

ARTICLE 5: Concord Middle  
School Building Project

# **ARTICLE 5. Concord Middle School Building Project**

Concord Finance Committee Presentation  
Special Town Meeting  
January 19, 2023

## Background (1 of 2)

- Estimated construction cost increased since January 2022 for various reasons
- Factors outside Concord Middle School Building Committee (CMSBC) control:
  - ✓ Material
  - ✓ Labor costs

## Background (2 of 2)

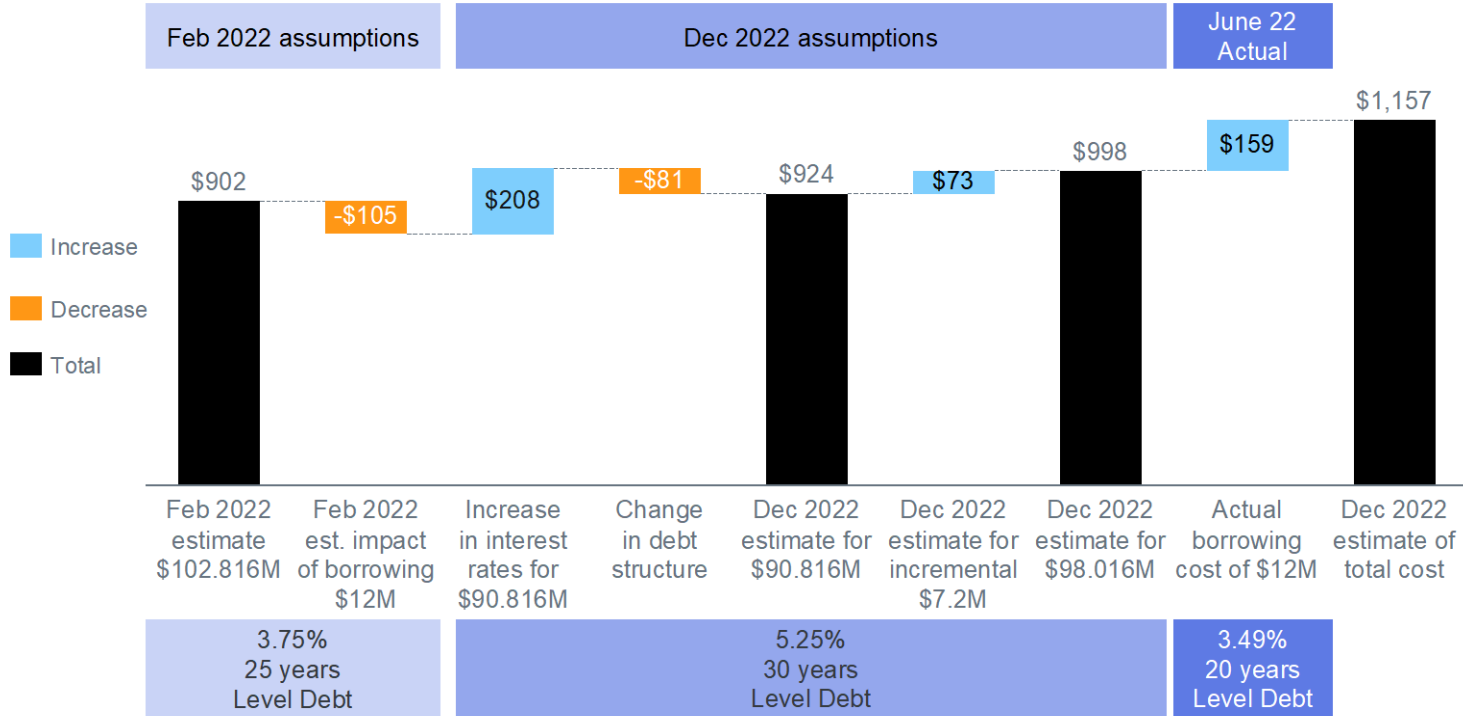
- CMSBC response to higher estimated costs:
  - ✓ Value engineering process to reduce costs
  - ✓ Process excluded some items not in the Educational Program
- Article 5 seeks authorization to borrow an additional \$7.2 million
- Interest rate increases affected borrowing costs

## Impact on annual real property tax of borrowing for the middle school

- Four factors affect borrowing costs:
  - ✓ Actual cost of design and construction
  - ✓ Interest rate(s)
  - ✓ Time period used to repay debt
  - ✓ Structure of periodic payments
- Next slide shows current estimate of impact on property tax at median assessed value

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## Changes in estimated impact of Middle School Building borrowing on annual taxes for median value home



## Finance Committee Considerations and Recommendation (1 of 2)

- Actual cost and impact on property taxes may be higher or lower than currently estimated
- Mitigation strategies may lower impact on property taxes
- CMSBC stated that not approving this additional borrowing now means:
  - ✓ Higher cost in the future and/or
  - ✓ Substantial changes in design, size, etc.

## **Finance Committee Considerations and Recommendation (2 of 2)**

- \$73 annual estimated incremental increase in property tax at median value (\$1.170M) if Article 5 is approved

**Recommend affirmative action on Article 5**