



LITTLE COMPTON TAXPAYERS ASSOCIATION

• • NEWSLETTER • •

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Officers

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The School Renovation Project - Yes or No?

The Project: Since 2005, the School Committee has been struggling to find an approach toward repairing the problems in the Wilbur & McMahon School. They formed committees and hired four architects to look at the problems which, for the most part, are fire code violations, end-of-life equipment, roof leaks, and worn out items such as pipes, wiring, mechanical systems.

It should be pointed out that the students are doing well and the school's academic rating in Rhode Island continues to be among the highest. In other words, the facility has not seriously impacted the education environment and student performance despite all the prognostications and rhetoric that has come from the school over the years. It's a fact!

But some components of the school facility have not been touched in over 80 years! There are roof leaks, safety issues, air quality problems, equipment such as boilers and pumps that have surpassed their life expectancy, inadequate security, lack of sprinklers, improper signage, and many other problems.

The entire project goes back to August 2005 when a fire inspection at the school turned up approximately \$100K of violations that needed to be corrected. But the School Committee, at that time, decided to identify other problems with the facility and, consequently, hired the Mount Vernon Group (architects) to perform a "facilities needs study". The report was submitted on March 21, 2006. Although the study did not identify every problem, the problems that were uncovered had a price tag of approximately \$11.2-Million.

For the next six years, the School Committee formed two study committees (Facilities Needs and Building Committees) which explored numerous approaches to solving the problems ranging from building an entirely new school to tearing down most of the existing school and re-building on the site.

The Little Compton Taxpayers Association attended every meeting, video recorded every meeting for playback on Cox Channel 18, promulgated numerous newsletters, and published letters to the editor in the local newspaper.

WE WERE OPPOSED TO THOSE SCHEMES

...because of the high cost and lack of necessity for many of the things the study committees wanted to do. We felt that simple renovation of the existing facility provided all

that was needed to bring the school up to today's standards without saddling the town's taxpayers with an exorbitant debt at a time when many families would undergo financial hardship from tax increases.

At one point in time, the project cost including interest on a 20-year loan went up to \$44.8 Million. The property taxes needed to run the entire town for a year is \$10 Million. The following is a history of the estimates:

- JCJ's "Option 5" (Sep 23, 2008): \$22.5M (\$35.6M with int)
- DBVW's estimate (Oct 10, 2010): \$28.3M (\$44.8M with int)
- DBVW's estimate (Oct 28, 2010): \$23.3M (\$37M with int)
- DBVW's estimate (Nov 8, 2010): \$21.6M (\$34M with int)
- DBVW's estimate (Feb 25, 2011): \$19.2M (\$32M with int)
- DBVW's estimate (Mar 9, 2011): \$18.9M (\$31M with int)

"JCJ" is the name of an architectural firm in Connecticut. "DBVW" is the current architect, Durkee-Brown-Viveiros-Werenfels Architects from Providence.

During the long process as indicated in the list above, the "carrot" being waved in front of the taxpayers was that the Rhode Island Department of Education (RIDE) put forth a willingness to reimburse the Town for 33% of the entire cost (including interest) if the project went through their process. If that had occurred, the \$44.8 Million in the table above would have seen a \$14.8 Million reimbursement leaving Little Compton with a bill of \$30 Million over 20 years - still no bargain.

The General Assembly Stops the Train: Reality set in when the General Assembly sent a letter to the Board of Regents on May 12, 2011 saying: "*In light of the State's current fiscal condition, we are asking that the Board not act on any of the construction and renovation projects currently under review by RIDE until further direction from the General Assembly.*" It couldn't be clearer than this! It's what the Taxpayers Association had been saying for a very long time.

The General Assembly did provide further direction when they said funding was available for projects that were strictly composed of safety, health, and building code repairs. BINGO! That's what is now on the table. To sweeten the offering, the reimbursement is now **40%**

Picking Up The Pieces: With these new guidelines, the Building Committee overhauled the plans and developed a new one that addressed only safety, health, and building

code repairs. The new plan was submitted to RIDE for approval last November. RIDE approved the new plans at a not-to-exceed price of **\$11,306,519**.

The town's share of 60% is **\$6,783,911** ←

The Bond: Little Compton's share of \$6,783,911 does not include the interest on the bond (i.e., loan) that will result in annual payments over the next 20-years in the same fashion as a home mortgage. The Interest Rate is what is currently unknown. It is estimated to be 5% (could be more, could be less). Using 5%, Little Compton's 60% share of the project cost after 20-years will be...

\$10,744,995

This would result in 20 years of annual payments (starting FY14 on July 1, 2013) of...

\$537,250

Impact On Property Taxes: The current tax rate is \$5.33 per \$1000 of valuation. Using the FY13 budget request of \$10,281,199 as a base, the added annual payments for the school project starting in FY14 would result in a tax increase of...

5.2%

The table below provides some insight as to how this tax hike would affect your tax bill. Keeping in mind that these hikes would be in addition to potential tax hikes of the normal town budget. ↓

Home Value	Current Bill	New Bill	Added Yearly Tax
\$200,000	\$1,066	\$1,121	\$55
\$300,000	\$1,599	\$1,682	\$83
\$400,000	\$2,132	\$2,243	\$111
\$500,000	\$2,665	\$2,804	\$139
\$600,000	\$3,198	\$3,364	\$166
\$700,000	\$3,731	\$3,925	\$194
\$800,000	\$4,264	\$4,486	\$222

Where We Are Today: As of March 13th, the General Assembly has approved the project. It has agreed to fund 40% of the cost. The Town Clerk has scheduled the town vote for **May 1, 2012**. It will be an all-day referendum - no speeches, no sitting in the gym all night - an up or down vote using a ballot and a voting machine just like in an election. You will have two choices on the ballot:

APPROVE or **REJECT** That's it!

Concerns and Risks: This project does have risks and areas to be concerned about. Here's how we see things:

- The Bond interest rate is not known. It could be higher than planned and cost a lot more in interest
- The State's *promises* to pay 40% of the cost could fall through given the State's fiscal situation
- Oversight of the construction through a "Clerk of the Works" is essential. Will the low bidder give us what we need? Will loyalty be questionable?
- Who does the Clerk of the Works report to and what do they know about construction?
- What provisions have been made in the event that the bids exceed the not-to-exceed allocation?
- Lack of maintenance had a lot to do with the current condition of the school. How will this be prevented in the future?
- If the Town votes NO, then what? The school still has the problems.

WHAT WE RECOMMEND

Given the nature of the problems and the fact that things will only get worse if we do not address them now, and with consideration to the Concerns and Risks stated above, the Little Compton Taxpayers Association recommends that the voters approve the project. Vote to **APPROVE**.

APPROVE **REJECT**



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