

On the ballot this Election (Election Day is November 2, 2021) is a proposition that asks this question:

Would you pay a **little more*** in taxes to help pay for a new highway garage?

If you would, then vote **"YES"** to this proposition.

The attached slides explain: (1) why the Town Board wants to replace the existing garage with a new one, (2) how much it will cost to build, and (3) how much it will cost taxpayers.

* If your property is assessed at \$100,000, building the new highway garage will cost you approximately \$30 per year.

The Existing Garage

- >50 years old
- Dilapidated - sketchy wiring, leaky roof, mold, poor insulation, inefficient heating, poor air exchange, uncertain well and septic
- Undersized - inadequate height (<21'), inadequate sq footage (~5000 sf)
- No private office space
- Inadequate storage and workspace
- Assemblyman Salka: "worst shape of any garage I have seen"



Options

- Build a New Garage
- Repair the Old Garage
- Build an Undersized Garage

The New Garage

- ~\$2.75 M
- 6 bays
- 9800 sq ft
- >21' height (needed to fully raise and secure truck beds)
- life expectancy: 50+ yrs
- potential for "green" HVAC
- potential to use existing garage as salt shed

2. Project Costs:

Legal Fees - Bond Counsel	\$ 20,000
Interest	\$ 98,000
Development	\$2,080,360
Engineering - Design	\$ 200,000
Engineering - Inspection	\$ 99,000
Engineering - Construction Admin	\$ 52,000
Engineering - Additional Services	\$ 15,000
Engineering - Bid Award	\$ 8,500
Equipment - Alarms/Cameras	\$ 25,000
Contingency	\$ 150,000
PAFR and Environmental Report	\$ 8,000
Miscellaneous	\$ 140
Total Project Costs	\$2,756,000

3. Project Funding:

Project Funding Source:	Funding Amount:
Applicant Contributions	\$ 75,000
USDA RD Loan	\$1,981,000
USDA RD Grant	\$ 700,000
Total Project Funding (All Sources)	\$2,756,000

Where the Money Comes From:

- Grant: \$700,000
- Town: \$75,000
- Loan: \$1,981,000

Loan Terms

- \$1,981,000
- Low Interest Rate: 2.25%
- Long Term: 25 years
- Loan Repayments: \$105K per year

How Do We Pay \$105K/y?

- Small increases in real property taxes for three years
- For example:
 - Normal Tax Increase = 2% per year
 - Extra tax increase in 2022 = no more than an additional 2%
 - Extra tax increase in 2023 = no more than an additional 2%
 - Extra tax increase in 2022 = no more than an additional 1%

Maximum tax increases if we build:			
2022	4%	2032	2%
2023	4%	2033	2%
2024	3%	2034	2%
2025	2%	2035	2%
2026	2%	2036	2%
2027	2%	2037	2%
2028	2%	2038	2%
2029	2%	2039	2%
2030	2%	2040	2%
2031	2%	2041	2%

Expected tax increases if we don't build:			
2022	2%	2032	2%
2023	2%	2033	2%
2024	2%	2034	2%
2025	2%	2035	2%
2026	2%	2036	2%
2027	2%	2037	2%
2028	2%	2038	2%
2029	2%	2039	2%
2030	2%	2040	2%
2031	2%	2041	2%

Total Tax Increase (2022 through 2031)

2022-2031	4-4-3-2...%	2-2-2-2...%	Difference
Assessment = \$100,000	\$988	\$697	\$291
Avg Tax Increase per Year	\$99	\$70	\$29
Assessment = \$200,000	\$1,976	\$1,394	\$582
Avg Tax Increase per Year	\$198	\$139	\$58

Impact of Gen & Hwy Town Tax Increases

Summary:

- The new garage will cost a taxpayer whose property is assessed at \$100,000 in 2021 approximately \$290 over ten years, i.e., about \$30/year
- Over ten years, the new garage will cost a taxpayer whose property is assessed at
 - \$200,000: ~\$60/year
 - \$300,000: ~\$90/year
 - \$400,000: ~\$120/year
 - etc.

Repair

- \$550K
- Borrow at ~2.75%, 10 years
- Pay \$64K/y v \$105K/y (does not include annual earmark)
- Lose \$700K grant forever
- Cost of building will continue to inflate
- *Need to contribute substantial \$ to reserve for new building in future
 - At \$50K/y, annual cost would exceed build option costs (1st 10 years)
 - At \$50K/y, it would take 14 years to save \$700K
 - At \$50K/y, we would have ~\$1.0M in twenty years

Repair

- After repairs:
 - old building
 - undersized facility w/ inadequate storage and workspace
 - no office
 - limited lifetime (20 years?)
- Repair is not a viable option
- We will have repeated the same mistake we made 10 years ago!**

Build - Undersize

- Estimated cost: \$1,000,000
- Borrow \$1,000,000
- 2.75%, 10 yrs = \$116K/y
- Inadequate and undersized building
- Building a smaller structure will not meet the town's needs and will require tax increases to pay off the required loan**

Referendum:

Maximum Amount Town Can Borrow is Capped at \$2.7M

"Shall the resolution of the Town Board of the Town of New Lisbon in the County of Otsego, State of New York entitled, "BOND RESOLUTION OF THE TOWN OF NEW LISBON, OTSEGO COUNTY, NEW YORK, ADOPTED JULY 13, 2021, AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A HIGHWAY GARAGE, INCLUDING GRADING AND IMPROVEMENT OF THE SITE, ORIGINAL FURNISHINGS, EQUIPMENT, MACHINERY, OR APPARATUS REQUIRED FOR THE PURPOSE FOR WHICH SAID BUILDING WILL BE USED, STATING THE ESTIMATED MAXIMUM COST OF SAID ACQUISITION AND CONSTRUCTION, TOGETHER WITH CERTAIN COSTS PRELIMINARY AND INCIDENTAL THERETO IS \$2,756,000, APPROPRIATING SAID SUM THEREFOR AND AUTHORIZING THE APPLICATION OF \$75,000 OF THE MONIES IN THE GENERAL FUND AND THE ISSUANCE OF UP TO \$2,681,000 SERIAL BONDS OF THE TOWN TO FINANCE SAID APPROPRIATION", be approved?"

Referendum - In Plain English

Do you approve of the Town taking out a "construction loan" in an amount **not to exceed \$2,756,000** to pay for construction of a new Town Highway Garage with the understanding that:

- the Town will put \$75,000 of Town funds towards the project,
- the USDA will give the Town up to \$700,000 in the form of a grant that does not have to be paid back, and
- the USDA will loan the Town up to \$1,981,000 to be paid back (like a mortgage) over 25 years at a cost of approximately \$105,000 per year?

Revised Timeline

In Progress: Arrange interim financing, process paperwork (non-binding)
November 2, 2021: Referendum (early voting starts October 23)
November 3, 2021: Initiate preparation of Bid Package
Winter 2022: Send Bid Package to USDA
Spring 2022: Obtain USDA approval; send out Bid Package
Spring 2022: Receive bids
Summer 2022: Select contractor
Spring 2023: Break ground
Summer 2023: Completion

If Bids Are Higher Than Projected:

- Options include:
- scale back the project
 - seek additional funding