

Massachusetts School Building Authority Project at Cape Cod Regional Technical High School

UPDATED: August 15, 2017

Revised project cost estimates have lowered the cost of the project from \$141 million to \$128 million; a \$13 million reduction or 9.2%. Additionally, the reimbursement from the Massachusetts School Building Authority has been revised upwards to 32.75% of project costs or approximately \$42 million. The numbers illustrated below reflect this updated cost estimate and the estimated financial impact to the Town of Barnstable.

1. What is the Regional School District (RSD) proposing?

The RSD is proposing to build a new school facility on its existing land in a different location and demolishing the existing facility.

2. What is the estimated cost of the project?

The estimated project cost is currently \$127.9 million.

3. What are the funding sources for the project?

The Massachusetts School Building Authority (MSBA) will provide a grant of approximately \$41.9 million and the RSD will issue a bond for \$86 million.

4. What gives the school district the authority to issue a bond for this purpose?

Massachusetts General Law Chapter 71, §16(n) allows the district to incur this debt provided a majority of the registered voters in the district approve its issuance in a district-wide election and as agreed to in the Regional School District Agreement under Section V.

5. When does the RSD plan to conduct this election?

The election is scheduled to take place on October 24, 2017. Polls will be open from 12 pm to 8pm. Unlike a general election, the district can only hold an election for 8 hours. The polling hours were established by the RSD from 12 to 8pm hoping that it would create the most opportunity for voters to cast their ballots.

6. If the project and associated bond issue is approved at the district-wide election, how will the RSD repay the bond?

The RSD will add the cost of the annual debt service on the bond issue to each community's assessment based on the community's percentage of the overall student enrollment in the school.

7. If approved, when does the RSD expect to complete the new facility and in what fiscal year will the increase in the assessments be sent to the member towns?

Exact dates are not yet known but if the project is approved the first year towns could likely see an increase in the assessment to cover any costs is FY20.

8. What are the estimated costs and terms of the bond issue?

The RSD's current estimates for the bond issue include a 5% interest rate on the amount borrowed and a loan amortization period of 30 years. The estimated annual loan payment on the bond is approximately \$5.5 million per year for 30 years.

9. What is the estimated financial impact to the Town of Barnstable?

Barnstable students currently comprise approximately 29% of the student population at the RSD which would result in an estimated increase in the town's assessment of \$1.63 million.

10. How does the increase in the assessment from this project compare to the current assessment?

The Town's FY18 assessment from the RSD is \$3,535,665 and enrollment is 183 students. This equates to approximately \$19,320 per student. Based on current enrollments the assessment would increase to \$5.17 million, or 46%, resulting in a new per student cost of \$28,228.

11. How will the increase in the assessment from the RSD impact the Town's operating budget?

The Town would have either to cut its operating budget by \$1.63 million and redirect these funds to the RSD assessment or raise property taxes to cover the increase. The allowable increase in the tax levy under Proposition 2 ½, including the estimated new property tax growth, is approximately \$3.7 million. The \$1.63 million increase in the RSD assessment consumes nearly one-half of the Town's tax levy growth leaving \$2 million to cover the cost increases in the rest of the Town's \$157 million operating budget, as well as any possible reductions in revenue sources such as state aid and other local receipts.

12. What is the current tax rate impact from the RSD assessment and how will this project change it?

The current RSD assessment of \$3,535,665 equals \$0.267 on the tax rate. The new building would increase this to \$0.394 for a \$0.123 increase. The tax bill impact of the new facility would be as follows:

Property Assessed Value	Tax Rate Impact	Tax Bill Impact
\$ 100,000	\$0.123	\$12.30
\$ 200,000	\$0.123	\$24.60
\$ 300,000	\$0.123	\$36.90

\$ 400,000	\$0.123	\$49.20
\$ 500,000	\$0.123	\$61.50
\$ 600,000	\$0.123	\$73.80
\$ 700,000	\$0.123	\$86.10
\$ 800,000	\$0.123	\$98.40
\$ 900,000	\$0.123	\$110.70
\$ 1,000,000	\$0.123	\$123.00

13. How else can the Town fund the increase in the RSD assessment so that it does not affect the available resources for the rest of the Town's operating budget?

The Town could seek to authorize a debt exclusion override, exempting the increased assessment of the RSD from the limits of Proposition 2½. This would add the \$1.63 million increase in the RSD assessment on top of the allowable tax levy increase under Proposition 2½ and would result in a similar tax bill increase as illustrated in the table above.

14. Has the Town scheduled an election for a Proposition 2 ½ Debt Exclusion override vote?

A town-wide election on September 19th is scheduled to see if the voters will approve a debt exclusion for this project. A majority of voters in town is needed to approve this tax levy override option.

15. Why is the Proposition 2 ½ Debt Exclusion vote taking place before the district-wide vote?

The town wants to give taxpayers information as to the financial impact of the project before they are asked to vote for the project on October 24th.

16. What happens if the Debt Exclusion vote on September 19th passes and the district-wide vote fails on October 24th?

The RSD won't be able to go forward with the project if the district-wide vote fails; therefore, no additional assessment for the debt service will be made to the town and the tax levy will not need to be increased.

17. Does the Town currently have other debt exclusions added to the tax levy and when do they expire?

Yes. The Town's FY18 tax levy will include \$1.35 million in debt exclusions and FY19 will include \$1.3 million after which they expire. These debt exclusions were for the High School and Barnstable Intermediate School renovations.

18. What is the net tax rate and tax bill impact if a new debt exclusion for this project is authorized and is offset by the expiration of the existing debt exclusions?

The net impact on the tax levy would be the difference between the current debt exclusions of \$1.3 million and the new debt exclusion of \$1.63 million or \$330,000. This equates to \$0.025 on the tax rate. The net tax bill impact would be as follows:

Assessed Value	Tax Rate Impact	Tax Bill Impact
\$ 100,000	\$0.025	\$2.50
\$ 200,000	\$0.025	\$5.00
\$ 300,000	\$0.025	\$7.50
\$ 400,000	\$0.025	\$10.00
\$ 500,000	\$0.025	\$12.50
\$ 600,000	\$0.025	\$15.00
\$ 700,000	\$0.025	\$17.50
\$ 800,000	\$0.025	\$20.00
\$ 900,000	\$0.025	\$22.50
\$ 1,000,000	\$0.025	\$25.00

19. Where can more information on the project be found?

More information on the project and the process involved can be reviewed on the high school's website at: <https://www.capetech.us/domain/50>