

Office of the Town Administrator Town of Montague

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TO: Montague Town Meeting Members

FROM: Town Administrator

Date: October 26, 2026

RE: Debt outlook and the proposed Massachusetts School Building Authority (MSBA) elementary school feasibility process

Why this matters

This memo provides financial context; the feasibility article is not an authorization to construct a school. Major building projects have recently been approved for a new public library and Franklin County Technical School. The future debt payments for these projects will increase the Town's annual obligations. Town Meeting is to consider funding the MSBA feasibility process for elementary school consolidation.

Projected debt at a glance

- Montague's Financial policies recommend maintaining debt ratio between 4% and 6% percent as a "best-practice".
- Debt service rises from about 4.5% of projected general operating revenues in FY27 to 8.6% in FY31.
- Police Station debt retires in FY28.
- DPW Facility debt continues through FY45.
- Annual debt service increases from about \$1.20 million in FY27 to \$2.64 million in FY32, and peaks near \$2.67 million in FY35.

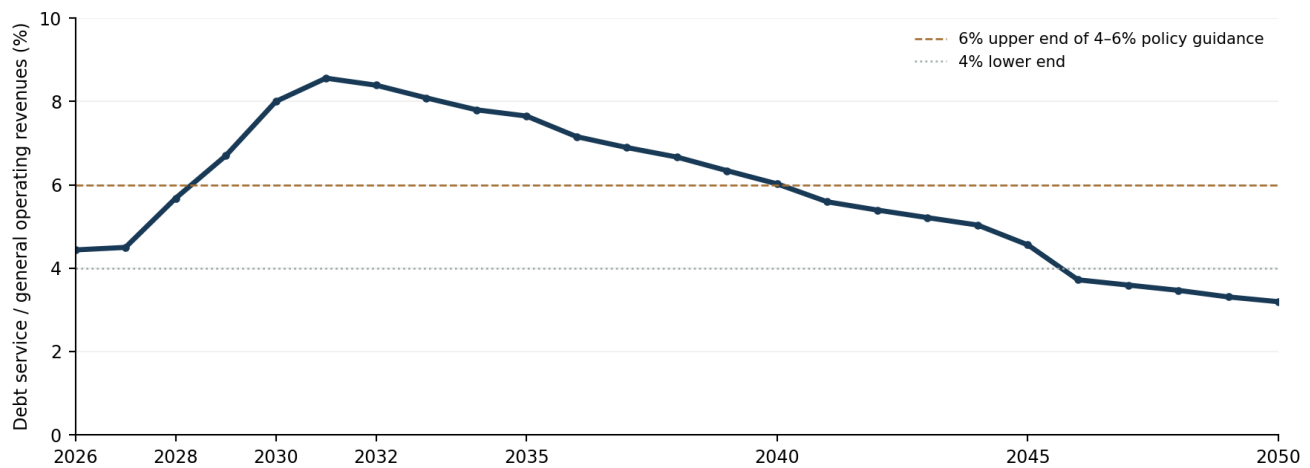


Figure 1. Debt payments as a share of projected general operating revenues, FY26–FY50.

Annual debt payments by project

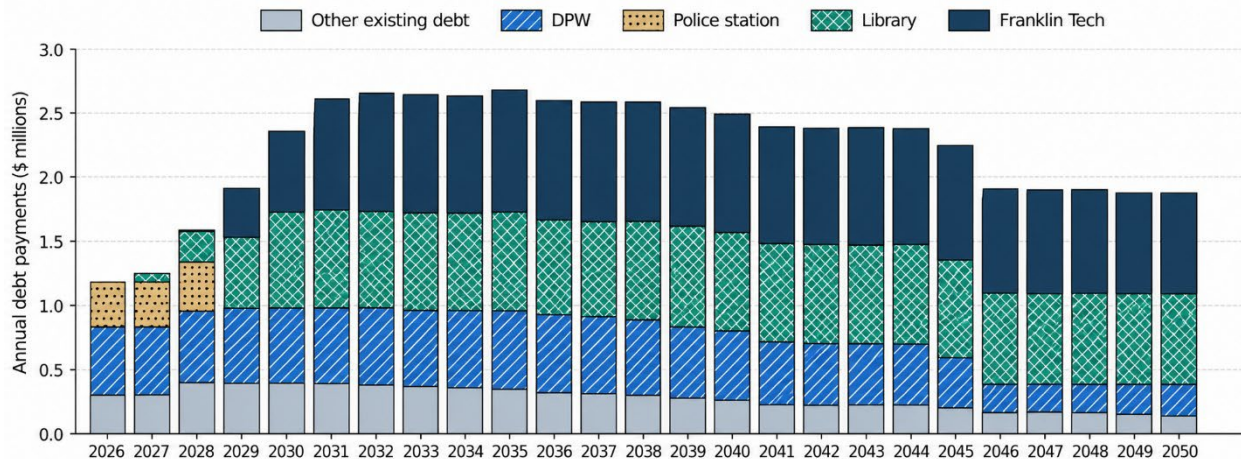


Figure 2. Projected annual debt payments by major obligation, FY26–FY50.

What might this mean on a property-tax bill?

Using FY26 tax-base assumptions and the debt-payment figures, the modeled additional annual property taxes for a property represented by the FY26 average single-family assessment are:

New public library	\$160
Franklin County Technical School	\$208
Combined estimated annual impact	\$368

These are planning estimates, not a guaranteed increase in any particular year or a forecast of a future tax rate. Actual bills depend on borrowing terms, project timing, assessed values, and the distribution of the tax levy among property classes.

Possible offsets and the MSBA decision

- Library and Tech School borrowing requirements could be reduced by future fundraising, donations, grants or other project revenues, if secured and applied to project costs or debt.
- The proposed MSBA Elementary School feasibility funding would develop scope, cost, alternatives and state reimbursement information; it would not commit Montague to building a new elementary school. A construction proposal would require further local approvals.

The fiscal challenge is to balance the Town’s existing and projected debt obligations with the need to evaluate future school facilities. The proposed feasibility study is an important first step in identifying potential options and associated costs, allowing the Town to make an informed decision about whether to proceed with a future school construction project.