



TOWN OF GOSHEN, MASSACHUSETTS

SPECIAL TOWN MEETING

Monday September 17th, 2018

To Begin at 7:00 PM

42 Main Street

OVERVIEW

Since the May Annual Town Meeting (ATM):

- 1) We have qualified for special emergency financing through the DEP's Clean Water Trust and State Revolving Fund (SRF) with significantly lower fixed interest rates. As a result, there are updated financing recommendations for both the Landfill Cap Repair and the Highway Plow/Dump Truck. These will maximize the use of Town borrowing, minimize annual Town repayments and therefore minimize the annual tax impact on individuals.
- 2) In order to take advantage of these savings the Town needs to take action. Some articles that were voted and approved at the ATM will need to be rescinded and new articles authorizing redistribution of those expenditures will need to be approved. Additionally, we will need to raise the authorized debt exclusion limit and extend the term of the debt exclusion.
- 3) There has been activity with respect to protecting our investment in the New Hingham School which requires our funding action for roof tarping and new roof design.

NEW FACTS

- 1) At the ATM we projected the cost of the project to be \$645K. After August bid openings, the projected cost is \$665K, based on the lowest bid, which Mass Law requires us to take, if the bidder is deemed responsible.
- 2) At the ATM we sought to fund only \$582.6K of the \$645K assuming we could save \$62.4K by using our Town Highway resources to do some of the repairs. Subsequently, the advice from Tighe and Bond is to have the contractor do all the work, thereby avoiding potential significant liability for the Town.
- 3) At the ATM we proposed funding the project by using cash reserves for roughly ½ of the cost and to fund the other half (\$300K) through debt exclusion borrowing. Having qualified for a loan with outstanding terms, we propose a change to this as in #4 & #5 below.
- 4) It is now to our advantage to borrow all we qualify for from the Clean Water Trust (\$655K) for the landfill cap at a fixed interest rate of approximately 2% for 20 years or 2.4% for 25 years. Additionally, there is a potential principal forgiveness of 1% – 10% (\$6,555 - \$65,550).
- 5) Instead of borrowing the authorized \$550K (\$250K for the dump truck + \$300K for the cap) at the terms available to us, (higher interest rates for 10 and 15 years), we propose borrowing \$655K at a much lower interest rate over a longer period, 20 or 25, thereby minimizing the tax impact on individuals and the total interest paid by the Town. 20 years is the shortest borrowing time under the terms of the Clean Water Trust lending program.



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REVISED FUNDING RECOMMENDATIONS

As a result of changes since the ATM we need to take action within this Special Town Meeting to:

- 1) Authorize an additional \$355K debt exclusion borrowing for the landfill cap repair for a total debt exclusion borrowing of \$655K, the current projected costs to repair the landfill cap that are eligible for financing through the Clean Water Trust. Articles 1 & 5
- 2) Authorize the use of cash reserves to be used to purchase the Highway Dump/Plow Truck, \$200K of which were originally to be applied to the landfill cap repair – Articles 2, 3
- 3) Authorize the elimination of borrowing for the Highway Dump/Plow truck - Article 4
- 4) Authorize the return to the capital plan stabilization of the unexpended amount of \$67,604.63 in the Landfill Cap Repair Account. – Article 6
- 5) If the Town does not approve the recommended changes to the financing, as outlined in Articles 1 - 6, we must authorize a transfer of an additional \$72.6K from the General Stabilization fund to the Capital Planning Stabilization Fund to have sufficient funds authorized to proceed with the project. – Article 7
- 6) Authorize an expenditure of \$40K to tarp the New Hingham School roof and complete the necessary design work for its repair/replacement – Article 8

FINANCIAL IMPACT SUMMARY

Comparison of ATM approved borrowing to STM proposed borrowing, at various estimated interest rates

ATM Approved Borrowing vs. STM Borrowing For 25 Years @ 2.4 %

Category	ATM Approved Borrowing \$550K (\$300K 15 yrs @6.5%+ \$250K 10 yrs @4.5%)	STM Proposed Borrowing \$655K <u>25 years @ 2.4%</u>	Difference Inc. / (Dec.)
Total Interest - over life of loan	\$244,535	\$223,634	(\$20,901)
Town Repayments - annual cash flow	\$63,401	\$35,145	(\$28,256)
Property Tax Impact- annual avg. val. of \$220,169	\$97	\$ 53	(\$42)

ATM Approved Borrowing vs. STM Borrowing For 20 Years @ 2.0%

Category	ATM Approved Borrowing \$550K (\$300K 15 yrs @6.5%+ \$250K 10 yrs @4.5%)	STM Proposed Borrowing \$655K <u>20 years @ 2.0%</u>	Difference Inc. / (Dec.)
Total Interest - over life of loan	\$244,535	\$146,153	(\$98,382)
Town Repayments – annual cash flow	\$63,401	\$40,058	(\$23,343)
Property Tax Impact - annual avg. val. of \$220,169	\$97	\$62	(\$35)