

Dear Town Meeting Members,

The Town's financial team has prepared the attached information to provide background on the financial considerations associated with Article 22, which seeks authorization to borrow for the construction of a new main branch library.

Town Meeting will vote to approve or deny this borrowing authorization. While the proposed Franklin County Technical School building project is not part of the Town Meeting Warrant, a district-wide vote on that project is anticipated October 6, 2026.

Although these are separate decisions, they are related from a financial perspective. The outcome of the Technical School vote will be determined by a district-wide majority, meaning Montague voters may not ultimately determine the final outcome.

Given this context, the Selectboard and Finance Committee supported including this information so that Town Meeting members have a clear understanding of the broader financial landscape as they consider Article 22.

We hope this material is helpful and informative. Thank you for your service to the Town.

Sincerely,

Walter Ramsey

Montague Town Administrator

# Financial Impacts of Planned Building Projects

An overview of the fiscal impacts of the proposed main branch library project and the Franklin County Tech School



Proposed Turners Falls Library



Proposed FCTS

Prepared by

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April 8, 2026

## Main Library

Proponent: Town of Montague

Total Project Cost: \$23,704,053

**Town Share (52%): \$12,417,613**

State Share (48%): \$11,286,440

State Funding Source: MA Public Library Construction Program

Town Election: June 24, 2026

Construction: 2027-2029

## Franklin County Tech School

Proponent: FCTS School District

Total Project Cost: \$236,600,000

**Town Share : \$15,964,000**

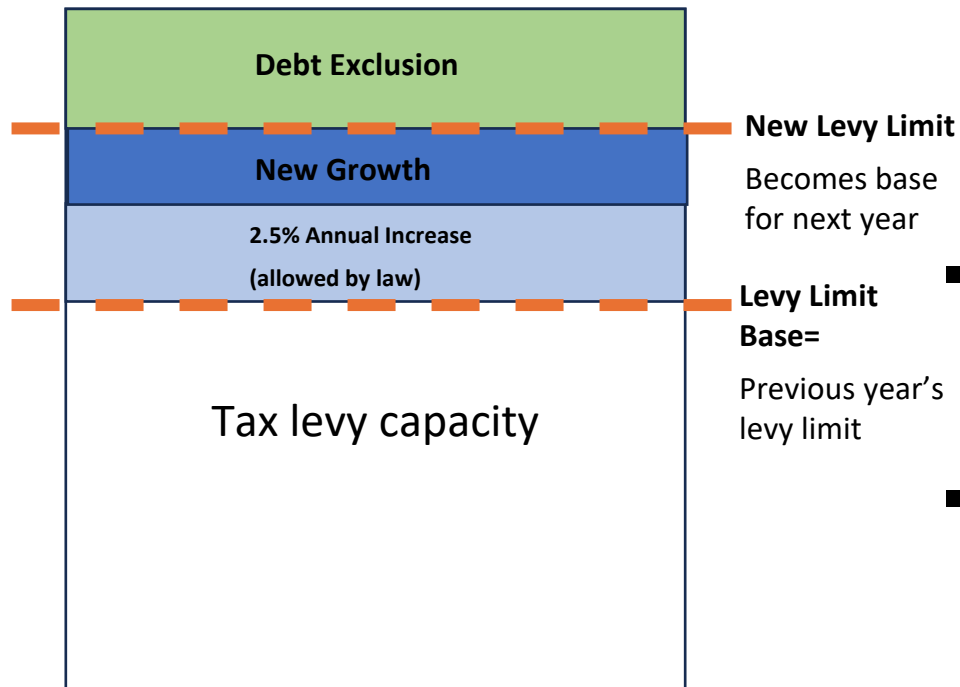
State Funding Source: MA School Building Authority (66% reimbursement for eligible costs)

District Election: October 6, 2026

Construction: 2028-2030

The vote sequencing for the projects is driven by timing of respective state funding programs. As a result, approval of the library project would commit a portion of the Town's future debt capacity before the outcome of the technical school vote is known.

# Debt Exclusion Explained



- A debt exclusion is a **temporary** property tax increase that allows a municipality to raise funds above its normal levy limits to pay for large scale capital projects. The amount above the levy is equal to the debt payment for that fiscal year. The debt exclusion only lasts for the duration of the debt payments for the project.
- A debt exclusion allows the Town to tax above the 2.5% levy limit increase, which guarantees payment of the debt and does not put pressure on the operating budget.
- The Town does recognize that even though it does not put pressure on the internal operations of the Town finances, a debt exclusion does impact the personal finances of the taxpayers.
- To pass a debt exclusion a town needs both of the following:
  - A 2/3s vote at the Town Meeting
  - Simple majority in a town-wide election

# AA Bond Rating (Standard and Poors)

AA is a very high-quality borrower rating-- Second highest category

- Very strong ability to meet financial obligations
- Low risk of default
- Strong financial management, budgeting, and reserves

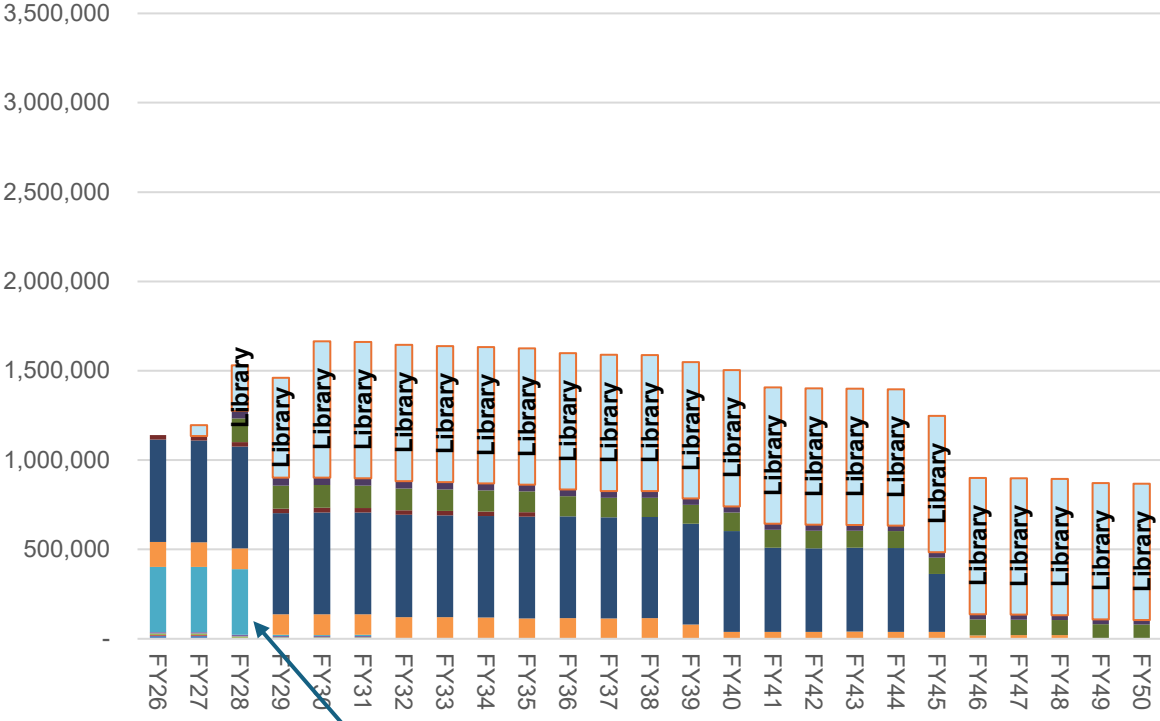
Why it matters to Montague

- Lower borrowing costs
- Financial credibility
- Market access

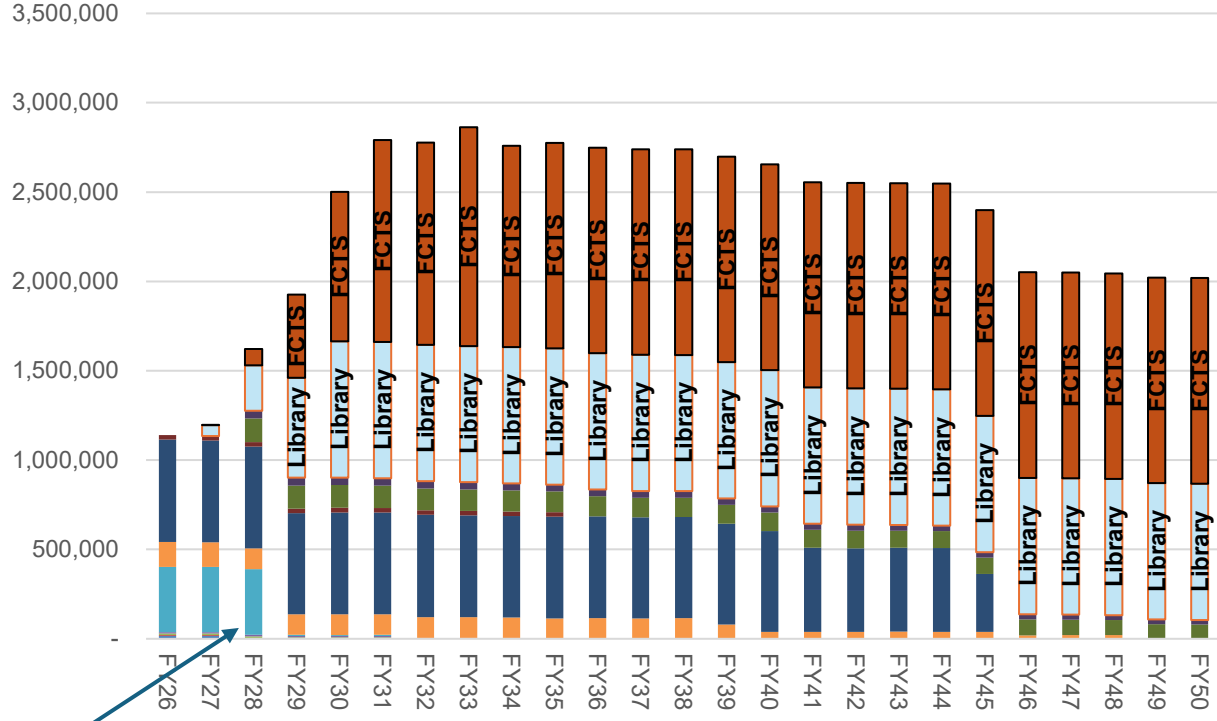
Town has maintained an AA rating since 2021

# General Fund Debt Annual Payments Comparison

Library Only



Library and Technical School



- Multi-Purpose 2006
- Montague Center Roof
- Skateboard Park
- Millers Falls Soil Stabilization
- Police Station
- Combined Sewer System Debt
- DPW Facility
- Strathmore Abatement
- Sewer Collection Phase 2
- Truck and Parking Lot
- Library

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Police Station debt expires FY28

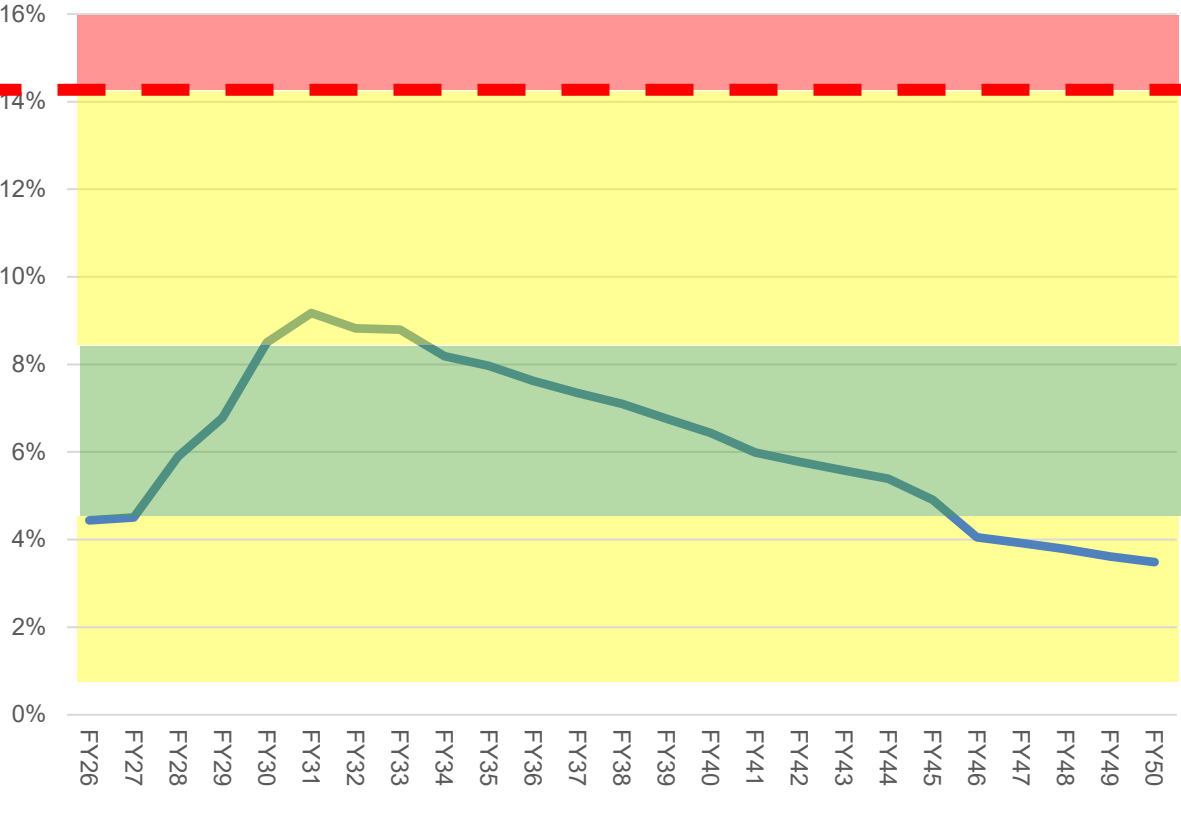
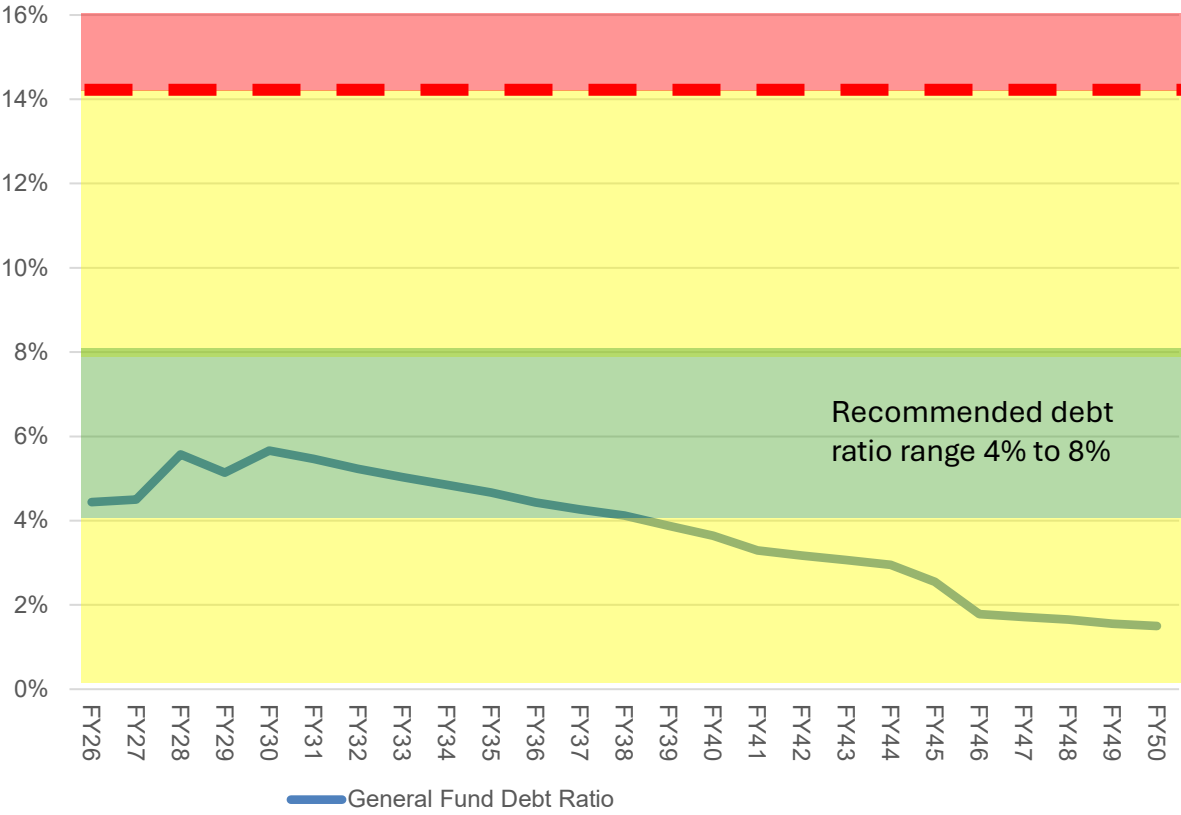
Debt terms would be 30 years for both projects

# Debt Service Ratio Comparison

## Debt as a percent of Prior Year Gross Operating Revenue

**Library Only**

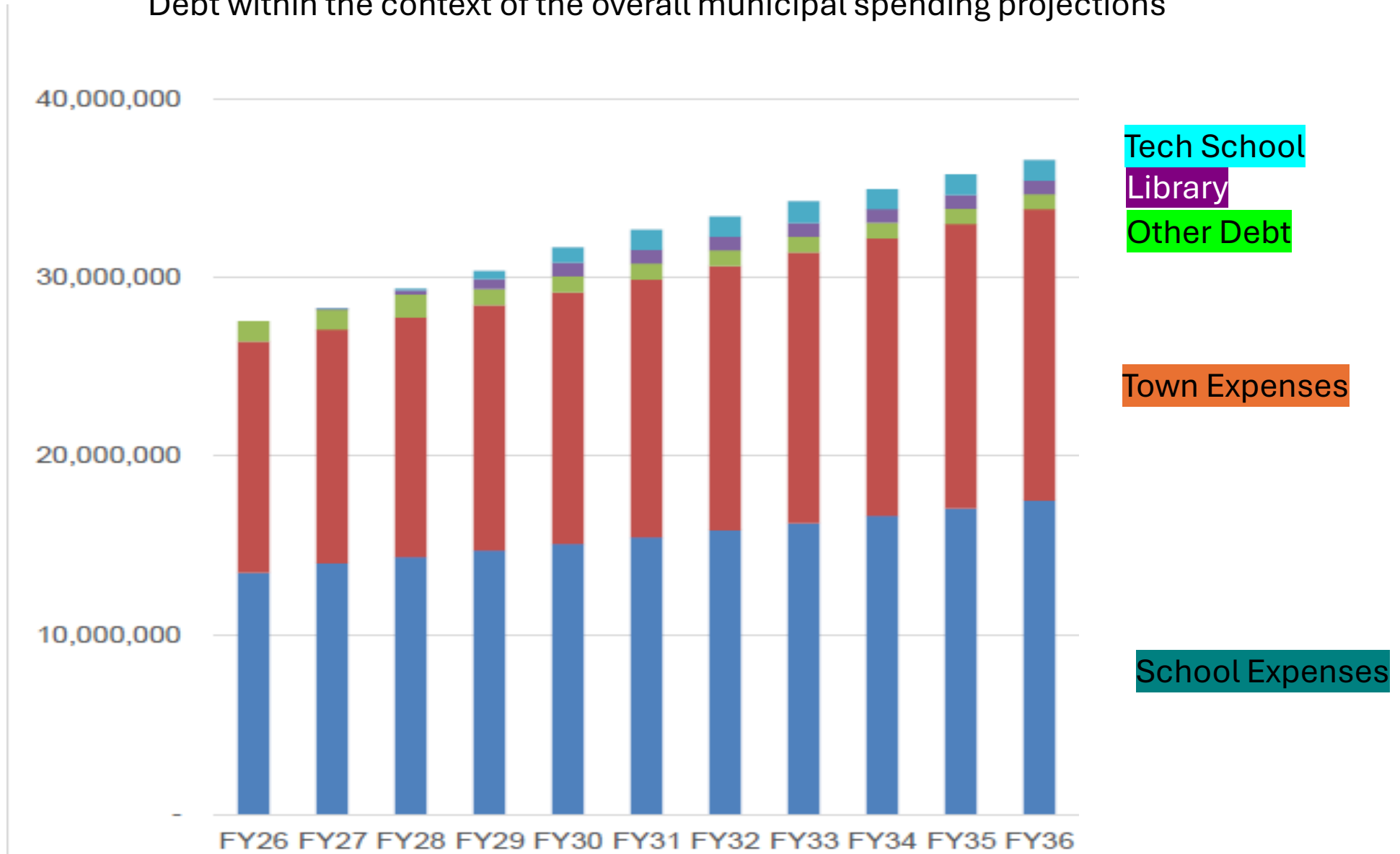
**Library and Technical School**



- RED-** Not advisable to exceed 14%
- YELLOW-** Potential to negatively impact bond rating (too much or too little debt)
- GREEN-** Targeted debt amounts (Best Management Practice)

# Projected Town Expenses

Debt within the context of the overall municipal spending projections



# Capacity

- The Town is positioned to take on additional debt
  - Low debt service ratio
  - Excess taxation capacity (not taxing to the levy limit)
  - Retiring Police Station debt
  - Excellent bond rating from financial policies and strong reserves
- Both building projects could be financed by excluded debt within existing local and state financial policies.

# Tradeoffs

- Approving both projects will for the next +/-10 years reduce town's ability to:
  - Finance other building projects (i.e. proposed new Elementary School)
  - Absorb emergencies
  - Fund future capital needs through debt
- Financing both projects through debt could negatively affect the town's bond rating as existing debt load will triple over the next 5 years.

# Taxpayer Impacts

## New Library

- Residential - \$49 per \$100,000 in value
- Commercial, Industrial, and Personal Property - \$81 per \$100,000 in value
- Per year for the average single-family home (\$325,699) = **\$159**

## New Technical School

- Residential - \$74 per \$100,000 in value
- Commercial, Industrial, and Personal Property - \$122 per \$100,000 in value
- Per year for the average single-family home (\$325,699) = **\$241**

**Total= \$400/yr (in FY30)**

# Decision Considerations

- The Town has the financial capacity to undertake additional debt within current policies
- Both projects could be financed, but doing so would reduce future financial flexibility
- The library vote occurs before the outcome of the technical school vote is known
- Debt exclusion funding does not directly impact the operating budget but does increase property taxes for the duration of the debt