

# Proposition 2.5 Debt-Exclusion Presentation

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Presented to the Board of Selectmen

June 30, 2015

Amended - Advisory Board

July 13, 2015

**Updated November 2015**

# Definitions

- An exclusion increases the amount of property tax revenue a community may raise **for a limited or temporary period of time in order to fund specific projects.** The amount of an exclusion may be raised in addition to the community's levy limit. It does not increase the community's levy limit nor become part of the base for calculating future years' levy limits.
- If a capital project is being funded by debt, approval of a debt exclusion permits the community **to raise the amount of the annual debt service payment for that project each year until the debt is retired.**

- **Proposition 2½ referenda questions are placed on an election ballot by vote of the "local appropriating body," which is defined in towns as the board of selectmen, not town meeting.**
- **A 2/3 vote of the board or council is needed** to place an exclusion question on the ballot. G.L. c. 59, § 21C(i½), (j) and (k).
- Proposition 2½ referenda questions **may be placed on a regular or special municipal election ballot.** Questions may also be placed on the state biennial election ballot. However, those questions must be submitted to the Secretary of State for certification by the first Wednesday in August preceding the election. G.L. c. 59, § 21C(i).
- A question is **approved if a majority of the people voting on that question vote "yes."**

# Jacobs & Memorial School Debt

- Jacobs School Debt is funded within the budget.
- Not a typical model for Town's
- As a result in FY17 \$1,116,902 will be used to service debt at the expense of other capital needs

# Proposal

- Exclude the balance of the Jacobs & Memorial School Debt
- Dedicate the balance to capital projects
- Capital projects to include items from 2014 Capital Plan
  - Roads
  - Drainage
  - Guardrails
  - Playgrounds
  - Artificial Field Turf Field
  - Seawall Repair
  - On-Going Annual Capital Items

# Benefit

- Over a multi-year period substantial progress can be made to improve the physical infrastructure of the Town.
- Focus on items that everyone experiences everyday
- Predictable stream of funds to improve and rectify long standing capital needs
- Dedicated funding source for on-going capital for the next 16 years

# Long-Term Capital Funding

	Fiscal Year	Jacobs Debt	Memorial Debt	Debt Exclusion	Seawall Debt	Cemetery Debt	Annual Capital	Adjusted Annual Capital	Total Annual Capital Program
	FY17	\$895,470	\$221,432	\$1,116,902			\$ 300,000	\$ 300,000	\$1,416,902
	FY18	\$872,947	\$215,244	\$1,088,191	\$76,407		\$ 300,000	\$ 376,407	\$1,464,598
	FY19	\$844,150	\$208,544	\$1,052,694	\$76,407		\$ 300,000	\$ 376,407	\$1,429,101
	FY20	\$821,952	\$201,994	\$1,023,946	\$76,407		\$ 300,000	\$ 376,407	\$1,400,353
<b>YR 5</b>	<b>FY21</b>	\$800,756	\$195,594	\$996,350	\$76,407	\$ 101,500	\$ 300,000	\$ 477,907	\$1,474,257
	FY22	\$779,433	\$189,176	\$968,609	\$76,407	\$ 101,500	\$ 300,000	\$ 477,907	\$1,446,516
	FY23	\$752,895	\$182,739	\$935,634	\$76,407	\$ 101,500	\$ 300,000	\$ 477,907	\$1,413,541
	FY24	\$731,142	\$176,232	\$907,374	\$76,407	\$ 101,500	\$ 300,000	\$ 477,907	\$1,385,281
	FY25	\$709,234	\$164,832	\$874,066	\$76,407	\$ 101,500	\$ 300,000	\$ 477,907	\$1,351,973
<b>YR 10</b>	<b>FY26</b>	\$686,970	\$158,310	\$845,280	\$76,407	\$ 101,500	\$ 300,000	\$ 477,907	\$1,323,187
	FY27	\$615,447		\$615,447	\$76,407	\$ 101,500	\$ 300,000	\$ 477,907	\$1,093,354
	FY28	\$526,393		\$526,393	\$76,407	\$ 101,500	\$ 300,000	\$ 477,907	\$1,004,300
	FY29	\$391,370		\$391,370	\$76,407	\$ 101,500	\$ 300,000	\$ 477,907	\$869,277
	FY30	\$183,470		\$183,470	\$76,407	\$ 101,500	\$ 300,000	\$ 477,907	\$661,377
	FY31	\$180,075		\$180,075	\$76,407	\$ 101,500	\$ 300,000	\$ 477,907	\$657,982
	FY32	\$176,677		\$176,677	\$76,407	\$ 101,500	\$ 300,000	\$ 477,907	\$654,584
	FY33	\$173,320		\$173,320	\$76,407	\$ 101,500	\$ 300,000	\$ 477,907	\$651,227
<b>Year 17</b>	<b>Totals</b>	<b>\$10,141,701</b>	<b>\$1,914,097</b>	<b>\$12,055,798</b>	<b>\$1,222,512</b>	<b>\$1,319,500</b>	<b>\$ 5,100,000</b>	<b>\$ 7,642,012</b>	<b>\$ 19,697,810</b>
<b>10 Years</b>	<b>FY17-FY26</b>	<b>\$7,894,949</b>	<b>\$1,914,097</b>	<b>\$9,809,046</b>	<b>\$687,663</b>	<b>\$609,000</b>	<b>\$3,000,000</b>	<b>\$4,296,663</b>	<b>\$14,105,709</b>
<b>5 Years</b>	<b>FY17-FY21</b>	<b>\$4,235,275</b>	<b>\$1,042,808</b>	<b>\$5,278,083</b>	<b>\$305,628</b>	<b>\$101,500</b>	<b>\$1,500,000</b>	<b>\$1,907,128</b>	<b>\$7,185,211</b>

# Estimated Tax Impact Debt Exclusion – Jacobs & Memorial

<b>Fiscal Year</b>	<b>Total Payment</b>	<b>Tax Rate Increase</b>	<b>Average Home Value</b>	<b>Annual Cost</b>
2017	\$ 1,116,902	\$ 0.60	\$ 380,591	\$ 228
2018	\$ 1,088,191	\$ 0.58	\$ 392,009	\$ 229
2019	\$ 1,052,694	\$ 0.56	\$ 403,769	\$ 228
2020	\$ 1,023,946	\$ 0.55	\$ 415,882	\$ 228
2021	\$ 996,350	\$ 0.53	\$ 428,359	\$ 229
2022	\$ 968,609	\$ 0.52	\$ 441,209	\$ 229
2023	\$ 935,634	\$ 0.50	\$ 454,446	\$ 228
2024	\$ 907,374	\$ 0.49	\$ 468,079	\$ 228
2025	\$ 874,066	\$ 0.47	\$ 482,122	\$ 226
2026	\$ 845,280	\$ 0.45	\$ 496,585	\$ 225
2027	\$ 615,447	\$ 0.33	\$ 511,483	\$ 169
2028	\$ 526,393	\$ 0.28	\$ 526,827	\$ 149
2029	\$ 391,370	\$ 0.21	\$ 542,632	\$ 114
2030	\$ 183,470	\$ 0.10	\$ 558,911	\$ 55
2031	\$ 180,075	\$ 0.10	\$ 575,678	\$ 56
2032	\$ 176,677	\$ 0.09	\$ 592,949	\$ 56
2033	\$ 173,320	\$ 0.09	\$ 610,737	\$ 57
<b>Totals</b>	<b>\$12,055,798</b>		<b>Total</b>	<b>\$2,934</b>



# **Kenney's Debt Exclusion Rules**

**The only intended purpose for the Debt Exclusion is to generate the necessary funds to address the Town's capital needs.**

**To insure all funds generated by the Debt Exclusion is in fact used only for the Town's capital needs the proposal should include the following:**

- A dollar amount equal to the annual Debt Exclusion will fund the Capital Improvement Special Purpose Stabilization Fund.**
- Projects will be financed directly from the Capital Improvement Special Purpose Stabilization Fund.**
- Any monies transferred into or out of the Capital Improvement Special Purpose Stabilization Fund requires a two thirds vote at Town Meeting.**

**As future long term non-recurring debt is retired, the dollar amount of the last payment will be added to subsequent fiscal years' Capital Budget.**

# Next Steps

- Plan for FY17 Implementation
- Referendum Question
- Town Meeting Action