

Report of the Town Manager

CAPITAL FINANCING AND PROPERTY TAX MITIGATION PLAN

Special Town Meeting 2017-1

March 20, 2017



2016-2017 Capital Plan: Approved and Potential Exempt Debt Projects

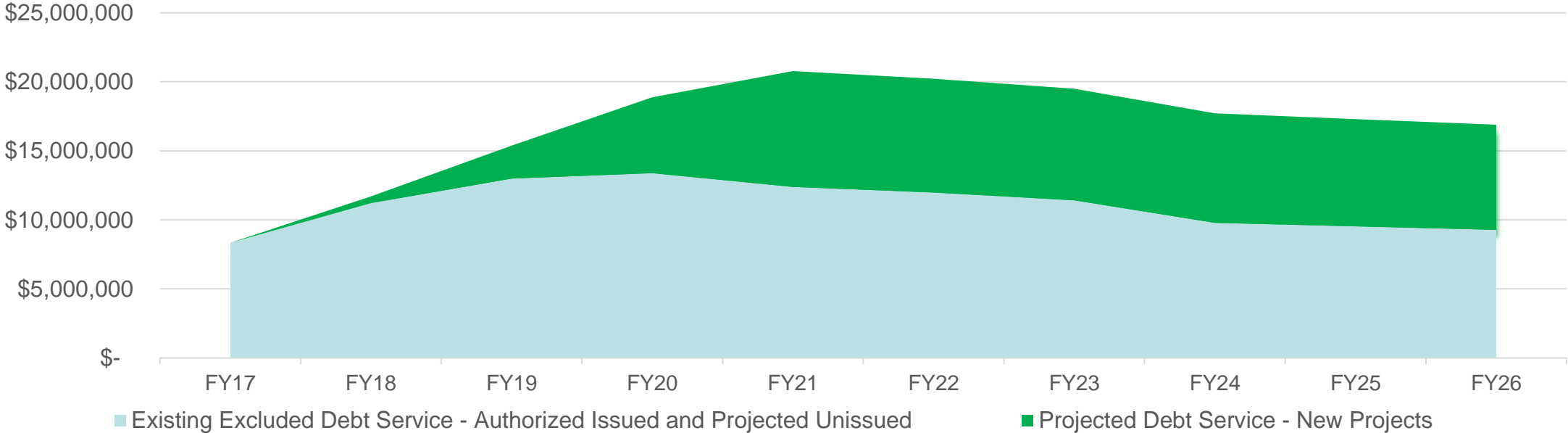
	May 2016 Debt Exclusion Vote	March 2016 est.	Fall 2017 est.
1	Project Design	\$ 4,080,000	
2	Project Design & Elem. Modular Class. (Dec. 2015)	\$ 5,385,000	
3	Clark (March 2016)	\$ 19,941,058	
4	Diamond (March 2016)	\$ 42,255,149	
5	Subtotal	\$ 71,661,207	
	Fall 2017 Potential Debt Exclusion Vote(s)		
6	Hastings-net of MSBA funding (STM Feb. 2016, ATM 2017, STM Fall 2018)	\$ 42,000,000	\$ 46,200,000
7	Lexington Childrens Place/Community Space (STM 2017, STM Fall 2017)	\$ 11,025,000	\$ 24,400,000
8	High School HVAC	\$ 13,125,000	\$ -
9	Pelham Property (STM 2016)	\$ 8,000,000	\$ 8,000,000
10	173 Bedford Street (STM 2016)	\$ -	\$ 4,443,000
11	Fire Station with Swing Space (STM 2017, STM Fall 2017) ¹	\$ 19,800,000	\$ 20,893,000
12	Subtotal	\$ 93,950,000	\$ 103,936,000
	Future Potential Debt Exclusion Vote		
13	Police Station (estimate to be Updated March 2017)	\$ 19,200,000	\$ 25,000,000
¹ Increase is the result of swing space estimate now at \$2,093,000, compared to the earlier estimate of \$1,000,000			



Factors in Managing Debt and Taxpayer Impact

- Existing Exempt Debt Service is Decreasing
- **\$28,000,000 in Capital Stabilization Fund**
(pending Town Meeting votes)
- **Low Interest Rate Environment**
- **Manage Debt Service and Use of Capital Stabilization Fund to Lessen Increases in Property Tax Bills**

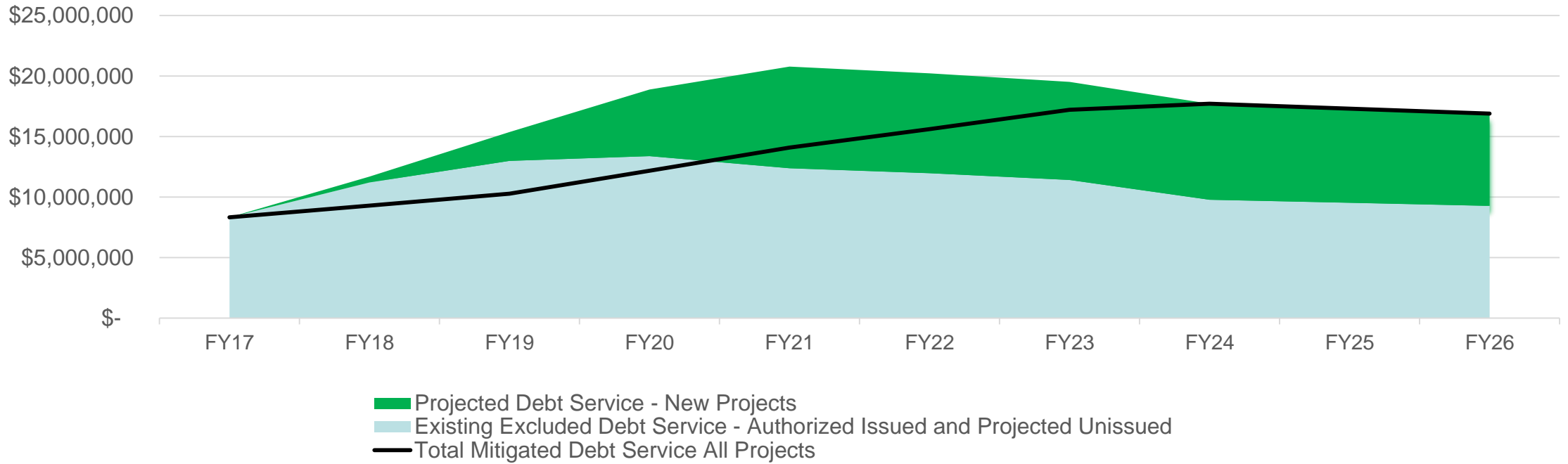
Excluded Debt Service: Authorized and Projected



	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Existing Excluded Debt Service - Authorized Issued and Projected Unissued	\$8,330,185	\$ 11,216,777	\$12,991,039	\$13,385,279	\$12,386,928	\$11,977,823	\$11,418,955	\$ 9,784,087	\$ 9,529,550	\$ 9,272,863
Projected Debt Service - New Projects		\$ 475,953	\$ 2,384,546	\$ 5,494,484	\$ 8,399,313	\$ 8,243,772	\$ 8,088,230	\$ 7,932,689	\$ 7,777,148	\$ 7,621,607
Total Excluded Debt Service All Projects	\$8,330,185	\$ 11,692,730	\$15,375,585	\$18,879,763	\$20,786,241	\$20,221,595	\$19,507,186	\$17,716,776	\$17,306,698	\$ 16,894,470

Note: Projected debt service for new projects includes Hastings construction, Police and Fire station renovations, swing space renovations for 173 Bedford Street, and Lexington Children's Place and Community Center renovations at the Pelham Road site.

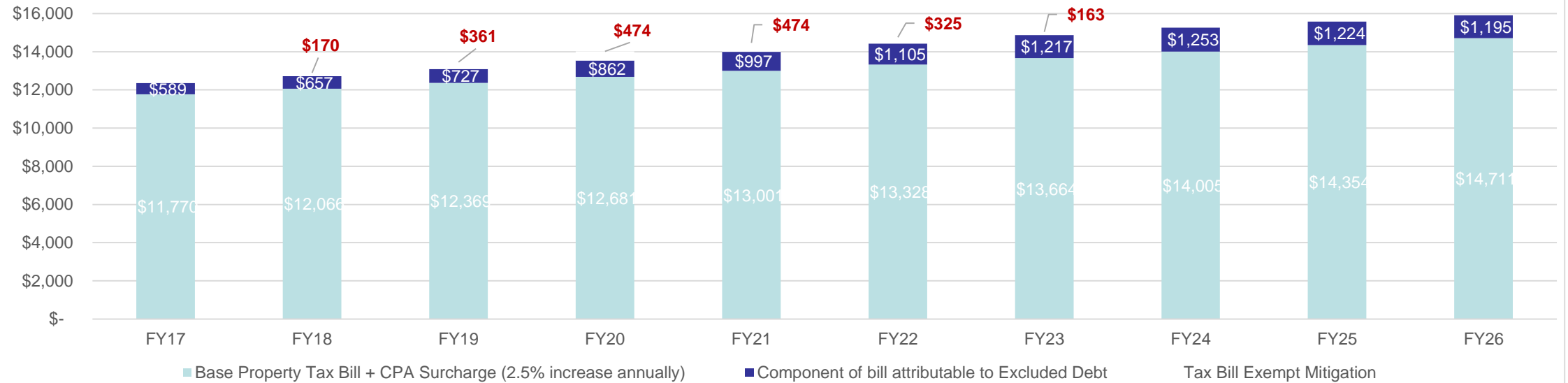
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Debt Service Mitigation from Capital Stab. Fund	\$ -	\$ 2,400,000	\$ 5,100,000	\$ 6,700,000	\$ 6,700,000	\$ 4,600,000	\$ 2,300,000	\$ -	\$ -	\$ -
Total Mitigated Debt Service All Projects	\$8,330,185	\$ 9,292,730	\$10,275,585	\$12,179,763	\$14,086,241	\$15,621,595	\$17,207,186	\$17,716,776	\$17,306,698	\$ 16,894,470

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Tax Bill for Home of Median Value (\$831,000) - All Projects



	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Base Property Tax Bill + CPA Surcharge (2.5% increase annually)	\$ 11,770	\$ 12,066	\$ 12,369	\$ 12,681	\$ 13,001	\$ 13,328	\$ 13,664	\$ 14,005	\$ 14,354	\$ 14,711
Component of bill attributable to Excluded Debt	\$ 589	\$ 827	\$ 1,088	\$ 1,336	\$ 1,471	\$ 1,431	\$ 1,380	\$ 1,253	\$ 1,224	\$ 1,195
Total Tax Bill	\$ 12,359	\$ 12,893	\$ 13,456	\$ 14,017	\$ 14,472	\$ 14,759	\$ 15,044	\$ 15,259	\$ 15,578	\$ 15,906
Less: Mitigation:	\$ -	\$ (170)	\$ (361)	\$ (474)	\$ (474)	\$ (325)	\$ (163)	\$ -	\$ -	\$ -
Tax Bill After Mitigation	\$ 12,359	\$ 12,723	\$ 13,096	\$ 13,543	\$ 13,998	\$ 14,433	\$ 14,881	\$ 15,259	\$ 15,578	\$ 15,906
\$ Change		\$ 364	\$ 373	\$ 447	\$ 455	\$ 436	\$ 448	\$ 378	\$ 320	\$ 328
% Change		2.9%	2.9%	3.4%	3.4%	3.1%	3.1%	2.5%	2.1%	2.1%

CAPITAL STABILIZATION FUND DRAWDOWN

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Beginning Balance		\$ 23,066,687	\$ 28,032,585	\$ 22,058,585	\$ 14,563,085	\$ 7,103,085	\$ 2,319,085	\$ 19,085	\$ 19,085	\$ 19,085
Additions		\$ 7,690,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal		\$ 30,757,085	\$ 28,032,585	\$ 22,058,585	\$ 14,563,085	\$ 7,103,085	\$ 2,319,085	\$ 19,085	\$ 19,085	\$ 19,085
Mitigation (drawdowns) - Excluded Debt		\$ (2,400,000)	\$ (5,100,000)	\$ (6,700,000)	\$ (6,700,000)	\$ (4,600,000)	\$ (2,300,000)	\$ -	\$ -	\$ -
Mitigation (drawdowns) - Within Levy Debt		\$ (324,500)	\$ (874,000)	\$ (795,500)	\$ (760,000)	\$ (184,000)	\$ -	\$ -	\$ -	\$ -
Subtotal		\$ (2,724,500)	\$ (5,974,000)	\$ (7,495,500)	\$ (7,460,000)	\$ (4,784,000)	\$ (2,300,000)	\$ -	\$ -	\$ -
Total Remaining Balance	\$ 23,066,687	\$ 28,032,585	\$ 22,058,585	\$ 14,563,085	\$ 7,103,085	\$ 2,319,085	\$ 19,085	\$ 19,085	\$ 19,085	\$ 19,085