



Saugus' Newly Earned, Impressive S&P AA+ Bond Rating Aims to Save the Taxpayers an Estimated \$7.2 Million with New Middle-High School District-Wide Master Plan Solution

The residents of Saugus will realize a tremendous financial benefit of the Town's highest-ever S&P AA+/Stable bond rating when they have the opportunity to vote in a Tuesday, June 20, 2017 election. They will be able to support and invest in a new 21st century education plan and Middle-High School District-Wide Master Plan Solution that will continue to prioritize education in the community.

This recently earned S&P AA+ bond rating will save the taxpayers of Saugus an estimated \$7.2 million over the life of the bond for the Massachusetts School Building Authority (MSBA) grades 6-12, new Middle-High School which includes a multipurpose athletic field and outdoor track, and additional construction. Supporting this project, and the educational plan, and its vision to change the way education is delivered will help Saugus achieve its goal of becoming a top-rated, Level 1 School District in Massachusetts.

This S&P AA+ ranking, which is the highest in Saugus' history, signifies the Town's credit worthiness and that the Town has a very strong capacity to meet its financial commitments. The sound financial practices of the Board of Selectmen, Finance Committee, and Town Meeting, as well as, Town department heads and employees, has contributed to the Town's consistent annual free cash and significant stabilization reserves, ultimately resulting in the Town's vastly improved bond rating.



Lower Elementary
Pre K - Grade 2
(Veterans Memorial School)



Upper Elementary
Grades 3 - 5
(Belmonte School)



Middle-High School
Grades 6 - 12
(New School)

Residents will be asked to vote to approve two ballot questions. The first ballot question is for the grades 6-12 MSBA new Middle-High School which includes a multipurpose athletic field and outdoor track. The second ballot question is for the District-Wide Master Plan Solution which includes renovations to the Belmonte School and Veterans Memorial School. The first ballot question is an MSBA-sponsored project, and the second ballot question is a Town-sponsored initiative. The residents would need to approve both ballot questions for either of the initiatives to move forward.

The School Building Committee recently unanimously approved a total project budget investment of \$186,129,460, with an investment of \$160,720,553 for a proposed grades 6-12 MSBA new Middle-High School which includes a multipurpose athletic field and outdoor track. In addition, this Master Plan would include an investment of \$25,408,907, which is a Town project, not through the MSBA. Pursuant to the School Building Committee's project approval, the Town share would be an estimated \$118,863,420, of the total project. This investment would be bonded over a 30-year period.

This initiative would create a grades 6-12, new Middle-High School which includes a multipurpose athletic field and outdoor track; the current Belmonte Middle School would be established as an Upper

Elementary School for grades 3-5; and the Veterans Memorial Elementary School would become a Lower Elementary School for Pre-K to grade 2.

Endorsing this vision and the School District's Plan will provide equal, equitable opportunities for students to access educational resources and reach their highest potential. In addition, this will allow the School District to: maintain accreditation with the New England Association of Schools and Colleges (NEASC); resolve inadequacies related to outdated lighting, technology, and power systems; and address health and safety issues such as deficiencies in fire protection, sprinkler systems, and ADA accessibility including structural, mechanical, and code issues.

Financial Investment for the Community

The residents would need to approve both ballot questions for either of the initiatives to move forward.

The first question on the ballot that the residents will be asked to support is the grades 6-12, new Middle-High School Building which includes a multipurpose athletic field and outdoor track. The MSBA, as the Town's financial partner, will reimburse the Town at a minimum rate of 53.32 percent (expected to increase) of eligible approved project costs. The community should be aware that the reimbursement percentage by the MSBA will increase prior to final MSBA approval based on benchmarks and incentives that have been discussed and incorporated into the construction plans by the School Building Committee.



50% = 50¢
MSBA Share



20% = 20¢
Commercial Share



30% = 30¢
Residential Share

*Graphic is intended for illustration purposes. Approximate percentages are based on estimates and only applied to the MSBA new Middle-High School eligible approved project costs and may not represent actual costs once the project is approved.

The residential property values are an estimated 80 percent of the Town's total assessed value and the remaining estimated 20 percent is the commercial property value. The Town and the Board of Selectmen have historically voted and approved shifting the maximum allowable tax burden by law to the commercial taxpayer, which is 175%. The illustration above shows the unique opportunity for residential taxpayers of Saugus.

In other words, when a residential taxpayer invests an estimated 30%, or 30¢ on the dollar, into the grades 6-12, MSBA new Middle-High School Building which includes a multipurpose athletic field and outdoor track, in turn an estimated 70%, or 70¢ on the dollar, will be reimbursed and/or supported by the Town's financial and community partners.

The second question on the ballot that the residents will be asked to support is the District-Wide Master Plan Solution, which is comprised of the renovations and improvements at the Belmonte School (which will be grades 3-5) and Veterans Memorial School (Pre-K through grade 2).

The Residential Taxpayers' Investment

Saugus taxpayers would realize a gradual increase in their taxes being invested into the total project in the first several years of the bond. Not until approximately seven years would the financing increase to its highest amount and then it will begin to gradually decline. The taxpayers should be aware that existing debt exclusions that are rolling off have been factored into the financing estimates.

Average single family homes with a value assessed at \$375,000 and below make up 70% of the Town's residential taxpayer. Average single family homes with a value assessed between \$250,000 and \$350,000 make up approximately 55% of the residential taxpayer.

The grades 6-12, MSBA new Middle-High School Building which includes a multipurpose athletic field and outdoor track and District-Wide Master Plan Solution including the construction and renovations to Belmonte School and Veterans Memorial School would require Saugus residents with a single family home value assessed at \$300,000 to invest a daily average of 98¢ over the life of the bond – less than any size cup of coffee at Dunkin' Donuts.

Estimated Tax Rate Contribution

Fiscal Year	Avg. Single Family Home Value Assessed at \$100,000	\$150,000	\$200,000	\$250,000	\$300,000	\$350,000	\$375,000
2018	\$20.45	\$30.67	\$40.89	\$51.12	\$61.34	\$71.56	\$76.67
2019	\$31.61	\$47.42	\$63.23	\$79.03	\$94.84	\$110.65	\$118.55
2020	\$48.30	\$72.45	\$96.60	\$120.74	\$144.89	\$169.04	\$181.12
2021	\$74.75	\$112.12	\$149.50	\$186.87	\$224.25	\$261.62	\$280.31
2022	\$107.92	\$161.87	\$215.83	\$269.79	\$323.75	\$377.70	\$404.68
2023	\$133.71	\$200.56	\$267.41	\$334.26	\$401.12	\$467.97	\$501.40
2024...	\$144.37	\$216.56	\$288.75	\$360.93	\$433.12	\$505.31	\$541.40
2034	\$144.25	\$216.38	\$288.50	\$360.63	\$432.76	\$504.88	\$540.94
2035	\$130.88	\$196.31	\$261.75	\$327.19	\$392.63	\$458.07	\$490.79
2036...	\$130.87	\$196.30	\$261.74	\$327.17	\$392.61	\$458.04	\$490.76
2048	\$112.34	\$168.50	\$224.67	\$280.84	\$337.01	\$393.18	\$421.26
2049	\$112.39	\$168.59	\$224.79	\$280.98	\$337.18	\$393.38	\$421.47
2050	\$73.79	\$110.69	\$147.59	\$184.49	\$221.38	\$258.28	\$276.73
2051	\$31.90	\$47.85	\$63.80	\$79.75	\$95.70	\$111.65	\$119.62

*Bonds structured on a level debt basis. Bonds amortized over 28 years. Interest rates are estimates, subject to change. Full table will be available on Building Committee website listed below.

As an example, the homeowner of an average single family home value assessed at \$300,000 would contribute an additional estimated \$61.34 in 2018; an estimated \$94.84 in the second year, 2019; an estimated \$144.89 in the third year, 2020; and an estimated \$224.25 in the fourth year, 2021; with the maximum contribution of \$433.12 in year seven. After this, the contribution would begin to gradually decline over the life of the bond.

Again, residents would need to approve both ballot questions for either of the initiatives to move forward.

For more information, visit: www.saugus-ma.gov/saugus-high-school-project-building-committee.