

Frequently Asked Questions: Proposed Recreation and Youth Services Center Debt Exclusion

Note: The City Council has approved placing a debt exclusion on a ballot for voter consideration in a special election on Tuesday, May 13, 2025. This means the voters will decide whether to authorize the construction of a new Recreation and Youth Services Center. This FAQ provides information on the financing plan and the vote to determine whether the project should move forward and be exempt from the provisions of Proposition 2½.

1. What is a Debt Exclusion?

A **debt exclusion** is a **temporary** property tax increase that allows a city or town to raise funds beyond the limits of **Proposition 2½** to repay debt for a specific project. Unlike a **general override**, a debt exclusion **only lasts for the life of the borrowing (typically 20–30 years)** and does **not** become part of the city's permanent tax base.

If approved, this debt exclusion would allow Newburyport to raise tax revenue **to fund the construction of a new Recreation and Youth Services Center**. Once the bonds are fully repaid, the temporary tax increase would end.

2. How much is the project expected to cost?

The total cost of the Recreation and Youth Services Center is **\$8.29 million**, funded through a combination of sources:

- **\$6.5 million** → **Debt exclusion borrowing** (requires voter approval)
- **\$1.8 million** → **Other available funds** (sale of property, opioid abatement, donations)

The amount of taxes the City is able to collect from its residents is capped based on Proposition 2½, meaning the City must be able to balance its budget within this cap. A debt exclusion would allow the City to collect taxes outside the Prop 2 ½ cap in order to pay for project that has been identified as a community priority.

3. When is the vote?

The City of Newburyport, pursuant to **G.L. c. 59, § 21C(a)**, will seek voter approval for a debt exclusion at a **special election on Tuesday, May 13, 2025**. If approved by voters, the City would be authorized to assess taxes in excess of the Proposition 2½ levy limit to pay the principal and interest on bonds issued to fund the construction and equipping of a new Recreation and Youth Services Center, including all related costs.

Early voting in person will be available at the **Newburyport Senior/Community Center, 331 High Street**, on the following dates:

- **Saturday, May 3:** 8:30 AM – 2:00 PM
- **Monday, May 5:** 8:30 AM – 3:30 PM
- **Tuesday, May 6:** 8:30 AM – 3:30 PM
- **Wednesday, May 7:** 8:30 AM – 3:30 PM
- **Thursday, May 8:** 8:30 AM – 6:30 PM
- **Friday, May 9:** 8:30 AM – 11:30 AM

In addition to in-person early voting, **vote-by-mail and absentee voting** will be available. Additional election details, including polling hours on May 13, will be posted by the **City Clerk's Office**. You may check your ward, polling location, and voter registration status, as well as apply for a vote-by-mail or absentee ballot on their website: <https://www.cityofnewburyport.com/city-clerk/pages/election-news>

4. What will the ballot question say?

If approved for the ballot, voters will see the following question:

Shall the city of Newburyport be allowed to exempt from the provisions of proposition two and one-half, so-called, the amounts required to pay for the bonds issued in order to pay costs of constructing and equipping and new recreation and youth services center, including the payment of all costs incidental or related thereto?

Voters will select “**Yes**” or “**No**” on the ballot. **The language of this ballot question is prescribed by state law.**

5. How much will this debt exclusion increase my taxes?

For the **average single-family home in Newburyport**, valued at **\$1,029,900**, the estimated tax impact of the **debt exclusion** would be:

- **+\$55 per year** for the life of the bonds (**estimated at 30 years**).

Your actual tax impact will depend on your property's **assessed value**. To calculate your specific impact, visit the City's **tax calculator**:

 www.cityofnewburyport.com/nrystaximpact

6. Does this debt exclusion replace previous debt that is expiring?

Yes. The debt for the new **Recreation and Youth Services Center** nearly **replaces** the **\$39/year** in debt from the **High School Addition/Renovation**, which will **expire in FY25**. This means the **net tax impact would be closer to \$16 per year** for the **average single-family home**.

Maintaining **consistent debt levels** is a **best practice** in municipal finance. This approach allows the city to **continue investing in infrastructure**, spread out costs over time, and **avoid large tax rate spikes** while completing essential projects.

7. How do we know the project cost estimates are reliable?

The **project has already gone out to bid**, meaning the city has received **actual contractor pricing** rather than relying on projections. The bid pricing is **being held for 120 days**, as required by the bid documents. This allows the city time to **secure funding**, after which it will enter into a **contract with the General Contractor (GC)** to complete the project. Once the contract is signed, the **cost and timeline are locked in** according to the terms established during bidding.

The **total project cost** includes:

- ✓ **Contractor bid pricing** for the building and site
- ✓ **A 7% construction contingency** to account for unforeseen conditions
- ✓ **A 3% fee for an Owner's Project Manager (OPM)** to oversee the project
- ✓ **Pedestrian and traffic safety improvements** on Low Street
- ✓ **Relocation of the Parks Division** to Perry Way

While **change orders** may occasionally be required, the **GC cannot increase the project cost unless a scope change is approved**. The city has also **incorporated standard contingencies** to help absorb unforeseen costs.

Because the project is **based on actual bid pricing**, these estimates are **firm and reliable**, aligning with **best-practice cost assumptions** from recent city projects.

8. When would the tax increase begin and end?

If approved, the tax impact would likely begin in **Fiscal Year 2026** and last for approximately **30 years**, until the bonds are fully repaid.

9. What happens if the debt exclusion is not approved?

The city has already **explored all potential options**, including **leasing space, using other municipal sites, and modifying existing facilities**. While the city would continue to seek alternative solutions, **viable and cost-effective options are extremely limited**.

Without the funding, Newburyport may need to:

- **Postpone the project**, which may result in future cost escalation.
- **Continue relying on outside facilities**, which do not allow the department to effectively serve the community.
- **Scale back programs and services**, which have already been reduced since the closure of the former Brown School.
- **Explore additional grants and private funding**, though these are not guaranteed.

10. How does this debt exclusion compare to existing debt exclusions?

For the **average single-family home in Newburyport** (*valued at \$1,029,900*), current tax impacts from **previous debt exclusions** include:

- **High School Addition/Renovation** → \$39/year (Paid off in 2025)
- **Senior/Community Center** → \$58/year (Paid off in 2035)
- **New Bresnahan Elementary School** → \$194/year (Paid off in 2038)
- **Nock Middle/Molin Upper Elementary School Renovation** → \$152/year (Paid off in 2038)

12. Where can I find more information?

- Visit the **City of Newburyport's** [Project Page](#).
- Use the **tax impact calculator**.  www.cityofnewburyport.com/nrystaximpact
- Attend **public meetings and informational sessions** to learn more.