

Deerfield Debt and the Library Project

Current Debt

As of June 30th, 2022 (the end of the fiscal year), the town of Deerfield had three remaining debts: the elementary school roof, the Highway Garage, and the South Deerfield Waste Water Treatment Plant (SD WWTP). In addition, there is authorized debt that has not yet been borrowed (but will be) to complete the SD WWTP. The dollar values for each of these obligations are shown in the figure to the right.

The total town debt is approximately \$25 million. If you divide that among every person in Deerfield, the total debt per capita is a bit under \$5,000. This debt can be thought of as a mortgage on the town's buildings, which is being paid off over many years, as discussed below.

Outstanding Debt as of 6/30/2022*	
Elementary School Roof	\$ 165,986
Highway Garage	\$ 2,940,000
Waste Water Treatment Plant (SD WWTP)	\$ 15,761,000
TOTAL OUTSTANDING DEBT	\$ 18,866,986

* excluding one debt which has already been paid off

Approved but Unissued Debt as of 6/30/2022	
SD WWTP	\$ 6,239,000

Total Debt Outstanding + Unissued as of 6/30/2022	\$ 25,105,986
Per capita (population 5090)	\$4,932

Figure 1: Current Deerfield Town Debt

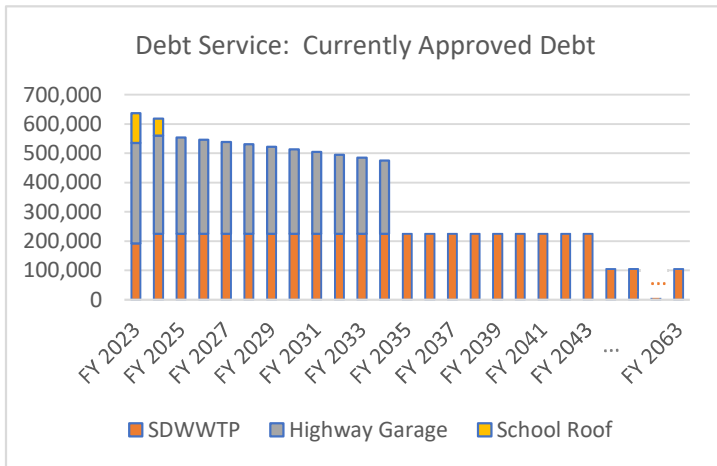


Figure 2: Total Existing Debt Service paid from Town Taxes

Current Debt Payments

Town tax payments on this debt, including both interest and principal, are shown to the left. The elementary school roof, shown in yellow, will be paid off in 2024; the highway garage, shown in gray, will be paid off in 2034, and the WWTP payments, shown in orange, extend until approximately 2063, although a portion of that debt will be retired in 2043.

Note that the WWTP debt service shown is only 25% of the payments; the remainder is paid through sewer fees, which many of our taxpayers pay as well.

Future Projects Under Discussion

Borrowing should be considered in context. Several potential projects are under discussion by the Selectboard to be brought before town voters in the future. Many of these projects will require a combination of debt, reserves and grant funding to accomplish; most do not yet have solid cost estimates associated with them. Some current and future projects include the Library Expansion, Old Deerfield Waste Water Treatment Plant, Congregational Church Building Refurbishment, 1888 Building Refurbishment, Town Common Revitalization, Leary Lot, Senior/Community Center, Town Campus Geothermal, and Subsidized Senior Housing.

How will the library debt impact my taxes?

Library Cost Assumptions

The exact cost of the library expansion and the exact terms and interest rate for the bond are presently unknown, but we can make an informed guess. A recent estimate of the total project cost is \$12.3 million. We have been offered a grant of almost \$4 million, plus an additional \$100 thousand for achieving LEED certification for green buildings. In addition, the Friends of Tilton are committed to raising \$2 million in donations, with pledges to date totaling almost \$800 thousand. This leaves approximately \$6.3 million to be funded by the town. CPA funds can be used for \$1 million of this.

Along with 11 other MA towns, Deerfield has requested that the state provide funds to cover the increase in building costs seen in recent years. If this subsidy were received, it would reduce the amount that the town needs to borrow by up to \$4.3 million.

Total Cost	\$ 12,300,000
Grant	\$ 3,944,338
Donations	\$ 2,000,000
LEED Certification	\$ 100,000
Loan	\$ 6,255,662
<i>Per capita</i>	<i>\$ 1,229</i>
<i>CPA fund eligibility</i>	<i>(\$ 1,000,000)</i>
<i>Requested State subsidy</i>	<i>(\$ 4,300,000)</i>

Figure 3: Library Cost Assumptions

Loan Assumptions	Low Estimate	High Estimate
Loan Amount	\$5.3M	\$6.3M
Rate	3%	7%
Term	20 years	20 years
Annual Payment	\$ 353,263	\$ 590,490
FY 2022 Tax Rate Impact	0.42	0.70
Average Single-Family Home Annual Payment	\$ 146	\$ 244
Percent increase over 2022	2.8%	4.7%

Figure 4: Library Debt Service Assumptions

Debt Service Assumptions

Assuming a 20-year loan using either a 3% interest rate or a 7% interest rate gives us some bounds on the potential cost. The actual interest rate will be determined once the building is complete and final borrowing occurs, in approximately 2025.

The 2022 Deerfield tax rate is 15.17. Using the 2022 assessed property values, the expected library debt service would add between 0.42 and 0.70 to the tax rate, thus increasing tax bills around 3 to 5%.

Tax Bill Impact

The 2022 assessed value of the average single-family home in Deerfield is \$340,459 with a tax bill of \$5,165. The expected library debt service would increase the tax bill of the average single-family home between \$146 and \$244 per year for 20 years, which is about a 3 to 5% increase. The figure to the right shows the annual tax impact for houses of various assessed values. Remember that these are estimated values based on the current estimate of the cost of the library addition and a range of possible interest rate values.

Property Value	Low Estimate	Medium Estimate	High Estimate	If State subsidy provided
150,000	\$64	\$85	\$106	\$24
250,000	\$107	\$143	\$179	\$40
340,459	\$146	\$195	\$244	\$54
350,000	\$150	\$201	\$251	\$56
450,000	\$194	\$259	\$324	\$72
550,000	\$237	\$316	\$396	\$88
650,000	\$280	\$374	\$468	\$104
750,000	\$323	\$432	\$541	\$120

Figure 5: Tax bill impact per year for 20 years