

Town of Douglas Voter Information Bulletin

Special Town Meeting

Wednesday, January 19, 2000 at 7:00 PM

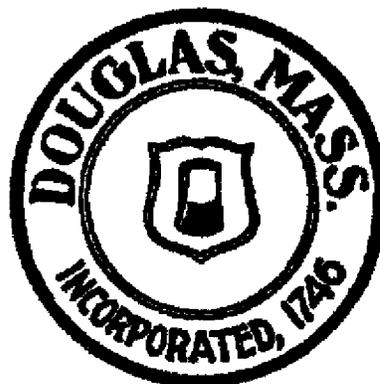
TABLE OF CONTENTS

<u>Page</u>	<u>Article</u>
1	Article 1. School Land Acquisition
2	Article 2. New High School and Addition to and Renovation of Douglas Elementary School
2	Article 3. Additional Classrooms
2	Finance Committee Chair's Message
3	School Building Committee's Proposal
4	School Building Committee Message
5	School Committee Message
5	Board of Selectmen Message
6	Statement of Facts
10	Finance Committee Report

Article 1. School Land Acquisition.

To see if the Town will vote to authorize the Board of Selectmen to purchase or take by eminent domain the below described land in Douglas, Massachusetts for purposes of schools, as provided in Chapter 40, Section 8C of the General Laws or other public purposes; and further, to raise and appropriate a sum of money for said acquisition, including costs incidental and related thereto; and further to raise this appropriation, the Treasurer, with the approval of the Board of Selectmen, is authorized to borrow pursuant to Chapter 44, Section 7 (3) of the General Laws, or any other enabling authority, and to issue bonds or notes of the Town therefor; and further that the Board of Selectmen or its designee is authorized to accept any gifts of property, real, personal or otherwise, in relation to said acquisitions and to enter into any agreements and to execute all documents it deems advantageous on behalf of the Town, for partial or full reimbursement of the costs of acquisition; provided however, that no money shall be expended hereunder unless the Town shall have voted for a debt exclusion from the limits of Proposition 2-1/2, so called; said land to be under the jurisdiction and control of the Board of Selectmen until construction of proposed improvements are complete, thereafter to be transferred to the School Committee:

Land owned now or formerly by Carmen S. Vecchione, consisting of a parcel of 19 acres, more or less, located behind Douglas Elementary School, as shown on Assessors Map 23, Parcel 23D; or do or take any other action related thereto.



Land owned now or formerly by Davis Street Realty Trust, consisting of a parcel of 8.5 acres, more or less, located off Davis Street, as shown on Assessors Map 23, Parcel 23C; or do or take any other action related thereto.

Land owned now or formerly by Ann Kochanowski and Felix J. Yacino, Jr., consisting of a parcel of 35.92 acres, more or less, located off Davis Street, as shown on Assessors Map 23, Parcel 23B; or do or take any other action related thereto.

Land owned now or formerly by Ann Kochanowski and Felix J. Yacino, Jr., consisting of a parcel of 32,988 sq. ft., more or less, located off Davis Street, as shown on Assessors Map 23, Parcel 24; or do or take any other action related thereto.

Land totaling 36 acres, more or less, consisting of all parcels located between Davis Street and Martin Road owned now or formerly by Riedell Brook Development Company, Inc., as shown on Assessors Map 23 and 30, except for the parcel shown on Assessors Map 23-25; or do or take any other action related thereto.

Article 2. New High School and Addition to and Renovation of Douglas Elementary School.

To see if the Town will vote to raise and appropriate a sum of money, or do or take any other action related thereto, as follows: (A) a sum of money to design, construct, and equip under the jurisdiction and control of the Board of Selectmen, a new high school and athletic fields on land off Davis Street west of Monroe Street and north of Martin Road, including costs incidental and related thereto; and further to raise this appropriation, the Treasurer, with the approval of the

Board of Selectmen is authorized to borrow pursuant to Chapter 44, Section 7 (3) of the General Laws, or any other enabling authority, and to issue bonds or notes of the Town therefor; provided however, that no money shall be expended under this vote unless the Town shall have voted for a debt exclusion for this project from the limits of Proposition 2-1/2, so called; (B) a sum of money to design under the jurisdiction and control of the Board of Selectmen an addition to and renovation of the Douglas Elementary School and athletic fields, including costs incidental and related thereto; and further to raise this appropriation, the Treasurer, with the approval of the Board of Selectmen is authorized to borrow pursuant to Chapter 44, Section 7 (3) of the General Laws, or any other enabling authority, and to issue bonds or notes of the Town therefor; provided however, that no money shall be borrowed or expended to design an addition to and renovation hereunder unless the Town shall have voted for a debt exclusion for this project from the limits of Proposition 2-1/2, so called; and (C) a sum of money to construct and equip under the jurisdiction and control of the Board of Selectmen, an addition to and renovation of the Douglas Elementary School and athletic fields, including costs incidental and related thereto; and further to raise this appropriation, the Treasurer, with the approval of the Board of Selectmen is authorized to borrow pursuant to Chapter 44, Section 7 (3A) of the General Laws, or any other enabling authority, and to issue bonds or notes of the Town therefor; provided however, that no money shall be borrowed or expended to construct and equip an addition to and renovation hereunder unless the Town shall have voted for a debt exclusion for this project from the limits of Proposition 2-1/2, so called, and provided that the Commonwealth of Massachusetts shall have notified the Town of grant approval for the new high school.

Article 3. Additional Classrooms.

To see if the Town will vote to (1) appropriate a sum of money to pay for the bonds issued in order to remodel, reconstruct or acquire and install additional classrooms, including the payment of all costs incidental and related thereto, (2) authorize the School Committee to take any other actions necessary to complete these modular facilities, and (3) that to meet this appropriation, the Treasurer, with approval of the Board of Selectmen, be authorized to borrow such sum of money under and pursuant to the provisions of Chapter 44 of the Massachusetts General Laws, or any other enabling authority, and to issue bonds or notes of the Town thereof, provided, however, that the Town shall have voted to exclude the amounts needed to repay the bonds or notes authorized to be issued by this vote from the limitations imposed by Chapter 59, Section 21C of the Massachusetts General Laws, or to take any other action related thereto.

Finance Chairman's Message

Since the costs and options were made available in early October 1999, the Finance Committee along with the Financial Management Team (Town Administrator, Town Accountant, Treasurer, Financial Advisor) in concert with a Debt Study Committee (comprised of Selectmen, Town Residents, School Committee, Finance Committee, Treasurer, & Town Accountant) have come together and spent hundreds of hours trying to pinpoint the costs and impacts. Thank you all for your time and effort to manage the ever changing numbers, your professional expertise, and caring for the well-being of this Town.

Consider that the projected costs and impacts presented are just that – PROJECTED and based on many assumptions. Not included are major portions of Water & Sewer, School Choice Out costs, Blackstone Valley Tech expansions, Town Operating Budget changes or loss of revenues such as Chapter 90 and Chapter 70 monies, improvements in Town Services such as EMS/Ambulance, changes in Collective Bargaining contracts, Property Revaluation in 2001, additions of staff, increases in health insurance and pension liabilities and just plain old everyday inflation. To quote the "consultant". "Douglas will be financially strapped and has no financial flexibility".

Douglas has always been a Town that has had to make difficult and prudent decisions on many improvements. Many times we make these decisions because of our size, tax base and capability of the Town. We again need to make a prudent decision. There are other options that can be made to work that are educationally sound and allow for financial flexibility.

Dennis Bishop
Chairman Finance Committee

Finance Committee Recommendations

1. The Finance Committee does not recommend Articles 1 and 2 based upon the financial assumptions as presented in Option K. See the Finance Committee Report at Page 10.
2. On Article 3, the Finance Committee recommends the renovation and equipping of the Old Elementary School based upon a \$2.3 million estimate.

Projects Proposed By the School Building Committee

I. Article 15 October 1997:

The Town voted to authorize the Board of Selectmen to appoint a School Building Committee, empowered for the limited purpose of the development of a conceptual plan, drawings and locations in adequate detail to define the appearance, facilities and cost to address school space needs.

II. Statement of the Problem:

As can be seen by the **Douglas School Space Needs Analysis** conducted by NESDEC, the New England School Development Council, our projected enrollment far exceeds our current school capacity. Every year, NESDEC prepares and updates approximately 250 enrollment forecasts throughout New England. Additionally, NESDEC has prepared over 100 Community Demographic Profiles for those districts needing additional background data as a context for enrollment projections. **The NESDEC Projections are recognized by the State as the planned enrollment in Douglas schools for the next ten years.** See the Chart at page ___ for these projections.

Please note that **we actually grew faster** than NESDEC's projection for this school year, **a trend we expect to continue.** Projected enrollments do not include choice-out, home school, or Blackstone Valley Tech students. K-12 capacity figures and projected enrollments are from the 10/1998 NESDEC study.

III. The Solution:

The School Building Committee reviewed **seventeen** unique options. The option known as "K" was determined to be the best solution to the space crisis we are presently experiencing, and are projected to experience in the future.

With Option K, a 500-student grade 9-12 High School will be built first. The new High School will be designed to make future expansion of the building easy to accomplish, reducing the cost of increasing capacity at the new High School, if and when that becomes necessary in the future. The existing Middle/High School will be maintained as a grade 6-8 Middle School. The existing Elementary School will be renovated to meet current educational standards, and an addition will be constructed to increase the capacity of the building, resulting in a 1000-student grade K-5 Elementary School. The existing Early Childhood Center will remain as a pre-school and childcare facility.

Option K: First, a 500-student grade 9-12 High School will be built. The new High School can be expanded, as needed, in the future. Second, the existing

Elementary School will be renovated to current standards and greatly expanded to a 1004-student, grade K-5 capacity. The existing Middle/High School will become a grade 6-8 Middle School. The existing Early Education Center will remain as a pre-school and daycare facility.

Estimated Costs of Option K:

New High School, reimbursable	\$16,786,500
Elementary School Addition/Renovation, reimbursable*	\$23,370,886
Total Reimbursable	\$40,157,386
Non-reimbursable costs (land acquisition and related work)	\$3,875,000
Total Project	\$44,032,386
*The Elementary School cost includes a five-year inflation increase with a 2004 construction start.	

Douglas Currently Qualifies for 77% Reimbursement From the State of Massachusetts

What exactly does this mean to taxpayers? Douglas will be responsible for \$13.1 million of the project cost total. This figure includes the portions of the project that are non-reimbursable. The State will pay \$31 million of the project cost total, PLUS 77% of the interest costs (for the reimbursable portion of the project) necessary to finance the construction and furnishing of our new schools.

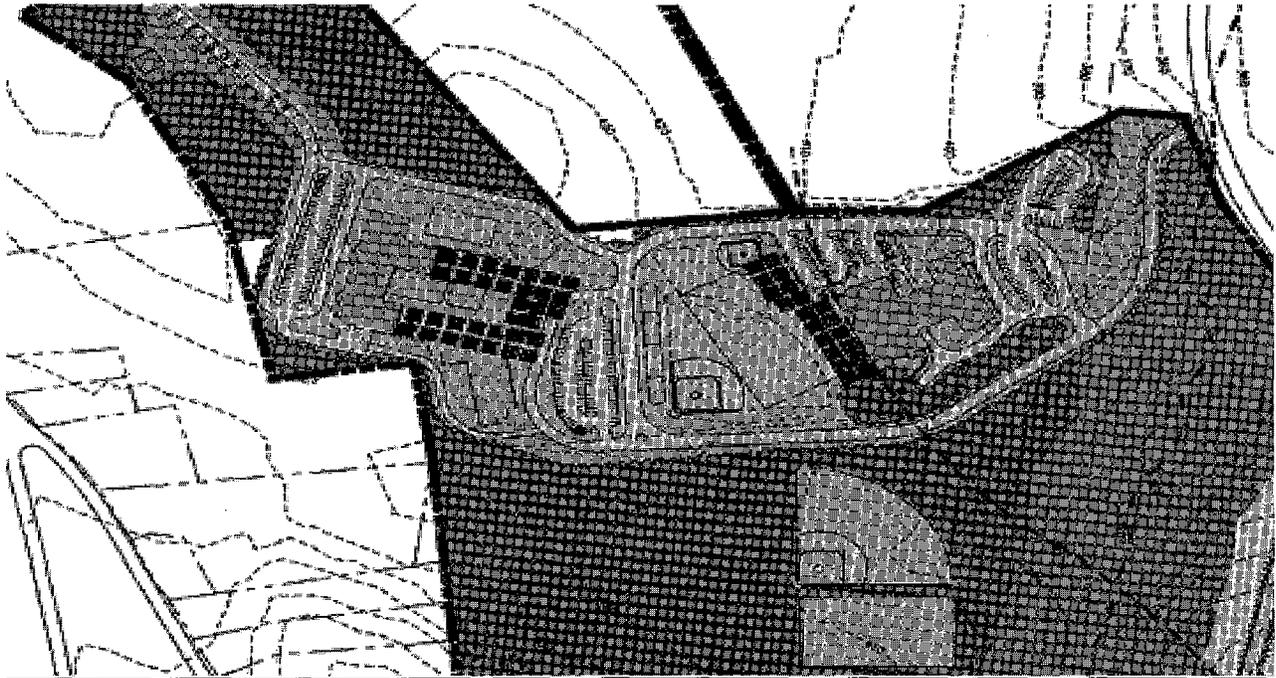
Why the High School First? - This is better for the town, both financially and educationally. High School construction is a priority for State reimbursement. Reimbursement for the entire project will begin one to two years earlier than if we built the Elementary School first. This will save the town substantial interest payments and allows the total project to be completed sooner. Once the High School is completed, school administration will restructure grade configurations so that the renovations to the existing Elementary School will not adversely affect students attending school in that building.

This project must be approved before February 1 to allow our architects time to meet the State's June 1 deadline for school project submission. Missing this deadline means adding at least one more year to the number of years requiring the use of portables, and further inflates construction costs. Since the State may be restructuring the School Building Assistance budget after June 1, Douglas could lose some portion of our 77% reimbursement if we miss the June 1, 2000 deadline.

IV. The Cost of Doing Nothing --

- jeopardize accreditation
- possible double sessions
- possible reduction and/or elimination of offerings in computer science, art, advanced placement and physical education.

- Potential loss of some portion of reimbursement -- the School Building Assistance Program is up for renewal and changes this year.
- *More modular classrooms - current cost is \$125,000 each and is this not reimbursable!* The black boxes in the below diagram represent the portables that would need to be purchased! Current estimates call for an additional six to eight modular classrooms each year.



School Building Committee Chairman's Report

The School Building Committee is a group of volunteers who assembled together as concerned parents and citizens of the town of Douglas. We were instructed by the Board of Selectmen to determine the best possible solution to the overcrowding issues plaguing our school system. For two years our committee has researched and studied the demographics of our town, the current structure of our school system, and the projected future population of our schools. We knew that the project we were undertaking would be criticized by a few but would benefit many. Our study has now been completed and we are ready to come before you, the citizens of Douglas, and ask for your support.

We strongly believe we have answered all questions regarding the three most significant concerns: Is our project educationally sound, accurately projected, and financially reasonable? The project that we have presented will take care of our population needs until the year 2009. This project has been approved by the State Board of Education and the Douglas School Committee as an educationally sound project. It has

also been documented by an outside consultant hired by the Board of Selectmen as an affordable project.

The cost of the entire project will be \$44,032,386, 12-13 million of which Douglas will be financially responsible for. The total impact of the project to the taxpayer will be a tax increase of about 10%. Although this increase does not cover operating costs, it is important to remember that the operating costs will be the same whether we build new schools, have portable classrooms or do nothing. And the benefits of a new school heavily outweigh those of the other possibilities. Most significantly the cost of portable classrooms is non-reimbursable. The way we have phased the construction will eliminate overcrowding at both schools, allow for quick reimbursement, and will permit us to down size in the future if the population does not grow as predicted.

We have considered many options and project ranging from costs of \$31 million to \$49 million. We discussed options that consisted of building a 1400-student elementary and a 970-student middle school.

We looked at the impact of reducing the schools' student capacity to reflect a cost decrease. These projects would have solved our problems but not effectively enough to create an educationally sound environment for our children nor would they have been cost effective.

It is important to understand that our community is growing. The amount of new births projected by NESDEC for the years 1998 and 1999 were met and

exceeded. The time is upon us to move forward. We no longer desire to waste money on portable classrooms. We ask for your support and encouragement in our attempt to provide better school environments for your children. We wish to extend our thanks to all of you who have helped and supported our efforts the past two years.

John A. Blatchford Jr., Chairman

School Committee Message

To the Residents of Douglas:

Thank you for your continued support of our school system. As we are all aware, a proper education that encourages and challenges each and every student in concert with parental involvement is the road map for our children's success. Our goal is educational excellence throughout the system. To reach this goal, we must provide our Educators with the necessary tools. At this time, the missing tool is space. Without it, educational excellence cannot be achieved.

The face of education has changed drastically in the past ten years. As U.S. students fell behind those in Japan and Germany, many studies were done to develop methods to improve the public education system. These studies clearly show a direct relationship between class size and learning, with the optimum number of students per class established at 18. However, this number would not be fiscally responsible for a town our size; therefore, the Douglas School Committee has established a policy of 25 per class. Unfortunately, we are not able to achieve 25 due to our spacing crisis, which severely inhibits our ability to achieve our educational goals. In some instances, we have over 30 students per class.

The current Elementary and Middle/High Schools have a combined educational operating capacity of 950 students. This year, we have a total enrollment of 1,377 students; therefore, the Douglas School System is 427 students over the recommended operating capacity. Our space problems are system wide,

affecting all levels of education. Modular classrooms are temporary solutions. Additionally, it is projected that the Douglas System will number 1,988 students in the school year 2008-09. The direct result of the increasing number of students is the corresponding increase in the school systems' operating budget. The school budget is predicated on student population (salaries, textbooks, supplies, etc.). To put it another way, regardless of whether the children are housed in classrooms, portables, or closet space as we are using today, our budget will reflect student population.

The School Building Committee has spent *two* years researching and developing solutions to solve spacing crisis. The solution discussed in this flyer has been recommended unanimously by the Douglas School Committee. The new High School, followed by the Elementary School addition, is an educationally sound and fiscally responsible long-term solution.

We would also like to thank all members of the School Building Committee for their dedication throughout this process. With the many building options that necessitated their comprehensive study, review, and analysis, we now have the best long and short-term solution for the students and taxpayers of our town.

The Douglas School Committee

Lawrence Jeznach, Anne Brunson, Mitch Cohen
(Chairperson)

Board of Selectmen's Message

The time has come for the citizens from the Town of Douglas to make an important decision.

The Board of Selectmen had recognized the need for school expansion several years ago. At that time the Board appointed the School Building Committee and gave them the charge of developing a plan for expansion of our schools that would be presented to you, the voters of Douglas. As part of the preparation for a project of this size we began the necessary and

prudent financial practices to place us in a strong financial position when the time came to make this decision. After two years of work and a review of some twenty (20) or more alternatives, the School Building Committee has made the recommendation that the plan, which has been put before you, is in their opinion the best plan for the Town of Douglas' educational needs.

There has been much debate about the facts and figures before you. They are being presented to you for your evaluation to assist in making a decision; will this project be supported by you, the Douglas voters? A project of this magnitude for a town our size will require you the taxpayer to make the commitment to follow the project through to completion by your support of annual overrides to Proposition 2 ½ for the continued funding required for this project. If you, the voters of Douglas, decide to support this project we will be placed on a list to receive seventy seven percent

(77%) reimbursement from the State of Massachusetts for the portions of the project that qualify.

Please, take the time to review the information you are being provided in order to be able to make an informed decision. We need you to plan on attending the Special Town Meeting on Tuesday, January 19th to voice your concerns, get the answers to any outstanding questions you may still have and to then exercise your right by participating in making the decision which will be the best for our Town.

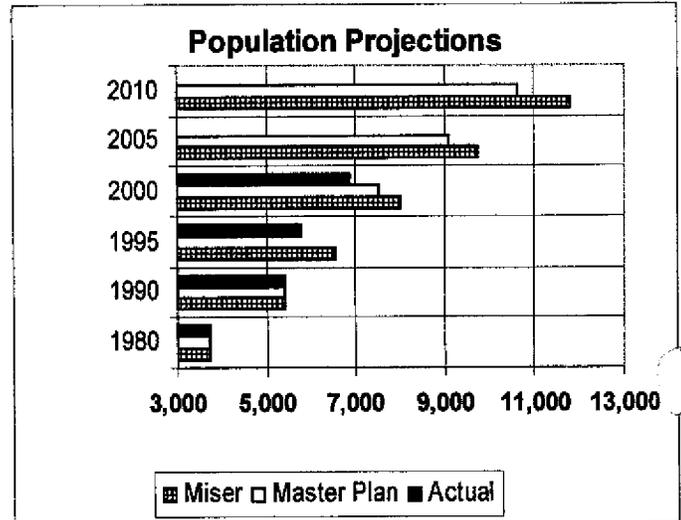
Statement of Facts

The next several pages contain statements of fact agreed upon by a publication committee of representatives from the Board of Selectmen, Finance Committee, School Committee and School Building Committee.

Fact #1: Population

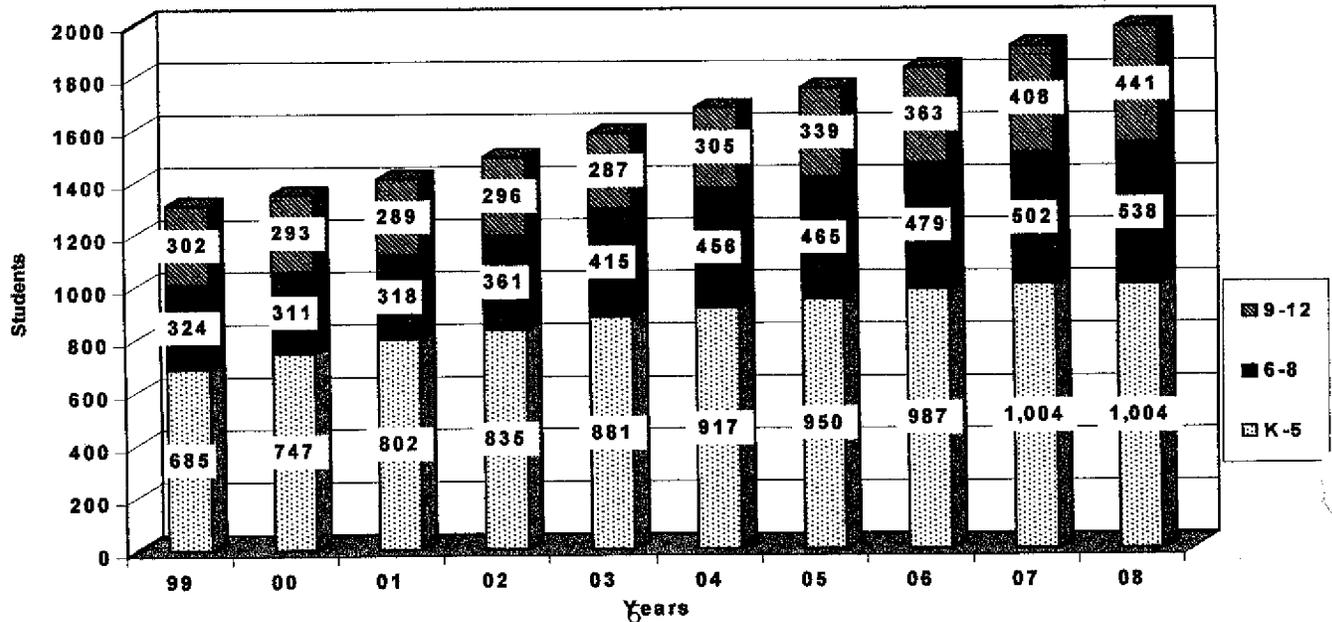
Population growth at current and projected levels has introduced new service demands which will require the expansion of Town infrastructure, including new school classroom space. This Chart illustrates population growth - comparing different sources of population projection. The MISER projections are prepared annually for all Towns. The Master Plan projections were prepared in 1997 for the Town's Master Plan Committee. The "Actual" are Federal Census and Town clerk Census figures to date.

	1980	1990	1995	2000	2005	2010
Miser	3,730	5,438	6,568	7,984	9,748	11,773
Master Plan	3,730	5,438		7,497	9,088	10,639
Actual	3,730	5,438	5764	6881		



Fact #2: Population Growth Means More Students For the Douglas School

Projected Need for Classroom Space



Fact #3: Effect of Inflation

The below Table shows the proposed project costs in bold lettering. Also shown is the effect of inflation estimated at an additional 3.5% per year. For example, the proposed Year 2004 construction start for the elementary addition and renovation includes 3 years of inflation. This table also illustrates what could be expected to happen to project costs if there are delays in authorizing the construction of these projects.

Fiscal Year	High School Construction	High School Site	High School Total	Cumulative Cost of Inflation	Elementary	Elementary Site	Elementary Total	Cumulative Cost of Inflation
2001	\$16,786,500	\$ 2,850,000	\$19,636,500		\$21,079,200	\$1,025,000	\$22,104,200	
2002	\$17,374,028	\$ 2,850,000	\$20,224,028	\$ 587,528	\$21,816,972	\$1,025,000	\$22,841,972	\$ 737,772
2003	\$17,982,118	\$ 2,850,000	\$20,832,118	\$1,195,618	\$22,580,566	\$1,025,000	\$23,605,566	\$1,501,366
2004	\$18,611,493	\$ 2,850,000	\$21,461,493	\$1,824,993	\$23,370,886	\$1,025,000	\$24,395,886	\$2,291,686
2005	\$19,262,895	\$ 2,850,000	\$22,112,895	\$2,476,395	\$24,188,867	\$1,025,000	\$25,213,867	\$3,109,667
2006	\$19,937,096	\$ 2,850,000	\$22,787,096	\$3,150,596	\$25,035,477	\$1,025,000	\$26,060,477	\$3,956,277
2007	\$20,634,895	\$ 2,850,000	\$23,484,895	\$3,848,395	\$25,911,719	\$1,025,000	\$26,936,719	\$4,832,519
2008	\$21,357,116	\$ 2,850,000	\$24,207,116	\$4,570,616	\$26,818,629	\$1,025,000	\$27,843,629	\$5,739,429

Fact #4: The Commonwealth of Massachusetts Will Pay a Major Share

The State will pay the Town 77% of all reimbursable costs for any approved school construction project, including the repayment of principal and interest. Because there is \$3,875,000 in non-reimbursable costs, the actual State share of total costs would be 70%. Among the non-reimbursable costs are land acquisition and extraordinary site development costs. Below is a Table which shows how the costs of principal and interest would be distributed over the term of financing.

	High School	Elementary	Total	Percent
State's Cost Share	\$25,582,944	\$33,818,114	\$59,401,058	70%
Town Share of Reimbursable Costs	\$7,641,659	\$10,101,515	\$17,743,173	21%
Town's Non-Reimbursable Costs	\$5,640,849	\$1,926,227	\$7,567,076	9%
	\$38,865,452	\$45,845,856	\$84,711,307	

Fact #5: Timing of Reimbursements

Because State reimbursements will be delayed by 3-5 years, the property taxpayer will bear a full cost share over those years. Once a school construction project is approved by the Department of Education, it goes on a priority list with projects from other towns. It usually takes 3-5 years before the State is able to reach a project and make a reimbursement award. The Town will manage this delay by issuing bond anticipation notes - a form of temporary borrowing for which interest only payments are made. One result is that payments will need to be scheduled for longer than the usual 20 year financing term.

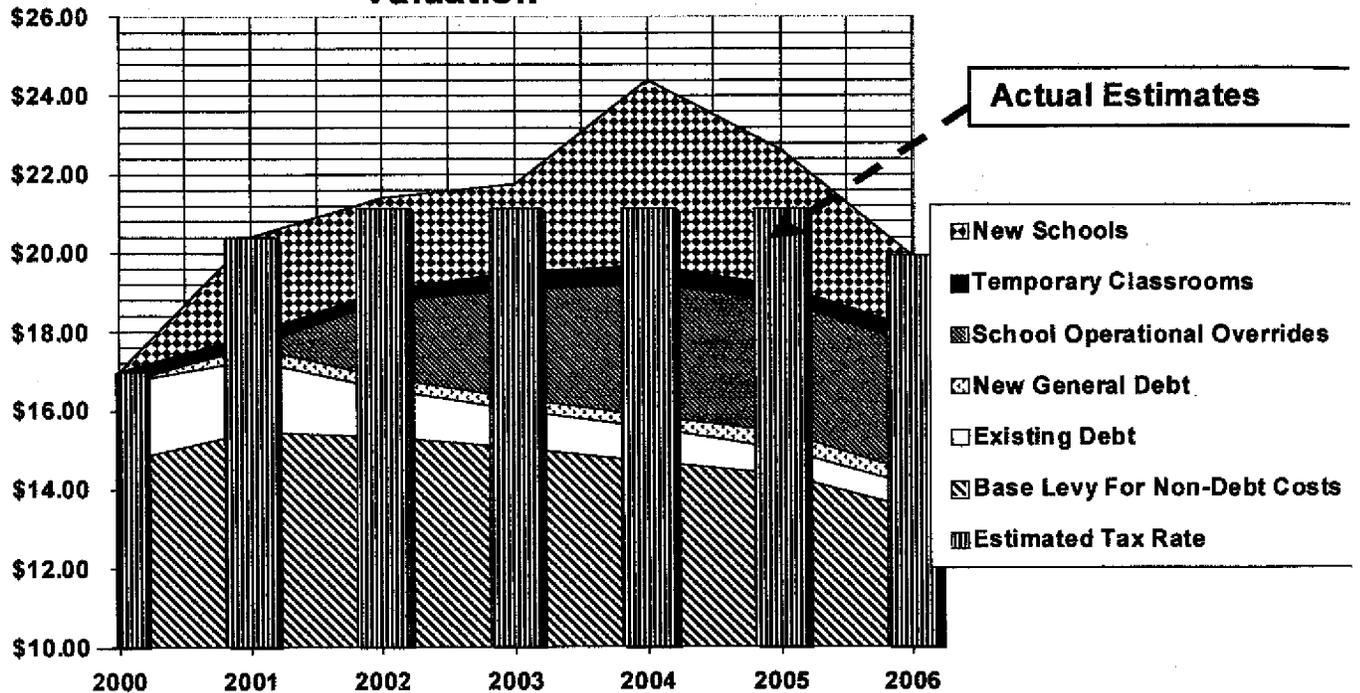
Fact #6: School Operational Overrides

Although the State has greatly increased its funding of school operational costs, high enrollment projections will require a series of Proposition 2 ½ overrides totaling \$1.71 million by Year 2007, whether or not new schools are built.

2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
\$790,000	\$400,000	\$325,000			\$195,000

Fact # 7: Estimated Tax Rate Increases

Tax Rates Estimated To Level Off at \$21.14 Per \$1,000 Valuation



The above Chart depicts estimated tax rates for several projects, if approved by the voters, including (a) proposed new schools, (b) existing debt, (c) borrowing for temporary classrooms, (d) borrowing for other general debt including a sewer system upgrade, and (e) overrides necessary to fund additional school operating expenses. The bar columns above represent estimated net tax rates. These rates fall below the levels shown in the cumulative area graph because the Town plans to "buy-down" the tax rate, as indicated below, by using its Stabilization Fund to "level-out" the impacts in 2003-2005.

Fiscal Year	Base Levy For Non-Debt Costs	School Operational Overrides	Existing Debt	New General Debt	Temporary Classrooms	New Schools	Total	Less Use of Stabilization Fund	Equals Net Tax Rate
2000	\$14.69	\$0.00	\$2.00	\$0.00	\$0.31	\$0.00	\$16.99	\$0.00	\$16.99
2001	\$15.48	\$0.00	\$1.81	\$0.33	\$0.29	\$2.49	\$20.40	\$0.00	\$20.40
2002	\$15.33	\$1.90	\$1.22	\$0.30	\$0.28	\$2.36	\$21.38	\$0.24	\$21.14
2003	\$15.08	\$2.75	\$0.95	\$0.29	\$0.47	\$2.23	\$21.76	\$0.61	\$21.15
2004	\$14.73	\$3.37	\$0.86	\$0.27	\$0.44	\$4.74	\$24.40	\$3.26	\$21.14
2005	\$14.38	\$3.27	\$0.63	\$0.47	\$0.42	\$3.44	\$22.61	\$1.46	\$21.15
2006	\$13.51	\$3.24	\$0.59	\$0.33	\$0.40	\$1.87	\$19.94	\$0.00	\$19.94

Fact #8: Average Tax Bills

If the Town builds new schools, expands the sewer system and funds other needs, the average tax bill will increase by between 33% and 44% over the next 6 years. The below Table shows estimated tax bills using the Board of Assessor's analysis of historic trends in the growth of our tax base; these bills show an increase of 44% between 1999 and 2006.

Estimated Tax Bills With Assessor's Growth Assumptions					
Bills Are Calculated For Each of the Below Home Values					
Fiscal Year	Net Estimated Tax Rate	\$ 115,000	\$ 130,000	\$ 170,000	\$ 225,000
1999	\$ 16.32	\$ 1,877	\$ 2,122	\$ 2,774	\$ 3,672
2000	\$ 16.99	\$ 1,954	\$ 2,209	\$ 2,888	\$ 3,823
2001	\$ 20.40	\$ 2,416	\$ 2,731	\$ 3,572	\$ 4,728
2002	\$ 21.14	\$ 2,580	\$ 2,916	\$ 3,813	\$ 5,047
2003	\$ 21.15	\$ 2,657	\$ 3,004	\$ 3,928	\$ 5,199
2004	\$ 21.14	\$ 2,736	\$ 3,093	\$ 4,045	\$ 5,354
2005	\$ 21.15	\$ 2,820	\$ 3,188	\$ 4,169	\$ 5,518
2006	\$ 19.94	\$ 2,738	\$ 3,095	\$ 4,047	\$ 5,356
Total Since 1999		\$ 19,778	\$ 22,358	\$ 29,237	\$ 38,696
Increase From 1999		\$ 861	\$ 973	\$ 1,272	\$ 1,684

If we were to use higher tax base growth projections made in the 1998 Master Plan, the estimates would be lower - such bills were calculated to increase by 33% between 1999 and 2006. For example, if our tax base grew consistent with Master Plan assumptions, a home valued at \$130,000 could receive a tax bill of \$3,038 in Year 2005 rather than the \$3,188 estimated above.

Fact #9: Tax Bill Impact of Proposed New Schools

The proposed construction of a new high school and expansion of the elementary school represents 10% of the projected tax increase from 1999 to 2006. If our tax base grew consistent with Master Plan assumptions, a home valued at \$130,000 could pay \$413 in Year 2005 for the proposed new schools rather than the \$447 estimated below.

Estimated Share of Tax Bills For New School With Assessor's Growth Assumptions					
Bills Are Calculated For Each of the Below Home Values					
Fiscal Year	Net Projected Tax Rate	\$ 115,000	\$ 130,000	\$ 170,000	\$ 225,000
1999	\$0.00	\$0	\$0	\$0	\$0
2000	\$0.00	\$0	\$0	\$0	\$0
2001	\$2.49	\$286	\$323	\$423	\$560
2002	\$2.36	\$271	\$306	\$401	\$530
2003	\$2.23	\$257	\$290	\$379	\$502
2004	\$4.74	\$545	\$616	\$806	\$1,067
2005	\$3.44	\$396	\$447	\$585	\$774
2006	\$1.87	\$215	\$243	\$317	\$420
Total Since 1999		\$1,969	\$2,226	\$2,911	\$3,853

Fact #10: Student Impacts

If We Do Not Provide Additional Buildings or Temporary Classrooms:

1. Without additional classroom space, we will exceed legal capacity of the Elementary school.

2. The Middle/High school can go one more year without portables. We have divided classrooms and are using creative scheduling

5. Art, Music and Technology spaces will now be available at the Elementary.
6. Double sessions not necessary.

If We Provide Only Temporary Classrooms:

1. Self contained fifth grade outside the Middle/High school.
2. Art, Music, Library, Physical Education, and Technology instruction will suffer. Children or teachers will have to commute.
3. Fifth grade will eat at their desks.
4. Provides for additional grade 2, 4, and 5 classrooms, which will bring us closer to the goal of 25 students per class.

If We Provide New Buildings:

1. More class offerings at the Middle and High School level. The increase in the number of children and space allows more class offerings.
2. The ability to offer full day Kindergarten.
3. Appropriate class sizes at all grade levels.
4. Handles the school space needs for the next 10 years

FINANCE COMMITTEE REPORT

RESPONSIBILITY TO THE TAXPAYER - The Finance Committee's purpose is to ensure that financial proposals are reviewed in an impartial and non-political manner. Our role has always been to look at proposals from a broad perspective of need and impact on the Town. Douglas has not recently seen as many key projects coming together on similar timetables. Looking at any single department's project proposals without giving full consideration to others would not be a course of action that we would suggest. We must look at the inter-relationships and impact of all projects.

This extra-ordinary school project was given a dollar amount in October 1999, and the entire process has been **time driven** ever since - not process or revenue oriented as recommended by our consultant. Without a complete revenue or expenditure picture, or more importantly a multi-year financial management plan, in place prior to undertaking these sizeable projects, it is very dangerous to proceed to make the kind of financial commitments proposed by the school projects. Lacking an understandable, multi-year view of impacts on our municipal operations budget and revenues is also extremely risky. Basing financial projections on only a currently "booming" economy or on continuing to receive state funds at current levels is unwise. We will have no back-up revenues or Stabilization Fund if all else fails.

The Finance Committee, along with the Town Financial Management Team, has spent many hours with the ever-changing numbers in an attempt to bring the impacts of this project to an affordable level while providing the Town with some measure of financial flexibility. Financial feasibility, effective utilization of Town funds and manageable impacts were but a few of our concerns. Historically, an intense assessment of projects takes place by reviewing all available information; financial and other. This has been the case with the currently proposed school projects. In offering our assessment, the Finance Committee has separated the effects of this project and how they will impact Douglas into 2 categories - **TOWN CAPACITY** and **TAXPAYER IMPACT**.

TOWN CAPACITY - *definition:* the **ABILITY** of the Town, through taxation, to pay for increased DEBT costs and still have the ability to pay for the continuing **OPERATIONAL** needs of the Town - **BOTH PLANNED AND UNPLANNED**. The consultant hired by the Town defined **CAPACITY** as the ability to pass an override to Proposition 2 ½ or a Debt Exclusion question. We know it is much more than that. The question of **CAPACITY**, of course, is tied to **TAXPAYER IMPACT** and the capability and willingness of the taxpayer / property owner to pay higher taxes - something that can never be considered a certainty. The borrowing for this project is contemplated to be a Debt Exclusion for 20 year terms, supplemented by short-term borrowing financed with Bond Anticipation Notes (BAN's). The total cost of the Town's share for principal and interest on these projects is \$25,310,249. The full financing package would be repaid over **24 years** (2000 + 24 = **2024**). In all probability, there will be no reduction in the Tax Rate as the proposed Debt is paid off. As the Town continues to grow, borrowing for other necessities will need to take place. Will the Taxpayer say yes or no? The only alternative will be **OVERRIDES**. Historically, overrides statewide have had only a 33% success rate. Shall we gamble on what the rate for Douglas will be? The operation of the schools has already been projected to need **\$1,700,000** in overrides. You will be asked to vote on these over **4 fiscal years** - **2002, 2003, 2004 and 2007**. **OPERATIONS OVERRIDES** become **PERMANENT** additions to the Tax Rate. If the Town votes to add this amount to any budget, then the budget will increase by that amount with little possibility of going down.

DEBT SERVICE STUDY COMMITTEE REPORT – The Financial Team of the Town presented the necessary borrowing amounts for this project to a special Debt Study Committee established by the Board of Selectmen. The 'best estimate' and vote of that committee was that the Town might be able to manage a Debt Ratio limit of 5.75% (Debt divided by Total Assessed Value); for the Year 2000, that limit would equal \$21,490,368. The Finance Committee voted not to support the proposed 5.75% debt limit because it believes that a lower figure would be more appropriate for our Town and its resources. Currently, the Town of Douglas is at 2% debt to assessed value ratio. The State average is 1.62%. According to Standard & Poor's, a bond rating agency, the benchmark used to evaluate debt in public finance ratings is (1) a Low Debt Burden is less than 3%, (2) a Moderate Debt Burden is 3-6%, and (3) a High Debt Burden is more than 6%. The proposed project would place us at a High Debt Burden level for 9 years through the Year 2009 - exceeding 11% in Year 2003 and operating at an 8-9% level for several years. We are a **Small Rural Community** with limited revenues and with even less ability to grow those revenues. Without overrides of Proposition 2 ½, there are no realistic alternatives to increasing revenues for Douglas. This project is NOT in proportion to our Town's financial **CAPACITY**.

FINANCIAL LIMITS – When looking at **STRETCHING** the Town's financial capacity to the limit, as this proposal does, we considered what would happen to the overall financial picture of the Town. The amount of money currently available to the Town of Douglas for all expenses cannot be increased without additional future overrides to Proposition 2 ½. **INFLEXIBILITY** becomes an issue when high Debt Service amounts get locked into our budget. What is left for operating costs and general government budgets gets drastically reduced. We lose our flexibility and become 'boxed-in' unless other overrides are passed. The Town would likely experience shrinking free cash amounts and limited possibilities for revenue growth. This means that if we experience a downturn in the economy, and the valuations of houses, autos, or personal property go down, or we lag in collection of the taxes due, we could be faced with a deficit in our budget. We will have to cut Town budgets **AGAIN!** Even without such a downturn, the ongoing Capital needs of various Departments within the Town may not be funded. General government budgets will surely be impacted and the money will not be there to allow for improved services and necessary departmental growth. The School Department has considered other building alternatives which it suggests would not allow for the movement of students to avoid the impacts of construction on the learning environment. Looking at the numbers presented, what is the cost of "**INTERRUPTIONS**" that would allow taxpayer consideration of more **AFFORDable** alternatives? Can the Town of Douglas **AFFORD** not to look at them?

CONCERNS – Budget cuts, services impacts and the continuation of General Government within the Town of Douglas are major concerns of the Finance Committee. The future status of State Education Aid (Chapter 70) levels in the upcoming legislative year, poses a distinct uncertainty as to the amount of money that Douglas will receive in future years for running our schools. We are reliant on the State for 40% of our entire Town Budget. As stated by the consultant hired by the Board of Selectmen, our community relies solely on the property owner (i.e. taxes) to pay 93.5% of what's left. A Strategic Financial Plan is now in the works, but cannot be expected until the beginning of the next Fiscal Year (July 1, 2000). This is a **BIG PROJECT**. With an effective, Multi-Year Financial Plan, we can more confidently make decisions which significantly impact the financial stability of our Town. The cart is before the horse.

TAXPAYER IMPACT - The taxpayer / property owners of our Town include business owners, rental property owners, homeowners and landowners. The proposed project will **INCREASE TAXES by 44% from 1999 to 2006**; the limits per thousand are set by State Statute at **\$25.00**; this project will bring us to **\$21.15**. Where is the flexibility? How high will it go? All taxpayers, residents, renters, homeowners, business owners and landowners, will be affected in different ways; the diverse population of Douglas will bear the impacts.

COMMITMENT TO A SOLUTION – The Finance Committee is committed to a financially sound solution that is **IN PROPORTION TO OUR CAPACITY**. We are not interested in a 'do nothing' approach. There is another solution; let's get to it soon. We all recognize the need for an affordable solution to the increase in student population. A Strategic Multi-Year Financial Plan will define what needs to be considered in coming to that solution. The Town has been funding our schools above the minimum required amount under Education Reform, while continually dedicating any extra money over the past 7 years to the Stabilization Fund with the intent of using this money to offset the costs of new school facilities. The 77% State reimbursement has existed for 15 years and is not in jeopardy of dissolving. As you hear in the current political campaigns, there is a continued commitment on the part of Federal and State Legislators and others to funding for new and renovated schools.

FINANCE COMMITTEE RECOMMENDATION The Committee has concluded that the project, as presented, is not in proportion to the financial capacity of the Town of Douglas. The Finance Committee has, therefore, voted to **NOT RECOMMEND** the School Building Committee's recommendation of Option K.

On the Agenda.... Acquisition of land. Construction of new schools. Provisions for temporary classrooms.

This Special Town Meeting has three articles - all relating to funding new classroom space for the Douglas schools.

Article 1: This article proposes the expenditure of approximately \$1 million for the acquisition of land for a new high school off Davis Street and for athletic fields and future expansion for an elementary school to the rear of the Douglas Elementary School.

Article 2: This article proposes the expenditure of \$43,032,386 for the design, construction and equipping of a new 500 pupil high school to open in September 2002 and a 1,004 pupil addition to and renovation of the Douglas Elementary School to open in September 2006.

Article 3: This article proposes the expenditure of either \$1,034,000 for 6 portable classrooms with restrooms and space for support services, or approximately \$2.3 million for the renovation of the Old Elementary School to the rear of the Post Office for 8 classrooms and space for support services. The Board of Selectmen will recommend one of these options for temporary classroom space at the Special Town Meeting.

SPECIAL ANNOUNCEMENTS

- Babysitting services will be available at this Special Town Meeting to allow a full opportunity for voters to participate.
- Because this meeting is expected to be heavily attended, overflow parking will be at the Elementary School with access via the walkway to the H/JHS.
- The H/JHS Gymnasium will be the primary meeting room with the Auditorium used for overflow.

**Town of Douglas
29 Depot Street
Douglas, MA 01516**

**BULK RATE
U.S. POSTAGE PAID
PERMIT NO. 12
DOUGLAS, MA 01516**

RESIDENT

DOUGLAS, MA 01516

**Special Town Meeting
Wednesday, January 19, 7:00PM
Douglas J/HS Gymnasium and Auditorium**

FINCOM Presentation STM 1/19/00 Handouts

- Education receives tremendous financial Town support
 - Constantly in Excess of Net School Spending
 - Funded the full amount of the School Building Committee
 - Funded design alternative studies
 - Support Valley Tech and Local

• Support Two School Systems; Local K - 12 & BVRHS + Choice

- BVRHS 98; \$430,064 99; \$451,901 00; \$495,014
- Local 98; \$5,547,260 99; \$6,415,965 00; \$7,008,487
- Choice 98; \$403,457 99; \$421,644 00; \$444,300

Handout 1

Education is a very significant portion of the overall budget.

FY99 Actual

- Debt & Interest 10% (87% school related)
- Capital 3%
- Gen. Govt 21% + 7% Benefits
- Education 59%

Handout 2

Education is a very significant portion of the overall budget & Continues to be.

FY00 Budgeted

- Debt & Interest 9% (75% school related)
- Capital 0
- Gen. Govt 22 + 8% Benefits
- Education 61

Handout 3

Project Impacts 20 Year Horizon

Full	-vs-	Town Share (w/interest)	
4,567,144	4,567,144	Current Debt	
1,066,944	1,066,944	W&S + Phase I	
19,636,500	13,282,508	High School	
24,395,885	12,027,741	Elementary Sch	
2,000,000	2,000,000	Old Elem Renov*	
6,300,000	10,282,500	General Debt	(incl Portables)

* Costs may change to 2.4m

Handout 4

A few more Facts.....

- Douglas dependency on state aide; Schools - 53%
- Current Rate = \$16.99 With Projects; 2001 = \$20.40 is a 20% increase in first year alone -OR- increase of approx; \$500 - \$900.00
- Debt Study Cmmt; Assume Prop 2 1/2 overrides will absorb the impact of increased operating cost is a dangerous assumption when, Statewide Overrides have only a 36% success rate. IF overrides fail, basic service cutbacks will be required.
- The Financial Strategy for some years will be overrides as we cannot grow our capacity fast enough to keep pace with capital and operational needs.
- Town Employee Health Plan Increasing by 36%
- State's TRUE share of total cost is 70% not 77%
- Plus all the other missing increases - see Voter Bulletin

Handout 5

Option K - FINCOM Recommends Against

- SBC originally commissioned in 1997 to address the growth problem of the Elementary School - Still where the problem exists
- Financial Impacts of related projects still changing
- 25 year financial solution for project 10 year growth
- Requires continued 2 1/2 prop overrides.
- Override Capacity in Operations? Overrides fail - no capacity to cut except general government services - or - school downsized
- 33 - 44% Tax Increase.
- Tax Rate at 20.00 - 21.00 (max = \$25.00)
- Projections based on risky assumptions
- Cut in State Aide (Chapter 90 cuts coming)
- Solution has capability to increase growth problem
- Not taking advantage of State Reimbursement because of Town's double debt limit.
- Eliminate capability to conserve reserves to protect against unexpected.

Handout 6