

TOWN HALL RENOVATION & ACCESSIBILITY

BACKGROUND

For over twenty years, there has been an ongoing discussion about addressing deferred maintenance and ensuring handicap accessibility in the Town Hall. In 2015, due to a two-year capital budget of \$125,000, the Town addressed significant building infrastructure issues caused in part by a fire in 1948. In 2016, with voters' approval of \$75,000 in the capital budget, the Town replaced the roof's slate shingles.

Leet Ware indicated that the full construction cost of renovation and accessibility is \$913,500. The Fairlee Historical Society has +/- \$170,000 in philanthropic contributions for Town Hall accessibility, so at this point we know that we will need to borrow no more than \$743,500. Additionally, we have a high likelihood of success with grants, and anticipate receiving a minimum of \$125,000, which in turn suggests that we may need to borrow no more than \$618,500.

Regardless, because we did not have complete information at that time, the attorney advising Fairlee at the time we prepared the bond warning indicated that it was in our best interests to have a vote that would ensure the Town's authority to borrow up to \$850,000. **Borrowing \$850,000 is an unlikely and a worst case scenario**, given our current level of philanthropic gifts and our potential to achieve up to \$475,000 in grants.

On February 14, Town voters approved a 20-year not-to-exceed \$850,000 bond to finish off Town Hall renovation and accessibility requirements. The project will ensure ADA compliance, address deferred maintenance, upgrade HVAC, and re-open the second floor to the community. The vote was 146 in favor of the bond and 105 against.

Calculations near the time of bond approval indicated that the 20-year bond of up to \$850,000, with an interest rate of 2.85%, would lead to annual Town principal and interest payments of \$66,725 in the first year and \$43,711 in the 20th year (adding \$0.0321 per \$100 to the tax rate in the first year and \$0.0210 per \$100 to the tax rate in the 20th year). **This would increase taxes on a \$250,000 property by \$80.27 in the first year, annually dropping to \$52.58 in the 20th year.**

Ninety-five voters signed a petition seeking a revote and submitted the petition on March 13. **The revote is scheduled for Wednesday, April 26.**

WHAT WE KNOW TODAY

ADA compliance, the cost of construction, grants, philanthropic contributions, and interest rates affect the amount that will be paid by taxpayers over the course of 20 years. Available information leads to one conclusion:

Today is the least expensive time to invest in the Town Hall.

Why Now?	Reasons Not to Postpone
<p>ADA Non-Compliance We are not complying with the law. The building does not meet handicap accessibility requirements.</p>	<p>ADA Non-Compliance Each non-compliant month increases the Town’s exposure to a non-accessibility lawsuit.</p>
<p>Construction Costs Leet Ware is a local contractor and has discovered significant cost savings for the Town of Fairlee.</p> <p>Historically and regardless of a local or non-local contractor, construction costs typically rise from one year to the next.</p>	<p>Higher Construction Costs Leet Ware has suggested that he will retire in the next few years. Should Fairlee need to proceed without Mr. Ware’s services, it is unlikely that we will be able to find his cost effectiveness on the open market.</p> <p>Using a conservative percentage increase of 1% per year, the confirmed \$913,500 construction costs could increase to \$923,000 in 2018, \$932,000 in 2019, and \$941,000¹ in 2020. A \$50,000 increase in construction costs would increase taxes on a \$250,000 property by \$3.24 in the first year and \$2.19 in the 20th year.</p>
<p>CDBG Grants Through the remainder of 2017, Fairlee has the potential to receive up to \$375,000 in Community Development Block Grants (Vermont Agency of Commerce & Community Development).</p> <p>Proposed cuts in the federal budget suggest the elimination of Community Development Block Grants (CBDG).</p>	<p>No CDBG Grants Without CBDG opportunities, Fairlee will need to make up the shortfall by borrowing. Recent information from the Vermont Bond bank suggests that borrowing an additional \$100,000 will increase taxes on a \$250,000 property by \$6.68 in the first year and \$4.37 in the 20th year.</p>

¹ Calculations for 2018, 2019, and 2020 are rounded to the nearest thousand.

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<p>Philanthropic Contributions Individual donors have contributed and pledged +/- \$170,000 towards Town Hall accessibility. (Jay Barrett has contributed +/- \$20,000 in pro bono architectural services.)</p> <p>Should there be a significant postponement of accessibility work, the Fairlee Historical Society may ethically be compelled to return some or all of the philanthropic contributions to each donor.</p>	<p>No Philanthropic Contributions Without philanthropic gifts, the amount that Fairlee would need to borrow would increase \$170,000.</p> <p>Losing the benefit of \$170,000 in contributions would increase taxes on a \$250,000 property by \$11.36 in the first year and \$7.33 in the 20th year.</p>
<p>Interest Rates With a growing U.S. economy, the Fed forecasts two more benchmark short-term increases in 2017 and three in 2018. Today's prime rate is 4%.</p>	<p>Higher Interest Rates If we do not move forward this spring, a future increase of only 0.3% in the interest rate will lead to an additional \$50,000 +/- in interest expenses, increasing taxes on a \$250,000 property by \$3.07 in the first year and \$0.16 in the 20th year.</p>