



MEMORANDUM

To: Tom Flanagan, Superintendent
From: Nathan Lavery, Executive Director of Finance and Operations
CC: Burlington Board of School Commissioners
Date: 11/4/2020
Subject: BHS/BTC Options for Space and Funding

This memo is intended to compare two possible scenarios for long-term, in-person instruction for BHS students during the BHS ReEnvisioning renovations or BHS rebuilding. All costs are estimates. Both scenarios assume rental of facilities for the remainder of the current school year plus two additional school years, ending in June 2023. The memo also provides a list of possible funding options.

Option A - Macy's *Updated*

Occupancy Timeline: Late January or Early February

Cost Estimate:

Fit Up: \$3.5 million	Rent (total for 2.5 years): \$2.5-3.5 million	Total: \$6-7 million
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Option B - Temporary Trailer Rentals

Occupancy Timeline: Unclear, units need to be manufactured. Permitting process will be longer. Almost certainly later than Macy's option.

Cost Estimate:

Fit Up/ Delivery: \$3-6 million	Rent (total for 2.5 years): \$4.9 million	Total: \$8-11 million
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Funding Possibilities

Strong Possibility

BHS Re-Envisioning Bond Proceeds (\$70 million): Renovations to the BHS/BTC facilities would be eligible uses of the bond proceeds. Bond proceeds could be used for renting alternative space as long as the rental space is needed to execute the BHS/BTC Re-Envisioning renovations (which is likely). *Any bond proceeds used to rent temporary space will reduce the amount of money remaining for BHS construction and renovations.*



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City Charter Annual Borrowing Authorization (\$2 million per year): City Charter allows BSD to borrow up to \$2 million per year for capital investments without requiring voter approval. The existing Capital Plan envisions relying on these funds to supplement the \$19 million approved by voters, however, the \$2 million per year could be redirected to pay for BHS/BTC renovations. While these funds could not be used directly to pay rent, they could be reallocated to the BHS/BTC Re-Envisioning project, freeing up funds from that project to pay for rented space needed to complete the Re-Envisioning project.

State of Vermont Emergency Construction Aid (\$100,000): This is a small funding source limited to one-third of the total project cost with a maximum aid amount of \$100,000. This could likely be used to support construction or renovations but not rental of alternative space.

Less-Likely

CRF-generated surplus: Since the projected Education Fund deficit has declined (due to improved economic performance), the Agency of Education (AOE) may be willing to allow BSD to retain 100% of CRF reimbursement without applying any recapture (which would reduce Education Fund payments to BSD). If the AOE were to agree to this and work with BSD to maximize the amount of eligible reimbursement, it could generate significant surplus funds for BSD (potentially over \$1 million).

New Federal Funds: It is possible that new federal legislation designed to stimulate economic activity in the coming year could support school construction costs. The School Board should be prepared to advocate for this with Vermont's congressional delegation.

Unlikely

Capital Plan Bond Proceeds (\$19 million): The repurposing of voter-approved Capital Plan bond proceeds to pay rental fees is unlikely to be permissible. The approved uses were for capital improvements to BSD facilities.

State Construction Aid: The State of Vermont does not currently fund construction aid to schools. State legislative action would be necessary to change the status quo.

Undesirable

District Budget: In the absence of alternative funding sources, BSD will need to dedicate funds from the General Fund budget. This budget is predominantly tax-supported and new costs will put upward pressure on education tax payers. Amortization of the \$6 million Macy's option over 2.5 years yields an estimated 3.8% increase to the tax rate before any additional spending. Surplus funds may reduce this pressure. As usual, the estimate tax impact is difficult to state with confidence due to the variety of variables (not just total spending) that drive education tax rates in Vermont.