

New Woodstock Union High School and Middle School (WUHS/MS) project architects Lavalee Brensinger of Manchester, N.H. have provided this rendering of the proposed new school building complex. The Mountain Views Supervisory Union (MVSU) School Board is seeking voter approval for a \$99 million school bond issue on Town Meeting Day, Tuesday, March 5, to fund the construction of the new school. Courtesy of Mountain Views Supervisory Union

# Q&A: School Board answers questions about proposed \$99 million bond

**By Tom Ayres**  
Senior Staff Writer

**H**eated controversy over a \$99 million dollar bond issue proposed by the Mountain Views Supervisory Union (MVSU) School Board to fund the construction of a new Woodstock Union High School and Middle School (WUHS/MS) is roiling the seven communities in the school district: Bar-

nard, Bridgewater, Killington, Plymouth, Pomfret, Reading, and Woodstock. Voters in the seven towns will weigh in on the bond proposal via Australian ballot on Town Meeting Day, Tuesday, March 5.

During the six-week run-up to Town Meeting, representatives of both the MVSU and an informal group of people who have reservations about

the proposed bond issue, who've dubbed themselves The School Bond Forum, are mounting public education and information campaigns regarding the details of the proposed construction project and bond issue. Last weekend, MVSU School Board Vice Chair and Clerk Ben Ford, who also serves as the chair of the school district's Finance and New Build committees, addressed

a comprehensive set of questions from the Standard regarding the proposed bond issue and new school building. The questions were derived from an FAQ document already extant on the MVSU website and from questions contained in an advertisement posted by The School Bond Forum in the Jan. 18 issue of the Standard.

For its part, the Forum

group hosted its own "share and learn meeting" at the Norman Williams Public Library in Woodstock last Saturday. (See our separate article about that meeting in this issue.) The group collected additional questions about the bond issue and new school building from the crowd of 60 people at the gathering and will forward those to MVSU officials for answers in the coming

weeks, as well as seeking further responses at upcoming, school board-sponsored public information sessions in Reading, Woodstock, and Bridgewater. Similar MVSU-led sessions have already been held in Killington, Barnard, Pomfret, and Plymouth.

Here are the questions addressed to the MVSU's Ben Ford, together with his responses.

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all from the State of Vermont under the Tax Increment Financing (TIF) program for the "Killington Forward" initiative. Projected to expand Killington's grand list value by an estimated \$285 million, it is the largest TIF district in state history. In addition to 1,500 new residential units, which are likely to be occupied largely by non-residents, the initiative includes the construction of 300 workforce housing units intended for workers employed in the town. With 40% of the current US workforce having school-aged children, an estimate of 100 new students enrolling in our schools as a result of the Killington real-estate development is conservative.

Q: How much will the project cost and what are the sources of the funding?

A: The total project cost is \$99,363,893. The primary funding source will be the bond with a number of other sources used to ease the impact of its repayment on taxpayers, including private fundraising, federal grants under the federal Infrastructure Reduction Act, and additional annual spending capacity through recent changes to pupil weights made by Vermont Act 127.

Q: If we must have a new building, why does it have to be so expensive? How did the supervisory union arrive at the projected \$99 million cost for the new building? Couldn't we save money by scaling it back from \$99 million?

A: The final cost was arrived at following provision of initial project costing by the project's construction manager, PC Construction, which came in at \$116 million. From there, the school district's owner's representatives, PCI Project Consulting (no affiliation to PC Construction) led a series of value engineering sessions, which resulted in \$16.5 million in reductions to the project scope, resulting in a final project cost of \$99 million.

Q: Extensive scope, design, and materials reductions have already been made. These include reductions to reduce the building size by 6,000 sq ft, to remove all the barn-like architectural features over the classroom spaces, to reduce by 25% the amount of glass in the building, to substitute a turf field with grass, and to reduce by 50% the geothermal portion of the heating, ventilation, and air conditioning (HVAC) system. The new building now has the same number of classrooms as the old building and further cuts would require reductions to the curriculum and programs offered by the school.

Q: New standards for school construction projects adopted by the Vermont State Board of Education would allow our project cost to be \$656 per square foot. At \$627/SF, the project is well below that limit and is much cheaper than many other Vermont schools. Here's how the project stacks up to other current and recent projects in 2023 dollars:

- Burlington High School (Current): \$209 million/225,000 SF = \$836/SF
  - Danville Schools, K-12 (2021): \$76 million/120,000 SF = \$633/SF
  - Central Vermont Career Technical Center, Barre (2021): \$101.7 million/140,000 SF = \$727/SF
  - Milton Elementary, K-8 (Current): \$158 million/162,155,000 SF = \$721/SF
- At \$627/SF, the new WUHS/MS building is significantly less expensive



An architect's rendering depicts the proposed Main Commons area in a new Woodstock Union High School and Middle School. Courtesy of Mountain Views Supervisory Union

than other recent and current Vermont school projects and is well within State standards.

Q: What entity will provide the bond funding to the MVSU and what will the terms be?

A: Borrowed funds will come from the Vermont Bond Bank and/or the United States Department of Agriculture's (USDA) rural innovation program. The USDA has recently funded other Vermont school projects and offers favorable repayment terms and rates. In 2023, the Vermont Bond Bank quoted the school district a rate of 3.75% for the project. Since then, municipal bond rates have dropped to a current level of 3.51%. The district expects this trend to continue and will work with its advisors and lenders to lock in an optimal bond term and interest rate to minimize impacts to voters. Voter approval of the bond is necessary before the bond can be sold and the final term and interest rate confirmed.

Q: How will the bond repayments impact local taxes? Please explain the potential impact under each of the following scenarios:

- MVSU fails to meet its private fundraising goals of \$10 million over five years and \$20 million over ten years.
- Enrollment at WUHS/MS remains stable at 450 students or declines.
- Bond repayment terms of 30 versus 40 years.
- The current school is renovated and/or has additions added to it, instead of building a new school.

A: Tax impacts for the above scenarios are available at the school district website at: tinyurl.com/yejkuzd6.

The first tax impact scenario actually assumes no increase to district enrollment, no additional fundraising beyond the \$3.5 million committed to date, and demonstrates the feasibility of the MVSU School Board achieving its commitment to limiting the tax impacts of the project to district homeowners by means of an extended repayment period.

The next two scenarios show how increases to enrollment at levels of five and ten students annually could reduce amounts required to be collected in property taxes and accelerate repayment of the bond. The final scenario shows the impact to district tax rates of spending \$1.5 million per year on emergency fixes while losing ten students per year.

Thinking about how the bond repayments might affect homeowners on a day-to-day basis, a homeowner

living in a home with a fair market value of \$500,000 earning \$125,000/year would see an increase of \$125/month when the bond payments begin in FY28. That's about \$4/day, the same price as a specialty coffee at Dunkin' Donuts or a slice of Ramunto's pizza.

Q: Is it true that tax increases are capped at 5% over the next five years? What is the source of that cap and what penalties are in place if the school district exceeds the cap?

A: Yes, but only with regard to increases resulting from school district expenditures. Increases resulting from property value appreciation are not subject to the cap.

The equalized tax rate will increase by a flat 5% from fiscal year 2024 to fiscal year 2025 due to the application of a cap going into effect with Act 127, passed by the Vermont Legislature in 2022, which established new "per-pupil weights" for school budgeting. Act 127 allows districts that stay under a 10% increase over last year's per-pupil cost to pay a tax increase of only 5% for the next five years.

Because there is no direct local tax rate increase as long as the district stays under the 10% threshold, according to Act 127, districts can spend right up to that point and still receive the cap of 5%. For the coming fiscal year, the MVSU Board has voted to include paying off \$750,000 of its debt. By doing so, it keeps the budget for next year under the 10% threshold.

If a school district exceeds the 10% threshold, its budget is subject to a review by the Secretary of Education and a committee comprised of three superintendents and three finance managers from other districts. If the review concludes the excess expenditures were within the school district's control and are not supported by good cause, then the district loses the benefit of the 5%

cap. Given the conditions of our building compared to nearly all others in the state, it would be difficult to conclude our decision to replace it is not supported by good cause.

Q: What will the impact of the bond issue be on taxes for non-homestead property owners, such as second homeowners and businesses?

A: Non-homestead property owners pay by far the largest portion of education costs statewide. Their taxes make up 41% of the statewide education fund as compared to only 26% for homestead property taxpayers. Other education fund sources include sales and use taxes, state lottery revenues, and vehicle transfer taxes. In our school district, sources other than homestead taxes cover about 30% of the annual school budget each year. When the school district starts repaying the bond for the new school in FY2028, the amount paid by these other education funding sources such as local businesses and second homeowners will increase to about 40%.

Q: Will the new building be more energy efficient and environmentally friendly? If so, how will this impact heating, cooling, and energy costs moving forward?

A: Yes. Significantly. The current middle and high school is incredibly inefficient both structurally and in its heating/ventilation/air conditioning (HVAC) equipment. The building envelope — meaning the walls, insulation, windows, and doors — does not effectively retain the heat generated by the building's aging fuel oil boilers, requiring them to burn a high volume of oil just to heat the facility. (The current building also does not have any air conditioning.) As a result, the building emits 1.8

million pounds of carbon dioxide into the atmosphere every year — that's equivalent to 81 trips in an airplane around the earth.

The new school is designed to be "net-zero-ready," using energy-efficient and sustainable high-performance building materials and drawing on best practices in modern educational facility design. Incorporating sufficient, renewable energy systems such as solar and geothermal will allow the building to reach net zero. In other words, the amount of energy required from external sources to operate the building will be equal to or less than the power the new facility generates — helping the environment while also being much less costly to operate in the long term.

Over a 40-year lifespan, the new building is projected to save district taxpayers \$18 million compared to the old building's costs of burning fossil fuels and maintaining antiquated heating systems. And this comparison is really not "apples to apples," considering the fact that in addition to providing heat when it's cold outside, the new building's HVAC systems will also cool the building when it's hot outside — a critical feature considering climate trends over the next several decades. Also of significant importance, over a 40-year life span, a net-zero building will prevent 72 million pounds of carbon dioxide emission into the atmosphere.

Q: What oversight will there be during the construction process? What happens if there are cost overruns and the construction costs exceed the bond? What are the contingencies for schedule and price variations?

A: PCI Project Consulting has been retained as the Owner's Representative to provide project oversight. The project budget and a bond amount include \$5

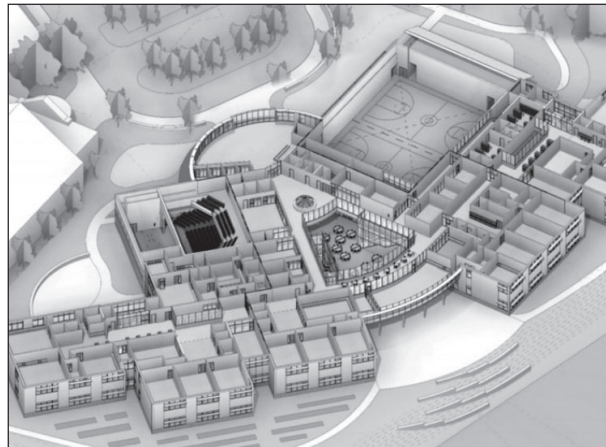
million of contingency to address unplanned costs. If unplanned costs exceed \$5 million, the school district would evaluate its options for addressing the overrun. These options could include project scope reductions to offset the costs, a supplemental bond article seeking voter approval to borrow amounts beyond the amount of the initial bond, or using available alternate funding sources, such as private fundraising amounts (\$3.5 million has been committed as of January 2024), grant funding, or amounts available from the school district's operations, such as budgetary surplus or available fund balances.

Q: What happens if voters fail to approve the bond issue on Town Meeting Day on March 5? Is there a backup plan, such as a scaled-back version of the new school or a renovation plan for the current building that could include additions?

A: No. Anything short of replacing the current school building would be a poor use of taxpayer money. Further scaling back the building design would mean cuts to current programs, making it more difficult to retain and attract school-choice students from whom our district currently receives nearly \$2 million annually — an amount that offsets tax rates for district homeowners.

Without certain elective classes, music programs, or sports teams, many of these students would choose to attend other schools. Accordingly, cuts to the new building that interfere with our ability to continue receiving these revenues would be penny-wise but pound foolish.

If the bond doesn't pass in March, the school district would evaluate the results of the bond vote and determine its next steps. Given the clear and present issues with the current school building, the nearly \$2 million in architectural and construction management services expended to date, and the \$3.5 million in private funding pledged, contingent on replacement of the building, the School Board would likely try again for approval of the bond with increased focus on voter information. Many people do not understand Vermont's complex education funding system, but when they realize that losing students costs them much more than investing in new buildings, they find it much easier to support the project.



This architect's rendering depicts a cutaway, bird's-eye view of the proposed, new Woodstock Union High School and Middle School, for which voters in seven towns will be asked to okay a \$99 million bond issue on Town Meeting Day, Tuesday, March 5. Courtesy of Mountain Views Supervisory Union