



# Town of Longmeadow

## FINANCE DEPARTMENT

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TO: Longmeadow Select Board Members  
Lyn N. Simmons, Town Manager

FROM: Paul J. Pasterczyk, Finance Director

DATE: March 2, 2020

SUBJECT: District Improvement Financing Procedures

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As a result of the District Improvement Financing (DIF) Program established by the affirmative vote of Article # 13 at the May 9, 2017 Annual Town Meeting, a number of procedural steps must be adhered to on an annual basis dealing with the valuation, taxes, the use of the taxes generated and any third party contributions that are part the Dwight Road Improvement District.

For FY 2021, the Select Board again will need to establish a “Percent Capture” of the tax increment in which to build its next year’s budget upon. Longmeadow’s budget dollars will be used for the repayment of the debt service on the \$2.50 million bond issued in August of 2018 for the infrastructure improvements within the improvement district. The FY 2021 debt service for the Dwight Road Improvement District is \$180,025.

Based upon the current assessment on the DIF property of \$8,491,300 and the FY 20 tax rate of \$24.21, I am conservatively estimating that a 90% capture of the incremental taxes be utilized for FY 2021.

### **The Select Board needs to vote the percent capture as follows:**

*I move that the Select Board utilize 90% of the of the Dwight Road Improvement District’s incremental tax revenues in establishing the FY 2021 District Improvement Financing budget.*

The FY 2020 debt service on the DIF financing is \$183,625. Total taxes due Longmeadow are approximately \$205K and the Town recently received its first of twenty \$20K allotments from the Town of East Longmeadow as part of the DIF Inter Municipal Agreement. In summary the DIF project will put nearly \$35K in incremental revenues into the Town General Fund this fiscal year along with the payment of the \$183,625 debt service.

I would estimate the FY 2021 DIF revenues will exceed DIF costs by close to \$40K.