UCF | Unionville-Chadds Ford School District

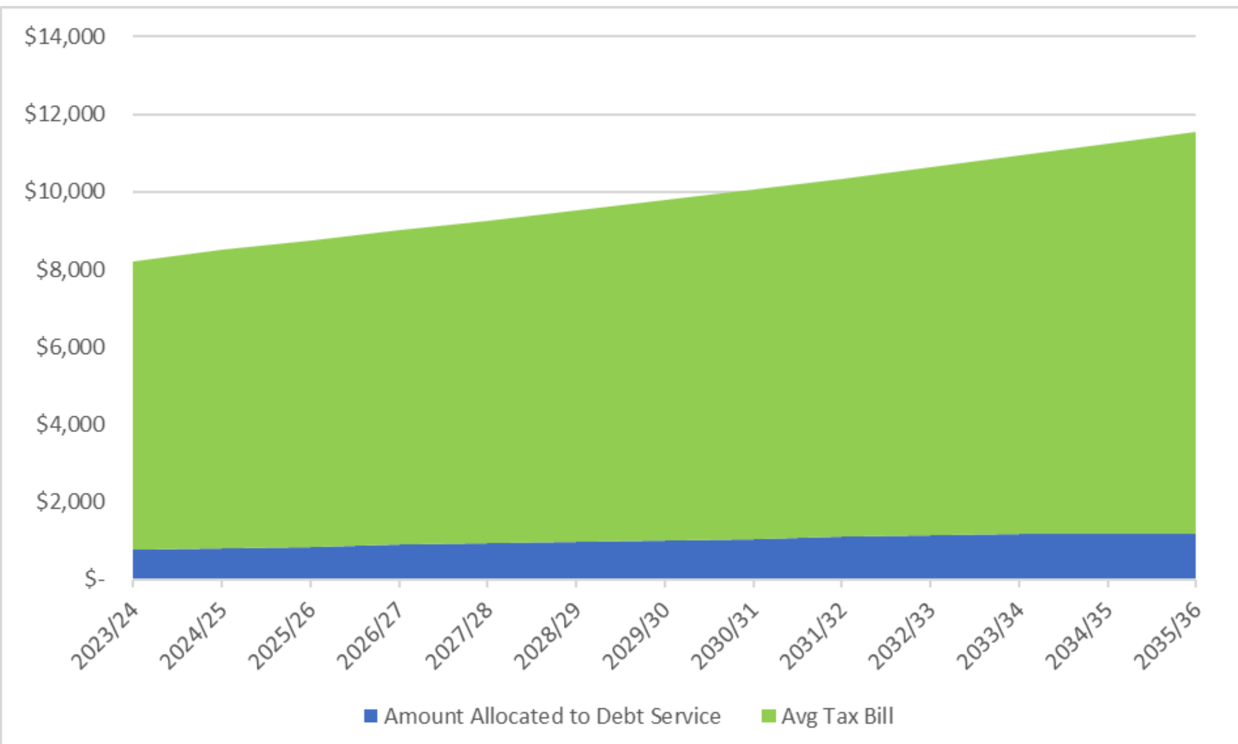
MIDDLE SCHOOL FEASIBILITY STUDY: FREQUENTLY ASKED QUESTIONS (FAQS)
February 14, 2025

1. **What is the tax impact to the average homeowner of replacing the middle school and continuing to fund the long-range facilities plan over the next 10 years?**

   The current tax amount for the average assessed home in UCFSD is $8,519. Of that amount, $801 is currently allocated to pay for existing annual debt service.

   Under the assumption that taxes would continue to follow the 20-year average trend of a 2.8% increase per year, the chart below shows projected total annual tax amount for the average assessed home and the portion of that total amount that would be allocated to pay for debt service. The impact of a middle school replacement would be an additional $42 per year each year to the average homeowner's contribution to the debt service component over a total of nine years beginning in the 2025/26 fiscal year. After nine years, the debt service contribution will level off. As previously shared, the amount allocated for debt would stay at approximately 10% of the total amount.

Projected Total Annual Tax Amount for the Average Assessed Home
(Assuming a 20-year average trend of a 2.8% increase per year)



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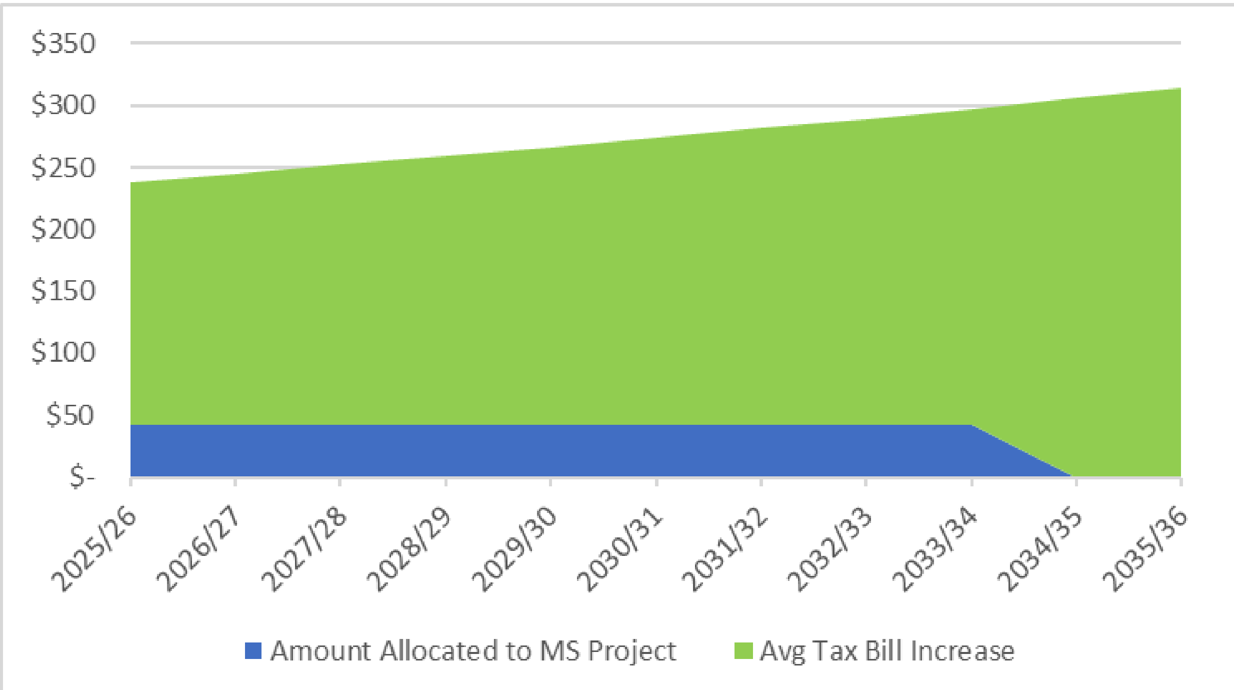
The chart below highlights just the increase in the average tax bill (using 2.8% growth) and how much of that increase would be allocated specifically to the middle school project over the nine years. Again, after nine years the debt service amount would level off and not be a component specific to an increase.

Projected Annual Increases in the Average Tax Bill
(Assuming a 20-year average trend of a 2.8% increase per year)



2. **How is the $42 per year middle school tax impact calculated?**

- The current general fund budget of $105,838,802 has a total annual debt service of $9,963,059. The average tax bill to fund the general budget is approximately $8,500 (based on a home assessed at $264,000 in Chester County and a home assessed at $450,000 in Delaware County) with approximately $801 of that tax bill allocated to pay for the annual debt service.
- To fund a new middle school ($119,760,913) and continue to fund the long-range facilities plan for the other five schools over the next 10 years ($54,000,000), we will issue new bonds over those 10 years.
- As we issue new bonds, we will continue to pay down the debt incurred from our five open bond issues.

- In September 2026, we will have the opportunity to refinance/restructure the 2016 bonds (originally 2009 bonds to pay for the Unionville High School renovation), resulting in decreased annual debt payments.
- The decreased annual debt payments in the coming years resulting from paying off current debt and refinancing the 2016 bonds will give us the ability to build in the new debt required for the middle school project and the long-range facilities plan with minimal impact to the general fund budget and our taxpayers.
- The current estimate shows total debt increasing from the current $9,963,059 to a high of $13,790,928 in nine budget years, an average increase of $426,000 per year for each of those nine years. Again, this takes into account the pay off of current debt and refinancing of the 2016 bonds. So while we are adding new debt, the subtraction or lowering of old debt minimizes the overall debt service increase.
- To fund an additional $426,000 per year over those nine years in the general fund budget, the annual debt allocation within the average tax bill will need to increase for the average assessed home by $42 per year every year.
- As shown in the previous charts, this increase would be captured as part of the annual average tax increase, which remains under the Act I index.

3. What assumptions are being utilized within UCFSD's calculations?

Assumptions being utilized in the provided calculations include:

- Projected total general fund budget growth at 3% based on actual history
- Projected tax increase - 2.8% (based on 20 year average millage rate history)
- Debt assumptions - 5% interest on new debt (would be lower if done today); term of bond payback - 20 to 30 years depending on the bond issue; no savings currently projected in the 2026 refinancing (would result in savings if done today)
- Building costs as outlined within the final feasibility report with 6% design costs included

4. What are the details of the $119,760,913 cost to build a new middle school?

The initial working estimate was developed in partnership with Marotta/Main Architects during the feasibility study using actual costs from projects recently completed or bid and still in progress in the area.

- Costs are based on opening bids in the summer of 2027.
- These are working estimates. Final costs would be determined during the Bid stage of the process.

The breakdown of costs is as follows, as shown in the [feasibility study report](#) (beginning on page 61):

Patton MS Option 3 - Replace	**202,515**	**SF**	(final building area)		**$**	**501.16**	**/SF**
New Construction / New Location							
Demolition	176,380	SF	6.00	/SF	$	1,058,280	
Renovation - MEP Only	0	SF	165.00	/SF	$	-	
Renovation - Comprehensive	0	SF	325.00	/SF	$	-	
Addition - Classroom Wing (2-story)	0	SF	425.00	/SF	$	-	
New Building	202,515	SF	425.00	/SF	$	86,068,875	
Sitework (not including new field)	1	unit	5,330,000		$	5,330,000	Note: Not including $2.2M already budgeted for site circulation project
				subtotal	$	92,457,155	
Design Contingency	5%				$	4,622,858	
Escalation	2	year (3%)			$	101,492,299	
Total - Construction					$	101,492,299	$ 501.16 /SF
Project Cost - 18%					**$**	**119,760,913**	$ 591.37 /SF

The indicated 18% project cost includes:

- Financing 0%
- Architect/Engineers 6%
- Owner's Representative 1.5%
- Testing, Survey, Printing 1%
- Technology 1%
- Furniture, Fixtures, and Equipment 3.5%
- Construction Contingency 5%

5. **How is the $20,000 taxpayer impact estimate being shared in our community calculated, and what factors should be considered when evaluating its usefulness in this analysis?**

- Similar to what has been utilized by the school district, the calculation is based on the total cost of the new middle school ($120,000,000) plus an estimated five percent interest on those bonds ($73,000,000).
- Real estate taxes fund the total general fund budget. The impact of debt on the general fund budget is the total annual debt service payments. Within the existing general fund budget, real estate taxes already fund on an annual basis an allocation of $9,963,059 in annual debt payments.
- The $20,000 tax impact that has been communicated by some in the community is simply looking at funding the $193,000,000 (estimate of replacement project cost and bond interest) with real estate taxes.
    - Current total real estate taxes collected: $80,000,000; resulting average tax bill $8,500

  - Total funding needed for new middle school: $193,000,000 (2.4125 times the current annual real estate tax collections); resulting average tax bill required $20,506 (2.4125 times the current average tax bill)
- This calculation can be misleading because it does not take into account that the current level of real estate taxes already fund debt that will be replaced by future debt to pay for the new middle school. Additionally, the projects would not be funded all at once - it will be funded with bonds paid back over 25 to 30 years.
- Taxes will not increase by $20,000 to pay for the middle school (the current taxes cover debt that will be paid off and replaced with the new debt).
- Taking into account the completion of some existing debt payments, as well as restructuring/refinancing of other existing debt payments, the total annual debt service would need only to increase by $426,000 per year for nine years, until it reaches its maximum level to fund this replacement plan ($13,790,928 debt service level).
  - Resulting debt service impact to the average taxpayer is a $42 increase per year each year for 9 years.