

TOWN OF HARDWICK
Commonwealth of Massachusetts



Board of Selectmen, PO Box 575, Gilbertville, MA 01031
Phone: (413)477-6197

March 15, 2005

Peter J. McDonald, Ed.D
Headmaster
Eagle Hill School Foundation
P.O. Box 116
Hardwick, MA 01037

Re: P.I.L.O.T. Program

Dear Mr. McDonald:

The Board of Selectmen is in receipt of a letter from the Board of Assessors regarding the P.I.L.O.T. (Payment in Lieu of Taxes) Program.

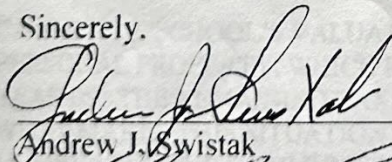
This voluntary agreement between the Town and Eagle Hill School would allow Eagle Hill School to contribute to the costs of public safety services provided by the town through participation in a payment in-lieu of tax program.

We have enclosed information relative to the program for your review, and encourage you to contact the Assessors office at 477-6709 should you have any questions regarding the program.

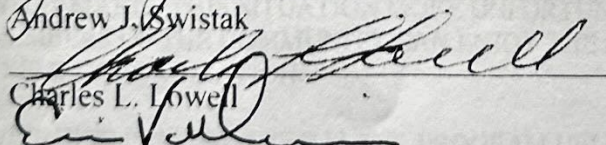
We look forward to meeting with you and the members of the Board of Assessors to further discuss this proposal.

Please contact Sherry Patch, Administrative Assistant to schedule a meeting at 477-6197 ext. 101.

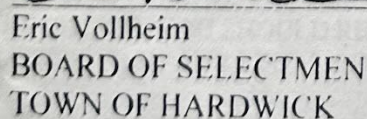
Sincerely,



Andrew J. Swistak



Charles L. Lowell



Eric Vollheim
BOARD OF SELECTMEN
TOWN OF HARDWICK

Enclosures

PO BOX 575
GILBERTVILLE, MA 01031

413-477-6709

JANUARY 26, 2005

BOARD OF SELECTMEN
MUNICIPAL BUILDING
GILBERTVILLE, MA 01031

DEAR BOARD MEMBERS:

AS YOU ARE AWARE, TAX EXEMPTIONS FOR REAL AND PERSONAL PROPERTY WERE ORIGINALLY PUT INTO EFFECT IN THE LATE 19TH CENTURY AND WERE DIVIDED INTO "RELIGIOUS", "CHARITABLE", "BENEVOLENT", "EDUCATIONAL", "SCIENTIFIC", AND "TEMPERANCE" CATEGORIES.

THE PURPOSE OF TAX EXEMPTIONS WAS TO OFFER INCENTIVE TO ESTABLISHMENTS TO HELP OTHERS BY RENDERING SERVICES FOR NO COST OR AT LOWER FEES. ALL MONEY OBTAINED BY THE ORGANIZATION WAS TO GO BACK INTO THE ORGANIZATION TO KEEP IT RUNNING FOR THE BENEFIT OF THE PERSONS FOR WHICH IT WAS FORMED.

SCHOOLS WERE OPERATED FOR THE BENEFIT OF ALL. NOW IT IS A BIT MORE CONVOLUTED. PRIVATE SCHOOLS CHARGE EXCESSIVE FEES AND CAN ONLY BE ACCESSED BY THOSE WHO CAN AFFORD THEM. THINGS HAVE CHANGED, AND IN THE 21ST CENTURY, WE ARE DEALING WITH 19TH CENTURY STATUTES.

THE P.I.L.O.T (PAYMENT IN LIEU OF TAXES) PROGRAM COULD BE SEEN AS A RESOLUTION UNTIL LEGISLATURE REVIEWS THE ARCHAIC LAWS CURRENTLY ON THE BOOKS AND REVISES THEM TO MEET A MORE CURRENT STANDARD.

EAGLE HILL SCHOOL'S VALUATION IS 5.83% OF HARDWICK'S TOTAL REAL AND PERSONAL PROPERTY, WHICH REPRESENTS \$125,242.39 FORFEITED TAXES FOR FISCAL YEAR 05. THE REMAINING TAXPAYERS MUST COVER THE COST OF THE LOST REVENUE. WHAT MAKES THIS SITUATION MORE UNFORTUNATE IS THE FACT THAT NOT ALL MEMBERS OF THE COMMUNITY CAN ENJOY THE SERVICES THAT ARE PROVIDED BY THIS EXEMPT ORGANIZATION.

WITH THIS IN MIND, THE P.I.L.O.T. PROGRAM HELPS TO RECUPERATE LOST REVENUE. AT THE OUTSET, YOU SHOULD REALIZE THAT THE PROGRAM IS A VOLUNTARY AGREEMENT RATHER THAN ANY LEGAL REQUIREMENT.

THE ASSESSORS MUST HAVE CONCENSUS WITH THE BOARD OF SELECTMEN THAT A P.I.L.O.T PROGRAM AGREEMENT WITH EAGLE HILL SCHOOL FOUNDATION IS A VIABLE OBJECTIVE.

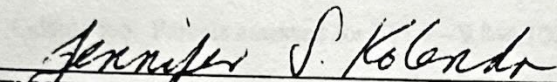
IN ORDER TO CALCULATE THE PERCENTAGE TO BE USED IN THE PILOT AGREEMENT, THE "COST OF PUBLIC SAFETY" METHOD IS APPLIED. WE ADD THE BUDGETS FOR THE HEALTH, POLICE, FIRE AND BUILDING DEPARTMENTS AND DIVIDE THEM INTO THE AMOUNT RAISED BY TAXATION. THIS RESULTS IN THE "PUBLIC SAFETY" PERCENTAGE OF THE TOTAL TOWN BUDGET. EAGLE HILL'S PARCEL VALUE IS MULTIPLIED BY THAT PERCENTAGE AND THE CURRENT YEAR'S TAX RATE TO PRODUCE A RATIONAL NUMBER FOR THE PILOT PROGRAM AGREEMENT.

ONCE THE TERMS ARE AGREED UPON, THEY SHOULD BE COMMITTED TO WRITING. ONE PERSON SHOULD BE DESIGNATED TO SEE THAT THE TERMS ARE MET. IF A BILL IS MAILED, THAT PERSON SHOULD MAIL IT AT THE SAME TIME EACH YEAR AND FOLLOW THROUGH TO ENSURE THAT PAYMENT IS RECEIVED.

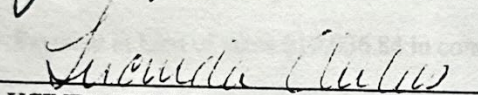
WE MIGHT ALSO ASK EAGLE HILL SCHOOL IF THEY WANT THEIR PILOT PUBLICIZED AS FREE PUBLICITY AND GOOD PRESS BENEFITS EVERYONE.

PLEASE FIND ATTACHED, A MODEL OF A P.I.L.O.T AGREEMENT AND CALCULATION WORKSHEET.

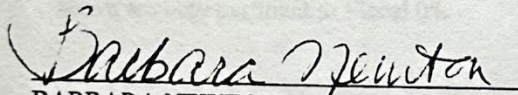
RESPECTFULLY SUBMITTED FOR YOUR CONDISERATION,



JENNIFER S. KOLENDA, CHAIRMAN



LUCINDA CHILDS



BARBARA NEWTON

PILOT FOR PUBLIC SAFETY
(Payment in Lieu of Taxes)

FY 05

Health Department	6,101.80
Police Department	234,482.46
Fire Department	65,019.23
Building Department	<u>20,998.47</u>
Total Cost of "PUBLIC SAFETY"	326,601.96
Total Amount to be raised by taxation	2,148,992.70
"PUBLIC SAFETY" Percentage	15.20%

Calculation: Parcels assessed for FY05 – 9,846,100 X 15.20% X tax rate X \$12.72

9,846,100 (value) X 15.20% (PUBLIC SAFETY PERCENTAGE) = 1,496,607.20 X 12.72 = 19,036.84

Payment in Lieu of taxes \$19,036.84 in comparison to \$125,242.39 if taxable.

As you are aware, budget amounts change and valuations change, therefore tax rates change, so the figures above are only pertinent to Fiscal 05.

**TOWN OF HARDWICK
BOARD OF ASSESSORS**

**AGREEMENT TO MAKE PAYMENTS IN LIEU OF TAXES
TO THE TOWN OF HARDWICK**

Agreement made this day of 2005 at Hardwick, Massachusetts by and among Eagle Hill School Foundation of Massachusetts, Inc., a non-profit charitable corporation duly organized under the laws of the Commonwealth of Massachusetts, having a usual place of business at Old Petersham Road, Hardwick, MA 01037.

Whereas this non-profit corporation desires to contribute to the costs of public safety services provided by the community and participate in a payment in-lieu of tax program ("PILOT").

Now, therefore commencing in the Town of Hardwick for Fiscal Year 2005 in which an exemption is sought the non-profit corporation agrees to pay the Town of Hardwick yearly as a payment for public safety PILOT. The costs of public safety include the budgets of Health, Police, Fire and Building Departments.

The payment will be determined by summing these budgets and dividing them into the total amount to be raised yearly which will create a product to be known as that year's public safety percentage. The formula is attached as exhibit A, with the full payment due on in each year.

The parties further agree that in no event shall the payments made to the Town under this Agreement in each fiscal year exceed the amount that would have been paid if the property (real and personal) were taxed under the provisions of Chapter 59 Section 59.

In Witness whereof, each of the parties has caused the Agreement to be executed as a sealed instrument by its officers duly authorized as of the day and year first written above.

For Eagle Hill School Foundation of
Massachusetts, Inc.

Chairman, Board of Selectmen
Town of Hardwick

Chairman, Board of Assessors
Town of Hardwick

Town Counsel, as to form