



Town of Leicester
OFFICE OF THE TOWN ADMINISTRATOR

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July 12, 2021

To: Select Board
From: David Genereux, Town Administrator
RE: Becker Campus Acquisition Costs and Financing

I am writing to offer detail regarding the detail behind the potential acquisition of the Becker College Campus. This has been discussed extensively in executive session, but we are now ready to begin the process of informing the public.

When Becker's closing was announced, the Town reached out to begin negotiations for acquisition. Discussions began immediately. On June 22, 2022 the Select Board, with the School and Advisory Committees voted to pursue the acquisition of the Becker Campus, as well as to fund an agreement that would keep it off the market until the Board has the time to assemble a financing plan and put it before the voters.

The negotiated purchase price for all of Becker's holdings in Leicester is \$17,830,000.

The properties combined assessed value is \$29,646,800; its insured value is over \$50,000,000. Included in the property purchase is the new turf field, the Campus Center, the Veterinary Health Clinic, the Gymnasium, the historic May House, several dormitories and other residences, and the Swan Library. In all, there are 19 buildings on 28 acres, along with the turf and practice fields. Kitchen, gym, veterinary equipment, are included in the sale, as is the IT network and equipment.

The reason behind the Board's decision was the fact that this is a unique opportunity to acquire a property located in the most historic section of the Town and be able to control how that property would be redeveloped.

There are other individuals and groups interested in various portions of the campus. If the Town does not purchase the property, it will likely be broken up and sold; with the various facilities used by for-profit sporting groups, private businesses, and specialized housing. If the Town purchases it, there would be a required public process for authorization of lease or sale of any of the properties that do not serve a municipal purpose.

There are considerations beyond defensive ones, however. The Town would acquire a turf field and a free-standing gymnasium for sporting activities, and a prime location for a college style school campus. The May House, which was a stop on the Underground Railroad, would be a welcome counterpart to the Swan Tavern. The price to acquire the complete property is also well below perceived market value, which makes it an attractive investment for the Town.

The Board has decided that a debt exclusion of \$19,900,000 will be requested at an upcoming Town Meeting, which is expected to take place in mid-September. The reason for the difference in the requested exclusion amount and the purchase price is so the Town has the ability to fund anticipated acquisition and maintenance costs, as well as be able to pay for architectural, engineering, survey and/or feasibility studies to determine how best to use the campus going forward. Funding is also needed for repairs and improvements to the property as needed, as well as the purchase of additional vehicles and equipment for building and grounds maintenance, as needed by staff.

There is interest from various state agencies for buildings that will not be needed for municipal purposes. It is also expected that other properties will eventually be surplus in some fashion after the Becker liquidation plan is approved by the Attorney General. Unfortunately, we cannot discuss particulars until that process is complete.

The Board anticipates a 20-year borrowing, with a forecast tax rate impact of \$1.12 per thousand dollars valuation. That translates into an annual \$290.75 on the average home, based on an assessed valuation of \$259,606.

There will also be a discussion of an operational override to maintain the property, and to create a Department of Public Works that will maintain and oversee all municipal buildings, including the Becker campus and the public schools. Other items that will have to be funded include the cost of custodial services to Becker buildings being used daily, increased utilities and insurance costs, and the addition of new employees to perform building and grounds maintenance. Included within the override will be funds that will be used exclusively for building and equipment maintenance, which will be expended in tandem with other funds raised annually at Town Meeting. At this point, we are still obtaining estimates on various costs.

These funding requests will require action both at a special town meeting, and a special election, which will be scheduled for September. This topic will be discussed through the remainder of the summer. There will also be "Open Houses" scheduled over the next two months to allow residents to tour the campus. The acquisition offers a unique opportunity for the Town to maintain its history, while offering new possibilities for development moving forward.

The fact sheet attached to this memorandum will be placed on the Town website to start providing residents with information on this important topic.

Please contact me with any questions.

Becker Acquisition – The Town expects to be requesting a debt exclusion and an override in September to fund the acquisition of the Becker College Campus. Please see information below:

PROPERTY ACQUISITION (To be funded via debt exclusion) – The Town has an exclusive agreement with Becker to hold the property until the Select Board can request the residents to approve funding to purchase the property. Details below:

Purchase Price (Negotiated with Becker): \$17,830,000 for all real estate and equipment owned by Becker within the Town.

Borrowing Amount: \$19,900,000, to be used for acquisition, legal & other closing costs, architect fees, feasibility study costs, surveying and subdivision, repairs and improvements to be made upon the property, and any equipment or vehicles required to more effectively manage the property.

Cost of debt exclusion to property owners: Forecast at \$1.12 per \$1,000 valuation. Cost to the average home, (which is valued at \$259,606 for FY 2021 is as follows: $\$259,606/\$1000 = \$259.606 * 1.12 = \290.75

Reasons for acquiring the properties:

- To control development of a campus located in the most historic part of the Town
- To immediately expand sports activities with a lighted turf field, detach gymnasium and an additional practice field
- To allow for the development of a campus style school project
- To work with Mass Development and other state agencies to develop portions of the properties that the Town will not utilize
- To take advantage of purchasing a unique property that offers many possibilities at a bargain rate

OPERATING COSTS (To be funded via Override) – The Town will also be asked to fund the operating costs for the new campus via an annual adjust of the tax levy, better known as an override. The amount to be requested is still be calculated, but the funding is sought to:

- Create a Department of Public Works, overseen by a director, which will manage all town properties, including the schools
- To fund the staffing necessary to properly managed all town properties
- To create a maintenance budget for the purchase of supplies, and to engage tradesmen where necessary to maintain Town buildings and equipment
- To fund additional insurance, custodial and utility costs for the Becker campus
- Funds will be requested from the school budget to offset a portion of these costs

Cost of override to property owners: Currently under review. This section will be updated once all costs are calculated.

We encourage residents with questions regarding the acquisition to contact the Town Administrator's office at (508) 892-7077 or genereuxd@leicesterma.org