

Town of Thomaston, Connecticut
Mill Rate Impact Analysis

(A) (B) (C) (D) (E) (F) (G) (H)

FYE	Total Existing Debt & Leases	Change From Previous Year	Total Proposed NEW Debt Service	Total Existing & Proposed Debt Service	Annual Change	Value of One Mill - growing @ 1.0% per year	Mill Rate Impact
2007	2,713,233	0	-	2,713,233			
2008	2,663,972	(49,261)	-	2,663,972	(49,261)	595,000	(0.08)
2009	2,539,334	(124,637)	51,356	2,590,691	(73,281)	600,950	(0.12)
2010	2,481,740	(57,594)	209,588	2,691,328	100,637	606,960	0.17
2011	2,075,889	(405,851)	621,258	2,697,147	5,819	613,029	0.02
2012	2,033,758	(42,131)	690,170	2,723,928	26,781	619,159	0.04
2013	1,977,188	(56,570)	748,490	2,725,678	1,750	625,351	0.01
2014	1,938,103	(39,085)	767,200	2,705,303	(20,375)	631,604	(0.06)
2015	1,859,200	(78,903)	1,114,100	2,973,300	267,997	637,921	0.43
2016	1,809,406	(49,794)	1,021,800	2,831,206	(142,094)	644,300	(0.22)
2017	1,641,858	(167,548)	995,800	2,637,658	(193,548)	650,743	(0.30)
2018	1,604,345	(37,513)	974,700	2,579,045	(58,613)	657,250	(0.09)
2019	1,537,133	(67,212)	948,500	2,485,633	(93,412)	663,823	(0.14)
2020	1,206,985	(330,148)	839,000	2,045,985	(439,648)	670,461	(0.66)
2021	1,046,424	(160,561)	777,000	1,823,424	(222,561)	677,166	(0.34)
2022	470,800	(575,624)	755,800	1,226,600	(596,824)	683,937	(0.87)
2023	453,400	(17,400)	734,600	1,188,000	(38,600)	690,777	(0.06)
2024	435,800	(17,600)	713,400	1,149,200	(38,800)	697,684	(0.06)
2025	418,000	(17,800)	692,200	1,110,200	(39,000)	704,661	(0.06)
2026	-	(418,000)	671,000	671,000	(439,200)	711,708	(0.62)
2027	-		649,800	649,800	(21,200)	718,825	(0.03)
2028	-		628,600	628,600	(21,200)	726,013	(0.03)
2029	-		607,400	607,400	(21,200)	733,273	(0.03)
2030	-		586,200	586,200	(21,200)	740,606	(0.03)
2031	-		324,900	324,900	(261,300)	748,012	(0.35)
2032	-		313,500	313,500	(11,400)	755,492	(0.02)
2033	-		302,100	302,100	(11,400)	763,047	(0.01)
2034	-		290,700	290,700	(11,400)	770,678	(0.01)
2035	-		-	-	(290,700)	778,384	(0.39)
Total	\$ 30,906,568		\$ 17,029,162	\$ 47,994,159			

Column B represents the current scheduled principal and interest payments on bonds and leases already issued.

Column C shows that the Town's scheduled debt service is decreasing year-by-year on the existing debt service of the Town.

Column D represents the new proposed debt principal and interest payments through the year 2035.

Column E shows the total proposed new debt combined with the existing debt.

Column F represents the annual change in debt service, as shown in Column C, but with the proposed new debt included.

The model projects a 1% annual Grand List growth rate (Column G).

Column H is the expected Mill Rate Impact with the proposed new debt. There are only five years in the schedule where the mill rate increases.

Q & A Proposed Bond Program

Q: What is a general obligation bond issue? A general obligation bond issue is a primary means by which local governments finance major construction projects. The governing board calls for an election and sets the amount of money it needs in the form of bonds sold on the financial market. The Town receives funds at the time of the sale of the bonds and repays the debt over a period of 10 years or longer.

Q: What is a bond anticipation note (B.A.N.)? A bond anticipation note is a short term loan usually less than one year to maturity, that can be renewed, re-sized, and rolled over from time to time until the Town is ready to issue longer-term or permanent financing in the form general obligation bonds.

Q: How many total projects are in the proposed bond program? There are a total of 79 proposed projects for a total estimated cost of \$11,901,630 plus bond issuance costs. The following is a summary of the bond program.

- Road improvements (71 Streets) \$10,473,000
- Altair Avenue Bridge \$220,000
- Highway Trucks (6) \$758,630
- Fire truck \$450,000

Q: Do the budgets for the projects in the bond issue include costs for inflation? The Town has included a \$10/ton/year inflation factor for 7 years on road project. Based on today's known and projected economic indicators and construction market/industry, the Town believes that this rate is appropriate and allows sufficient flexibility to complete the proposed projects.

Q: Why doesn't the Town pay for the projects through its operating budget? Bond proceeds are used in the same fashion that an individual might use a home mortgage. It allows the Town to pay for improvements over a period of years directly related to the useful life of the assets being acquired or constructed. It allows for the taxpayers who benefit from the acquisition or improvement to amortize over its useful life. Paying for such large construction projects through the Town's operating budget would create an impractical and undue tax burden and make it difficult to manage annual changes in the mill rate.

Q: What interest rates are assumed in the current analysis as the basis for the Town's cost? It is estimated the Town will pay 2.75%-3.00% interest on the B.A.N.s and 4% when the bonds are issued. The Town has used current rates in its projections although there can be no assurance that these can be achieved. The total estimated interest based on these assumptions is \$5,192,162.

Q: Would the Town bond the trucks for 20 years? No, the trucks would be bonded for the period of their useful lives. The Town will structure the debt on the highway trucks and the fire trucks to payoff the highway trucks over 5 years and the fire truck over 10 years.

Q: How did the Town decide which projects will be improved? The Town has a long-term capital plan which is updated annually. Projects are submitted by the departments and they are rated by the Capital Improvement committee. The projects that will be bonded were selected because this was the most practical approach to funding them. The Town has other capital needs that will need to be addressed in the coming years that are not represented in these projections.

Q: How will this bond proposal impact my taxes? The Town's current debt is continually declining year by year as older bonds are paid off. These new bonds will be structured such that when a large drop off of debt payment is expected on existing debt, the new debt payments will begin, thereby having a minimal tax impact. The actual expected impact is shown on the mill rate impact analysis.

Q: What will happen if the projects are not approved by the voters? If the projects were not approved, they could be presented to the voters at a later time, could be modified before being presented to the voters again or may not be done.

Q: Will the Town need to borrow money again for roads after these projects are completed? No. Once the roads are rebuilt, the annual funding for preventative maintenance in the operating budget will extend the useful life and maintain their current condition.

Q: Do residents vote for all of the projects in the bond issue with one vote? No. Each project will be voted on as separate questions. Voters will be asked to consider each of the propositions separately.

Q: Are there other projects that might require bonding in the near future? Yes. The Board of Finance receives a prioritized listing of projects each year from the Town's Capital Improvement Committee for its consideration. Included among other projects are: radio communications upgrades and infrastructure upgrades related to the sewer lines. The Town does not have enough information to present time them to the voters at this time.