

TOWN OF WESTERLY
DATE
PUBLICATION REQUIRED BY RIGL §17-8-10
FINANCIAL IMPACT ANALYSIS REQUIRED BY WESTERLY TOWN CHARTER
PROPOSED \$50,000,000 SCHOOL BOND

QUESTION: 1

AUTHORIZING ISSUANCE OF BONDS AND NOTES IN AN AMOUNT NOT TO EXCEED \$50,000,000, Local Act 25 and Local Act 26 of 2022.

“Shall an Act, passed at the 2022 session of the General Assembly, entitled, ‘AN ACT AUTHORIZING THE TOWN OF WESTERLY TO ISSUE NOT TO EXCEED \$50,000,000 GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES THROUGHOUT THE TOWN, SUBJECT TO APPROVAL OF STATE HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS THAN 35% FOR EXPENDITURES ELIGIBLE FOR STATE AID AND PROVIDED THAT THE AUTHORIZATION SHALL BE REDUCED BY ANY GRANT RECEIVED FROM THE SCHOOL BUILDING AUTHORITY CAPITAL FUND’ be approved?”

	APPROVE
	REJECT

PROJECT INFORMATION, STATE AID AND BOND DEBT SERVICE

Total Project	\$50,000,000
Interest at 4.25%	32,494,438
Total Debt Service before aid	\$82,494,438
State aid at 35%	(28,873,053)
Net Debt Service to taxpayers over 25 years	\$53,621,384
Project Useful Life	40 years
Assumed bond term	25 years

Project Description and Timetable

The State of Rhode Island has a school construction program that provides aid to cities and towns for the support of replacing or improving school buildings; the Westerly Town Council has approved a total project cost of \$50 million with a base state aid rate of 35%. The projects are anticipated to included renovations and improvements for Dunn’s Corner School and Springbrook School and a new building on State Street. The project timeline is anticipated to begin in December of 2022; Dunn’s Corner School and Springbrook are estimated to be completed by June of 2024 resulting in state aid for those projects in fiscal year 2024-2025. Remaining state aid is anticipated to be available after the completed of State Street School estimated to be in fiscal year 2026-2027.

Project	Total	Start	Finish
State Street	\$29,355,000	12/1/2022	9/30/2025
Dunn's Corner	\$11,800,000	12/1/2022	6/30/2024
Springbrook	\$8,845,000	12/1/2022	6/30/2024
Total	\$50,000,000		

Once the projects are completed, there is the potential of additional aid if all criteria are met. The fiscal information presented here does not include the additional aid which may improve the impact of the debt.

Fiscal Impact:

If this bond is approved, the bond period would begin with fiscal year 2023-2024 with an annual debt service payment of \$2,125,000 resulting in a tax rate increase of .28 or tax increase of 2.93% attributable to the school bonds. This bond will be fully amortized in fiscal year 06/30/2048.

Fiscal Impact by House Values:

House Values	2023 Tax	2024 Tax	Tax Increase
\$ 500,000.00	\$ 4,780.00	4,920.00	\$ 140.00
\$ 750,000.00	\$ 7,170.00	7,380.00	\$ 210.00
\$ 1,000,000.00	\$ 9,560.00	9,840.00	\$ 280.00
\$ 1,500,000.00	\$ 14,340.00	14,760.00	\$ 420.00

This analysis does not take into account changes to existing debt service. The current debt service declines by approximately \$2,000,000 in Fiscal Year ending June 30, 2026. The impact of this decline is not factored into the tax changes represented here, however may result a decline in the tax rate impact from the proposed school bonds.