

SPECIAL TOWN MEETING QUESTION OF THE WEEK



Week 8:

How Will the Town Pay for the Public Safety Facility and New Elementary School?

The proposed Public Safety Facility and new Elementary School designs reflect careful attention to correct today's current deficiencies and support modern emergency services and educational programming delivery in the coming decades. The Town has invested similar effort into determining how to finance these projects.



- The Town plans to use a “debt exclusion” to finance the new Public Safety Facility and new Elementary School. A debt exclusion is a temporary property tax increase to fund specific capital projects. Similar to the way that many people take out a mortgage to buy a house, the Town will issue debt to pay for these two buildings. The Town will then collect additional property taxes to repay that money over time with interest. Debt exclusions require 2/3 approval at Town Meeting and majority approval at an election.
- Debt exclusions result in a temporary property tax increase. The Town will collect additional property taxes to pay the debt service on the bonds issued to construct both facilities. Once the project debt is retired, the Town stops collecting the additional tax money.
- The Town is planning to borrow funds for a 30-year period. Because of the cost of the projects and the expected useful life the buildings (50+ years each), the Town is planning to borrow funds for a period of 30 years. This is the maximum allowed under state law and the term that most other Massachusetts communities are using for large building projects.

		<u>Public Safety Facility</u>	<u>New Elementary School</u>
	Expected Borrowing Amount	\$48.3 million	\$87.7 million
	Borrowing Term	30 years	30 years
	Expected Useful Life of Building	50-plus years	50-plus years

The Town anticipates issuing short-term debt (one-year notes) for the initial two years while construction is underway, and then issuing long-term bonds for the remaining 28 years.

- The Town's high credit rating helps reduce costs to taxpayers. Similar to a personal credit score, the Town also has a credit rating that affects its ability to borrow money. Since 2002, the Town has maintained the highest credit rating - known as AAA - from all three major credit rating agencies (S&P Global, Moody's Investor Services, and Fitch Ratings). This allows the Town to borrow money at the most favorable interest rates possible, therefore reducing the cost of these projects to residents.

