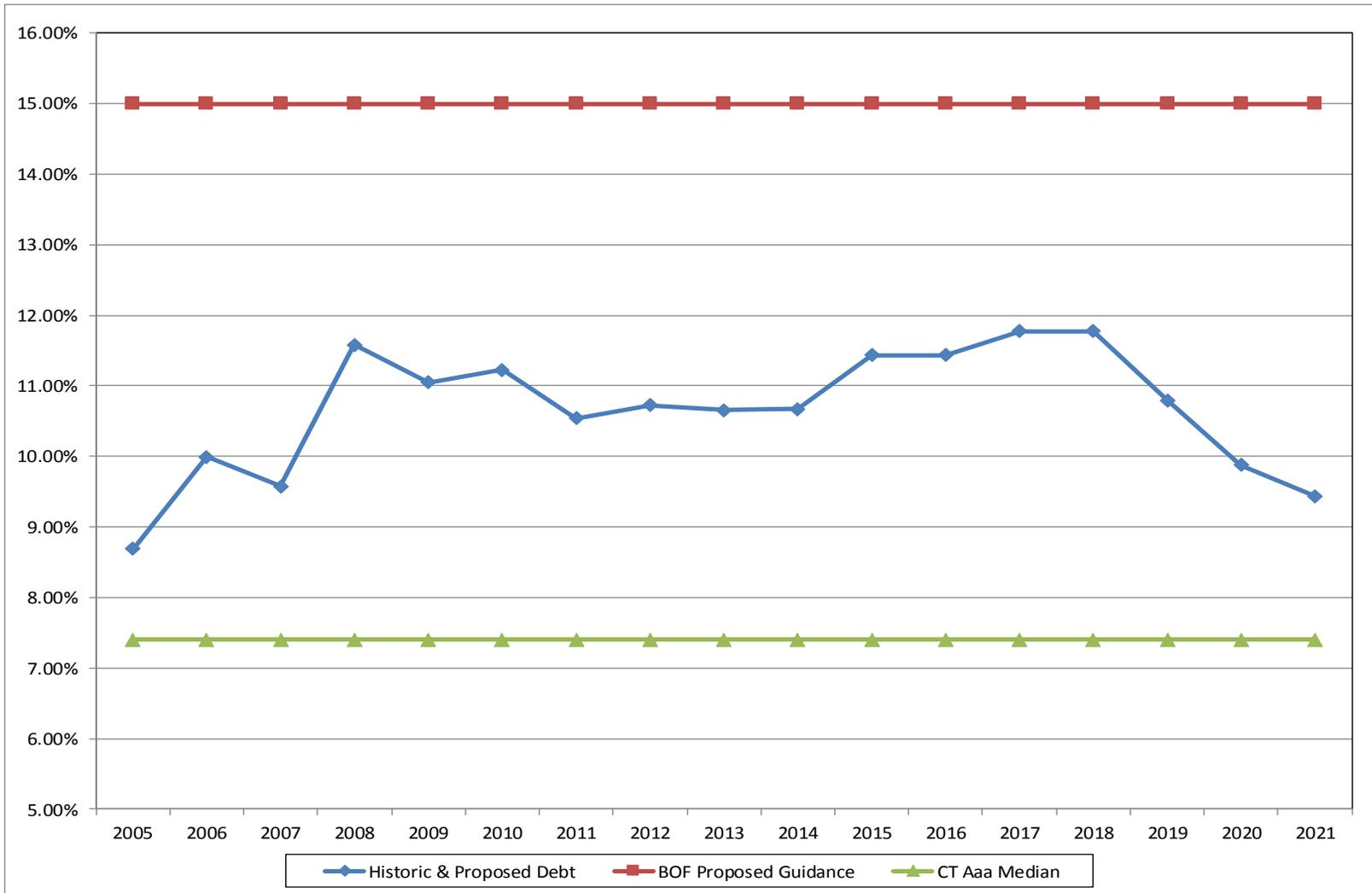
# Debt Service Profile – Next 10 years



# Debt Ratios

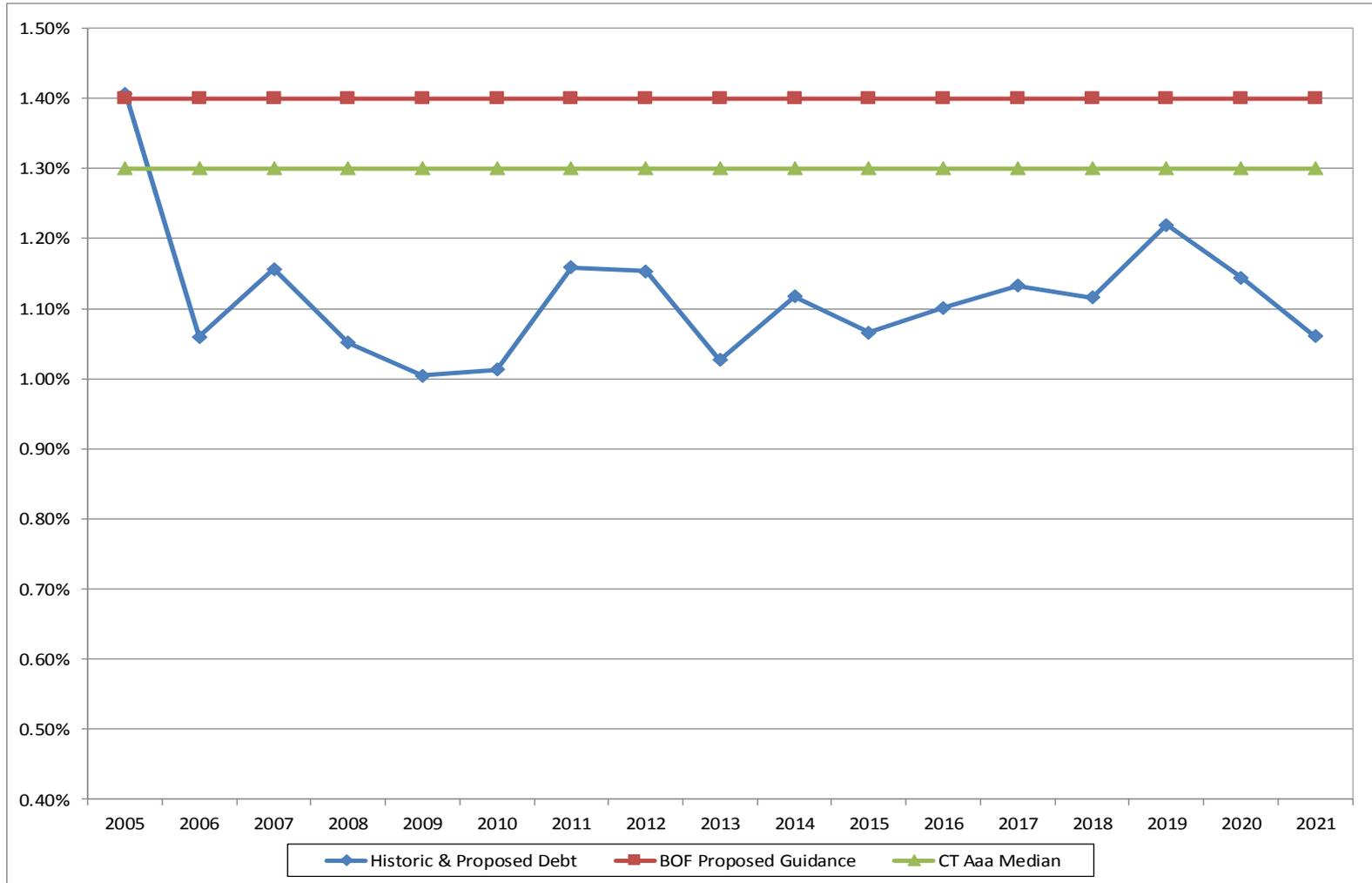


# Debt Service as a % of Expenditures



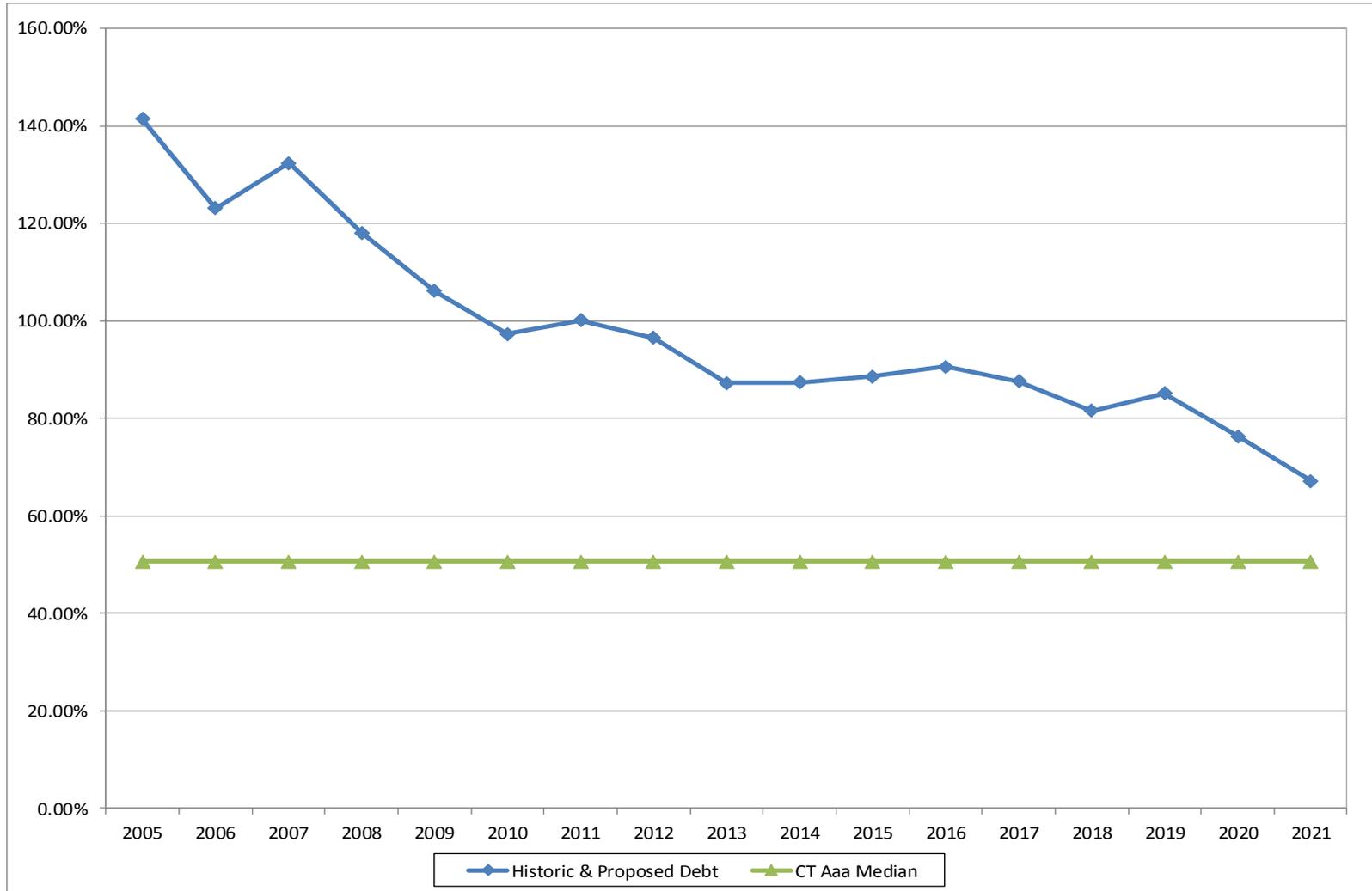


# Debt as % of Full Value of Grand List





# Debt as % of Revenues



# Credit Considerations



# New Canaan Rating Characteristics

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- Favorable location in Fairfield County
- Extremely strong property values and resident wealth levels
- Strong financial management
- Historically stable financial operations
- Healthy reserve levels
- Low debt burden
- Modest long-term liabilities for pension & OPEB



# Moody's Scorecard Factors & Weights

Factors & Sub-Factors	Weights
<b>Factor 1: Economy/Tax Base</b>	<b>30%</b>
Full Value (market value of taxable property)	10%
Full Value per Capita	10%
Median Family Income	10%
<b>Factor 2: Finances</b>	<b>30%</b>
Fund Balance as % of Operating Revenue	10%
5-Year Dollar Change in Fund Balance as % of Revenues	5%
Cash Balance as % of Revenues	10%
5-Year Dollar Change in Cash Balance as % of Revenues	5%
<b>Factor 3: Management</b>	<b>20%</b>
Institutional Framework	10%
Operating History: 5-Year Average of Operating Revenues / Operating Expenditures	10%
<b>Factor 4: Debt/Pensions</b>	<b>20%</b>
Net Direct Debt / Full Value	5%
Net Direct Debt / Operating Revenue	5%
3-Year Average of Moody's Adjusted Net Pension Liability / Full Value	5%
3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues	5%

# Mill Rate & Tax Impact



# Mill Rate & Tax Impact – Debt only\*

Fiscal Year	Mill Rate for Debt Only			Total New Debt	Combined Mil Rate All debt	Impact from Saxe MS Debt		Impact from All Proposed Debt	
	Existing Debt	Saxe MS	Total All Other Projects			Median House/Yr	Median House/mth	Median House/Yr	Median House/mth
2016	1.99	0.00	0.00	0.00	1.99	\$0.00	\$0.00	\$0.00	\$0.00
2017	2.00	0.09	0.08	0.17	2.17	\$92.81	\$7.73	\$174.55	\$14.55
2018	1.96	0.18	0.16	0.34	2.30	\$188.78	\$15.73	\$352.87	\$29.41
2019	1.74	0.18	0.30	0.48	2.21	\$184.13	\$15.34	\$486.51	\$40.54
2020	1.46	0.18	0.48	0.66	2.12	\$179.53	\$14.96	\$673.79	\$56.15
2021	1.43	0.17	0.52	0.70	2.13	\$174.97	\$14.58	\$712.10	\$59.34
2022	1.40	0.17	0.56	0.73	2.12	\$170.44	\$14.20	\$742.79	\$61.90
2023	1.24	0.16	0.55	0.71	1.95	\$165.96	\$13.83	\$724.72	\$60.39
2024	1.22	0.16	0.53	0.69	1.91	\$161.52	\$13.46	\$706.80	\$58.90
2025	1.03	0.15	0.52	0.67	1.71	\$157.12	\$13.09	\$689.05	\$57.42
2026	0.58	0.15	0.51	0.66	1.23	\$152.76	\$12.73	\$671.46	\$55.95

\* - Assumes 0.5% Grand List Growth/year

Median Assessed Value (10/1/14 Grand List)	\$1,023,960
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# Mill Rate & Tax Impact – Total Budget\*

Fiscal Year	Mill Rate for Operating Budget			Mill Rate for New Debt			Grand Total Projected Mill Rate	Annual Change in Mill Rate	Cumulative Change in Mill Rate	Total Tax Impact from New Debt & Growth in Operating Budget		Fiscal Year
	Operating & Capital Budget	Existing Debt	Subtotal Mill Rate	Saxe MS Improv.	Total All Other Projects	Total New Debt				Median House/Yr	Median House/mth	
2017	14.94	2.00	16.95	0.09	0.08	0.17	17.12	1.13	1.13	\$1,155.19	\$96.27	2017
2018	15.93	1.96	17.89	0.18	0.16	0.34	18.24	1.12	2.25	\$1,144.70	\$95.39	2018
2019	16.97	1.74	18.70	0.18	0.30	0.48	19.18	0.94	3.19	\$962.93	\$80.24	2019
2020	18.05	1.46	19.51	0.18	0.48	0.66	20.16	0.99	4.17	\$1,012.16	\$84.35	2020
2021	19.18	1.43	20.62	0.17	0.52	0.70	21.31	1.15	5.32	\$1,173.93	\$97.83	2021

\* - Assumes 0.5% Grand List Growth/year

Median Assessed Value (10/1/14 Grand List)	\$1,023,960
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# 5 Year Tax Estimate\*

Fiscal Year	Grand Total Projected Mill Rate	Annual Change in Mill Rate	Cummulative Change in Mill Rate	Total Tax Impact from New Debt & Growth in Operating Budget			Fiscal Year
				Median House/Yr	Median House/mth	If Current Tax Bill = \$22K	
2016	15.99	n/a	n/a	\$0.00	\$0.00	\$22,000.00	2016
2017	17.12	1.13	1.13	\$1,155.19	\$96.27	\$23,550.00	2017
2018	18.24	1.12	2.25	\$1,144.70	\$95.39	\$25,090.00	2018
2019	19.18	0.94	3.19	\$962.93	\$80.24	\$26,380.00	2019
2020	20.16	0.99	4.17	\$1,012.16	\$84.35	\$27,740.00	2020
2021	21.31	1.15	5.32	\$1,173.93	\$97.83	\$29,320.00	2021

\* - Assumes 0.5% Grand List Growth/year

Annual Taxes for FY 2015-16 (10/1/14 Grand List Year)	\$22,000
Assessed Value (10/1/14)	\$1,376,000
Market Value (10/1/14)	\$1,966,000

# Sensitivity Analysis



# Mill Rate & Tax Impact – Total Budget\*

Fiscal Year	Mill Rate for Operating Budget			Mill Rate for New Debt			Grand Total Projected Mill Rate	Annual Change in Mill Rate	Cumulative Change in Mill Rate	Total Tax Impact from New Debt & Growth in Operating Budget		Fiscal Year
	Operating & Capital Budget	Existing Debt	Subtotal Mill Rate	Saxe MS Improv.	Total All Other Projects	Total New Debt				Median House/Yr	Median House/mth	
2017	15.02	2.01	17.03	0.09	0.08	0.17	17.20	1.21	1.21	\$1,242.83	\$103.57	2017
2018	16.09	1.98	18.07	0.19	0.16	0.35	18.42	1.22	2.43	\$1,244.26	\$103.69	2018
2019	17.22	1.76	18.98	0.18	0.30	0.48	19.46	1.05	3.48	\$1,071.75	\$89.31	2019
2020	18.41	1.49	19.90	0.18	0.49	0.67	20.57	1.11	4.58	\$1,132.21	\$94.35	2020
2021	19.67	1.47	21.14	0.18	0.54	0.71	21.85	1.28	5.86	\$1,308.89	\$109.07	2021

\* - Assumes 0.0% Grand List Growth/year



# 5 Year Tax Estimate\*

Fiscal Year	Grand Total Projected Mill Rate	Annual Change in Mill Rate	Cummulative Change in Mill Rate	Total Tax Impact from New Debt & Growth in Operating Budget			Fiscal Year
				Median House/Yr	Median House/mth	If Current Tax Bill = \$22K	
2016	15.99	n/a	n/a	\$0.00	\$0.00	\$22,000.00	2016
2017	17.20	1.21	1.21	\$1,242.83	\$103.57	\$23,670.00	2017
2018	18.42	1.22	2.43	\$1,244.26	\$103.69	\$25,340.00	2018
2019	19.46	1.05	3.48	\$1,071.75	\$89.31	\$26,780.00	2019
2020	20.57	1.11	4.58	\$1,132.21	\$94.35	\$28,300.00	2020
2021	21.85	1.28	5.86	\$1,308.89	\$109.07	\$30,060.00	2021

\* - Assumes 0.0% Grand List Growth/year

Annual Taxes for FY 2015-16 (10/1/14 Grand List Year)	\$22,000
Assessed Value (10/1/14)	\$1,376,000
Market Value (10/1/14)	\$1,966,000



# Mill Rate & Tax Impact – Total Budget\*

Fiscal Year	Mill Rate for Operating Budget			Mill Rate for New Debt			Grand Total Projected Mill Rate	Annual Change in Mill Rate	Cumulative Change in Mill Rate	Total Tax Impact from New Debt & Growth in Operating Budget		Fiscal Year
	Operating & Capital Budget	Existing Debt	Subtotal Mill Rate	Saxe MS Improv.	Total All Other Projects	Total New Debt				Median House/Yr	Median House/mth	
2017	15.09	2.02	17.12	0.09	0.08	0.17	17.29	1.30	1.30	\$1,331.35	\$110.95	2017
2018	16.25	2.00	18.25	0.19	0.16	0.35	18.60	1.31	2.61	\$1,345.76	\$112.15	2018
2019	17.48	1.79	19.27	0.19	0.30	0.49	19.76	1.16	3.77	\$1,183.71	\$98.64	2019
2020	18.78	1.52	20.30	0.18	0.50	0.68	20.99	1.23	5.00	\$1,256.81	\$104.73	2020
2021	20.17	1.51	21.67	0.18	0.55	0.73	22.40	1.42	6.41	\$1,450.10	\$120.84	2021

\* - Assumes -0.5% Grand List Growth/year



# 5 Year Tax Estimate\*

Fiscal Year	Grand Total Projected Mill Rate	Annual Change in Mill Rate	Cumulative Change in Mill Rate	Total Tax Impact from New Debt & Growth in Operating Budget			Fiscal Year
				Median House/Yr	Median House/mth	If Current Tax Bill = \$22K	
2016	15.99	n/a	n/a	\$0.00	\$0.00	\$22,000.00	2016
2017	17.29	1.30	1.30	\$1,331.35	\$110.95	\$23,790.00	2017
2018	18.60	1.31	2.61	\$1,345.76	\$112.15	\$25,600.00	2018
2019	19.76	1.16	3.77	\$1,183.71	\$98.64	\$27,190.00	2019
2020	20.99	1.23	5.00	\$1,256.81	\$104.73	\$28,880.00	2020
2021	22.40	1.42	6.41	\$1,450.10	\$120.84	\$30,820.00	2021

\* - Assumes -0.5% Grand List Growth/year

Annual Taxes for FY 2015-16 (10/1/14 Grand List Year)	\$22,000
Assessed Value (10/1/14)	\$1,376,000
Market Value (10/1/14)	\$1,966,000