

Draft Article on Debt Exclusions for the Wayland Town Crier

The Board of Selectmen has placed three debt exclusion questions on the March 27 ballot. Voters were last asked to allow debt exclusion funding in 2011 to purchase school technology equipment and to plan and develop additional athletic and playing fields. Since it has been quite a while since the Town considered a debt exclusion, we wanted to answer some common questions on the process.

What is a debt exclusion? A debt exclusion vote allows a town to raise tax revenue in addition to that generated under the Proposition 2½ limit. These additional tax revenues pay for debt (principal and interest) borrowed for a specific purpose. In this way, a town can build a school or other building and not fund it from its existing revenues. In other words, a debt exclusion is a means of funding a particular project(s) with a temporary increase in the levy limit. It is a tool that town's use to show commitment for projects and willingness to support them financially.

What is the levy limit? The levy limit is the total overall amount any community is allowed to raise through taxation. Proposition 2 ½ limits the increase to 2.5% plus new growth plus increases in assessed value of property.

Why are there two votes – one at the polls and one at Town Meeting? A debt exclusion is required to pass two thresholds: a simple majority at the ballot and a two-thirds majority at Town Meeting. The Town Meeting vote happens with the vote on each of six Articles (17 Library, 21 Fire Station Two Improvements, 23 Town Building HVAC Renovations, 25 High School Field Complex Part 1, 26 High School Field Complex Part 2, and 28 Loker Turf Field).

How does a debt exclusion differ from an override? Both are Proposition 2 ½ questions and, in municipal finance language, both are technically overrides. However, there are some basic differences. While both will increase your property taxes, a debt exclusion is a temporary increase while an operating override is a permanent increase in the town's tax levy limit. A debt exclusion finances a particular project(s) and your taxes increase for a period of time, usually 10-20 years, to cover the cost of the project. When the financing bond is paid off, your tax increase for that project goes away.

What does the Town's financial advisor or Moody's think of debt exclusions? Both the Town's financial advisor, Unibank, and Moody's, the Town's credit rating service, state that large capital projects are better funded with debt exclusions. This is not support for any particular project, but rather support for the funding mechanism for any one of the large capital projects.

What does voting "yes" on a debt exclusion question at the ballot mean? A "yes" vote allows the Town to use exempt or excluded debt to fund a project. There is no dollar amount shown in the ballot question(s). The project still needs to pass at Town Meeting with a two-thirds majority vote for borrowing, and the articles at Town Meeting ask for a specific dollar amount in the appropriation.

What does voting “no” on a debt exclusion question at the ballot mean? A “no” vote means the Town cannot exclude or exempt the debt from the levy. The project/article can still be considered at Town Meeting even if it does not achieve a majority at the ballot, but the debt would be “regular” or non-exempt debt. A two-thirds majority is still needed to pass the article at Town Meeting if it is funded with borrowing.

What are the questions on the March 27 ballot? This year the town is being asked to consider three debt exclusion questions:

Ballot Question 1:

Shall the Town of Wayland be allowed to exempt from the provisions of proposition two and one-half, so called, the amounts required to pay for the bond issued in order to pay costs for the design, engineering, construction, equipping, and furnishing of a new Wayland Free Public Library to be located at 195 Main Street, Wayland, MA 01778, including any and all incidental and related costs?

Ballot Question 2:

Shall the Town of Wayland be allowed to exempt from the provisions of proposition two and one-half, so called, the amounts required to pay for the bond issued in order to pay costs for the design, engineering, construction, and installation of mechanical and electrical system improvements for the Wayland Town Building located at 41 Cochituate Road, Wayland, MA 01778, including any and all other costs incidental or related thereto, and to pay costs for the design, engineering and construction of renovations and improvements at Wayland Fire Station Number Two located at 145 Main Street, Wayland, MA 01778, including any and all other costs incidental or related thereto?

Ballot Question 3:

Shall the Town of Wayland be allowed to exempt from the provisions of proposition two and one-half, so called, the amounts required to pay for the bond issued in order to pay costs for the design, engineering, and construction of the Wayland High School Stadium Complex located at 264 Old Connecticut Path, Wayland, MA 01778 and for the design, engineering, and construction of new tennis courts, softball fields, outdoor basketball, and volleyball courts, including any and all other costs incidental or related thereto: and pay costs for the permitting, design, engineering, and construction of a multi-purpose synthetic turf athletic playing field, associated parking, access pathways, lighting, drainage, and landscaping at the Loker Conservation & Recreation Area located at 412 Commonwealth Road, Wayland, MA 01778, including any and all other costs incidental or related thereto?

Where can I find more information on the upcoming votes?

The 2018 Annual Town Meeting Warrant should have arrived in your mailbox. It is also available on the Town of Wayland's website. For more information you are welcome to attend the Warrant Hearing on Monday, March 26 at 7:15 pm in the Wayland Town Building.

Wayland Board of Selectmen

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