

## **Everything You Need to Know About ZEMs (and answers to other Budget-related questions from the community)**

**The ZEMs are reported to cost \$6 million, which will provide 8 classrooms. That's \$750,000 per classroom. What is contributing to these costs?**

Like so many other costs recently, the construction market has fluctuated substantially and continues to be very volatile. Lumber and labor are the biggest costs. These are not comparable to home builds as the ZEMs not only include classrooms, but the square footage also includes corridors, a connector to the school building, and smaller group rooms. It also includes costs associated with landscaping, utilities, and construction needs. Here is the full breakdown of what is included at each school:

Rick Marcotte construction includes a connector from the existing building to modular, and the modular component consisting of 4 classrooms, 2 group rooms, a mechanical space, and a hallway, as well as:

- Relocate two climbing structures
- 84 piles
- Foundations and equipment pads
- Infiltration basin/stormwater retention
- Tying utilities into existing school and bringing to modulars
- Landscaping
- Purchasing of 12 pods, setting of pods
- Patching of miscellaneous walls/ceilings and subfloor within each pod
- Cement siding

Orchard construction includes a connector from the existing building to modular, and the modular component consisting of 4 classrooms, 2 group rooms, a mechanical space, and a hallway, as well as:

- 102 piles
- Foundations and equipment pads
- Gravel walkways
- Gravel wetland storm treatment pond
- Tying utilities into existing school and bringing to modulars
- Trimming trees along the fence line that will be in the way of setting the pods
- Landscaping
- Purchasing of 12 pods, setting of pods
- Patching of miscellaneous walls/ceilings and subfloor within each pod
- Cement siding

Layouts and floor plans of the ZEMs are available on the district website at [www.sbschools.net/masterplanningandvisioning](http://www.sbschools.net/masterplanningandvisioning) under the Zero Energy Modular (ZEM) tab.

**Are ZEMs trailers? I thought the trailers at Rick Marcotte and Orchard *are* the ZEMs.**

To be clear the ZEMs have not been constructed yet and would only be built if the bond passes. There are small trailers that are currently on the grounds of Rick Marcotte and Orchard that we are renting monthly and are currently used as extra office space. They are not equipped as classrooms.

ZEMs are not trailers, but modular units. Their parts are constructed in a factory and then pieced together on-site. They will be built to be integrated into the existing school building so they appear as an organic extension of the school.

**Are the ZEMs movable?**

Yes, since the ZEMs are made of several modules, they can be deconstructed and reconstructed as needed. They are not as easy to move as a trailer that can be hitched to a truck or car, but the nature of their construction allows them to be moved, so should the need arise at another school for additional space, we will have the ZEMs as an available option.

**How long will ZEMs last?**

Given their robust construction and that their energy consumption is minimal, the physical lifespan of the ZEMs are designed to last for many decades.

**Isn't there already a plan in place to move fifth graders to the middle school?**

An enrollment committee was formed and evaluated all options to alleviate space issues, including moving the fifth grade to the middle school. In the short term, given the growing enrollment at Tuttle, additional support spaces were determined to be the best option at Rick Marcotte and Orchard. However, in the long term, the potential realignment of schools by grade is being explored. A Fifth Grade Transition Committee is currently being formed and will continue to evaluate enrollment at the elementary and middle schools. Should such a move go into effect, it will be several years down the road.

**What is the long-term strategic plan? And how do the ZEMs fit into that?**

A considerable amount of District, School Board, and community effort was expended in developing the Master Planning and Visioning recommendations that have led to the current bond vote to fund the installation of the ZEMs and to make other critical infrastructure improvements. This strategic work is still relevant as we face our longer-term needs. While we recognize the ZEMs are a short-term fix to our immediate capacity needs, the nature of their construction (e.g. their transportability to other sites) makes them an important part of any longer-term decision to rebuild/renovate our existing buildings.

**Who is responsible for managing and communicating the longer-term strategic plan? School Board? City? SBSB Administrators?**

Our outstanding school system is a critical component of our community and has historically been a major driver of our growth and desirability as a place to live and raise children. While the School Board plays the primary leadership role in promoting all our school programming, recommending our budget to the voters, and driving our school strategy, the entire city government apparatus, and the residents

themselves, have a responsibility to be directly engaged in the strategic discussion and to understand the ancillary impact of all such decisions proposed to and approved by the community voters.

### **The District website has been difficult to navigate. How can we find all this information?**

We have made updates to the site in order to streamline all information about the budget and bond. Budget information can be found at [www.sbschools.net/budget](http://www.sbschools.net/budget) and information about the ZEMs and facilities needs are available at [www.sbschools.net/masterplanningandvisioning](http://www.sbschools.net/masterplanningandvisioning). Information has also been available on our new Twitter (@SBSchoolsVT) and Instagram (@southburlingtonschoolsdistrict) pages.

### **How are you marketing the budget/bond to the broader community?**

Budget information has been made available since school board meetings in November 2022. In recent months, it has been included at Board Meetings, in the Superintendent's weekly newsletters, advertising in the Other Paper, as well as presentations on Town Meeting TV and to the South Burlington Small Business Association, South Burlington Rotary, several senior living communities, and PTO meetings. There have also been stories in the local press, including articles in [Seven Days](#), [The Other Paper](#), and [VTDigger](#) and coverage on [WCAX](#).

### **What are the costs of maintaining the ZEMs?**

The ZEMS are designed to be highly energy efficient at their outset, and in fact, could be energy-neutral (zero energy cost) when used with a renewable energy source (e.g. solar power, not included in the initial phase of the project). There will be a need for custodial services (less than one FTE in each of Rick Marcotte and Orchard schools), which would be customary with any school addition.

### **Impact Fees will be covering 91% of the principal costs of the ZEMs, but don't they result in "double taxation", i.e. the developer pays the impact fee upfront, but then the owner pays regular property taxes on that same property (including the fee that the developer has passed on to the buyer)?**

Impact Fees are a supplemental funding source as part of the land use the regulatory process to assess a fee on land use development that is associated with additional demands on existing community services. It has been determined that the ZEMs are primarily there to satisfy additional students projected to be arriving in the district over the coming few years, with approximately 9% of the capacity provided by the ZEMs to rectify existing deficiencies. This 9% of the cost of the ZEMs is to be covered by households already served by the schools through the general property tax, with the balance of the cost, 91%, being assessed on new land use development. New residential land use development will be assessed an impact fee to cover the cost of providing school capacity but they will also be assessed annual property taxes. A small amount of property taxes paid will be used to cover the 9% ZEM cost. To offset this chance of "double payment", the impact fee has a "revenue credit" component which discounts the impact fee based on the year that the land use change occurs and the net present value of the future stream of property taxes that could be used to cover the 9% ZEM component.

## **The proposed education property tax rate is relatively low based on historical trends, but does that take into account each year's Common Level of Appraisal?**

The calculation of education property tax rates for any Vermont city or town is complex, to say the least. The Common Level of Appraisal (CLA) is only one of several inputs that leads us from the approved expenditure budget to the education tax rate. Our local offsetting revenues, the Equalized Pupil count, and the Yield (both provided by the state and not necessarily correlated to the CLA) also play a critical role in determining the local education tax rate. And even the CLA and the tax rate don't always work in inverse order; for example, in FY22 the CLA decreased by 9.85% and the tax rate decreased by 2.23% as well.

In order to more clearly see the practical impact of how the tax rate, CLA, and the appraised value of residences on the Grand List all interact, we thought a multi-year analysis made sense because it traverses some significant variations in the annual CLA and also takes into account the recent reappraisal. In short:

- If I bought an average-valued condo in 2019 it was assessed at \$231,356 and I would have paid \$3,587 in education tax.
- With this FY24 proposed budget and tax rate, the average condo (post the recent reappraisal) is now valued at \$293,152 (a 26.71% increase versus 2019) and the education tax I would now pay is \$3,946 (a 10.01% increase versus 2019).
  
- If I bought an average-valued primary home in 2019 it was assessed at \$336,110 and I would have paid \$5,212 in education tax.
- With this FY24 proposed budget and tax rate, the average primary home (post the recent reappraisal) is now valued at \$437,384 (a 30.13% increase versus 2019) and the education tax I would now pay is \$5,888 (a 12.97% increase versus 2019).

The Consumer Price Index (CPI) Inflation calculator shows a 19% increase between January 2019 and January 2023, well above the increase in our education tax bill for an average-valued condo or home. So not only is the proposed education property tax rate low by historical standards on a standalone basis, but applying the rate while taking into account average assessed home values, the reappraisal, and changes in the CLA over the past few years also reflects it as being very reasonable compared to inflation rates and the overall rise in home values.

## **How is the new calculation for Equalized Pupil (in FY25) going to impact next year's budget?**

Changes to Act 173 for FY25 will significantly change the weighting system currently in place to calculate the Equalized Pupil Count, a critical input for the formulaic calculation of education property tax rates. The state will use a new weighting methodology for factors such as the distribution of students by grade, poverty levels, sparsity/population density, districts with small schools, and the number of students for whom English is not their native language. For a given level of spending, a district advantaged by the new weights and categories in terms of pupil counts will have lower spending per pupil and subsequently, a lower homestead tax rate. For a district disadvantaged by the new weights, a higher tax rate will be required to maintain the same level of spending per pupil. It is still premature to estimate

exactly how South Burlington will be impacted when all the new data is incorporated for FY25, but if all other factors remain constant (which they never do), using the current inputs (distribution of students by grade, poverty levels, English Language Learners, etc), and applying the new weights, would result in the SBSD being disadvantaged by the new methodology, meaning our homestead tax rate will likely increase (all else being equal!).

**What will happen if the bond does not pass?**

Per Vermont statute, we cannot submit a bond proposal to the voters to pay for the same or a similar improvement more than twice in any one-year period. Should the bond not pass on March 7th, we will analyze why it failed and determine the appropriate steps to take to ensure a successful passing on the second vote at some point in the following twelve months (e.g. change in scope of the bond, breaking the current proposed bond into different components, etc.).