

June 9, 2025

From: Hamilton Finance and Advisory Committee

Commentary and Recommendations on the Warrant for:

SPECIAL TOWN MEETING

Monday June 9, 2025

Hamilton-Wenham Regional High School, Hamilton

To the Citizens of Hamilton:

Before each Annual Town Meeting and Special Town Meeting, the Finance and Advisory Committee (FINCOM) is asked to provide our recommendations and analysis regarding the warrant articles to be presented at Town Meeting for your deliberation and disposition. FINCOM's responsibility is to recommend the action we consider appropriate as to "any or all municipal questions." As citizens, you are entitled to consider and vote on all such questions presented to you on the town meeting warrant.

As Hamilton residents, we are fortunate to have retained the most direct and democratic form of governance--the town meeting. But that means that only those who attend will ultimately make these decisions. Too often, a small minority of citizens make decisions at town meeting that will affect all citizens. FINCOM encourages you to participate in the decision-making process by attending Town Meeting and voting on these important matters.

Please read this document in conjunction with the Warrant and the appropriate Appendices. Please refer to those documents for the wording of the articles, summaries, and fiscal impact as prepared by the Select Board (SB), Town Manager, Finance Director, and Town Counsel.

These items should not be viewed or decided on in a vacuum but must be considered in context with each other; what the funding sources will be as well as the cumulative effect on the tax rate. FINCOM will provide insight into the projected tax impact of these proposed projects during the Town meeting as well as posting the same information to the FINCOM website.

ARTICLE 2025/6 1 – HWRSD Consolidated Elementary School

FINCOM Supports the Consolidated School Building Proposal

The FINCOM supports Article 1 which requires Hamilton to take responsibility for **\$61 Million of the \$142 Million school consolidation project cost.** Renovation of the existing buildings represents a longer, more expensive and tremendously disruptive effort. It will require multiple override votes over a 10-year period and expose taxpayers to increasing construction cost due to labor and material cost increases and supply chain complications. We need to look no further than the current Hamilton Town Hall project (42% cost escalation impact) to illustrate this cost escalation risk.

As we have paused to reflect on the journey that has led to a vote on this article, we are reminded that we have been assessing the consolidation of two elementary schools for a decade. This proposal has been under consideration by multiple school committees, select boards and finance committees. In the 2014 Hamilton-Wenham Regional School District (District) Master Plan, a recommendation for a consolidated school was discussed and the report stated *“if the district were interested in the most cost-effective construction project, a single school (population 728 students) is the least expensive”* option out of a range of options.

The proposal represented by Article 1 is the result of a similar assessment as the 2014 study. It was prepared by a new team of residents, educators, architects, cost estimators and administrators. This team represents a group of people who are all expert in various occupations and areas of specialty. They have reached the same conclusion as the 2014 effort: *the most cost-effective construction project, a single school (population 740 students) is the least expensive” option out of a range of options. The highlight of the current proposal is that it contains a new element: the MSBA has committed to a reimbursement of \$49 Million. Forfeiting or deferring this subsidy would prove to be extremely costly to Hamilton’s taxpayers.*

In December 2023, the School Building Committee (SBC) reviewed fifteen (15) construction options for both the Cutler School and Winthrop school sites. These options included cost estimates for a range of scenarios for: 1) “Base Repair / Code Upgrades” 2) “Addition / Renovation” and 3) “New Construction.” These cost estimates were prepared by JCJ Architecture and PM & C (Cost estimators.) The SBC hired these firms because they are highly regarded industry participants. Ultimately, one of these options (C 3.4) evolved into the proposal being considered for a vote at this town meeting and represents the most cost-effective option out of a range of options.

As noted previously, alternative proposals to the consolidated school project (two new schools, renovation, delay, etc.) will simply cost the School District more in the long-run. The most vivid example of this is a scenario to build two new schools, the 2nd school built 10 years after the 1st school. In this scenario, both schools would follow the design which aligns with the Educational Plan adopted by the District. The difference would be \$86

Million in project cost which would translate into an estimated \$73 Million of additional tax burden for Hamilton taxpayers.

The FINCOM discussed what would happen if the District deferred or delayed investment in our facilities. The FINCOM does not possess the definitive answer to this question, but in researching these questions, one would find that **industry experts feel that lack of investment in school facilities certainly exerts downward pressure on school quality / rankings and property values. It is expected, the school district and the town would become less desirable if funding for investments in school facilities is negatively impacted.**

The FINCOM expects that if this school warrant does not gain approval, the School Committee will **enter a phase of planning**. We expect this planning effort would result **in a return to Town Meeting to fund “proposition 2 ½” overrides** to shore-up critical Cutler and Winthrop projects. Following that effort would be a series of larger **“proposition 2 ½” overrides** to fund more substantive investments in these buildings. Certainly, FINCOM expects the District would apply for and avail itself of any/all MSBA funding programs which are available.

Restating several of the key drivers for FINCOM’s support of this project is appropriate at this point:

- **The immediate availability (2028) of the \$49M MSBA reimbursement award.** This is a “once-in-a-great while opportunity.” A delay in utilizing these funds, of even just three years, could impose a loss of value to the school District of \$6 M+ (By way of reminder, the reimbursement from the MSBA includes \$1.6 Million for “best practices” in building maintenance.)
- **Consolidating two schools removes two old buildings from the capital repair/improvement pipeline.** Simply stated, FINCOM does not believe investing tens-of-millions of funding into two 60/70-year-old school buildings is a strong investment proposal. Consolidation would allow the District to redirect focus and funding onto other schools in the District. (The near-term capital contained in the FY ’25 budget targeting these two schools was \$9.4 Million and would be largely avoided while considering risk, safety, comfort and functionality.)
- **School construction costs** have increased dramatically (30 – 50%) since 2020. It is expected this upward trajectory will continue. **Industry forecasts predict a 5-7% increase in overall construction costs in 2025.** These impacts are arising from lack of labor availability, potential tariffs, supply chain issues, commodity and material cost increases and overall market inflation. Any school construction project will continue to be battered by this cost pressure.

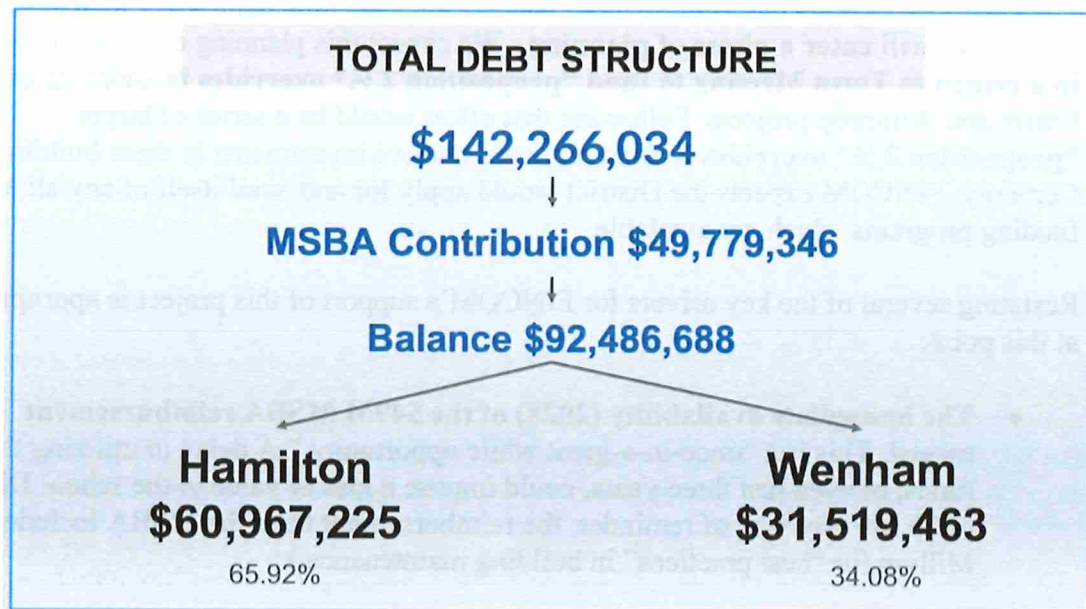
The Finance and Advisory Committee recommends FAVORABLE ACTION (4-0) on Article 1.

ARTICLE 2025/6 2 Extensions of Lease - Cutler School

the purpose of this article is to extend the lease of the Cutler School property for 50 years. The extension provides the Hamilton-Wenham Regional School District with the flexibility it requires to pursue a new school construction project.

The Finance and Advisory Committee recommends FAVORABLE ACTION (4-0) on Article 2.

Tax Impact of Proposed School - from the HWRSD Project Website



HAMILTON'S SHARE OF THE DEBT WITH 4.5% INTEREST

Principal: \$60,967,225 + Interest \$28,807,014 = \$89,774,239

(Avg. Single Family Assessed Value FY25: \$816,085)

Year 1: **\$2.53** per 1000 → Year 1: **\$2,064.70**
 Year 5: **\$2.29** per 1000 → Year 5: **\$1,868.83**
 Year 10: **\$1.99** per 1000 → Year 10: **\$1,624.01**
 Year 15: **\$1.69** per 1000 → Year 15: **\$1,379.18**
 Year 20: **\$1.39** per 1000 → Year 20: **\$1,134.36**

The rate per thousand will decrease each year. These numbers represent the rate per thousand in 5-year increments.

Tax Impact of Proposed School - from the HWRSD Project Website (Continued)

HAMILTON		Average home assessment									
Residential Tax Rate		\$15.65									
Year:	Debt:	YEAR 1 2028	YEAR 2 2029	YEAR 3 2030	YEAR 4 2031	YEAR 5 2032	YEAR 6 2033	YEAR 7 2034	YEAR 8 2035	YEAR 9 2036	YEAR 10 2037
		\$5,791,886.35	\$5,654,710.09	\$5,517,533.84	\$5,380,357.59	\$5,243,181.33	\$5,106,005.07	\$4,968,822.81	\$4,831,652.56	\$4,694,476.31	\$4,557,300.05
Tax Rate Impact		\$2.53	\$2.47	\$2.41	\$2.35	\$2.29	\$2.23	\$2.17	\$2.11	\$2.05	\$1.99
House Value											
\$100,000.00		\$253.00	\$247.00	\$241.00	\$235.00	\$229.00	\$223.00	\$217.00	\$211.00	\$205.00	\$199.00
\$200,000.00		\$506.00	\$494.00	\$482.00	\$470.00	\$458.00	\$446.00	\$434.00	\$422.00	\$410.00	\$398.00
\$300,000.00		\$759.00	\$741.00	\$723.00	\$705.00	\$687.00	\$669.00	\$651.00	\$633.00	\$615.00	\$597.00
\$400,000.00		\$1,012.00	\$988.00	\$964.00	\$940.00	\$916.00	\$892.00	\$868.00	\$844.00	\$820.00	\$796.00
\$500,000.00		\$1,265.00	\$1,235.00	\$1,205.00	\$1,175.00	\$1,145.00	\$1,115.00	\$1,085.00	\$1,055.00	\$1,025.00	\$995.00
\$600,000.00		\$1,518.00	\$1,482.00	\$1,446.00	\$1,410.00	\$1,374.00	\$1,338.00	\$1,302.00	\$1,266.00	\$1,230.00	\$1,194.00
\$700,000.00		\$1,771.00	\$1,729.00	\$1,687.00	\$1,645.00	\$1,603.00	\$1,561.00	\$1,519.00	\$1,477.00	\$1,435.00	\$1,393.00
\$800,000.00		\$2,024.00	\$1,976.00	\$1,928.00	\$1,880.00	\$1,832.00	\$1,784.00	\$1,736.00	\$1,688.00	\$1,640.00	\$1,592.00
\$816,085.00		\$2,064.70	\$2,015.73	\$1,966.76	\$1,917.80	\$1,868.83	\$1,819.87	\$1,770.90	\$1,721.94	\$1,672.97	\$1,624.01
\$900,000.00		\$2,277.00	\$2,223.00	\$2,169.00	\$2,115.00	\$2,061.00	\$2,007.00	\$1,953.00	\$1,899.00	\$1,845.00	\$1,791.00
\$1,000,000.00		\$2,530.00	\$2,470.00	\$2,410.00	\$2,350.00	\$2,290.00	\$2,230.00	\$2,170.00	\$2,110.00	\$2,050.00	\$1,990.00
\$1,100,000.00		\$2,783.00	\$2,717.00	\$2,651.00	\$2,585.00	\$2,519.00	\$2,453.00	\$2,387.00	\$2,321.00	\$2,255.00	\$2,189.00
\$1,200,000.00		\$3,036.00	\$2,964.00	\$2,892.00	\$2,820.00	\$2,748.00	\$2,676.00	\$2,604.00	\$2,532.00	\$2,460.00	\$2,388.00
\$1,300,000.00		\$3,289.00	\$3,211.00	\$3,133.00	\$3,055.00	\$2,977.00	\$2,899.00	\$2,821.00	\$2,743.00	\$2,665.00	\$2,587.00
\$1,400,000.00		\$3,542.00	\$3,458.00	\$3,374.00	\$3,290.00	\$3,206.00	\$3,122.00	\$3,038.00	\$2,954.00	\$2,870.00	\$2,786.00
\$1,500,000.00		\$3,795.00	\$3,705.00	\$3,615.00	\$3,525.00	\$3,435.00	\$3,345.00	\$3,255.00	\$3,165.00	\$3,075.00	\$2,985.00
\$1,600,000.00		\$4,048.00	\$3,952.00	\$3,856.00	\$3,760.00	\$3,664.00	\$3,568.00	\$3,472.00	\$3,376.00	\$3,280.00	\$3,184.00
\$1,700,000.00		\$4,301.00	\$4,199.00	\$4,097.00	\$3,995.00	\$3,893.00	\$3,791.00	\$3,689.00	\$3,587.00	\$3,485.00	\$3,383.00
\$1,800,000.00		\$4,554.00	\$4,446.00	\$4,338.00	\$4,230.00	\$4,122.00	\$4,014.00	\$3,906.00	\$3,798.00	\$3,690.00	\$3,582.00
\$1,900,000.00		\$4,807.00	\$4,693.00	\$4,579.00	\$4,465.00	\$4,351.00	\$4,237.00	\$4,123.00	\$4,009.00	\$3,895.00	\$3,781.00
\$2,000,000.00		\$5,060.00	\$4,940.00	\$4,820.00	\$4,700.00	\$4,580.00	\$4,460.00	\$4,340.00	\$4,220.00	\$4,100.00	\$3,980.00
\$2,100,000.00		\$5,313.00	\$5,187.00	\$5,061.00	\$4,935.00	\$4,809.00	\$4,683.00	\$4,557.00	\$4,431.00	\$4,305.00	\$4,179.00
\$2,200,000.00		\$5,566.00	\$5,434.00	\$5,302.00	\$5,170.00	\$5,038.00	\$4,906.00	\$4,774.00	\$4,642.00	\$4,510.00	\$4,378.00
\$2,300,000.00		\$5,819.00	\$5,681.00	\$5,543.00	\$5,405.00	\$5,267.00	\$5,129.00	\$4,991.00	\$4,853.00	\$4,715.00	\$4,577.00
\$2,400,000.00		\$6,072.00	\$5,928.00	\$5,784.00	\$5,640.00	\$5,496.00	\$5,352.00	\$5,208.00	\$5,064.00	\$4,920.00	\$4,776.00
\$2,500,000.00		\$6,325.00	\$6,175.00	\$6,025.00	\$5,875.00	\$5,725.00	\$5,575.00	\$5,425.00	\$5,275.00	\$5,125.00	\$4,975.00

HAMILTON

Residential Tax Rate

\$15.65

Average home assessment

	Year:	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20
	Debt:	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
	Rate Impact:	\$1.93	\$1.87	\$1.81	\$1.75	\$1.69	\$1.63	\$1.57	\$1.51	\$1.45	\$1.39
House Value											
\$100,000.00		\$193.00	\$187.00	\$181.00	\$175.00	\$169.00	\$163.00	\$157.00	\$151.00	\$145.00	\$139.00
\$200,000.00		\$386.00	\$374.00	\$362.00	\$350.00	\$338.00	\$326.00	\$314.00	\$302.00	\$290.00	\$278.00
\$300,000.00		\$579.00	\$561.00	\$543.00	\$525.00	\$507.00	\$489.00	\$471.00	\$453.00	\$435.00	\$417.00
\$400,000.00		\$772.00	\$748.00	\$724.00	\$700.00	\$676.00	\$652.00	\$628.00	\$604.00	\$580.00	\$556.00
\$500,000.00		\$965.00	\$935.00	\$905.00	\$875.00	\$845.00	\$815.00	\$785.00	\$755.00	\$725.00	\$695.00
\$600,000.00		\$1,158.00	\$1,122.00	\$1,086.00	\$1,050.00	\$1,014.00	\$978.00	\$942.00	\$906.00	\$870.00	\$834.00
\$700,000.00		\$1,351.00	\$1,309.00	\$1,267.00	\$1,225.00	\$1,183.00	\$1,141.00	\$1,099.00	\$1,057.00	\$1,015.00	\$973.00
\$800,000.00		\$1,544.00	\$1,496.00	\$1,448.00	\$1,400.00	\$1,352.00	\$1,304.00	\$1,256.00	\$1,208.00	\$1,160.00	\$1,112.00
\$816,085.00		\$1,575.04	\$1,526.08	\$1,477.11	\$1,428.15	\$1,379.18	\$1,330.22	\$1,281.25	\$1,232.29	\$1,183.32	\$1,134.36
\$900,000.00		\$1,737.00	\$1,683.00	\$1,629.00	\$1,575.00	\$1,521.00	\$1,467.00	\$1,413.00	\$1,359.00	\$1,305.00	\$1,251.00
\$1,000,000.00		\$1,930.00	\$1,870.00	\$1,810.00	\$1,750.00	\$1,690.00	\$1,630.00	\$1,570.00	\$1,510.00	\$1,450.00	\$1,390.00
\$1,100,000.00		\$2,123.00	\$2,057.00	\$1,991.00	\$1,925.00	\$1,859.00	\$1,793.00	\$1,727.00	\$1,661.00	\$1,595.00	\$1,529.00
\$1,200,000.00		\$2,316.00	\$2,244.00	\$2,172.00	\$2,100.00	\$2,028.00	\$1,956.00	\$1,884.00	\$1,812.00	\$1,740.00	\$1,668.00
\$1,300,000.00		\$2,509.00	\$2,431.00	\$2,353.00	\$2,275.00	\$2,197.00	\$2,119.00	\$2,041.00	\$1,963.00	\$1,885.00	\$1,807.00
\$1,400,000.00		\$2,702.00	\$2,618.00	\$2,534.00	\$2,450.00	\$2,366.00	\$2,282.00	\$2,198.00	\$2,114.00	\$2,030.00	\$1,946.00
\$1,500,000.00		\$2,895.00	\$2,805.00	\$2,715.00	\$2,625.00	\$2,535.00	\$2,445.00	\$2,355.00	\$2,265.00	\$2,175.00	\$2,085.00
\$1,600,000.00		\$3,088.00	\$2,992.00	\$2,896.00	\$2,800.00	\$2,704.00	\$2,608.00	\$2,512.00	\$2,416.00	\$2,320.00	\$2,224.00
\$1,700,000.00		\$3,281.00	\$3,179.00	\$3,077.00	\$2,975.00	\$2,873.00	\$2,771.00	\$2,669.00	\$2,567.00	\$2,465.00	\$2,363.00
\$1,800,000.00		\$3,474.00	\$3,366.00	\$3,258.00	\$3,150.00	\$3,042.00	\$2,934.00	\$2,826.00	\$2,718.00	\$2,610.00	\$2,502.00
\$1,900,000.00		\$3,667.00	\$3,553.00	\$3,439.00	\$3,325.00	\$3,211.00	\$3,097.00	\$2,983.00	\$2,869.00	\$2,755.00	\$2,641.00
\$2,000,000.00		\$3,860.00	\$3,740.00	\$3,620.00	\$3,500.00	\$3,380.00	\$3,260.00	\$3,140.00	\$3,020.00	\$2,900.00	\$2,780.00
\$2,100,000.00		\$4,053.00	\$3,927.00	\$3,801.00	\$3,675.00	\$3,549.00	\$3,423.00	\$3,297.00	\$3,171.00	\$3,045.00	\$2,919.00
\$2,200,000.00		\$4,246.00	\$4,114.00	\$3,982.00	\$3,850.00	\$3,718.00	\$3,586.00	\$3,454.00	\$3,322.00	\$3,190.00	\$3,058.00
\$2,300,000.00		\$4,439.00	\$4,301.00	\$4,163.00	\$4,025.00	\$3,887.00	\$3,749.00	\$3,611.00	\$3,473.00	\$3,335.00	\$3,197.00
\$2,400,000.00		\$4,632.00	\$4,488.00	\$4,344.00	\$4,200.00	\$4,056.00	\$3,912.00	\$3,768.00	\$3,624.00	\$3,480.00	\$3,336.00
\$2,500,000.00		\$4,825.00	\$4,675.00	\$4,525.00	\$4,375.00	\$4,225.00	\$4,075.00	\$3,925.00	\$3,775.00	\$3,625.00	\$3,475.00

Tax Impact of Proposed School - Alternative format – Same project

Project Cost Allocation & Financing					Debt Service Impact			\$ Tax Impact by House Valuation							
	Project Cost Allocation with MSBA	% to Total	Project Cost Allocation w/o MSBA	% to Total	Debt Service	% to Total									
Hamilton	\$60,967,225	42.85%	\$93,781,770	65.92%	Hamilton	\$ 89,301,824	65.92%								
Wenham	\$31,519,463	22.16%	\$48,484,264	34.08%	Wenham	\$ 46,168,176	34.08%								
Sub - Total	\$92,486,688	65.01%	\$142,266,034	100.00%	Sub - Total	\$135,470,000	100.00%								
State	\$49,779,346	34.99%	-	0.00%	State	-	-								
Total	\$142,266,034	100.00%	\$142,266,034	100.00%	Total	\$135,470,000	100.00%								
Financing - By Year & Component					Tax Rate Impact of Debt Service					\$ Tax Impact by House Valuation					
Year	Balance Starting	Interest	Principal	Total	Ending Balance	Year	Annual Debt Service	Tax Rate Impact \$	Annual Tax % of 2025 Tax Rate	Year	Annual Tax Impact				
									\$ 798,000		500,000	798,000	1,000,000	1,400,000	2,000,000
1 2028	\$0,967,225	\$2,743,556	\$3,048,361	\$5,791,886	\$7,918,864	1 2028	\$ 5,791,886	\$ 2.53	16.1%	1 2028	\$ 1,263	\$ 2,016	\$ 2,526	\$ 3,537	\$ 5,052
2 2029	\$7,918,864	\$2,606,349	\$3,048,361	\$5,654,710	\$4,870,593	2 2029	\$ 5,654,710	\$ 2.47	15.8%	2 2029	\$ 1,233	\$ 1,968	\$ 2,465	\$ 3,453	\$ 4,933
3 2030	\$4,870,593	\$2,469,173	\$3,048,361	\$5,517,534	\$4,822,141	3 2030	\$ 5,517,534	\$ 2.41	15.4%	3 2030	\$ 1,203	\$ 1,920	\$ 2,407	\$ 3,369	\$ 4,813
4 2031	\$1,822,141	\$2,331,996	\$3,048,361	\$5,380,358	\$4,773,760	4 2031	\$ 5,380,358	\$ 2.35	15.0%	4 2031	\$ 1,173	\$ 1,873	\$ 2,347	\$ 3,285	\$ 4,693
5 2032	\$4,773,760	\$2,194,820	\$3,048,361	\$5,243,181	\$4,725,419	5 2032	\$ 5,243,181	\$ 2.29	14.6%	5 2032	\$ 1,143	\$ 1,825	\$ 2,287	\$ 3,202	\$ 4,574
6 2033	\$4,725,419	\$2,057,644	\$3,048,361	\$5,106,005	\$4,677,058	6 2033	\$ 5,106,005	\$ 2.23	14.2%	6 2033	\$ 1,114	\$ 1,777	\$ 2,227	\$ 3,118	\$ 4,454
7 2034	\$4,677,058	\$1,920,468	\$3,048,361	\$4,968,829	\$4,628,696	7 2034	\$ 4,968,829	\$ 2.17	13.8%	7 2034	\$ 1,084	\$ 1,729	\$ 2,167	\$ 3,034	\$ 4,334
8 2035	\$4,628,696	\$1,783,291	\$3,048,361	\$4,831,653	\$4,580,335	8 2035	\$ 4,831,653	\$ 2.11	13.5%	8 2035	\$ 1,054	\$ 1,682	\$ 2,107	\$ 2,950	\$ 4,215
9 2036	\$4,580,335	\$1,646,115	\$3,048,361	\$4,694,476	\$4,531,974	9 2036	\$ 4,694,476	\$ 2.05	13.1%	9 2036	\$ 1,024	\$ 1,634	\$ 2,048	\$ 2,867	\$ 4,005
10 2037	\$4,531,974	\$1,508,939	\$3,048,361	\$4,557,300	\$4,483,619	10 2037	\$ 4,557,300	\$ 1.99	12.7%	10 2037	\$ 994	\$ 1,586	\$ 1,988	\$ 2,783	\$ 3,975
11 2038	\$4,483,619	\$1,371,763	\$3,048,361	\$4,420,124	\$4,435,251	11 2038	\$ 4,420,124	\$ 1.93	12.3%	11 2038	\$ 964	\$ 1,538	\$ 1,928	\$ 2,699	\$ 3,856
12 2039	\$4,435,251	\$1,234,586	\$3,048,361	\$4,282,948	\$4,356,890	12 2039	\$ 4,282,948	\$ 1.87	11.9%	12 2039	\$ 934	\$ 1,491	\$ 1,868	\$ 2,615	\$ 3,736
13 2040	\$4,386,890	\$1,097,410	\$3,048,361	\$4,145,771	\$4,338,529	13 2040	\$ 4,145,771	\$ 1.81	11.6%	13 2040	\$ 904	\$ 1,443	\$ 1,808	\$ 2,532	\$ 3,616
14 2041	\$4,338,529	\$960,234	\$3,048,361	\$4,008,595	\$4,230,168	14 2041	\$ 4,008,595	\$ 1.75	11.2%	14 2041	\$ 874	\$ 1,395	\$ 1,748	\$ 2,448	\$ 3,497
15 2042	\$4,290,168	\$823,058	\$3,048,361	\$3,871,419	\$4,241,806	15 2042	\$ 3,871,419	\$ 1.69	10.8%	15 2042	\$ 844	\$ 1,347	\$ 1,689	\$ 2,364	\$ 3,377
16 2043	\$4,241,806	\$685,881	\$3,048,361	\$3,734,243	\$4,219,445	16 2043	\$ 3,734,243	\$ 1.63	10.4%	16 2043	\$ 814	\$ 1,300	\$ 1,629	\$ 2,280	\$ 3,257
17 2044	\$4,193,445	\$548,705	\$3,048,361	\$3,597,066	\$4,195,084	17 2044	\$ 3,597,066	\$ 1.57	10.0%	17 2044	\$ 784	\$ 1,252	\$ 1,569	\$ 2,196	\$ 3,138
18 2045	\$4,145,084	\$411,529	\$3,048,361	\$3,459,890	\$4,190,723	18 2045	\$ 3,459,890	\$ 1.51	9.6%	18 2045	\$ 755	\$ 1,204	\$ 1,509	\$ 2,113	\$ 3,018
19 2046	\$4,096,723	\$274,353	\$3,048,361	\$3,322,714	\$4,186,361	19 2046	\$ 3,322,714	\$ 1.45	9.3%	19 2046	\$ 725	\$ 1,156	\$ 1,448	\$ 2,029	\$ 2,898
20 2047	\$4,048,361	\$137,176	\$3,048,361	\$3,185,538	-	20 2047	\$ 3,185,538	\$ 1.39	8.9%	20 2047	\$ 695	\$ 1,109	\$ 1,389	\$ 1,945	\$ 2,779
Total		\$28,807,014	\$60,967,225	\$89,774,239		Total	\$ 89,774,239	\$ 31,247		Total	\$ 19,578	\$ 31,247	\$ 39,156	\$ 54,819	\$ 78,312
Average		\$1,440,351	\$3,048,361	\$4,488,712		Average	\$ 4,488,712	\$ 1.95	12.5%	Average	\$ 979	\$ 1,562	\$ 1,955	\$ 2,741	\$ 3,916
Interest Rate					FY 2025 Tax Rate per \$1,000										

Capital Spending & Estimated Impact FY '26 – FY '32

Capital* Spending & Estimated Impact -- FY '26 - FY '32				Estimates by FINCOM
Project	Gross Capital* in Millions	Hamilton - Estimated Annual Tax Impact** for a Home valued at \$798,000.	Comments	
Elementary School Project	\$142M	\$1,562 (Average over 20 Years)	* Gross Capital equals total Project Cost before reductions, reimbursements and offsets. These amounts are gathered from the School and Town budgets and are incremented by FINCOM to project likely additional outlays for the 7-Year period. ** The Estimated Annual Tax Impact is reduced by any expected funding outside of property taxes. This Consolidated School project is as follows: \$142,266,034 less \$49,779,346 from MSBA Contribution, less \$31,519,463 (Wenham) equals \$60,967,225 financed for (20 Years @ 4.5%. Range => starts @ \$1,016 Yr 1 Decreases to \$1,109 Yr 20)	
High School Roof Replacement	\$5M	\$45	Tax impact estimate assumes reimbursement by State & Wenham contribution @ 34%.	
High School / Middle School	\$2M	\$31	Tax impact estimate assumes Wenham contribution @ 34%.	
All other (HIS/MS - Flooring Replacement, Boiler Plant Phased Replacement, Window Replacement, HVAC Control Upgrade, Interior Painting,.)	\$4M	\$56	Tax impact estimate assumes Wenham contribution @ 34%. Certain elementary school capital spending is avoided with the construction of "combined" new school.	
Sub-Total School Capital	\$153M	\$1,694		
Water Projects	\$11M	\$0	Water projects are funded from Water bills paid by each taxpayer. These rates will likely rise due to increased investment in infrastructure and source projects.	
Vehicles	\$2M	\$61	Tax impact estimate assumes no funding outside of property taxes.	
All Other (Highways, Facilities, Recreation)	\$7M	\$157	Tax impact estimate assumes no funding outside of property taxes.	
Sub-Total Town Capital	\$20M	\$218		
Total School & Town Capital	\$173M	\$1,912		

School Building Options Evaluated by the School Building Committee – 12/23

Hamilton-Wenham Elementary School Project School Building Committee Meeting 12/18/2023
12/20/2023 Revision 1 : PDP Comparative Cost Estimate Exhibit

Cutler Site Options - Comparative PDP Estimates

Enrollment		Base Repair/Code Upgrade	Renovation	Addition/ Renovations				New Construction			
		C1.0	N/A	C2.1	C2.2	C2.3	C2.4	C3.1	C3.2	C3.3	C3.4
	\$/SF	\$745.54		\$888.14	\$873.30	\$831.11	\$828.27	\$855.88	\$840.88	\$798.90	\$795.94
285 Students	Construction Cost	\$34,145,732	X	\$74,555,273				\$71,846,646			
	Total Project Cost	\$44,826,486		\$98,526,718				\$92,125,634			
430 Students	Construction Cost		X		\$82,353,841				\$79,296,283		
	Total Project Cost				\$109,092,339				\$101,908,972		
645 Students	Construction Cost		X			\$107,161,879				\$103,009,377	
	Total Project Cost					\$142,096,285				\$132,527,828	
740 Students	Construction Cost		X				\$112,471,083				\$108,081,033
	Total Project Cost						\$149,263,361				\$139,180,374

Winthrop Site Options - Comparative PDP Estimates

Enrollment		Base Repair/ Code Upgrade	Renovation	Addition/ Renovations			New Construction		
		N/A	N/A	W2.2	W2.3	W2.4	W3.2	W3.3	W3.4
	\$/SF			\$889.09	\$840.96	\$838.33	\$903.85	\$851.75	\$848.58
285 Students	Construction Cost	X	X						
	Total Project Cost								
430 Students	Construction Cost	X	X	\$83,843,174			\$85,234,638		
	Total Project Cost			\$111,046,344			\$109,462,560		
645 Students	Construction Cost	X	X		\$108,432,225			\$109,823,691	
	Total Project Cost				\$143,762,979			\$141,195,635	
740 Students	Construction Cost	X	X			\$113,837,998			\$115,229,464
	Total Project Cost					\$151,056,753			\$148,273,178

The commentary on the following pages appeared in the April 5, 2025 Book of Recommendations and is unchanged from that document. This document is posted on the FINCOM Town Website.

April 5, 2025

From: Hamilton Finance and Advisory Committee

Commentary and Recommendations on the Warrant for:

ANNUAL TOWN MEETING

Saturday April 5, 2025

Hamilton-Wenham Regional High School, Hamilton

To the Citizens of Hamilton:

Before each Annual Town Meeting and Special Town Meeting, the Finance and Advisory Committee (FINCOM) is asked to provide our recommendations and analysis regarding the warrant articles to be presented at Town Meeting for your deliberation and disposition. FINCOM's responsibility is to recommend the action we consider appropriate as to "any or all municipal questions." As citizens, you are entitled to consider and vote on all such questions presented to you on the town meeting warrant.

As Hamilton residents, we are fortunate to have retained the most direct and democratic form of governance--the town meeting. But that means that only those who attend will ultimately make these decisions. Too often, a small minority of citizens make decisions at town meeting that will affect all citizens. FINCOM encourages you to participate in the decision-making process by attending Town Meeting and voting on these important matters.

Please read this document in conjunction with the Warrant and the appropriate Appendices. Please refer to those documents for the wording of the articles, summaries, and fiscal impact as prepared by the Select Board (SB), Town Manager, Finance Director, and Town Counsel.

These items should not be viewed or decided on in a vacuum but must be considered in context with each other; what the funding sources will be as well as the cumulative effect on the tax rate. FINCOM will provide insight into the projected tax impact of these proposed projects during the Town meeting as well as posting the same information to the FINCOM website.

ARTICLE 2025/4 2-11 – HWRSD Consolidated Elementary School

FINCOM Supports the Consolidated School Building Proposal

FINCOM supports Article 2-11 which requires Hamilton to take responsibility for:
\$61 Million of the \$142 Million school project cost.

The chart below is the proposal being advanced in Article 2-11.

Entity	Project Cost		Debt Service		
	\$M	%	\$M 20-Years	\$M Annual	Year 1 / Year 20
State	\$ 49	36%	Funded from State Income Tax		
Wenham	\$ 31	22%	\$46	\$2.3	\$3.0 - \$1.6
Hamilton	\$ 61	42%	\$89	\$4.4	\$5.8 - \$3.2
Total	\$ 142	100%	\$135		

Overview

The key drivers for this support are:

- **Consolidating two schools removes two old buildings from the capital repair/improvement pipeline.** Simply stated, FINCOM does not believe investing ten-of-millions of funding into two 60/70-year-old school buildings is a strong investment proposal. Consolidation would allow the District to redirect focus and funding onto other schools in the District. (The near-term capital contained in the FY '25 budget targeting these two schools was \$9.4Million and would be largely avoided while considering risk, safety, comfort and functionality.)
- **The immediate availability (2028) of the \$49M MSBA reimbursement award.** This is a “once-in-a-great while opportunity.” A delay in utilizing these funds, of even just three years, could impose a loss of value to the school District of \$6 M+ (By way of reminder, the reimbursement from the MSBA includes \$1.6 Million for “best practices” in building maintenance.)
- **As far back as 2014, a consolidated school was being discussed by both towns and the District.** The 2014 Hamilton-Wenham Regional School District (District) Master Plan contains a recommendation for a consolidated school *“if*

the district were interested in the most cost-effective construction project, a single school (population 728 students) is the least expensive” option out of a range of options. (Please take the time to review this document which is on the Elementary School project page.)

- **Alternative proposals to the proposed school project (two new schools, renovation, delay, etc.) will simply cost the School District more in the long-run.** The most vivid example of this is a scenario to build two new schools, the 2nd school built 10 years after the 1st school. In this scenario, both schools would follow the design which aligns with the Educational Plan adopted by the District. The difference would be \$86 Million in project cost which would translate into an estimated \$73 Million of additional tax burden for Hamilton taxpayers.
- **School construction costs** have increased dramatically (30 – 50%) since 2020. It is expected this upward trajectory will continue. **Industry forecasts predict a 5-7% increase in overall construction costs in 2025.** These impacts are arising from lack of labor availability, potential tariffs, supply chain issues, commodity and material cost increases and overall market inflation. Any school construction project will continue to be battered by this cost pressure.
- **The Unit costs per student** of this consolidated school project compare very favorably against recent MSBA approved projects and other project scenarios considered by the HWRSD. This means that because of economies of scale and a thoughtful design, the cost of the consolidated project is materially more attractive than alternatives.
 - **Net Project Cost per student is \$ 136 thousand**
 - **Square Footage per student is 172 Sq. ft.**

One Member of FINCOM Offered a Dissenting Point-of-View

While I agree that our town needs to address the condition of our school buildings, and I acknowledge that from a financial standpoint consolidation appears most economical, I cannot support the proposal to consolidate our three elementary schools into one.

Research consistently demonstrates that school and class size significantly impact educational outcomes—more than facility quality. Based on this evidence and my personal educational experience in smaller schools, I believe maintaining three separate elementary schools better serves our students' needs.

Rather than suggesting a specific alternative, I encourage our town and school board to develop creative solutions that preserve our smaller learning environments. One potential approach could include building one new school immediately while seeking MSBA aid, then upgrading the remaining two schools to adequate standards. We could implement a rotation system among the buildings to ensure equitable access for all students, particularly since all schools are within close proximity. Over time, we would then plan to replace the remaining two schools.

This approach would likely cost more over time, but I believe this represents a worthwhile investment in our children's education rather than prioritizing short-term financial considerations alone.

In the commentary that follows below, FINCOM is addressing a set of topics which we believe are important. Many questions have been asked and answered over the past two years by the School Building Committee and the School Administration.

Please refer to the Hamilton-Wenham Regional School District website and explore the Frequently Asked Questions (FAQs) section under the “HW Elementary School Project” page. Many financial related questions have been addressed in the various questions and answers presented there.

Background and Discussion

Investments in School Facilities – A Look Back....and Forward

As we all review capital spending projects, whether they are personal or business related, we ask ourselves some version of the following questions:

“What is the value derived from the investment?” What do we get for the investment?” or more simply stated....”What is the “return on investment.” “What do we get for our money?”.

As we look at a proposed new school investment, we will use this “Return on Investment” viewpoint.

When viewing any proposed investment, it is wise to consider the condition of the entire “portfolio” of assets under consideration. In this case our portfolio is our collection of school properties. Let’s view our previous school “investments” to set some context.

School Investments – A Look Back...and Forward

<p>In the 1950's and 60's ...</p> <p>The "Greatest Generation"....</p> <p>....responded to the post-WWII demand for school capacity in Hamilton & Wenham... and embarked on a building campaign....</p> <p>...from which the Cutler, Buker, Winthrop & High schools emerged.</p>	\$	Greatest Generation	Baby Boomers	Gen X, Millennials, Gen Z		
	School	1950 – 1974 (25 Years)	1975 – 1999 (25 Years)	2000 – 2024 (25 Years)	2025 – 2049 (25 Years)	2050 →
	Cutler	Constructed – '51 Additions – '52, '56	Addition – '92	X	Combined Elementary School →740 Students 127,298 sq ft • 172 sq ft per student \$ 142M – Gross Cost • \$193k gross per student • \$124k net per student \$ 49M – MSBA \$61M – Hamilton	
	Winthrop	Constructed – '59 Additions – '66	X 23 yrs	X 26 yrs		
	Buker	Constructed – '53 Additions – '55	Addition – '89	X		
	High School	Constructed – '61	Renovation / Addition – '99	X		Investment Required
	Miles River	-	Constructed – '99	X		

The chart above provides a historical view of the construction / addition projects undertaken for each school in the District starting in the 1950s. The oldest school in the portfolio is the Cutler School with the original construction dating to 1951.

Of particular note are the two ~25-year time - periods between major construction projects. These “paced” investments have allowed the District to finance and repay the associated debt obligation while trying to avoid layering one project upon another. This profile suggests that each “generation” in Hamilton and Wenham has invested in new school facilities, in a periodic manner, to benefit not only the current generation of students but also for future generations of students. This is a key pillar of public education in the U.S.

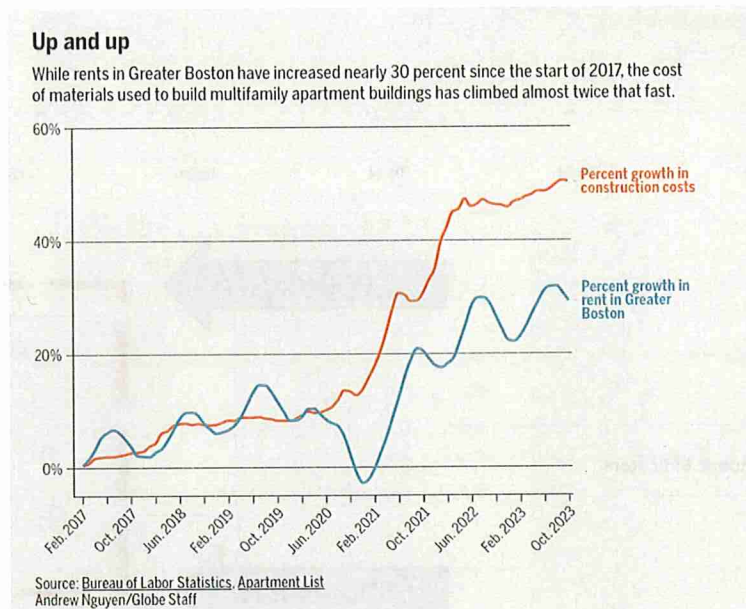
As mentioned above, as with any portfolio of investments/assets, it is wise to review the condition of those assets and determine if a replacement or alternative investment, with a higher performing return, should be utilized. The FINCOM believes the HWRSD is now at a point where a significant investment in the school portfolio is warranted. We do not advise inventing ten-of-millions of dollars in 1950s designed buildings. This point of view is supported by the evaluation of the Cutler School by the MSBA.

- As stated above, consolidating two schools removes two old buildings from the HWRSD building “portfolio” and removes the need for future investment in these two old buildings. This would allow the District to redirect focus on the other schools in the District.

Construction Cost Increases – Some Reference Points. (Boston Globe, MSBA Construction Analytics)

To provide a point-of-view regarding the construction cost increases we have observed, we used the following:

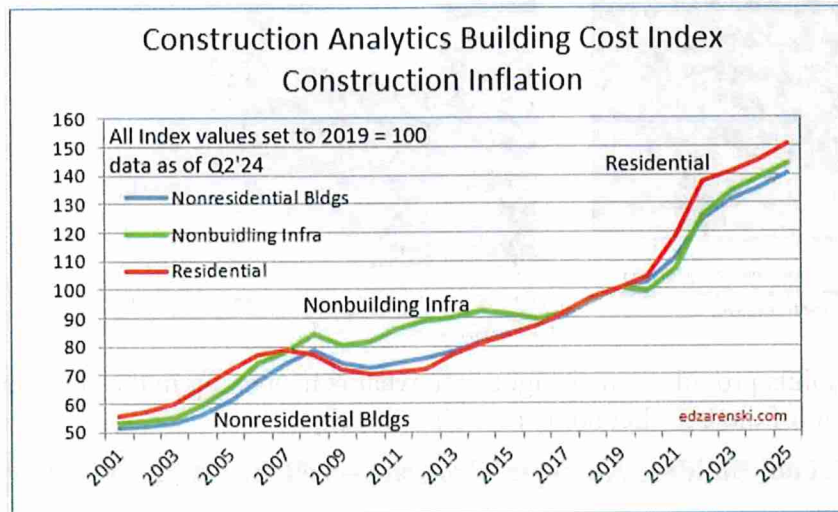
1. **Boston Globe Spotlight** - We were drawn to the Boston Globe “Spotlight” article dated December 2023. While the article does not align precisely with the Hamilton School Building Project, it does provide a valuable reference point regarding construction cost increases in the Greater Boston area. (Please take the time to go back and read this series of articles.) The chart below was included in this “Spotlight” article and is sourced from the Bureau of Labor Statistics. It indicates construction cost increases of 50% in the apartment building sector.



2. **Massachusetts School Building Authority (MSBA)** – The second source we used for construction cost information is the Massachusetts School Building Authority (MSBA).

While it is unlikely the chart below will be easily readable (please go to the MSBA website), the rightmost area of the chart provides some visual insight into the aggressive cost per square foot increases being realized and presented to the MSBA for recent school building projects. These cost increases are in the 30% - 50% range. The key point is that new construct costs have now moved into the \$800 - \$1,000 per square foot range.

3. **Ed Zarenski is a construction economics analyst.** He authors his research under the name “Construction Analytics.” He has been in the construction industry for 42 years. The most vivid expression from Ed is below which illustrates the construction cost dynamics with 2019 as the base year. He is showing 40% - 50% cost increases.



4. Boston Globe - February 2025 – School Construction Cost Increases

The increases in Massachusetts are similar to those across the nation, which are causing project costs to soar. According to the US Bureau of Labor Statistics, new school construction costs nationwide have spiked more than 32 percent since January 2020.

School construction costs nationwide have grown by about one-third in just five years.

Federal data show producer prices surged rapidly from 2021 to 2023.

— Change in school construction costs since January 2020.

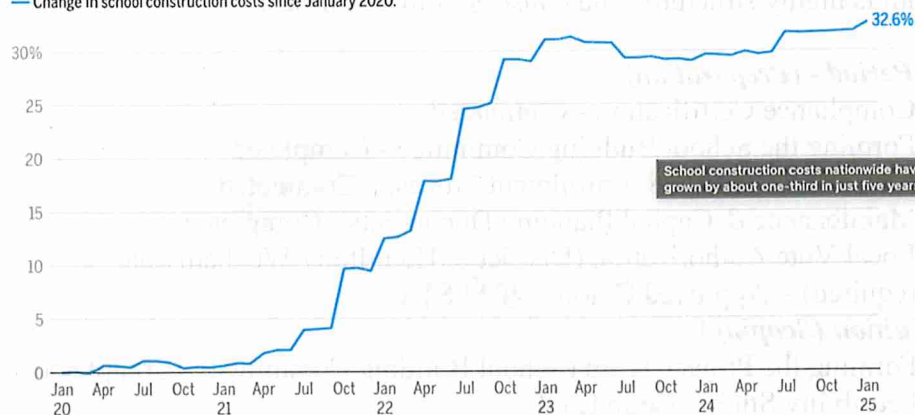


Chart: CHRISTOPHER HUFFAKER/GLOBE STAFF • Source: [U.S. Bureau of Labor Statistics via FRED®](#)

And those increases could worsen if President Trump proceeds with placing tariffs on an assortment of imports, which could include 25 percent tariffs on steel and lumber, according to [a White House announcement](#) and [multiple media reports](#).

\$700 million for a high school? Boston now seeking state funds to rebuild Madison Park as estimated costs balloon.

By Christopher Hurlburt Globe Staff, Updated February 23, 2023, 6:05 a.m.



The recent estimate of \$700 million would make the revamped Madison Park Technical Vocational High School the most expensive in state history. JONATHAN WIGGS/GLOBE STAFF

Generations of students have cycled through Boston's lone vocational high school, enduring periods of neglect, failed leadership, and broken promises until finally a beacon of hope emerged in 2023 with Mayor Michelle's Wu proposal to rebuild the Roxbury campus, [even doubling it in size](#).

Multiple Mass. schools that surpass half a billion? They're on the horizon as the cost of construction projects sharply rise.

By James Vaznis Globe Staff, Updated February 25, 2023, 12:10 p.m.



Recently completed portions of the Lowell High School during the ongoing renovation project. JONATHAN WIGGS/GLOBE STAFF/BOSTON GLOBE

The price tag for new public schools in Massachusetts [has risen sharply](#) over the last five years, with high schools increasingly exceeding \$300 million and at least two projects each likely to cost more than \$700 million.

These reference points provide some insight as to what is happening in the commercial construction sector of the U.S. Economy as well as locally.

Massachusetts School Building Authority Program – October 2022 – February 2025

In 2021, the Hamilton Wenham Regional School District (“District”) submitted a Statement of Interest (SOI) to the Massachusetts School Building Authority (“MSBA”) for the proposed Cutler Elementary School building project (Project). Previous SOIs were submitted in 2018, 2019 and 2020. The MSBA partners with Massachusetts communities to support the design and construction of educationally - appropriate, flexible, sustainable, and cost-effective public-school facilities. The Authority is a financing agency that utilizes its dedicated funding source (one penny of the Massachusetts State 6.25% sales tax) to fund school building projects across the state.

The MSBA program is highly structured and consists of three Phases:

1) Eligibility Period - (Preparation)

- a. Compliance Certification - Completed
- b. Forming the School Building Committee - Completed
- c. Educational Profile & Enrollment Process - Completed
- d. Maintenance & Capital Planning Documents - Completed
- e. Local Vote Authorization (District & Hamilton / Wenham vote required) – Approved October 2022 STM

2) Scope Definition (Scoping)

- a. Forming the Project Team (School Building Committee) - Completed
- b. Feasibility Study - Completed
- c. Schematic Design - Completed
- d. Funding the Project
 - o Hamilton/Wenham vote required) – April 2025

3) Scope Monitoring

- a. Detailed Design

- b. Construction
- c. Completing the Project

In March 2022, the District received an invitation into the “Eligibility Period” (EP) of the MSBA program. The District has completed five elements (# 1a – #1e) of the EP program, including the submission of maintenance and capital planning documentation. (This subject is addressed by the MSBA to determine how the District maintained its facilities. It will be discussed below.)

In October 2022, both Hamilton and Wenham voted to provide approval to participate in the program and authorized \$1.25M to support the “Scope Definition” phase of the program.

The School Committee, the School Building Committee and the School District Administration engaged the MSBA school building process subsequent to the October 2022 vote. Since that time, the School Building Committee has completed three of the four elements of the “Scope Definition” phase. (Elements 2a – 2c)

Educational Plan / Program

An “Educational Plan” is required by the MSBA to conceive, in detail, the educational priorities a new building should satisfy.

- **The Educational Plan is the key driver of the building design. This design drives the features and square footage of the building. The cost is derived from the features and square footage included in the building design.**
- To develop an Educational Plan, the School Building Committee invited community members, teachers, staff, and students into a visioning process, in October 2023, for what a new elementary school could provide to our elementary students and our community. Also, feedback was solicited through surveys, community forums, presentations at community events and meetings, school tours, workshops, and many touch points over the course of a year to gather a broad perspective for the project.
- Visioning Sessions:
 - October 5, 2023 – Visioning Session #1 - (0 Parents Attended)
 - October 11, 2023 – Visioning Session #2 - (3 parents Attended)
 - October 18, 2023 – Visioning Session #3 - (8 parents Attended)

The resulting Educational Plan was published in early 2024 and serves as the key driver of the design of the school facility. Ultimately, the design created by the school District and brought forward for consideration, must be in alignment with Educational Plan or funding from the MSBA is at risk. It is up to the District to ensure the building design aligns with the Educational Plan.

Additional Background from the MSBA regarding the Educational Plan / Program

During Feasibility Study, the District will document its educational program, define the proposed educational activities, and work with its Designer to develop design responses to meet the educational objectives and needs identified.

Educational Program Requirements

The District's educational program must include the following:

- A statement of the teaching philosophy and methods.
- A thorough, in-depth explanation of the District's curriculum goals, and objectives of the program elements associated with the subject facility
- District's educational program should describe and include, but not necessarily be limited to, the following as it relates to the current program, facility needs, and proposed program and design features:

1. Grade and School Configuration Policies
2. Class Size Policies
3. School Scheduling Method
4. Teaching Methodology and Structure
5. Teacher Planning
6. Professional Development
7. Pre-kindergarten (e.g., Special Education only, tuition programs, locations,)
8. Kindergarten (e.g., full day, half day, locations, if applicable)
9. Lunch Programs (e.g., number of servings, District kitchen, full-service kitchens,
10. Technology Instruction Policies and Program Requirements (e.g., labs, in-
11. Media Center/Library
12. Visual Art Programs (e.g., in-classroom, specialized area, etc.)
13. Performing Arts Programs (e.g., music, dance, drama theater, etc)
14. Physical Education Programs
15. Special Education Programs (e.g., in-house, collaborative, facility restrictions)
16. Vocations and Technology Programs
17. Transportation Policies
18. Functional and Spatial Relationships
19. Security and Visual Access Requirements
20. Typical Day and Week in the Life of a Student

So Why are Schools Built currently Materially Larger than those built in 1950s ?

While there's no single definitive average, schools built in the 1950s generally had less square footage per student than schools built today, with a focus on basic needs, while current schools prioritize larger, more flexible spaces for diverse learning needs.

Here's a more detailed comparison:

Schools of the 1950s:

- **Focus:** Primarily on basic education, with classrooms often designed for rote memorization and traditional teaching methods.
- **Square Footage:** Classrooms were often smaller, with a focus on maximizing the number of students in a given space.
- **Design:** Classrooms tended to be rectangular with rows of desks facing the front, and a teacher at the front.
- **Other Spaces:** Often had limited space for specialized areas like libraries, computer labs, or art rooms.

Modern Schools:

- **Focus:** Emphasize student-centered learning, critical thinking, and creativity, with a focus on fostering collaboration and problem-solving skills.
- **Square Footage:** Classrooms are larger, with more flexible spaces that can be adapted to different learning activities.
- **Design:** Classrooms are designed to promote collaboration and creativity, with flexible furniture, breakout areas, and technology integration.
- **Other Spaces:** Include specialized areas like libraries, computer labs, art rooms, and science labs, as well as spaces for collaboration and small group work.

Renovation vs New Construction:

Now, let's review the Cutler school project in more detail to unpack the Addition / Renovation subject and focus specifically on Option (C2.1) that was developed by the design team and presented below:

Comparisons:	MSBA - Approved Projects		HW School Building Committee Options					Apr '25 ATM
	10 Projects 10/22 ATM	Average 4 MSBA Projects	C1.0	C2.1	C3.1	C3.3	C3.4	
			Code Upgrade	Add / Reno	New	New	New	Preferred Option
School Project Cost (Millions)	\$ 85	\$ 107	\$ 46	\$ 115	\$ 106	\$ 142	\$ 151	\$ 142
Enrollment	652.5	550	285	285	285	645	740	740
Cost per Student	0							
Gross	\$ 130,599	\$ 195,233	\$ 159,958	\$ 403,941	\$ 373,223	\$ 220,734	\$ 203,832	\$ 192,251
Net	\$ 82,543	\$ 115,454	\$ 148,760	\$ 269,263	\$ 248,787	\$ 147,139	\$ 135,872	\$ 124,982
Gross Square Feet	119,627	101,941	45,800	83,945	83,945	128,939	127,298	127,298
Total Sq. Ft per Student	183	185	161	295	295	200	172	172
Gross Square Feet	119,627	101,941	45,800	83,945	83,945	128,939	127,298	127,298
Construction Cost	67,276,105	85,914,072	35,435,298	89,484,891	82,679,868	110,666,365	117,244,050	108,493,509
Construction Cost Per SF	562	843	774	1,066	985	858	921	852
Total Project	85,216,070	107,378,392	45,587,892	115,123,275	106,368,540	142,373,470	150,835,732	142,266,034
Total Cost Per SF	712	1,053	995	1,371	1,267	1,104	1,185	1,118

- The current Cutler School encompasses 45,800 sq. ft.
- The Addition / Renovation option reflecting the Educational Plan features and space ... grows to 83,945 sq. ft.

- This expansion of the footprint of the school accounts for a sizable portion of the “Add Reno” cost.
- If we were to *hypothetically* “split” the costs of C2.1 into two components:
 - the “Reno” portion is \$63M (54%) and
 - the “Add” portion is \$52M (46%).

School Building Option 2.1 Scenario: "Split "Add / Reno"					
		C2.1 Addition / Renovation			
		C1.0	C2.1	C2.1 "Reno"	C2.1 "Add"
		Code Upgrade	Add / Reno	"Reno"	"Add"
School Project Cost	Millions of \$	\$ 46	\$ 115	\$ 63	\$ 52
Size	Square Footage	45,800	83,945	45,800	38,145
# of Students	# of Students in Building	285	285	285	285
	Sq. Ft. / Student	161	295	161	134
"Gross" Project Cost		\$ 45,587,892	\$ 115,123,275	\$ 62,810,721	\$ 52,312,554
State Contribution		\$ (3,191,152)	\$ (38,383,251)	\$ (20,941,723)	\$ (17,441,529)
"Net" Project Cost to HWRSD		\$ 42,396,740	\$ 76,740,024	\$ 41,868,999	\$ 34,871,025
"Gross" Cost per Student		\$ 159,958	\$ 403,941	\$ 220,388	\$ 183,553
"Net" Cost per Student		\$ 148,760	\$ 269,263	\$ 146,909	\$ 122,354

While this “Add/Reno” expression is simply a mathematical model, it does give us a view into what a “Renovation” of the existing 45,800 sq. ft. Cutler building might be valued at. This “Reno” scenario retains the footprint of the 1950’s space design of the Cutler School. It would not address the desired enhancement elements contained in the Educational Plan. (Presenting this “hypothetical” valuation does not mean we could do this project with the involvement of the MSBA, it is simply a valuation “model.”)

FINCOM Discussion of Proposed School Building Project – at Annual Town Meetings 2022 - 2024....What have we shared previously with Taxpayers...?

October 2022 – Special Town Meeting (STM), Both Hamilton and Wenham voted to provide approval to participate in the MSBA “Feasibility Study” component of program and authorized \$1.25M to support the “Scope Definition” phase of the program. (The MSBA has been reimbursing the District over the past year, and it is anticipated the reimbursement will ultimately be 48% of the \$1.25M.) FINCOM included a detailed overview of the MSBA program (in the Book of Recommendations) and urged voters to educate themselves about the program. A financial overview of 10 recent school projects was also included. Given the age and condition of the school facilities across the District, and the size of the “subsidy” FINCOM supported providing funding for the Feasibility Study.

April 2023 - Annual Town Meeting (ATM), At the meeting, FINCOM presented a capital forecast and tax impact inclusive of the School District and Town. The assumptions supporting the “New School – Cutler Elementary Project” profile was assumed to be a 700-student building with a cost in the range of \$85M - \$120M. This was a 143,000 sq. ft. building. The annual tax impact presented was **\$700 - \$1,200** for a house valued at \$713,000. (Keep in mind these were estimates for a project completing five years in the future.)

Capital Spending & Tax Impact - Estimate -- FY '24 - FY '30

	Project	Gross Capital* in Millions	Hamilton - Estimated Annual Tax Impact** for a Home valued at \$713,000	Comments * Gross Capital equals total Project Cost before reductions, reimbursements and offsets. ** The Estimated Annual Tax Impact is correspondingly reduced by any expected funding outside of property taxes.
School District	New School - Cutler Elementary Project	\$85M - \$120M	\$700 - \$1,200	Tax impact estimate assumes reimbursement by MSBA (State) and Wenham contribution @ 34%.
	Fields at High School	\$15M	\$250 - \$300	Tax impact estimate assumes offsets from Gifts, Grants, Fundraising (E&D, CPC, etc) and Wenham contribution @ 34%.
	High School Roof Replacement	\$2M	\$18	Tax impact estimate assumes reimbursement by State and Wenham contribution @ 34%.
	All other	\$10M	\$78	Tax impact estimate assumes Wenham contribution @ 34%.
	Sub-Total School Capital	\$112M - \$147M	\$1,046 - \$1,596	
Hamilton	Water Projects	\$10M	\$0	Water projects are generally funded from Water Revenue paid by each taxpayer. (Not a tax but a usage fee)
	Town Hall Renovation	\$6M	\$0	Renovations are expected to be funded by previously approved CPC grant and Free cash available. (All funds sourced from taxpayers)
	All Other	\$6M	\$134	Tax impact estimate assumes no funding outside of property taxes.
	Sub-Total Town Capital	\$22M	\$134	
	Total School & Town Capital	\$134M - \$169M	\$1,180 - \$1,730	

Notes: Since 2019 operational budget increases from the Town and School have increased Hamilton's Property Taxes at a compounded annual growth rate of 5.92% or \$592 per year for a home with a value of \$713,000. The tax impact of capital projects would be in addition to annual increases from operational budgets.

3/26/23 - Version 21

ATM - Capital / Financial Overview - Notes

1

April 2024 Annual Town Meeting, the FINCOM presented a capital forecast and tax impact inclusive of the School District and Town. This included a school which would house 740 students. The capital cost was in the range of \$44M - \$151M. The annual tax impact presented was **\$678 - \$1,569** for a house valued at \$798,000.

(The “Elementary School Project” “profile” included 14 building options with the largest building being 123,000 sq. ft.)

Capital* Spending & Estimated Impact -- FY '25 - FY '31				Estimates by FINCOM
	Project	Gross Capital* in Millions	Hamilton - Estimated Annual Tax Impact** for a Home valued at \$798,000	Comments * Gross Capital equals total Project Cost before reductions, reimbursements and offsets. These amounts are gathered from the School and Town budgets and are incremented by FINCOM to project likely additional outlays for the 7-year period. ** The Estimated Annual Tax Impact is reduced by any expected funding outside of property taxes. This estimate includes interest from financing capital @ 5% over 30 years. (1) The range represents a total of 14 potential scenarios that have been examined by the School Building Committee. (2) Tax impact estimate assumes Reimbursement by MSBA (State) - (\$6M - \$47M) - Wenham contribution @ 34%. (3) Tax impact estimate assumes reimbursement by State & Wenham contribution @ 34%. (4) Tax impact estimate assumes Wenham contribution @ 34%. (5) Certain elementary school capital spending is avoided with the construction of “combined” new school.
School District	Elementary School Project	\$44M / \$151M (1)	\$678 - \$1,569 (2/4)	
	High School Roof Replacement	\$5M	\$41	Tax impact estimate assumes reimbursement by State & Wenham contribution @ 34%.
	High School / Middle School	\$2M	\$28	Tax impact estimate assumes Wenham contribution @ 34%.
	All other (HVAC - Floorng Replacement, Boiler Plant Phased Replacement, Window Replacement, HVAC Control Upgrade, Interior Painting,)	\$11M / \$23M (3)	\$149 - \$27	Tax impact estimate assumes Wenham contribution @ 34%.
	Sub-Total School Capital	\$62M - \$160M	\$896 - \$1,665	
Hamilton	Water Projects	\$10M	\$0	Water projects are funded from Water bills paid by each taxpayer. These rates will likely rise due to increased investment in infrastructure and source projects. (In 2024, FINCOM will be undertaking an updated analysis of projected revenues and costs.)
	Vehicles	\$2M	\$28	Tax impact estimate assumes no funding outside of property taxes.
	All Other (Highways, Facilities, Recreation)	\$9M	\$184	Tax impact estimate assumes no funding outside of property taxes.
	Sub-Total Town Capital	\$21M	\$212	
	Total School & Town Capital	\$83 / \$181M	\$1,108 - \$1,877	

(4) Note: The Hamilton Wenham Regional School District is currently evaluating multiple elementary school project options. These “options” range from \$44 Million for a “Base Repair / Code Upgrade” to multiple “Combined” School options, the largest at \$151 Million. - If one of the “Combined” options is selected, this would allow Hamilton to sell one of the existing school sites. One possible scenario for a sale and subsequent development would yield a potential tax benefit of ~\$500k per year (\$186k) on an average tax bill or \$22 million over the 30-year financing term of the new school building.

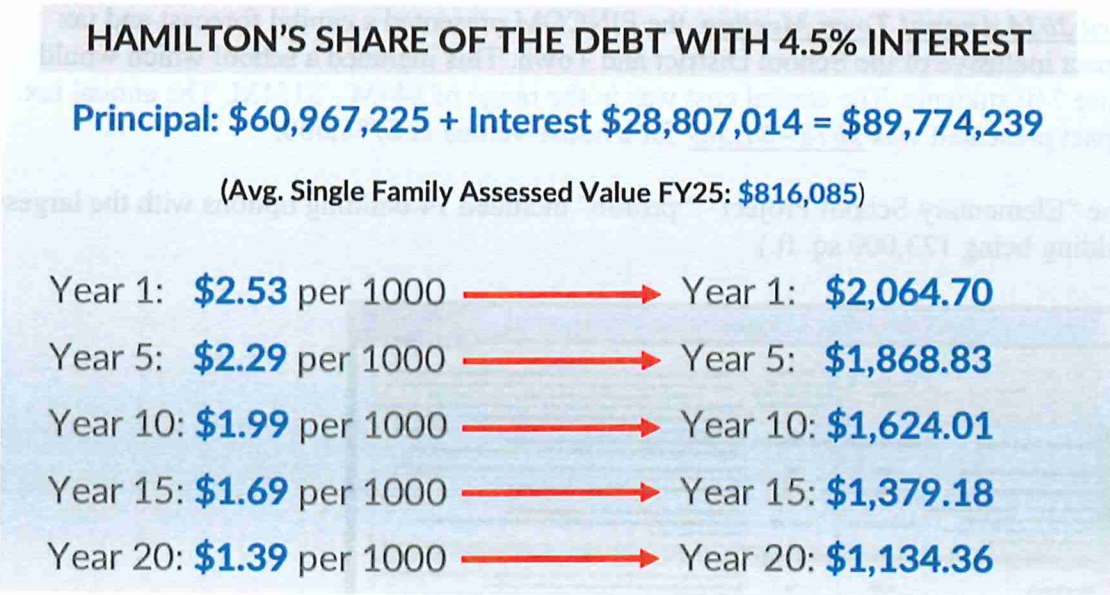
4/1/24 - Version B

ATM - Capital / Financial Overview - Notes

1

Both charts are housed on the FINCOM town website.

Tax Impact of Proposed School - from the HWRSD Project Website



The rate per thousand will decrease each year. These numbers represent the rate per thousand in 5-year increments.

Tax Impact of Proposed School - from the HWRSD Project Website (Continued)

HAMILTON

Residential Tax Rate

\$15.65

Average home assessment

	Year	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	
Debt	\$5,791,886.35	\$5,654,710.09	\$5,517,533.84	\$5,380,357.59	\$5,243,181.33	\$5,106,005.07	\$4,968,822.81	\$4,831,652.56	\$4,694,476.31	\$4,557,300.05	
Tax Rate Impact	\$2.53	\$2.47	\$2.41	\$2.35	\$2.29	\$2.23	\$2.17	\$2.11	\$2.05	\$1.99	
House Value											
\$100,000.00	\$253.00	\$247.00	\$241.00	\$235.00	\$229.00	\$223.00	\$217.00	\$211.00	\$205.00	\$199.00	
\$200,000.00	\$506.00	\$494.00	\$482.00	\$470.00	\$458.00	\$446.00	\$434.00	\$422.00	\$410.00	\$398.00	
\$300,000.00	\$759.00	\$741.00	\$723.00	\$705.00	\$687.00	\$669.00	\$651.00	\$633.00	\$615.00	\$597.00	
\$400,000.00	\$1,012.00	\$988.00	\$964.00	\$940.00	\$916.00	\$892.00	\$868.00	\$844.00	\$820.00	\$796.00	
\$500,000.00	\$1,265.00	\$1,235.00	\$1,205.00	\$1,175.00	\$1,145.00	\$1,115.00	\$1,085.00	\$1,055.00	\$1,025.00	\$995.00	
\$600,000.00	\$1,518.00	\$1,482.00	\$1,446.00	\$1,410.00	\$1,374.00	\$1,338.00	\$1,302.00	\$1,266.00	\$1,230.00	\$1,194.00	
\$700,000.00	\$1,771.00	\$1,729.00	\$1,687.00	\$1,645.00	\$1,603.00	\$1,561.00	\$1,519.00	\$1,477.00	\$1,435.00	\$1,393.00	
\$800,000.00	\$2,024.00	\$1,976.00	\$1,928.00	\$1,880.00	\$1,832.00	\$1,784.00	\$1,736.00	\$1,688.00	\$1,640.00	\$1,592.00	
\$816,085.00	\$2,064.70	\$2,015.73	\$1,966.76	\$1,917.80	\$1,868.83	\$1,819.87	\$1,770.90	\$1,721.94	\$1,672.97	\$1,624.01	
\$900,000.00	\$2,277.00	\$2,223.00	\$2,169.00	\$2,115.00	\$2,061.00	\$2,007.00	\$1,953.00	\$1,899.00	\$1,845.00	\$1,791.00	
\$1,000,000.00	\$2,530.00	\$2,470.00	\$2,410.00	\$2,350.00	\$2,290.00	\$2,230.00	\$2,170.00	\$2,110.00	\$2,050.00	\$1,990.00	
\$1,100,000.00	\$2,783.00	\$2,717.00	\$2,651.00	\$2,585.00	\$2,519.00	\$2,453.00	\$2,387.00	\$2,321.00	\$2,255.00	\$2,189.00	
\$1,200,000.00	\$3,036.00	\$2,964.00	\$2,892.00	\$2,820.00	\$2,748.00	\$2,676.00	\$2,604.00	\$2,532.00	\$2,460.00	\$2,388.00	
\$1,300,000.00	\$3,289.00	\$3,211.00	\$3,133.00	\$3,055.00	\$2,977.00	\$2,899.00	\$2,821.00	\$2,743.00	\$2,665.00	\$2,587.00	
\$1,400,000.00	\$3,542.00	\$3,458.00	\$3,374.00	\$3,290.00	\$3,206.00	\$3,122.00	\$3,038.00	\$2,954.00	\$2,870.00	\$2,786.00	
\$1,500,000.00	\$3,795.00	\$3,705.00	\$3,615.00	\$3,525.00	\$3,435.00	\$3,345.00	\$3,255.00	\$3,165.00	\$3,075.00	\$2,985.00	
\$1,600,000.00	\$4,048.00	\$3,952.00	\$3,856.00	\$3,760.00	\$3,664.00	\$3,568.00	\$3,472.00	\$3,376.00	\$3,280.00	\$3,184.00	
\$1,700,000.00	\$4,301.00	\$4,199.00	\$4,097.00	\$3,995.00	\$3,893.00	\$3,791.00	\$3,689.00	\$3,587.00	\$3,485.00	\$3,383.00	
\$1,800,000.00	\$4,554.00	\$4,446.00	\$4,338.00	\$4,230.00	\$4,122.00	\$4,014.00	\$3,906.00	\$3,798.00	\$3,690.00	\$3,582.00	
\$1,900,000.00	\$4,807.00	\$4,693.00	\$4,579.00	\$4,465.00	\$4,351.00	\$4,237.00	\$4,123.00	\$4,009.00	\$3,895.00	\$3,781.00	
\$2,000,000.00	\$5,060.00	\$4,940.00	\$4,820.00	\$4,700.00	\$4,580.00	\$4,460.00	\$4,340.00	\$4,220.00	\$4,100.00	\$3,980.00	
\$2,100,000.00	\$5,313.00	\$5,187.00	\$5,061.00	\$4,935.00	\$4,809.00	\$4,683.00	\$4,557.00	\$4,431.00	\$4,305.00	\$4,179.00	
\$2,200,000.00	\$5,566.00	\$5,434.00	\$5,302.00	\$5,170.00	\$5,038.00	\$4,906.00	\$4,774.00	\$4,642.00	\$4,510.00	\$4,378.00	
\$2,300,000.00	\$5,819.00	\$5,681.00	\$5,543.00	\$5,405.00	\$5,267.00	\$5,129.00	\$4,991.00	\$4,853.00	\$4,715.00	\$4,577.00	
\$2,400,000.00	\$6,072.00	\$5,928.00	\$5,784.00	\$5,640.00	\$5,496.00	\$5,352.00	\$5,208.00	\$5,064.00	\$4,920.00	\$4,776.00	
\$2,500,000.00	\$6,325.00	\$6,175.00	\$6,025.00	\$5,875.00	\$5,725.00	\$5,575.00	\$5,425.00	\$5,275.00	\$5,125.00	\$4,975.00	

HAMILTON

Residential Tax Rate

\$15.65

Average home assessment

	Year	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20
	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	
Debt	\$4,420,123.79	\$4,282,947.54	\$4,145,771.28	\$4,008,595.02	\$3,871,418.77	\$3,734,242.51	\$3,597,066.26	\$3,459,890.00	\$3,322,713.75	\$3,185,537.49	
Rate Impact	\$1.93	\$1.87	\$1.81	\$1.75	\$1.69	\$1.63	\$1.57	\$1.51	\$1.45	\$1.39	
House Value											
\$100,000.00	\$193.00	\$187.00	\$181.00	\$175.00	\$169.00	\$163.00	\$157.00	\$151.00	\$145.00	\$139.00	
\$200,000.00	\$386.00	\$374.00	\$362.00	\$350.00	\$338.00	\$326.00	\$314.00	\$302.00	\$290.00	\$278.00	
\$300,000.00	\$579.00	\$561.00	\$543.00	\$525.00	\$507.00	\$489.00	\$471.00	\$453.00	\$435.00	\$417.00	
\$400,000.00	\$772.00	\$748.00	\$724.00	\$700.00	\$676.00	\$652.00	\$628.00	\$604.00	\$580.00	\$556.00	
\$500,000.00	\$965.00	\$935.00	\$905.00	\$875.00	\$845.00	\$815.00	\$785.00	\$755.00	\$725.00	\$695.00	
\$600,000.00	\$1,158.00	\$1,122.00	\$1,086.00	\$1,050.00	\$1,014.00	\$978.00	\$942.00	\$906.00	\$870.00	\$834.00	
\$700,000.00	\$1,351.00	\$1,309.00	\$1,267.00	\$1,225.00	\$1,183.00	\$1,141.00	\$1,099.00	\$1,057.00	\$1,015.00	\$973.00	
\$800,000.00	\$1,544.00	\$1,496.00	\$1,448.00	\$1,400.00	\$1,352.00	\$1,304.00	\$1,256.00	\$1,208.00	\$1,160.00	\$1,112.00	
\$816,085.00	\$1,575.04	\$1,526.08	\$1,477.11	\$1,428.15	\$1,379.18	\$1,330.22	\$1,281.25	\$1,232.29	\$1,183.32	\$1,134.36	
\$900,000.00	\$1,737.00	\$1,683.00	\$1,629.00	\$1,575.00	\$1,521.00	\$1,467.00	\$1,413.00	\$1,359.00	\$1,305.00	\$1,251.00	
\$1,000,000.00	\$1,930.00	\$1,870.00	\$1,810.00	\$1,750.00	\$1,690.00	\$1,630.00	\$1,570.00	\$1,510.00	\$1,450.00	\$1,390.00	
\$1,100,000.00	\$2,123.00	\$2,057.00	\$1,991.00	\$1,925.00	\$1,859.00	\$1,793.00	\$1,727.00	\$1,661.00	\$1,595.00	\$1,529.00	
\$1,200,000.00	\$2,316.00	\$2,244.00	\$2,172.00	\$2,100.00	\$2,028.00	\$1,956.00	\$1,884.00	\$1,812.00	\$1,740.00	\$1,668.00	
\$1,300,000.00	\$2,509.00	\$2,431.00	\$2,353.00	\$2,275.00	\$2,197.00	\$2,119.00	\$2,041.00	\$1,963.00	\$1,885.00	\$1,807.00	
\$1,400,000.00	\$2,702.00	\$2,618.00	\$2,534.00	\$2,450.00	\$2,366.00	\$2,282.00	\$2,198.00	\$2,114.00	\$2,030.00	\$1,946.00	
\$1,500,000.00	\$2,895.00	\$2,805.00	\$2,715.00	\$2,625.00	\$2,535.00	\$2,445.00	\$2,355.00	\$2,265.00	\$2,175.00	\$2,085.00	
\$1,600,000.00	\$3,088.00	\$2,992.00	\$2,896.00	\$2,800.00	\$2,704.00	\$2,608.00	\$2,512.00	\$2,416.00	\$2,320.00	\$2,224.00	
\$1,700,000.00	\$3,281.00	\$3,179.00	\$3,077.00	\$2,975.00	\$2,873.00	\$2,771.00	\$2,669.00	\$2,567.00	\$2,465.00	\$2,363.00	
\$1,800,000.00	\$3,474.00	\$3,366.00	\$3,258.00	\$3,150.00	\$3,042.00	\$2,934.00	\$2,826.00	\$2,718.00	\$2,610.00	\$2,502.00	
\$1,900,000.00	\$3,667.00	\$3,553.00	\$3,439.00	\$3,325.00	\$3,211.00	\$3,097.00	\$2,983.00	\$2,869.00	\$2,755.00	\$2,641.00	
\$2,000,000.00	\$3,860.00	\$3,740.00	\$3,620.00	\$3,500.00	\$3,380.00	\$3,260.00	\$3,140.00	\$3,020.00	\$2,900.00	\$2,780.00	
\$2,100,000.00	\$4,053.00	\$3,927.00	\$3,801.00	\$3,675.00	\$3,549.00	\$3,423.00	\$3,297.00	\$3,171.00	\$3,045.00	\$2,919.00	
\$2,200,000.00	\$4,246.00	\$4,114.00	\$3,982.00	\$3,850.00	\$3,718.00	\$3,586.00	\$3,454.00	\$3,322.00	\$3,190.00	\$3,058.00	
\$2,300,000.00	\$4,439.00	\$4,301.00	\$4,163.00	\$4,025.00	\$3,887.00	\$3,749.00	\$3,611.00	\$3,473.00	\$3,335.00	\$3,197.00	
\$2,400,000.00	\$4,632.00	\$4,488.00	\$4,344.00	\$4,200.00	\$4,056.00	\$3,912.00	\$3,768.00	\$3,624.00	\$3,480.00	\$3,336.00	
\$2,500,000.00	\$4,825.00	\$4,675.00	\$4,525.00	\$4,375.00	\$4,225.00	\$4,075.00	\$3,925.00	\$3,775.00	\$3,625.00	\$3,475.00	

Tax Impact of Proposed School - Alternative format – Same project

Project Cost Allocation & Financing						Debt Service Impact				\$ Tax Impact by House Valuation					
	Project Cost Allocation with MSBA	% to Total		Project Cost Allocation w/o MSBA	% to Total	Debt Service	% to Total								
Hamilton	60,967,225	42.85%		93,781,770	65.92%	Hamilton	\$ 89,301,824	65.92%							
Wenham	31,519,463	22.16%		48,484,264	34.08%	Wenham	\$ 46,168,176	34.08%							
Sub - Total	92,486,688	65.01%		142,266,034	100.00%	Sub - Total	\$ 135,470,000	100.00%							
State	49,779,346	34.99%		-	0.00%	State									
Total	142,266,034	100.00%		142,266,034	100.00%	Total	\$ 135,470,000	100.00%							

Financing - By Year & Component						Tax Rate Impact of Debt Service					\$ Tax Impact by House Valuation					
Year	Balance Starting	Interest	Principal	Total	Ending Balance	Year	Annual Debt Service	Tax Rate Impact \$	Annual Tax \$	% of 2025 Tax Rate	Year	Annual Tax Impact				
												500,000	750,000	1,000,000	1,400,000	2,000,000
1 2028	60,967,225	2,743,525	3,048,361	5,791,886	57,918,864	1 2028	\$ 5,791,886	\$ 2.53	\$ 2,016	16.1%	1 2028	\$ 1,263	\$ 2,016	\$ 2,526	\$ 3,537	\$ 5,052
2 2029	57,918,864	2,606,349	3,048,361	5,654,710	54,870,503	2 2029	\$ 5,654,710	\$ 2.47	\$ 1,968	15.8%	2 2029	\$ 1,233	\$ 1,968	\$ 2,466	\$ 3,453	\$ 4,933
3 2030	54,870,503	2,469,173	3,048,361	5,517,534	51,822,141	3 2030	\$ 5,517,534	\$ 2.41	\$ 1,920	15.4%	3 2030	\$ 1,203	\$ 1,920	\$ 2,407	\$ 3,369	\$ 4,813
4 2031	51,822,141	2,331,996	3,048,361	5,380,358	48,773,780	4 2031	\$ 5,380,358	\$ 2.35	\$ 1,873	15.0%	4 2031	\$ 1,173	\$ 1,873	\$ 2,347	\$ 3,285	\$ 4,693
5 2032	48,773,780	2,194,820	3,048,361	5,243,181	45,725,419	5 2032	\$ 5,243,181	\$ 2.29	\$ 1,825	14.6%	5 2032	\$ 1,143	\$ 1,825	\$ 2,287	\$ 3,202	\$ 4,574
6 2033	45,725,419	2,057,644	3,048,361	5,106,005	42,677,058	6 2033	\$ 5,106,005	\$ 2.23	\$ 1,777	14.2%	6 2033	\$ 1,114	\$ 1,777	\$ 2,227	\$ 3,118	\$ 4,454
7 2034	42,677,058	1,920,468	3,048,361	4,968,829	39,628,696	7 2034	\$ 4,968,829	\$ 2.17	\$ 1,729	13.8%	7 2034	\$ 1,084	\$ 1,729	\$ 2,167	\$ 3,034	\$ 4,334
8 2035	39,628,696	1,783,291	3,048,361	4,831,653	36,580,335	8 2035	\$ 4,831,653	\$ 2.11	\$ 1,682	13.5%	8 2035	\$ 1,054	\$ 1,682	\$ 2,107	\$ 2,950	\$ 4,215
9 2036	36,580,335	1,646,115	3,048,361	4,694,476	33,531,974	9 2036	\$ 4,694,476	\$ 2.05	\$ 1,634	13.1%	9 2036	\$ 1,024	\$ 1,634	\$ 2,048	\$ 2,867	\$ 4,095
10 2037	33,531,974	1,508,939	3,048,361	4,557,300	30,483,613	10 2037	\$ 4,557,300	\$ 1.99	\$ 1,586	12.7%	10 2037	\$ 994	\$ 1,586	\$ 1,988	\$ 2,783	\$ 3,975
11 2038	30,483,613	1,371,763	3,048,361	4,420,124	27,435,251	11 2038	\$ 4,420,124	\$ 1.93	\$ 1,538	12.3%	11 2038	\$ 964	\$ 1,538	\$ 1,928	\$ 2,699	\$ 3,856
12 2039	27,435,251	1,234,588	3,048,361	4,282,948	24,386,890	12 2039	\$ 4,282,948	\$ 1.87	\$ 1,491	11.9%	12 2039	\$ 934	\$ 1,491	\$ 1,868	\$ 2,615	\$ 3,736
13 2040	24,386,890	1,097,413	3,048,361	4,145,771	21,338,529	13 2040	\$ 4,145,771	\$ 1.81	\$ 1,443	11.6%	13 2040	\$ 904	\$ 1,443	\$ 1,808	\$ 2,532	\$ 3,616
14 2041	21,338,529	960,238	3,048,361	4,008,595	18,290,168	14 2041	\$ 4,008,595	\$ 1.75	\$ 1,395	11.2%	14 2041	\$ 874	\$ 1,395	\$ 1,748	\$ 2,448	\$ 3,497
15 2042	18,290,168	823,058	3,048,361	3,871,419	15,241,806	15 2042	\$ 3,871,419	\$ 1.69	\$ 1,347	10.8%	15 2042	\$ 844	\$ 1,347	\$ 1,669	\$ 2,364	\$ 3,377
16 2043	15,241,806	685,881	3,048,361	3,734,243	12,193,445	16 2043	\$ 3,734,243	\$ 1.63	\$ 1,300	10.4%	16 2043	\$ 814	\$ 1,300	\$ 1,629	\$ 2,280	\$ 3,257
17 2044	12,193,445	548,705	3,048,361	3,597,066	9,145,084	17 2044	\$ 3,597,066	\$ 1.57	\$ 1,252	10.0%	17 2044	\$ 784	\$ 1,252	\$ 1,569	\$ 2,196	\$ 3,138
18 2045	9,145,084	411,529	3,048,361	3,459,890	6,096,723	18 2045	\$ 3,459,890	\$ 1.51	\$ 1,204	9.6%	18 2045	\$ 754	\$ 1,204	\$ 1,509	\$ 2,113	\$ 3,018
19 2046	6,096,723	274,353	3,048,361	3,322,714	3,048,361	19 2046	\$ 3,322,714	\$ 1.45	\$ 1,156	9.3%	19 2046	\$ 725	\$ 1,156	\$ 1,449	\$ 2,029	\$ 2,898
20 2047	3,048,361	137,176	3,048,361	3,185,538	-	20 2047	\$ 3,185,538	\$ 1.39	\$ 1,109	8.9%	20 2047	\$ 695	\$ 1,109	\$ 1,399	\$ 1,945	\$ 2,779
Total		28,807,014	60,967,225	89,774,239		Total	\$ 89,774,239		\$ 31,247		Total	\$ 19,578	\$ 31,247	\$ 39,156	\$ 54,819	\$ 78,312
Average		1,440,351	3,048,361	4,488,712		Average	\$ 4,488,712	\$ 1.56	\$ 1,562	12.5%	Average	\$ 979	\$ 1,562	\$ 1,958	\$ 2,741	\$ 3,916
	Interest Rate	4.50%							FY 2025 Tax Rate per \$1,000							
									\$ 15.65							

Selection of the “Combined School “Program

April 2024 - The School Building Committee (SBC) voted to recommend a “Combined” elementary school project (C3.4). At the time of this decision there were five options under consideration:

	Project	Survey	Total Cost (\$ Mils)	# of Students	% of Elementary Students	Net Cost per Student (\$ Thous.)	Sq Ft per Student
C1.0	Code Upgrade		\$46	285	34%	\$149	161
C2.1	Add / Reno	X	\$115	285	34%	\$269	295
C3.1	New	X	\$106	285	34%	\$249	295
C3.3	New		\$142	645	~ 90%	\$147	200
C3.4	New	X	\$151	740	100%	\$136	172

June 2024 - In advance of a vote by the School Committee (SC) on the SBC recommendation, the SC sponsored a survey of 300 taxpayers in Hamilton and Wenham. This survey asked respondents to vote for one of three options (Noted above). The option with the largest positive vote was to replace the Cutler School (C3.1) at a cost of \$106 Million. While the positive vote was 112 to 91 in favor, the SC decided to go with the option that provided a new facility for 100% of the Grade 1-5 elementary school population. This population represents 41% of the total students in the District. This option possessed the **lowest cost per student at \$136k and square feet per student of 172.**

The SBC and the SC both felt that investing in a new school building with a capacity of only 285 students at a cost per student of \$249K was not a sound financial decision for the towns or an equitable one for the students of the District. The consolidated option removes two old school buildings from future capital investment. In the same vein, the “Add/Reno” project for the same student population was not deemed a sound decision as it did not align with the expanded space and functional desires contained in the Educational Plan design.

FYI - The charts below provide the current student population by grade and school.

Enrollment by Grade (2024-25)																
	PK	K	1	2	3	4	5	6	7	8	9	10	11	12	SP	Total
Bessie Buker Elementary	0	38	39	40	64	39	35	0	0	0	0	0	0	0	0	255
Cutler School	0	33	57	38	44	34	40	0	0	0	0	0	0	0	0	246
Hamilton-Wenham Regional High	0	0	0	0	0	0	0	0	0	0	117	116	107	108	0	448
Miles River Middle	0	0	0	0	0	0	0	135	136	120	0	0	0	0	0	391
Winthrop School	31	46	40	60	45	59	48	0	0	0	0	0	0	0	0	329
District	31	117	136	138	153	132	123	135	136	120	117	116	107	108	0	1,669

School	Grade 1-5		All Other		Total Students	
	#	% to Total	#	% to Total	#	% to Total
Buker	217	31.8%	38	3.9%	255	15.3%
Cutler	213	31.2%	33	3.3%	246	14.7%
High School	-	-	448	45.4%	448	26.9%
Miles River	-	-	391	39.6%	391	23.4%
Winthrop	252	37.0%	77	7.8%	329	19.7%
Total	682	100.0%	987	100.0%	1,669	100%
	41%		59%		100%	

One School vs Two New Schools - 10 Years Apart (June 2024 Fincom Discussion)

As discussed above: **Alternative proposals to the proposed school project (two new schools, renovation, delay, etc.) will simply cost the School District more in the long-run.** The most vivid example of this is a scenario to build two new schools, the 2nd school built 10 years after the 1st school. In this scenario, both schools would follow the design which aligns with the Educational Plan adopted by the District.

One New School vs. Two New Schools – PDP Costs

The building cost data used for this analysis was based on the 12/20/23 "Revision 1" Version of the "PDP Cost Comparative Analysis" supplied by JCJ Architecture..

Option #1: One School:

New Consolidated Cutler and Winthrop Elementary School

Students: 740 Students

Square footage 127,298

• Per Student 172

Cost

- Total* \$ 142M
- Construction \$ 108M
- Non-Construction \$ 34M
- Per Student (Gross) \$192 thous.

* Total Cost is 129% of Construction Cost

Option #2: Two Schools:

Construct: New Cutler School in 2028 - 285 Students
Construct: New Winthrop School in 2038 - 430 Students

Students: - 715 Students

Square footage 178,247

• Per Student 249

Cost

- Total* \$ 228M
- Construction \$ 178M
- Non-Construction \$ 50M
- Per Student \$319 thous.

* Total Cost is 128% of Construction Cost

Difference
\$86M

Hamilton-Wenham Elementary School Project School Building Committee Meeting 12/18/2023 12/20/2023 Revision 1 : PDP Comparative Cost Estimate Exhibit

Cutler Site Options - Comparative PDP Estimates									
Enrollment	Base Repair/Code Upgrade	Renovation	Addition/ Renovations				New Construction		
			C1.0	C1.1	C1.2	C1.3	C1.4	C1.5	C1.6
285 Students	\$/SF \$745.54	N/A	\$488.14	\$873.30	\$611.11	\$678.27	\$875.88	\$840.88	\$798.90
430 Students	\$34,145,732	X	\$74,555,273				\$77,888,665		
645 Students	\$44,826,486	X	\$98,526,718				\$102,125,634		
740 Students		X		\$82,553,841				\$75,296,283	
		X		\$109,092,132				\$101,808,972	
		X			\$137,161,875			\$103,009,377	
		X			\$142,998,285			\$132,527,828	
		X				\$112,471,083			\$108,681,033
		X				\$149,263,581			\$139,180,124

Winthrop Site Options - Comparative PDP Estimates									
Enrollment	Base Repair/Code Upgrade	Renovation	Addition/ Renovations				New Construction		
			W1.0	W1.1	W1.2	W1.3	W1.4	W1.5	W1.6
285 Students	\$/SF \$689.09	N/A	\$689.09	\$840.91	\$838.33	\$903.85	\$851.75	\$848.58	
430 Students		X							
645 Students		X							
740 Students		X							

PM&C

PROJECT TEAM

One New School vs. Two New Schools

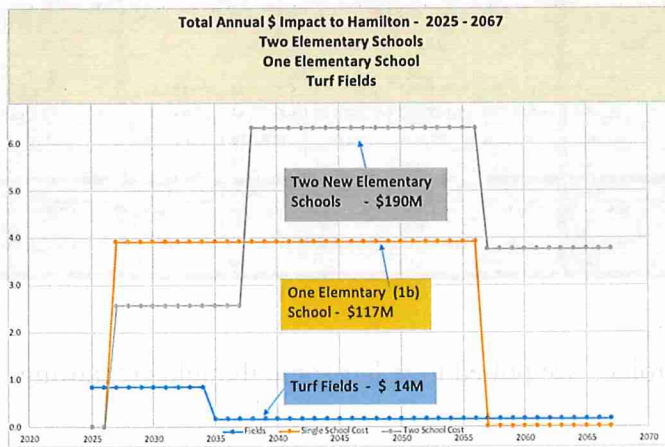
The data used for this analysis was based on the 12/20/23 "Revision 1" Version of the "PDP Cost Comparative Analysis" supplied by ICJ Architecture.

Two Schools - (10 Years Apart #1 - 2028 (Cutler) & #2 - 2038 (Winthrop))									
School Site	# of Students	Element	New Construction				New Construction	New Construction	Cost escalation (10 Years later)
			Construction Cost \$/SF	\$ 855.88	\$ 840.88	\$ 798.90	\$ 795.94	\$ 855.88	\$ 840.88
				C1.1	C1.2	C1.3	C1.4	C1.1	C1.1
Cutler	285	Construction Cost (CC)	\$ 71,846,646					\$ 71,846,646	\$ 71,846,646
		Total Project Cost (PC)	\$ 92,125,634					\$ 92,125,634	\$ 92,125,634
		Ratio PC / CC	128%					128%	128%
		Gross Floor Area	83,945					83,945	83,945
		Implied Sq Ft/Student	293					293	293
		Cost Per Student	\$ 323,248					\$ 323,248	\$ 323,248
Winthrop	430	Construction Cost (CC)	\$ 85,234,538					\$ 85,234,538	\$ 106,543,354
		Total Project Cost (PC)	\$ 109,462,560					\$ 109,462,560	\$ 136,828,272
		Ratio PC / CC	128%					128%	128%
		Gross Floor Area	94,302					94,302	94,302
		Implied Sq Ft/Student	219					219	219
		Cost Per Student	\$ 254,564					\$ 254,564	\$ 318,205
Two - Schools	715	Construction Cost (CC)						\$ 178,390,000	\$ 178,390,000
		Total Project Cost (PC)						\$ 228,953,906	\$ 228,953,906
		Ratio PC / CC						128%	128%
		Gross Floor Area						178,247	178,247
		Implied Sq Ft/Student						249	249
		Cost Per Student						\$ 320,215	\$ 320,215

Hamilton Cost: One New School vs. Two New Schools

Hamilton Out of pocket cost estimate:

If two schools were built....10 years apart..... the cost increase over building one school is \$73M over the 40 year time horizon.



Fields				Single School				Two Schools			
Year	Original Construct	Replace Turf	Total	Hamilton Annual Cost	Hamilton Annual Cost	Hamilton Annual Cost	Hamilton Annual Cost	Hamilton Annual Cost	Hamilton Annual Cost	Hamilton Annual Cost	Hamilton Annual Cost
1 2025	1	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84
2 2026	2	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84
3 2027	3	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84
4 2028	4	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84
5 2029	5	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84
6 2030	6	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84
7 2031	7	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84
8 2032	8	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84
9 2033	9	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84
10 2034	10	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84
11 2035	1	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
12 2036	2	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
13 2037	3	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
14 2038	4	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
15 2039	5	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
16 2040	6	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
17 2041	7	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
18 2042	8	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
19 2043	9	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
20 2044	10	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
21 2045	1	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
22 2046	2	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
23 2047	3	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
24 2048	4	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
25 2049	5	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
26 2050	6	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
27 2051	7	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
28 2052	8	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
29 2053	9	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
30 2054	10	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
31 2055	1	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
32 2056	2	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
33 2057	3	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
34 2058	4	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
35 2059	5	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
36 2060	6	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
37 2061	7	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
38 2062	8	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
39 2063	9	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
40 2064	10	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
41 2065	1	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
42 2066	2	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
43 2067	3	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
	8.4	5.5	13.9	117.4	77.8	117.4	77.8	117.4	77.8	117.4	77.8

Return on Investment – School Facilities

In February 2025, the District secured approval from the MSBA for the “Combined” School to be built on the Cutler School site. The details of the project which was approved by the MSBA appear below:

#	Project	Total Cost (\$ Mils)	MSBA Contribution (\$ Mils)	# of Students	% of Elementary Students Gr 1-5	Net Cost per Student (\$ Thous)	Sq Ft per Student
C3.4	New	\$142	\$49	740	100%	\$124	172

This \$49M reimbursement from the MSBA includes a “Maintenance Incentive” of ~ \$1.6 Million which recognizes MSBA’s award to the HWRSD of 1.76 points out of a possible 2.0 points. Simple math indicates a score of 1.76 / 2.0 equates to a grade of 88%. FINCOM’s assessment of this award is that the MSBA assessed HWRSD as operating with “**best maintenance practices**” as evidenced by the \$1.6Million award.

Comparisons:	MSBA - Approved Projects		HW School Building Committee Options					Apr '25 ATM
	10 Projects 10/22 ATM	Average 4 MSBA Projects	C1.0	C2.1	C3.1	C3.3	C3.4	
			Code Upgrade	Add / Reno	New	New	New	Preferred Option
School Project Cost (Millions)	\$ 85	\$ 107	\$ 46	\$ 115	\$ 106	\$ 142	\$ 151	\$ 142
Enrollment	652.5	550	285	285	285	645	740	740
Cost per Student	0							
Gross	\$ 130,599	\$ 195,233	\$ 159,958	\$ 403,941	\$ 373,223	\$ 220,734	\$ 203,832	\$ 192,251
Net	\$ 82,543	\$ 115,454	\$ 148,760	\$ 269,263	\$ 248,787	\$ 147,139	\$ 135,872	\$ 124,982
Gross Square Feet	119,627	101,941	45,800	83,945	83,945	128,939	127,298	127,298
Total Sq. Ft per Student	183	185	161	295	295	200	172	172
Gross Square Feet	119,627	101,941	45,800	83,945	83,945	128,939	127,298	127,298
Construction Cost	67,276,105	85,914,072	35,435,298	89,484,891	82,679,868	110,666,365	117,244,050	108,493,509
Construction Cost Per SF	562	843	774	1,066	985	858	921	852
Total Project	85,216,070	107,378,392	45,587,892	115,123,275	106,368,540	142,373,470	150,835,732	142,266,034
Total Cost Per SF	712	1,053	995	1,371	1,267	1,104	1,185	1,118

As we review the current proposed project, we pulled together some thoughts regarding return on investment of the forgoing.

- The SBC received \$1.25M from the school District / two towns to fund the Feasibility study. The outcome was the \$49M award from the MSBA. This award allowed Hamilton’s share of the project to drop to \$61M.
- The value of the \$49M award to the HWRSD cannot be overstated. If we were to delay/defer utilization of this award, the value would decline by \$6.7M after 3 years, by \$14M after 7 years and by \$19M after 10 years (Using a 5% discount rate). This is simply the effect of the time value of money at work. The point here

is a delay in starting this project will create a significant “lost opportunity” cost when considering the MSBA reimbursement of \$49M.

- The consolidated proposal provides an additional return in **cost avoidance of capital expenditures of the existing Cutler and Winthrop schools.** In the April 2024 Annual Town Meeting Capital review, which appears above, we noted that this point in footnote #3. This cost avoidance amounts to \$9.4M. If we combine, this cost avoidance of \$9.4M with the \$49M reimbursement amount we see the “financial value” to the District totals to \$58M.
- The consolidation provides a new facility for 100% of the Grade 1-5 students in the District rather than for 31% of the population in the existing Cutler School.
- A significant amount of recent focus has been on renovation and remodeling of the Cutler school. The question on the table is if we wanted to remodel the building how much would it cost, and would the District be eligible for reimbursements? There is no doubt that if the voters decide to not invest in the new consolidated school building, the School District would pursue any/all available reimbursement from MSBA. FINCOM feels that investing tens of millions of dollars in a 70-year-old building is not a preferred route. This point-of-view is sourced from the MSBA and their desire to support retiring the Cutler school (as well as consolidating the Winthrop building). We feel that retiring the Cutler building at this time makes the most financial sense for the District.
- During the 2024 ATM and on the ATM Capital exhibit (see above) we mentioned a discussion regarding the sale and potential development of one of the school sites. FINCOM created a scenario of such a sale and a thoughtful development of the Winthrop school site. This was NOT a “3A” scenario but rather a mixed-use development. Such a scenario would yield a tax revenue stream of ~ \$500k per year.
- The chart below provides a summary of the discussion above:

Investment	\$	Return on Investment Outcome	Comments
Consolidated School - Feasibility Study	\$1.25M	\$49M (Includes \$1.6M in “Maintenance” incentives)	The SBC worked for two years...within the MSBA program and constructed a program which secured a \$49 reimbursement

Consolidated School - School Building	\$92M	New school for 100% of elementary aged students with a 70- year life Avoidance of \$9.4M in capital spending at Cutler & Winthrop	In 2024, the HWRSD listed \$9.4M of capital in elementary school repairs which would be avoided.
Renovation / Remodel Existing Schools	\$50M \$100M ??	Existing schools with upgraded systems / windows / other features improvements.	Is it wise to make an investment of tens of millions of \$\$\$ in 60 - 70- year-old buildings?

Appendix - Important Topics / Questions Addressed over the past 24 months

FINCOMs Role in the School Building Committee

As a point of information, we wanted to disclose that the Chairperson of the Hamilton FINCOM has participated in the School Building Committee (SBC) as a “Non-Voting” member. This role was performed by both the current and former chairperson. Elements of that participation have been to: 1) ask clarifying questions, 2) bring concerns from the community into the committee to ensure attention and follow-up, 3) advise on approach 4) secure a detailed understanding of the school project and 5) to deliver financial perspective/information to the voting committee members.

Maintenance of Buildings

School Districts that have been invited into the MSBA capital pipeline after the Statement of Interest phase is complete must submit a Maintenance and Capital Planning (MCP) Record using the MSBA web-based Maintenance and Capital Planning System. This information is used to facilitate the MSBA’s assessment of the District’s maintenance and capital planning practices pursuant to state statute.

The Maintenance and Capital Planning information provided by the District to the MSBA is a threshold requirement for MSBA funding and can account for up to two additional points of reimbursement for eligible projects. This scoring methodology is consistent with the goals and priorities of the state statutes and regulations under which the MSBA operates. This scoring methodology:

- rewards school Districts that perform all the best practices well,
- calculates average scores for those that undertake most of the best practices and
- results in a low score for Districts that only do some of the best practices and have average or below average performance.

The MSBA awarded the HWRSD 1.76 points out of 2.0 points in this assessment. Simple math might indicate a score of 1.76/2.0 equates to a grade of 88%. This score equates to a reimbursement from the MSBA of \$1.6 Million (included in the \$49 Million reimbursement approved by the MSBA).

Our assessment of this award is that the MSBA assessed that the HWRSD operates in the “best practices” category as evidenced by the \$1.6 Million award.

Large School vs. Small School

There has been a vigorous conversation in the community regarding the subject of large schools or small schools being better for students. The School Building Committee, including the building designers and educators, engaged deeply on this topic. One outcome of those deliberations is highlighted by the creation of “Learning Neighborhoods” in the proposed building. The concept is clearly evidenced in the building construction whereby a single grade of students coexists in a single area (neighborhood) of the school for over 85% of their day. It appears these “learning neighborhoods” include age-appropriate environments, flexible classrooms and collaborative spaces which allow students to learn in dynamic environments that support different learning styles and group work.

Follow-Up to regarding “Underground Water” at the Cutler Site

A Hamilton taxpayer requested the School Building Committee to follow-up on commentary regarding a potential “Underground Stream” on the Cutler property. The JCJ Architecture team reached-out to Samiotes Consultants, Inc a Civil Engineering and Land Surveying firm to pursue this topic. The 9/3/24 response from JCJ regarding this inquiry conveys there is no mention or evidence of any wetland hydrologic connection within or immediately adjacent to the Cutler site.

Use of Excess and Deficiency / Free Cash to Cover Operating Costs

Excess and Deficiency (E&D) and Free Cash are **generated from unused operating funds for the prior year**. At the end of each fiscal year, the school District (E&D) and the town (Free Cash), typically underspend their operating budgets. These budgeted but unspent operating funds are clearly identified, segregated and certified. These amounts are discussed during budget presentations in the 1) School Finance “Quintuple Board

Committee meetings and 2) Town budget discussions. Approval to utilize these funds is included as part of the Annual Town Meeting warrant process.

In recent years, the school District has returned E&D expenses to both towns in the form of an operating expense credit.

Note: The School E&D amounts are clearly identified in both state (DESE) reports, and HWRSD audited financial statements.

Excess & Deficiency Usage FY '23 - FY'26	FY23 Actuals	FY24 Actuals	FY25 Budget	FY26 Budget
Returned to Towns	775	773	773	2,088
Offset by Expenses	2,325	2,399	1,529	
Total	3,100	3,172	2,302	2,088

Note: In October 2022, Hamilton stated a preference to have the District return unspent funds to the town, rather than retain them in a Stabilization fund.

What if there is a 2 ½ Operational Override occurs in FY '27 budget or beyond?

In the FY '26 budget, Hamilton continued to achieve its goal to avoid an operational override. This goal is obviously clearly desired by our taxpayers but will not always be achieved. The FINCOM applauds Town Management for this accomplishment.

Each year, the towns and the school District work collaboratively to manage the costs being expressed in each of the three budgets. **This year, the school District was tasked with absorbing the impact of the new staff contracts and collectively the towns and the District managed to a successful outcome.** This involved usage of Excess and Deficiency and Free Cash. Hamilton was able to fund some budget line items via free Cash without impairing any stabilization funds or reserves.

A question was raised during budget discussions about usage of Free Cash and E&D and might it mask a potential override in the future. While that point is valid to consider, the transparent and collaborative budgeting process employed by the two towns and the school District will allow for clarity is the spending dynamics in effect in Hamilton and the HWRSD.

To take this discussion a bit further, the question remains, with the consolidated school override in front of voters at this ATM, how much could an override add to a tax bill in 2027 and beyond, if either the town or the District puts forth an override. The chart

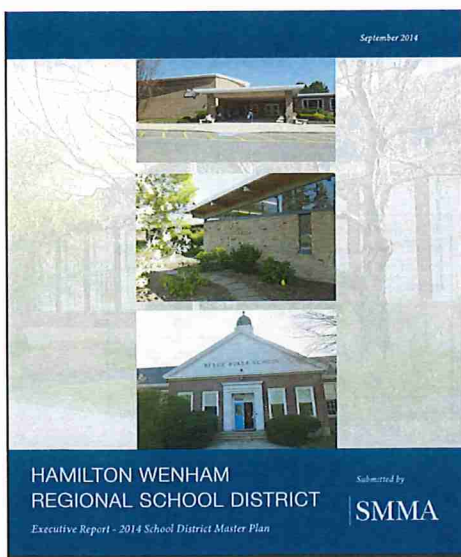
below provides some granularity into the potential annual \$ impact of a District override from \$1M - 3M.

School Override	Hamilton Portion	Rate	\$
100%	66%		
\$ 1,000,000	\$ 660,000	\$ 0.29	\$ 235
\$ 2,000,000	\$ 1,320,000	\$ 0.58	\$ 470
\$ 3,000,000	\$ 1,980,000	\$ 0.86	\$ 705

Given the cost dynamics in the U.S. economy: inflation, tariffs, construction cost, we are seeing increased cost pressure and hence the probability we may encounter an operational override in the near term is heightened.

2014 HWRSD Master Plan recommendation – A Single Consolidated School

2014 HWRSD Master Plan



Option 3E: One New School

If the district were interested in the most cost effective capital construction project, a single school (population 728 students) is the least expensive. This option presents numerous obstacles including:

- Where to locate the school - The Weymouth site is the most likely choice for a single school
- This also violates the spirit of the Regional District Agreement

If the district were interested in the most cost effective construction project, a single school (population 728 students) is the least expensive

SMMA

	2021 - 2024 Project Population	Area (sq ft)	Construction Cost*	Project Cost (x 1.25)	MSHA Participation Cost to Taxpayers	Comments
A. Elementary Schools - 8 Year Plan						
A.1 Existing Schools - 8 Year Plan						
Blue School	210	40,300	\$170,000	\$212,500	\$173,000	Assumes No MSHA Participation
Elementary up-grade if required		40,300	\$170,000	\$212,500	\$173,000	Assumes No MSHA Participation
Clutter School	210	44,400	\$190,000	\$237,500	\$190,000	Assumes No MSHA Participation
Elementary up-grade if required		44,400	\$190,000	\$237,500	\$190,000	Assumes No MSHA Participation
Weymouth School	208	40,000	\$160,000	\$200,000	\$160,000	Assumes No MSHA Participation
Elementary up-grade if required		40,000	\$160,000	\$200,000	\$160,000	Assumes No MSHA Participation
Total	728				\$516,000	
B. Existing Schools - Comprehensive renovations						
Blue School	210	40,300	\$170,000	\$212,500	\$173,000	Functional space changes, comprehensive renovations
Clutter School	210	44,400	\$190,000	\$237,500	\$190,000	Functional space changes, comprehensive renovations
Weymouth School	208	40,000	\$160,000	\$200,000	\$160,000	Functional space changes, comprehensive renovations
Total	728				\$523,000	
C. New Schools of equal size						
2x 364	728	88,800	\$378,000	\$472,500	\$378,000	
Total	728				\$378,000	
D. One New School						
728	728	120,700	\$490,000	\$612,500	\$490,000	Assumes 47% MSHA Reimbursement (except Accredited Special Projects)

ATM Financial Discussion

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Ipswich Consolidated School Use Case

In May 2018, the Town of Ipswich proposed a building a new Consolidated Winthrop and Doyon School. The proposal was to combine both schools into one PK-5 for all Ipswich students. The school was intended to build on the Doyon site, tear down the old Doyon and build fields/parking. The profile of the 2018 proposal:

- Students: 775
- Square footage: 123,535
- Total Project Cost: \$69,406,719
- Maximum grant: \$26,287,436
- District Share: \$43,400,672
- Reimbursement rate (2018) 49%
- Median Household: \$414,000
- Vote failed on May 23, 2018

On December 2024 - The MSBA invited Ipswich back into the Eligibility Phase: Eligibility runs 270 days

- Assume PDP, PSR, SD takes 2 years
- Construction Documents and bidding: 1 year
- Potential new school start approximately 2030
- Assumption: Go to MSBA for PSB in 2028/2029
- Next two years cost escalation between 3-4% with threat of tariffs,
- assume 4-5% for years up to 2030
- Same school = \$170-180M would be conservative estimate

Sample Calculation which Illustrates Valuation / Tax Impact and Override Costs

Sample Housing Valuation / Tax Impact

All amounts listed are estimates


Year Built:	1983
<u>Valuation</u>	
Original Cost:	\$ 100,000
Investments over time:	\$ 250,000
Cost Basis	\$ 350,000
Current Assessed Value	\$ 979,600
Increase in valuation above investments:	\$ 629,600

In the event an override emerges from the school district in FY'27 or later, due to operating costs, the annual tax \$ impact can be derived from the table below:

School Override	Hamilton Portion	Rate	\$
100%	66%		
\$ 1,000,000	\$ 660,000	\$ 0.29	\$ 235
\$ 2,000,000	\$ 1,320,000	\$ 0.58	\$ 470
\$ 3,000,000	\$ 1,980,000	\$ 0.86	\$ 705


<u>Tax</u>		
Current Annual Tax Bill:	(@ \$15.65 per \$1,000)	\$ 15,330
Year 1 "School" tax Impact:		\$ 2,500
Year 1 Tax Bill:		\$ 17,830
Tax Cost of New School – 20 Years	@ \$1.95 for 20 years	\$ 38,204

According to the National Bureau of Economic Research, there is a strong correlation between school expenditures and home values. A report titled "School Spending Raises Property Values" found that **for every dollar spent on public schools in an area, home values increased by \$20.**


Research consistently shows that **increased spending on school facilities significantly impacts housing valuations**, with homes located in districts with higher school facility investments generally commanding higher prices due to the perceived value of quality education for potential buyers, particularly those with children; essentially, every dollar spent on school facilities can lead to a substantial increase in property value within that area, with studies often citing a figure around \$20 per dollar of school spending. 

Key points about the relationship between school facilities spending and housing valuations:


Higher perceived quality:

When a school district invests in modern facilities, it is often seen as a sign of high-quality education, attracting families willing to pay more for homes within that district. 

Demand driver:

Parents with children often prioritize access to good schools when choosing a home, leading to increased demand for properties in well-funded school districts. 

Economic research findings:


Studies from the National Bureau of Economic Research (NBER) have demonstrated a strong correlation between school spending and property values, indicating that increased school funding directly translates to higher home prices. 

Factors Influencing the Impact:


School district reputation:


The overall reputation of a school district, not just facility quality, plays a significant role in determining housing valuations. 

Local market conditions:

The overall housing market dynamics in a region can also affect how much school facilities influence home prices. 


Type of facility improvements:

Investments in specific areas like science labs, libraries, or athletic facilities may have a larger impact on housing values compared to general maintenance. 


Research consistently shows that **increased school spending in a district generally leads to higher housing valuations**, meaning homes located in areas with higher per-pupil school funding tend to have higher property values; with studies often indicating that for every dollar spent on public schools, home values increase by around \$20. 

Key points about school spending and housing valuations:


Positive correlation:

A strong relationship exists between the level of school funding and property values, with higher spending generally resulting in higher home prices. 

Buyer preference:

Parents often prioritize access to good schools when buying a home, leading them to pay more for properties in well-funded school districts. 

Resale value impact:

Homes in high-performing school districts tend to have better resale value due to increased buyer interest. 

The Finance and Advisory Committee recommends FAVORABLE ACTION (3-1) on Article 2-11.

ARTICLE 2025/4 3-2 Extensions of Lease - Cutler School

The purpose of this article is to extend the lease of the Cutler School property for 50 years. The extension provides the Hamilton-Wenham Regional School District with the flexibility it requires to pursue a new school construction project.

The Finance and Advisory Committee recommends FAVORABLE ACTION (4-0) on Article 3-2.

Respectfully Submitted,

Hamilton Finance and Advisory Committee

John McGrath, Chair
Alex Rindels, Vice Chair
Christopher Woolston, Secretary
Harry Philip
John Pruellage
Sandra McKean – Associate Member