# THE POTENTIAL BENEFITS OF USING BONDING TO FINANCE THE NEW TRANSFER STATION

For the Select Board's consideration
From the Transfer Station Committee

1. **Equity.** When a large capital project is fully funded by tax revenues at the outset, it not only puts a lot of stress on the annual budget, but it often results in a mismatch of those paying for the project versus those who benefit from the project. Since bonds are repaid over the useful life of the project, it spreads the project costs equitably among current and future taxpayers as they receive the benefits of the project over time. If money is raised for the project in a single budget year, or largely from contributions made prior to the project building, residents who move or pass away may never receive a fair share of the benefits that they funded, while new residents who receive the benefits didn't have to contribute to the building costs.

2. **Certainty**. Bonding will secure funding with certainty. The Transfer Station Committee and the Town Administration have spent years and thousands of hours applying for large federal grants that have been advertised as being available for such projects. After submitting one application in record time to the United States Department of Agriculture in early 2023 to secure a grant for $309,984, with agency encouragement and assurance that such funds were available, the agency later said that its grant money for such projects had been unexpectedly withdrawn by Congress and would not be available in any material amounts for future years.

The Town went on to secure a commitment for $750,000 from a Congressionally designated fund, but this fund has thus far been a victim of continuing budget resolutions in the contentious fight to keep the federal government operating.

Another large grant application for more than a million dollars of funding under the Solid Waste Infrastructure for Recycling grant program has been delayed as a result of the federal Administration's attempt to withhold or cease grant funding under the Bipartisan Infrastructure Law. There is also no assurance that if this grant program continues that the Town's application will be one of the approximately two dozen chosen throughout the nation.  Moreover, the approval of a federal grant application does not guarantee that the money will be made available or made available on a timely basis. There are also often time limits and other conditions that must be satisfied before actual receipt of grant funding.

3. **Assurance to Provide an Essential Town Service.** When the landfill closes, the Town has a statutory obligation to "…either provide a facility or assure access to another approved solid waste facility for its residents…" Section 149-M:17 of the New Hampshire statutes. Furthermore, the New Hampshire Department of Environmental Services has found that solid waste management "…touches every person and every aspect of society…" from "…public health, safety, the environment, natural resource consumption, energy use and greenhouse gas emissions" (1). There does not appear to be any other transfer station within any reasonable and convenient distance that could handle the Town's municipal solid waste. Thus, the Town needs to develop its own facility, and bonding appears to be the best option for meeting this statutory obligation to provide an essential municipal service.

**4. Cost Efficiency.** We are all aware of the potential impact of inflation, particularly when construction projects are delayed or built on a piecemeal basis. Bonding allows towns to accomplish more at today's costs. Another New Hampshire town that received approval for a substantial grant to fund approximately one third of its transfer station improvement program has, thus far, not proceeded with its program when it discovered that the improvement costs had grown substantially higher than originally anticipated. Bonding can avoid these uncertainties.

**5. Avoiding Volatility.** Along with the potential impact of inflation on construction costs, there is also volatility with interest rates. A municipal bond will have a fixed interest rate, and may also have a "call date" after a number of years, where it can refinance its debt if a lower rate becomes available.

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(1) 2022 Solid Waste Management Plan, P. 2.