



**SELECT BOARD**  
TOWN HALL  
365 BOSTON ROAD  
BILLERICA, MASSACHUSETTS 01821  
978-671-0939  
FAX: 978-671-0947

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TOWN CLERK  
BILLERICA

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**BILLERICA SELECT BOARD AGENDA**  
**TUESDAY, AUGUST 08, 2023 @ 5:45 PM**  
**365 BOSTON ROAD, THOMAS CONWAY HEARING ROOM, #205 AND HYBRID VIA ZOOM**

**Call to order 5:45 PM**

1. Select Board – Discussion and Vote on Financial Policy



*MEMORANDUM*

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**TO:** Select Board

**FROM:** John C. Curran, Town Manager

**CC:** Clancy Main, Assistant Town Manager  
Paul Watson, Town Accountant  
Elaine Russo, Town Treasurer  
Robert Maynard, Director of Administrative Services

**SUBJECT:** Debt Stabilization Policy

**DATE:** August 2, 2023

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***Debt Stabilization Policy: August 14, 2023 – Present***

The Town of Billerica currently maintains an annual levy commitment of \$9.066 million. This policy was established in Fiscal Year 2013. It requires the Town to appropriate money to the debt stabilization Fund in fiscal years that do not reach the amount of \$9.066 appropriated for debt service. Conversely, in fiscal years that exceed the debt service levy limit, the Town would appropriate funds from Debt Stabilization in the amount necessary to cover the exceedance. Additionally, the Town appropriates \$1.8 Million from free cash annually to the Debt Stabilization Fund.

Due to the anticipated significant expansion of the capital plan which may include a new DPW facility, a new COA center, a new Recreation Center, and extensive water infrastructure work along with smaller, less financially impactful projects like improvements to the Town Center and the North Billerica Fire Station, the prior policy needs to be updated to accommodate this updated capital plan. The existing debt policy accommodated the Comprehensive Wastewater Management Plan as well as the recent construction of two new schools.

The Town is proposing to change the levy commitment for debt over the course of the next ten years as seen in Table 1. This plan can be adjusted if any of these projects do not come to fruition.

<b>Debt Levy Limit</b>	
2024	9,066,000
2025	10,000,000
2026	11,000,000
2027	12,000,000
2028	13,000,000
2029	14,000,000
2030	15,000,000
2031	15,000,000
2032	15,000,000
2033	15,000,000

**Table 1**

In the years that the town debt service requirement is below the commitment in Table 1, the difference is appropriated to a debt stabilization fund (Table 2 ex. 2025). In the years that the debt service spikes over that commitment, the town will appropriate the difference from the stabilization fund (Table 2 ex. 2027).

**Town of Billerica  
Debt Stabilization Fund Schedule (Scaled Down)**

Fiscal Year	Beginning Balance	Interest	Appropriations		Draw Down		Ending Balance
			Levy	Free Cash	Wastewater et al	HS Debt Exclusion	
2016	9,094,440	173,191	0	1,800,000	0		11,067,631
2017	11,447,593	161,273	823,277	3,000,000	0		15,432,143
2018	15,423,143		60,434	1,800,000	-1,232,670	-1,400,000	14,650,907
2019	14,650,907	112,101	766,198	1,800,000	-1,232,670	-1,625,000	14,471,537
2020	18,283,776	347,392	641,324	1,800,000	-1,232,670	-950,000	18,889,822
2021	20,249,673	404,993	91,101	1,800,000	0	-1,160,000	21,385,767
2022	21,385,767	427,715	0	1,800,000	-649,457	-1,125,000	21,839,026
2023	22,157,854	-132,123		1,800,000	-912,618	-1,100,000	21,813,113
2024	21,813,113	436,262	0	1,800,000	-812,760	-1,350,000	21,886,615
2025	21,886,615	437,732	1,079,905	1,800,000	0	-1,350,000	23,854,252
2026	23,854,252	477,085	1,523,315	1,800,000	0	-1,300,000	26,354,652
2027	26,354,652	527,093	0	1,800,000	-4,007,482	-1,350,000	23,324,263
2028	23,324,263	466,485	0	1,800,000	-5,305,904	-1,300,000	18,984,844
2029	18,984,844	379,697	0	1,800,000	-5,617,232	-1,250,000	14,297,308
2030	14,297,308	285,946	0	1,800,000	-4,090,346	-1,250,000	11,042,908
2031	11,042,908	220,858	0	1,800,000	-3,622,741	-1,200,000	8,241,026
2032	8,241,026	164,821	0	1,800,000	-3,352,958	-1,200,000	5,652,888
2033	5,652,888	113,058	0	1,800,000	-3,102,616	-1,150,000	3,313,330
2034	3,313,330	66,267	0	1,800,000	-2,431,987	-750,000	1,997,610
2035	1,997,610	39,952	0	1,800,000	-2,563,160	-700,000	574,402
2036	574,402	11,488	0	1,800,000	-1,204,190	-700,000	481,700
2037	481,700	9,634	0	1,800,000	-903,884	-700,000	687,449
2038	687,449	13,749	0	1,800,000	-202,390	-650,000	1,648,808
2039	1,648,808	32,976	1,553,057	1,800,000	0	-650,000	4,384,842
2040	4,384,842	87,697	1,831,675	1,800,000	0	-650,000	7,454,213

**Table 2**

A further example of how the debt stabilization policy works can be seen in Table 3. For example, In 2030 the projected debt number is \$19,090,346.26. The debt levy limit target is \$15,000,000. The Town would appropriate \$4,090,346 from the debt stabilization fund to bring the levy burden from \$19 million to \$ 15 million.

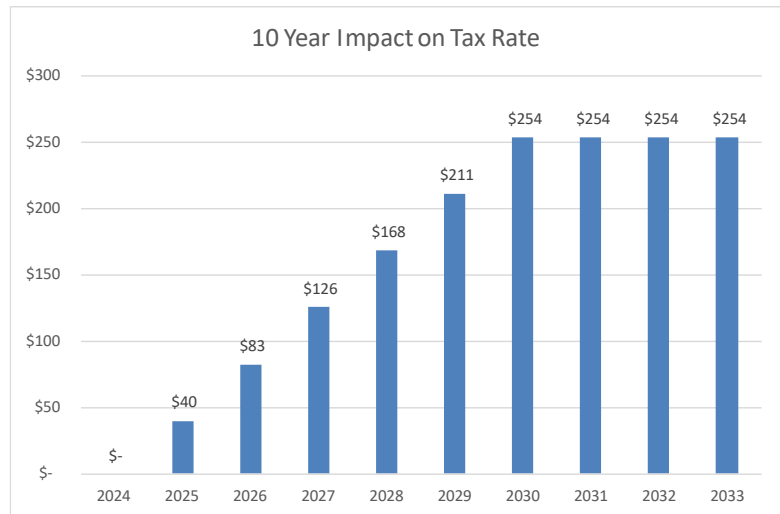
Fiscal Year	Projected	Targeted	Over/Under
2024	10,298,669.60	9,066,000	1,232,670
2025	8,920,095.32	10,000,000	-1,079,905
2026	9,476,685.35	11,000,000	-1,523,315
2027	16,007,482.14	12,000,000	4,007,482
2028	18,305,904.28	13,000,000	5,305,904
2029	19,617,232.22	14,000,000	5,617,232
2030	19,090,346.26	15,000,000	4,090,346
2031	18,622,740.98	15,000,000	3,622,741
2032	18,352,957.73	15,000,000	3,352,958
2033	18,102,616.36	15,000,000	3,102,616

**Table 3**

As seen in the examples above this policy helps lessen the tax burden on the residents. For every additional million dollars added to the levy as seen in Table 1 the impact on the median single-family home is \$43 dollars. The cumulative impact over ten years for the expanded capital program on the median single-family home is projected to be \$254 as seen in Table 4.

The Town will continue to appropriate \$1.8 million in free cash to support this policy.

The Town needs approximately \$55 million from debt stabilization to fund the long-term capital plan for the two debt-excluded schools, continued sewer expansion, a new DPW facility, a new COA center, a new Recreation Center, extensive water infrastructure work, and other smaller projects. The Town has approximately \$22 million in the debt stabilization fund as of the fall of 2023.



**Table 4**

The Town Debt Stabilization Policy has two objectives. One is maintaining a predictable general fund debt level that promotes investment but is also within Generally Accepted Accounting Principles adopted by the Governmental Accounting Standards Board (GASB).

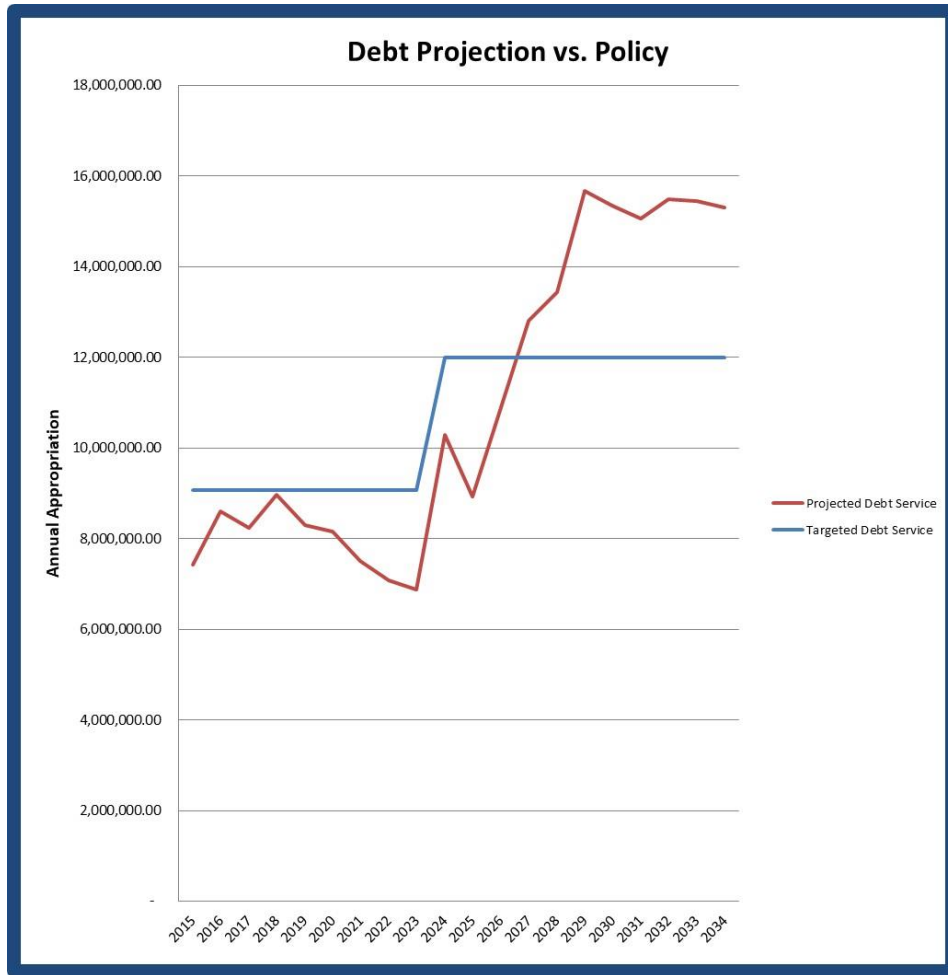
The second is using debt stabilization to buffer the impact of the debt exclusions and expanded capital program. As well as stabilize and create predictability for the tax impact on the residents.

***Debt Stabilization Policy (Updated with information from February of 2023 for context): 2016 - 2023***

The Town of Billerica maintains a levy commitment every year of \$9.066 Million dollars for debt. In the years that the town debt service requirement is below this commitment, the difference is appropriated to a debt stabilization fund. In the years that the debt service spikes over that commitment, the town will appropriate the difference from the stabilization fund.

The Town appropriated \$2.012 million from the Debt Stabilization fund in FY 2023 to fulfill the policy of remaining at the \$9.066 Million Debt Levy. This appropriation also ensured that the tax impact on the median household does not exceed \$200 annually.

This graph and the table below project when the Town will need to use stabilization funds how much it will need to fund the Town's long term



and

capital needs. The Town needs approximately \$21.2 Million to fund the long term capital plan for the two debt excluded schools to limit the impact to \$200 annually on the median household. The Town has approximately \$22 million in the debt stabilization fund as of the fall of 2022. An additional \$30 million will be needed to maintain a \$9 to \$12 million impact on the levy of all general debt. This can be attained by appropriating \$1.8 million from free cash annually.

The Town Debt Stabilization Policy has two objectives. One is maintaining the general fund debt at \$9 - \$12 Million by using this fund. The second is using debt stabilization to buffer the impact of debt exclusions. It is projected that \$21 Million will be needed to contain the impact of two debt exclusion on the median single family tax bill to \$200 annually. The total debt stabilization need over 21 years is \$51.1 Million.

Town of Billerica Debt Stabilization Fund Schedule							
Fiscal Year	Beginning Balance	Interest	Appropriations		Draw Down		Ending Balance
			Levy	Free Cash	Wastewater et al	HS Debt Exclusion	
2016	9,094,440	173,191	0	1,800,000	0		11,067,631
2017	11,447,593	161,273	823,277	3,000,000	0		15,432,143
2018	15,423,143		60,434	1,800,000	0	-1,400,000	15,883,577
2019	15,883,577	112,101	766,198	1,800,000	0	-1,625,000	16,936,876
2020	18,283,776	347,392	641,324	1,800,000	0	-950,000	20,122,492
2021	20,249,673	404,993	91,101	1,800,000	0	-1,160,000	21,385,767
2022	21,385,767	427,715	1,983,849	1,800,000	-649,457	-1,125,000	23,822,875
2023	22,157,854	-132,123		1,800,000	-912,618	-1,100,000	21,813,113
2024	21,813,113	436,262	1,701,330	1,800,000	-812,760	-1,200,000	23,737,946
2025	23,737,946	474,759	3,079,905	1,800,000	0	-1,100,000	27,992,609
2026	27,992,609	559,852	1,095,998	1,800,000	0	-1,100,000	30,348,459
2027	30,348,459	606,969	0	1,800,000	-807,818	-1,100,000	30,847,611
2028	30,847,611	616,952	0	1,800,000	-1,433,859	-1,100,000	30,730,704
2029	30,730,704	614,614	0	1,800,000	-3,680,555	-1,050,000	28,414,763
2030	28,414,763	568,295	0	1,800,000	-3,343,916	-1,000,000	26,439,142
2031	26,439,142	528,783	0	1,800,000	-3,066,559	-1,000,000	24,701,367
2032	24,701,367	494,027	0	1,800,000	-3,498,348	-950,000	22,547,046
2033	22,547,046	450,941	0	1,800,000	-3,449,930	-950,000	20,398,056
2034	20,398,056	407,961	0	1,900,000	-3,309,795	-550,000	18,846,223
2035	18,846,223	376,924	0	1,900,000	-4,824,862	-500,000	15,798,285
2036	15,798,285	315,966	0	1,800,000	-3,694,910	-500,000	13,719,341
2037	13,719,341	274,387	0	1,800,000	-3,742,823	-450,000	11,600,905
2038	11,600,905	232,018	0	1,800,000	-3,257,154	-450,000	9,925,769
2039	9,925,769	198,515	0	1,800,000	-2,841,594	-400,000	8,682,690
2040	8,682,690	173,654	0	1,800,000	-2,816,114	-400,000	7,440,230
2041	7,440,230	148,805	0	1,800,000	-3,258,288		6,130,747
2042	6,130,747	122,615	0	1,800,000	-1,885,178		6,168,183
2043	6,168,183	123,364	0	1,800,000	-1,876,939		6,214,608
2044	6,214,608	124,292	0	1,800,000	-1,323,533		6,815,367
2045	6,815,367	136,307	0	1,800,000	-1,323,533		7,428,142
2046	7,428,142	148,563	1,491,467	1,800,000	0		10,868,172
2047	10,868,172	217,363	2,276,867	1,800,000	0		15,162,403
2048	15,162,403	303,248	3,116,867	1,800,000	0		20,382,519
2049	20,382,519	407,650	6,077,187	1,800,000	0		28,667,357
<b>Totals</b>		<b>10,557,631</b>	<b>23,205,806</b>	<b>72,247,593</b>	<b>-29,790,477</b>	<b>-21,160,000</b>	