# Special Town Meeting March 8, 2010

Finances for the Proposed

New Main Library

### New Library Project

Net cost budget - \$9.3M.

- Town will borrow the \$ and issue a bond.
- Proposed as Proposition 2 ½ Debt Exemption.
  - What is a Debt Exemption?
    - The exact principal and interest cost each year is raised outside of the limits of Proposition 2 ½.
    - When debt ends, the taxes end.



 Project Cost
 \$9,300,000

 Interest
 0.05

	Loan	Annual Debt Service Interest Principal		<b>Total Debt</b>	Approx Cost Per
Fiscal Year	Balance			Service	Household
FY1	9,300,000	465,000	465,000	930,000	\$140
FY2	8,835,000	441,750	465,000	906,750	\$136
FY3	8,370,000	418,500	465,000	883,500	\$133
FY4	7,905,000	395,250	465,000	860,250	\$129
FY5	7,440,000	372,000	465,000	837,000	\$126
FY6	6,975,000	348,750	465,000	813,750	\$122
FY7	6,510,000	325,500	465,000	790,500	\$119
FY8	6,045,000	302,250	465,000	767,250	\$115
FY9	5,580,000	279,000	465,000	744,000	\$112
FY10	5,115,000	255,750	465,000	720,750	\$108
FY11	4,650,000	232,500	465,000	697,500	\$105
FY12	4,185,000	209,250	465,000	674,250	\$101
FY13	3,720,000	186,000	465,000	651,000	\$98
FY14	3,255,000	162,750	465,000	627,750	\$94
FY15	2,790,000	139,500	465,000	604,500	\$91
FY16	2,325,000	116,250	465,000	581,250	\$87
FY17	1,860,000	93,000	465,000	558,000	\$84
FY18	1,395,000	69,750	465,000	534,750	\$80
FY19	930,000	46,500	465,000	511,500	\$77
FY20	465,000	23,250	465,000	488,250	\$73
Total		\$4,882,500	\$9,300,000	\$14,182,500	\$2,127
		Average yrly payment		\$709,125	\$106

Town will issue 20-year bond.

- Debt issued on level principal and declining interest basis.
- Debt service declines each year.

← Highest year - \$140

——— Lowest year - \$73

——Average annual payment - \$106

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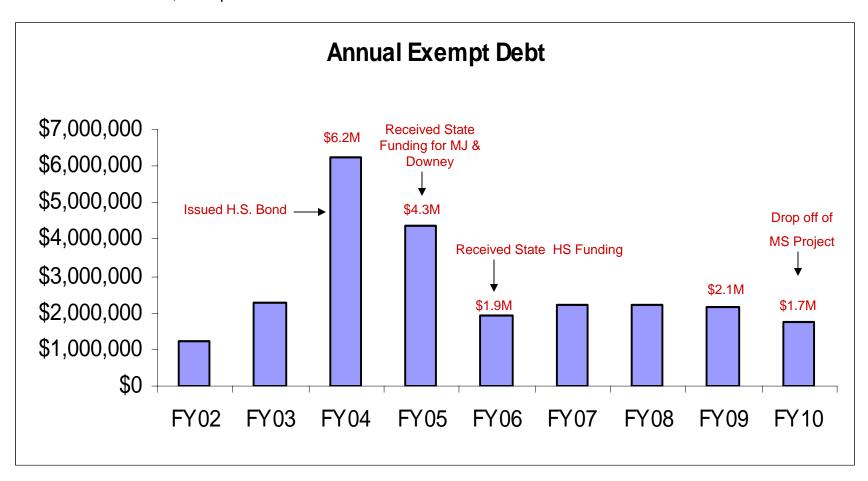
### **New Library Project**

Interest	Average Annual Payment		
5%	\$106		
4%	\$99		
3.5%	\$95		

The lower the interest rate, the lower the average annual payment.

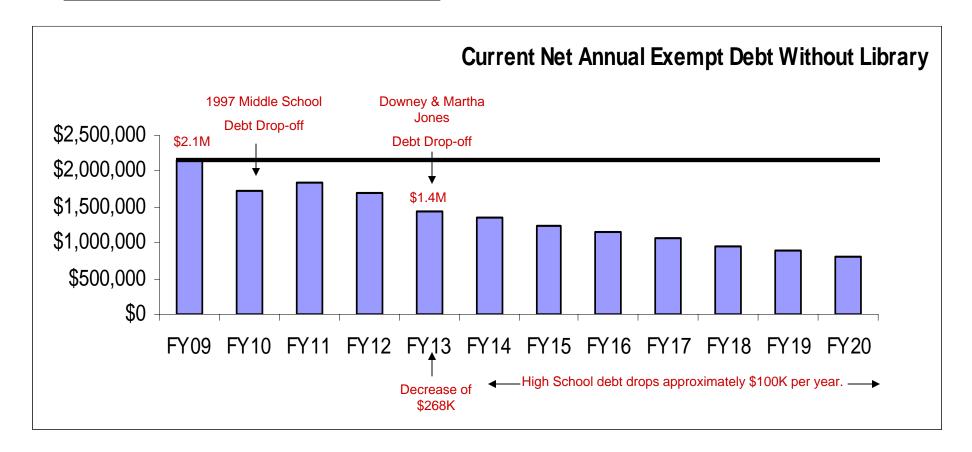
#### **Exempt Debt – What is it?**

- Principal and interest payments for projects approved outside Proposition 2 ½.
- Exact amount of debt cost, net of state school reimbursement, is raised in taxes.
- When bond ends, exempt taxes end.





### **Exempt Debt – Next Few Years**

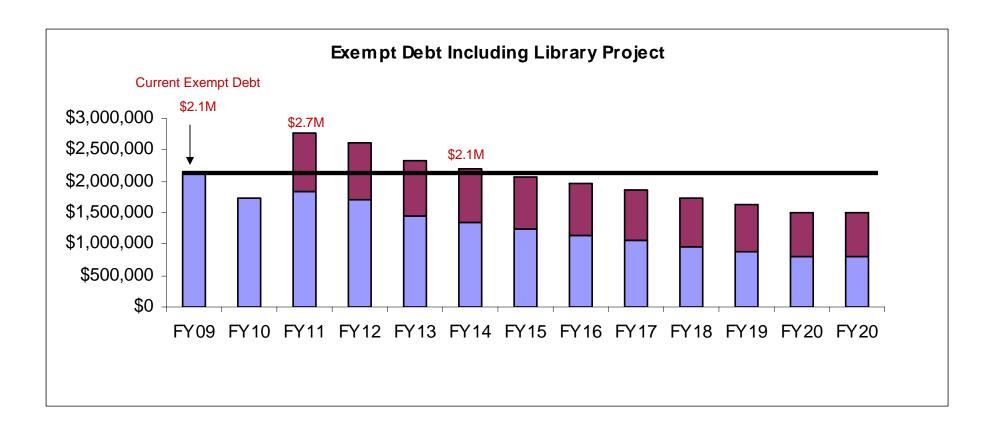


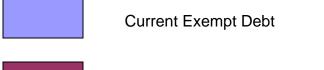
#### **Current Exempt Debt Projects:**

- Downey School construction ends in FY12.
- Martha Jones School construction ends in FY12.
- High School construction ends in FY2023.

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### **Exempt Debt – With Library Project**





Library project debt – 20 year bond at 5%

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### **New Library Project - Summary**

#### **Override Costs**

	Total Cost of Project to Homeowner Over 20 Years	Average Annual Cost to Homeowner	Approximate Increase on Current Tax Bill	
Approximate Amount Per \$100,000 of Home Value	\$400	\$19.92	1.5%	
Approximate Amount Per Average (\$532,000) Home	\$2,127	\$106	1.5%	

#### FY11 Tax Bill Without Override

	FY10	FY11	\$ Change	% Change
Approximate Amount Per \$100,000 of Home Value	\$1,307	\$1,343	\$36	2.74%
Approximate Amount Per Average (\$532,000) Home	\$6,958	\$7,149	\$191	2.74%

