



Summary

In January 2010, administration put together a tax impact analysis of the two excluded projects placed before the voters of Natick - a new Natick High school and a new Community/Senior Center. Since that analysis, the voters voted favorably to fund both projects, the Massachusetts School Building Authority (MSBA) agreed to a funding methodology and reimbursement percentage with the Town of Natick, both projects were bid and actual costs have been determined. This update to the original analysis takes into account those events.

The combined actions of (1) a high reimbursement rate from MSBA, (2) lower than anticipated construction bids for both projects, (3) low interest rates due largely to Natick's AAA credit and (4) more households among which to divide the impact, have resulted in a lower per household tax impact than was forecast last January. The chart below shows the differences between January 2010 and today.

	<u>Jan-10</u>	<u>Aug-11</u>	<u>Difference</u>
<b>Total Costs (both projects combined)</b>	\$ 79,267,378	\$ 70,558,177	\$ (8,709,201)
<b>Average Cost/Household (first year)</b>	\$ 308.70	\$ 244.02	\$ (65)
<b>Total Average Cost/Household (all 20 years)</b>	\$ 4,870.56	\$ 4,242.33	\$ (628)

The average per household cost for FY 2012 of \$244.04 will add 5.04% onto the FY 2012 Tax Bills for the Median Single-Family Home in Natick. This is significantly lower, however, than the figure of \$308.70 which was forecast last January which would have added 6.73% to the Median Single-Family Homeowner's bill.

This analysis contains the following pages:

- Overall Project Costs for both projects
- Debt Summaries showing costs per year for both projects
- Tax Impact Analysis for a Median Single-Family Home, FY 2012-2031

*Please note, this analysis accounts for all authorized debt issued to date as well as known budgeted costs for both projects. Should spending for either project exceed the budgeted amounts reflected herein, the tax impact represented here would increase.*



**Definition of Project Costs & Debt Service**

**Project Costs: All Excluded Costs (Principal & Interest)**

	<u>Forecast - January 2010</u>		<u>Actual - August 2011</u>		<u>Difference</u>
<b>Natick High School Project</b>					
Estimated Total Project Cost	\$	88,987,414	\$	80,022,617	\$ (8,964,797)
less estimated MSBA Reimbursement	\$	(43,165,317)	\$	(37,437,617)	\$ 5,727,700
<b>Estimated Principal Cost To Taxpayers</b>	<b>\$</b>	<b>45,822,097</b>	<b>\$</b>	<b>42,585,000</b>	<b>\$ (3,237,097)</b>
Issuance Term		20 Years		20 Years	-
Average Interest Rate Assumed / Actual		4.00%		2.82%	-1.18%
Estimated Interest Cost To Taxpayers	\$	19,245,281	\$	14,452,181	\$ (4,793,100)
<b>Total Project Cost to Taxpayers (Principal &amp; Interest)</b>	<b>\$</b>	<b>65,067,378</b>	<b>\$</b>	<b>57,037,181</b>	<b>\$ (8,030,197)</b>
<b>Community Senior Center Project</b>					
Estimated Total Project Cost	\$	10,000,000	\$	10,000,000	\$ -
<b>Estimated Excluded Debt Cost To Taxpayers</b>	<b>\$</b>	<b>10,000,000</b>	<b>\$</b>	<b>10,000,000</b>	<b>\$ -</b>
Issuance Term		20 Years		20 Years	-
Average Interest Rate Assumed / Actual		4.00%		3.53%	-0.47%
Estimated Interest Cost To Taxpayers	\$	4,200,000	\$	3,520,996	\$ (679,004)
<b>Total Project Cost to Taxpayers (Principal &amp; Interest)</b>	<b>\$</b>	<b>14,200,000</b>	<b>\$</b>	<b>13,520,996</b>	<b>\$ (679,004)</b>
<b>Total of both projects to Natick Taxpayers (Principal &amp; Interest)</b>	<b>\$</b>	<b>79,267,378</b>	<b>\$</b>	<b>70,558,177</b>	<b>\$ (8,709,201)</b>

**Debt Service**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
High School	\$ 3,326,791	\$ 3,283,338	\$ 3,933,470	\$ 3,850,265	\$ 3,767,202	\$ 3,631,112	\$ 2,928,758	\$ 2,872,071	\$ 2,796,488	\$ 2,734,801
Senior Center	\$ 731,715	\$ 723,263	\$ 813,810	\$ 798,971	\$ 784,131	\$ 760,840	\$ 746,001	\$ 731,162	\$ 712,097	\$ 697,257
<b>Total Both Projects</b>	<b>\$ 4,058,506</b>	<b>\$ 4,006,601</b>	<b>\$ 4,747,279</b>	<b>\$ 4,649,236</b>	<b>\$ 4,551,334</b>	<b>\$ 4,391,952</b>	<b>\$ 3,674,759</b>	<b>\$ 3,603,233</b>	<b>\$ 3,508,585</b>	<b>\$ 3,432,059</b>

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
High School	\$ 2,678,256	\$ 2,621,711	\$ 2,565,165	\$ 2,503,908	\$ 2,437,938	\$ 2,371,969	\$ 2,296,575	\$ 2,221,181	\$ 2,145,787	\$ 2,070,394
Senior Center	\$ 677,418	\$ 662,722	\$ 648,025	\$ 632,284	\$ 615,498	\$ 598,712	\$ 574,837	\$ 556,127	\$ 537,418	\$ 518,709
<b>Total Both Projects</b>	<b>\$ 3,355,674</b>	<b>\$ 3,284,432</b>	<b>\$ 3,213,190</b>	<b>\$ 3,136,192</b>	<b>\$ 3,053,436</b>	<b>\$ 2,970,681</b>	<b>\$ 2,871,412</b>	<b>\$ 2,777,309</b>	<b>\$ 2,683,206</b>	<b>\$ 2,589,103</b>

**Total Debt Service Cost:**

High School	\$ 57,037,181
Senior Center	\$ 13,520,996
<b>Total Both Projects</b>	<b>\$ 70,558,177</b>



**Town of Natick - Tax Impacts for Debt Excluded Projects - August 2011**

**Community / Senior Center Tax Impact With Full Cost Excluded**

**Issuance of \$10,000,000 of Principal costs (plus Interest)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Debt Payment	\$ 731,715	\$ 723,263	\$ 813,810	\$ 798,971	\$ 784,131	\$ 760,840	\$ 746,001	\$ 731,162	\$ 712,097	\$ 697,257
Residential Amount of Levy	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%
Households	12,718	12,718	12,718	12,718	12,718	12,718	12,718	12,718	12,718	12,718
<b>Average/Household</b>	<b>\$ 43.99</b>	<b>\$ 43.49</b>	<b>\$ 48.93</b>	<b>\$ 48.04</b>	<b>\$ 47.15</b>	<b>\$ 45.75</b>	<b>\$ 44.85</b>	<b>\$ 43.96</b>	<b>\$ 42.82</b>	<b>\$ 41.92</b>

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total Debt Payment	\$ 677,418	\$ 662,722	\$ 648,025	\$ 632,284	\$ 615,498	\$ 598,712	\$ 574,837	\$ 556,127	\$ 537,418	\$ 518,709
Residential Amount of Levy	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%
Households	12,718	12,718	12,718	12,718	12,718	12,718	12,718	12,718	12,718	12,718
<b>Average/Household</b>	<b>\$ 40.73</b>	<b>\$ 39.85</b>	<b>\$ 38.96</b>	<b>\$ 38.02</b>	<b>\$ 37.01</b>	<b>\$ 36.00</b>	<b>\$ 34.56</b>	<b>\$ 33.44</b>	<b>\$ 32.31</b>	<b>\$ 31.19</b>

**Total Average Project Cost/Household for 20 years - (as of January 2010) \$ 872.51**

**Total Average Project Cost/Household for 20 years - (as of August 2011) \$ 812.95**

**Savings \$ 59.56**

**Assumptions:**

- Assumes issuance of \$10,000,000 in principal cost for 20-years.
- Assumes no shift in Residential Factor (in other words assumes a unified tax rate)
- Assumes no change in Residential portion of overall tax levy (currently at 76.47% in FY 2011)
- Assumes no change in number of Households (12,718 est. as of FY 2011 Recap)
- Note: Household data provided by Town of Natick Assessor's Office & Town Administrator's Office



**Town of Natick - Tax Impacts for Debt Excluded Projects - August 2011**

**High School Tax Impact With Full Cost Excluded**

**Issuance of \$42,585,000 of Principal costs (plus Interest)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Debt Payment	\$ 3,326,791	\$ 3,283,338	\$ 3,933,470	\$ 3,850,265	\$ 3,767,202	\$ 3,631,112	\$ 2,928,758	\$ 2,872,071	\$ 2,796,488	\$ 2,734,801
Residential Amount of Levy	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%
Households	12,718	12,718	12,718	12,718	12,718	12,718	12,718	12,718	12,718	12,718
<b>Average/Household</b>	<b>\$ 200.02</b>	<b>\$ 197.41</b>	<b>\$ 236.50</b>	<b>\$ 231.50</b>	<b>\$ 226.50</b>	<b>\$ 218.32</b>	<b>\$ 176.09</b>	<b>\$ 172.68</b>	<b>\$ 168.14</b>	<b>\$ 164.43</b>

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total Debt Payment	\$ 2,678,256	\$ 2,621,711	\$ 2,565,165	\$ 2,503,908	\$ 2,437,938	\$ 2,371,969	\$ 2,296,575	\$ 2,221,181	\$ 2,145,787	\$ 2,070,394
Residential Amount of Levy	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%	76.47%
Households	12,718	12,718	12,718	12,718	12,718	12,718	12,718	12,718	12,718	12,718
<b>Average/Household</b>	<b>\$ 161.03</b>	<b>\$ 157.63</b>	<b>\$ 154.23</b>	<b>\$ 150.55</b>	<b>\$ 146.58</b>	<b>\$ 142.62</b>	<b>\$ 138.08</b>	<b>\$ 133.55</b>	<b>\$ 129.02</b>	<b>\$ 124.48</b>

**Total Average Project Cost/Household for 20 years - (as of January 2010) \$ 3,998.04**

**Total Average Project Cost/Household for 20 years - (as of August 2011) \$ 3,429.38**

**Savings \$ 568.66**

**Assumptions:**

- Assumes issuance of \$42,585,000 in principal cost for 20-years.
- Assumes no shift in Residential Factor (in other words assumes a unified tax rate)
- Assumes no change in Residential portion of overall tax levy (currently at 76.47% in FY 2011)
- Assumes no change in number of Households (12,718 est. as of FY 2011 Recap)
- Note: Household data provided by Town of Natick Assessor's Office & Town Administrator's Office



**Town of Natick - Tax Impacts for Debt Excluded Projects - August 2011**

**Combined Tax Impact of Both Projects with Full Costs Excluded from Tax Levy Limit**

**FY 2012 Tax Impacts of Proposed Projects:**

Projected FY 2012 Tax Impact on Median Single Family Home	
Median Household Value in Natick, FY 2011	\$ 384,000
x FY 2011 Rate	\$ 12.60
<b>FY 2011 Median Household Tax Bill</b>	<b>\$ 4,838.40</b>
add Allowable 2.5%	\$ 120.96
add project costs	\$ 244.02
add misc. change in levy (excess capacity/growth)	\$ 24.27
<b>Projected FY 2012 Median Household Tax Bill</b>	<b>\$ 5,227.65</b>
Rate increase	8.04%
Rate increase attributable to both projects	5.04%

Projected Tax Rate for FY 2012	
<b>a Total Assessed Value for Natick, FY 2011</b>	<b>\$ 6,321,047,327</b>
<b>b Tax Levy for Natick, FY 2012</b>	<b>\$ 81,994,237</b>
<b>c Excluded Debt Service for both, FY 12</b>	<b>\$ 4,058,506</b>
<b>d (b+c) Total Tax Levy, FY 12</b>	<b>\$ 86,052,743</b>
<b>d/a x 1000 FY 2012 Estimated Rate</b>	<b>\$ 13.61</b>
Median Household Value in Natick, FY 2011	\$ 384,000
x FY 2012 Rate	\$ 13.61
<b>FY 2012 Median Household Tax Bill</b>	<b>\$ 5,227.65</b>

**FY 2012-2031 Annual Costs of Both Projects/Household**

**FY 2012-2021**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
High School	\$ 200.02	\$ 197.41	\$ 236.50	\$ 231.50	\$ 226.50	\$ 218.32	\$ 176.09	\$ 172.68	\$ 168.14	\$ 164.43
Senior Center	\$ 43.99	\$ 43.49	\$ 48.93	\$ 48.04	\$ 47.15	\$ 45.75	\$ 44.85	\$ 43.96	\$ 42.82	\$ 41.92
<b>Total Both Projects</b>	<b>\$ 244.02</b>	<b>\$ 240.90</b>	<b>\$ 285.43</b>	<b>\$ 279.54</b>	<b>\$ 273.65</b>	<b>\$ 264.07</b>	<b>\$ 220.95</b>	<b>\$ 216.65</b>	<b>\$ 210.95</b>	<b>\$ 206.35</b>

**FY 2022-2031**

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
High School	\$ 161.03	\$ 157.63	\$ 154.23	\$ 150.55	\$ 146.58	\$ 142.62	\$ 138.08	\$ 133.55	\$ 129.02	\$ 124.48
Senior Center	\$ 40.73	\$ 39.85	\$ 38.96	\$ 38.02	\$ 37.01	\$ 36.00	\$ 34.56	\$ 33.44	\$ 32.31	\$ 31.19
<b>Total Both Projects</b>	<b>\$ 201.76</b>	<b>\$ 197.48</b>	<b>\$ 193.19</b>	<b>\$ 188.56</b>	<b>\$ 183.59</b>	<b>\$ 178.61</b>	<b>\$ 172.64</b>	<b>\$ 166.99</b>	<b>\$ 161.33</b>	<b>\$ 155.67</b>

**Notes:**

- Assumes no shift in Residential Factor (in other words assumes a unified tax rate)
- Assumes no change in Residential portion of overall tax levy (currently at 76.74% in FY 2011)
- Assumes no change in number of Households