

Proposition 2.5 Debt-Exclusion Presentation

Presented to the Board of Selectmen

June 30, 2015

Amended - Advisory Board

July 13, 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 School Debt

- Jacobs School Debt is funded within the budget.
- Not a typical model for Town's
- As a result in FY17 \$895,470 will be used to service debt at the expense of other capital needs

Value of Jacobs Debt

FY17	\$ 895,470
FY18	\$ 872,947
FY19	\$ 844,150
FY20	\$ 821,952
FY21	\$ 800,755
FY22	\$ 779,433
FY23	\$ 752,895
FY24	\$ 731,142
FY25	\$ 709,234
FY26	\$ 686,970
FY27	\$ 615,447
FY28	\$ 526,393
FY29	\$ 391,370
FY30	\$ 183,473
FY31	\$ 180,075
FY32	\$ 176,677
FY33	\$ 173,280

Proposal

- Exclude the balance of the Jacobs 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	Annual Capital	Total Annual Capital Program (3% Growth)	Annual Amount to be added
FY17	\$ 895,470	\$ 300,000	\$ 1,195,470	
FY18	\$ 872,947	\$ 358,387	\$ 1,231,334	\$ 58,387
FY19	\$ 844,150	\$ 424,124	\$ 1,268,274	\$ 65,737
FY20	\$ 821,952	\$ 484,370	\$ 1,306,322	\$ 60,246
FY21	\$ 800,755	\$ 544,757	\$ 1,345,512	\$ 60,387
FY22	\$ 779,433	\$ 606,444	\$ 1,385,877	\$ 61,687
FY23	\$ 752,895	\$ 674,559	\$ 1,427,454	\$ 68,114
FY24	\$ 731,142	\$ 739,135	\$ 1,470,277	\$ 64,577
FY25	\$ 709,234	\$ 805,152	\$ 1,514,386	\$ 66,016
FY26	\$ 686,970	\$ 872,847	\$ 1,559,817	\$ 67,696
FY27	\$ 615,447	\$ 991,165	\$ 1,606,612	\$ 118,318
FY28	\$ 526,393	\$ 1,128,417	\$ 1,654,810	\$ 137,252
FY29	\$ 391,370	\$ 1,313,084	\$ 1,704,454	\$ 184,667
FY30	\$ 183,473	\$ 1,572,115	\$ 1,755,588	\$ 259,031
FY31	\$ 180,075	\$ 1,628,181	\$ 1,808,256	\$ 56,066
FY32	\$ 176,677	\$ 1,685,826	\$ 1,862,503	\$ 57,646
FY33	\$ 173,280	\$ 1,745,098	\$ 1,918,378	\$ 59,272
Totals:	\$10,141,663	\$15,873,662	\$26,015,325	\$1,445,098

Estimated Tax Impact Debt Exclusion – Jacobs

Fiscal Year	Total Payment	Tax Rate Increase	Average Home Value	Annual Cost
2017	\$ 895,470	\$ 0.48	\$ 380,591	\$ 183
2018	\$ 872,947	\$ 0.47	\$ 392,009	\$ 184
2019	\$ 844,150	\$ 0.45	\$ 403,769	\$ 183
2020	\$ 821,952	\$ 0.44	\$ 415,882	\$ 183
2021	\$ 800,755	\$ 0.43	\$ 428,359	\$ 184
2022	\$ 779,433	\$ 0.42	\$ 441,209	\$ 185
2023	\$ 752,795	\$ 0.40	\$ 454,446	\$ 184
2024	\$ 731,142	\$ 0.39	\$ 468,079	\$ 184
2025	\$ 709,234	\$ 0.38	\$ 482,122	\$ 183
2026	\$ 686,970	\$ 0.37	\$ 496,585	\$ 183
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	\$ 183,473	\$ 0.10	\$ 558,911	\$ 55
2031	\$ 180,075	\$ 0.10	\$ 575,678	\$ 56
2032	\$ 176,677	\$ 0.09	\$ 592,949	\$ 56
2033	\$ 173,280	\$ 0.09	\$ 610,737	\$ 57

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
YR 5	FY21	\$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
YR 10	FY26	\$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
Year 17	Totals	\$10,141,701	\$1,914,097	\$12,055,798	\$1,222,512	\$1,319,500	\$ 5,100,000	\$ 7,642,012	\$ 19,697,810
10 Years	FY17-FY26	\$7,894,949	\$1,914,097	\$9,809,046	\$687,663	\$609,000	\$3,000,000	\$4,296,663	\$14,105,709
5 Years	FY17-FY21	\$4,235,275	\$1,042,808	\$5,278,083	\$305,628	\$101,500	\$1,500,000	\$1,907,128	\$7,185,211

Estimated Tax Impact Debt Exclusion – Jacobs & Memorial

Fiscal Year	Total Payment	Tax Rate Increase	Average Home Value	Annual Cost
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
Totals	\$12,055,798		Total	\$2,934

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