

Article 2

Finance Committee Report

Financing for Capital Projects

May 1, 2023

Debt Service Components

- **Within the Levy**
- **Proposition 2 ½ - Tax Override**
- **Community Preservation Act**
- **Enterprise Fund Debt Service**

Debt Management Policies

- **Allocate 3% of General Fund Revenue for Debt Service Within the Levy**
- **Strive to Limit Total Debt Service to 10% of Gross Revenue**

Current Authorized Projects

Open Debt Authorizations

<u>Project</u>	<u>Funding for Fiscal Year</u>	<u>Authorized Amount of Debt</u>
RTS Property Improvements	2019	\$645,000
DPW Cogswell Storage Facility	2019	\$3,503,000
Water Distrib. System Improvements	2020	\$4,500,000
Mitchell School Restroom Upgrades	2021	\$676,700
Sewer Main Replacement	2022	\$363,000
Water Service Connections	2022	\$1,000,000
Public Safety Bldgs. Construction	2022	\$1,400,000
Emery Grover Design	2022	\$1,475,000
Emery Grover Renovation	2023	\$4,000,000
Emery Grover Renovation	2023	\$10,150,000
Emery Grover Renovation Supplement	2023	\$1,295,000
Land Purchase (Foster Property)	2023	<u>\$2,500,000</u>
		\$31,507,700

Proposed Projects

To be Funded with Debt

<u>Project</u>	<u>Funding for Fiscal Year</u>	<u>Estimated Amount of Debt</u>
Roof Top Units (Article 27)	2024	\$9,000,000
Water Distrib. Improvements (Art. 32)	2024	\$6,500,000
Fire Engine	2025	\$1,085,000
Quiet Zone Design and Construction (4 Crossings)	2025	\$4,400,000
Sewer Main / Greendale Ave / Rte 128	2025	\$3,105,000
Water Supply Development	2025	\$2,627,000
Pollard School Air Conditioning	2026	\$1,335,000
Sewer Main / Greendale Ave / Rte 128	2026	\$3,322,500
Cooks Bridge Sewer Pump Station	2027	\$3,859,000
Sewer Main / Greendale Ave / Rte 128	2027	\$3,556,000
Fire Engine	2028	<u>\$1,950,000</u>
		\$40,739,500

School Master Plan Options

Plan Update Fall 2022

	<u>Grade Configuration</u>	<u>1st Project</u>	<u>2nd Project</u>	<u>3rd Project</u>	<u>Cost</u>	<u>Duration</u>
A	Status quo*	Mitchell MSBA	Pollard MSBA	High Rock Addn. MSBA	\$406.2 M	23 yr
C	High Rock - 6th elementary	Pollard MSBA	Mitchell MSBA		\$349.2 M	13 yr
D	High Rock - 6th elementary	Pollard non- MSBA	Mitchell MSBA		\$334.2 M	11 yr
E	Status quo ** Eliot	Mitchell MSBA	Pollard MSBA	High Rock MSBA	\$404.4 M	30 yr

*5 elementary schools, High Rock all 6th grade

**Eliot with 4 sections as 4th MSBA project

Debt Service Ratios

With Proposed Projects and School Master Plan Option D

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Debt*	9.9%	8.4%	8.2%	8.1%	9.3%	13.6%	14.1%	15.1%	14.7%	14.3%
General Fund*	2.9%	2.8%	3.0%	3.3%	4.0%	5.0%	4.6%	4.9%	4.8%	4.1%
Total Debt**	9.9%	8.3%	8.0%	7.7%	8.6%	12.3%	12.5%	13.3%	13.0%	12.5%
General Fund**	2.9%	2.7%	2.9%	3.1%	3.7%	4.4%	4.1%	4.3%	4.3%	3.6%

	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Total Debt*	13.5%	12.8%	12.6%	12.2%	11.6%	11.0%	10.4%	9.9%	9.3%	8.7%	8.2%
General Fund*	3.6%	3.3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Total Debt**	11.8%	11.2%	11.4%	11.0%	10.5%	10.0%	9.5%	9.1%	8.5%	8.0%	7.6%
General Fund**	3.2%	2.9%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

*7% interest rate assumption ** 5% interest rate assumption

Average Single Family Home

Incremental Excluded Debt – Added to Annual Tax Bill

FY	Existing Excluded Debt	New Excluded Debt	Total Excluded Debt
2023	\$1,190	\$0	\$1,190
2024	\$979	\$0	\$979
2025	\$891	\$0	\$891
2026	\$797	\$15	\$812
2027	\$732	\$248	\$980
2028	\$685	\$1,304	\$1,989
2029	\$631	\$1,693	\$2,324
2030	\$549	\$2,148	\$2,697
2031	\$533	\$2,166	\$2,699
2032	\$518	\$2,383	\$2,901
2033	\$504	\$2,391	\$2,895
2034	\$441	\$2,496	\$2,937
2035	\$432	\$2,669	\$3,101
2036	\$423	\$2,632	\$3,055
2037	\$413	\$2,554	\$2,967
2038	\$359	\$2,475	\$2,834
2039	\$350	\$2,397	\$2,747
2040	\$338	\$2,318	\$2,656
2041	\$249	\$2,240	\$2,489
2042	\$168	\$2,161	\$2,329
2043	\$114	\$2,083	\$2,197
2044	\$110	\$2,004	\$2,114

Average Single Family Home Historical Tax Bills

Year	ASFH Tax Bill	% Increase
2010	\$7,379	6.8%
2011	\$7,719	4.6%
2012	\$8,075	4.6%
2013	\$8,416	4.2%
2014	\$8,765	4.1%
2015	\$9,240	5.4%
2016	\$9,587	3.8%
2017	\$10,034	4.7%
2018	\$10,749	7.1%
2019	\$11,402	6.1%
2020	\$12,272	7.6%
2021	\$12,989	5.8%
2022	\$13,586	4.6%
2023	\$14,528	6.9%

Average Single Family Home Projected Tax Bills

Year	ASFH Tax Bill	% Increase
2024	\$14,984	3.1%
2025	\$15,596	4.1%
2026	\$16,252	4.2%
2027	\$17,192	5.8%
2028	\$19,012	10.6%
2029	\$20,198	6.2%
2030	\$21,465	6.3%
2031	\$22,405	4.4%
2032	\$23,593	5.3%
2033	\$24,621	4.4%
2034	\$25,750	4.6%
2035	\$27,054	5.1%
2036	\$28,206	4.3%
2037	\$29,375	4.1%

Assuming 5.0% annual increase in base tax