

Questions Raised During January 29, 2020 Ways & Means Committee Meeting

1. What is the dollar value of a .75% reduction in Schools, Police, Fire and DPW operating budgets (see January 14, 2020 Memo from Town Auditor)?

The 5 year projection generated in the fall/early winter, which included the debt service for the South Middle School Project, required the Town to increase fees, cut appropriations and use one-time funding sources in order to cover the debt.

In order to balance the FY21 operating budget and cover the debt service for South Middle School within the tax levy, the projections included a reduction in operating costs of \$677,126.00. In order to cover the debt associated with the borrowing, an estimated decrease of the 4 largest departments' operating budgets would be required to ensure sufficient funding. These funds would be reallocated from Schools, Police, Fire and DPW and would be utilized to make payments towards the South Middle School Project.

Based on the FY20 voted budget numbers (as available at the time), the following reductions would be required to ensure the ability to make payments toward the debt:

- Schools (\$467,872)
- Police (\$78,044)
- Fire (\$65,523)
- DPW (\$65,687)
- Total Reductions (\$677,126)

In order for this one time reduction to cover the costs of the debt service as projected over the first 5 years, each Department would create future years' budgets based on a lower allocation of funds resulting in a long term decrease in each respective operating budget.

In addition to the cut in appropriations, the projections included a \$100 per household increase in trash fees, the use of free cash and the School Trust Fund, and no contributions to the OPEB trust fund in FY21, FY22 and FY23. This projection did not account for payments required after FY25.

2. Braintree School Building Authority Stabilization Fund

- a. What options exist to continue funding the Braintree School Building Authority Stabilization Fund? Can MSBA reimbursements be deposited into the Fund?

When the Fund was originally created in conjunction with the FY2018 budget, the following revenue sources were identified to fund the account:

- Excess tax levy capacity of \$600,000 for 3 years (\$1,800,000)
- Current tax levy funds of \$420,000 for 5 years (\$2,100,000)
- Interest income earned on the balance of the account
- MSBA direct reimbursements for planning and design funds already expended

- Possible use of excess town funds over stated reserve levels

The Fund would then accumulate money over several fiscal years to cover the projected debt service of \$3,900,000.00 for the East and South Middle School projects. There was no long term plan to maintain this Fund to support building repairs/renovations beyond East and South.

MSBA reimbursements can be deposited into the Fund to increase the balance.

The Town continues to budget \$1,000,000 annual for school capital improvement projects. This funding is separate from the Fund and is not impacted by the transfer of money out of the Fund. Of this allocation, approximately \$240,000 is used to for debt service payments associated with non-energy savings payback items related to ESCO (energy savings project) and \$100,000 is dedicated to paying for a portion of the new Munis financial software implementation.

- b. If we draw the Fund down to approximately \$200,000.00, will there be enough money to pay off any outstanding bills as they relate to east? What remains to be paid for East?

The Town's maximum financial obligation for the East Middle School Project is \$43,257,775.00. To date, the Town has borrowed \$37,000,000.00 toward that total cost and will borrow the remaining balance upon receipt of the final balance due. Included in the Town's FY20 operating budget is a program entitled "Reserve for Capital Project" that has \$3,060,000.00 to be used to cover the debt service for the East Middle School Project.

- c. Please provide a breakdown of the \$1.7 million to be transferred.

Miller Dyer Spears—\$1,438,229 Due to Miller Dyer Spears Architects, broken down as follows:

- \$1,345,334.00 (Design Development Phase)
- \$44,445.00 (Amendment 2-Supplemental GeoTech Test Pits, Borings, Soils, Evaluation, Report & Design Phase Document Coordination)
- \$9,500.00 (Amendment 2-GeoEnvironmental Soils Testing and Characteristics Report)
- \$21,750.00 (Amendment 2-Survey Boundary Retracement & Building Staking)
- \$8,200.00 (Amendment 2-FF&E Procurement)
- \$9,000.00 (Amendment 2-Technology Procurement)

See Attached—Attachment F, Contract for Designer Services Amendment No. 002.

Hill International—\$280,000 Due to Hill International, broken down as follows:

- \$250,000.00 (Design Development Phase)
- \$30,000.00 (Cost Estimates)

See Attachment Provided on January 29, 2020—South Middle School Owner Project Management Services.

3. Provide a readable copy of the South Middle School design and construction schedule.

See Attached

4. Financing A references \$86.6 million to fund the new South Middle School, however, in the scope of work provided by Hill International it references construction budget of \$69.2 million. Where is the \$17.5 million delta coming from?

The total project cost is \$86,600,000.00, including the \$69,200,00.00 for construction costs. The additional costs include funding for the owners project manager, architectural and engineering services, furniture, fixtures, technology, utility and moving costs.

5. Financing B references that the project scope has changed from a “renovation/addition” to “new construction.” In the documents provided, going back to June 2019, all reference only new construction, not a renovation. What changed?

One of the main goals of both middle school projects is to remove 5th grade students from our elementary schools, opening over 20 classroom district wide. As part of the required MSBA feasibility study, we were required to explore multiple options including renovation and new construction. Through that analysis, it was determined that a renovation/addition was significantly less expensive for East Middle School, and new construction emerged as the less expensive option for South. The primary factor leading to new construction for South was the complexity of an occupied construction project to the facility, which would have required a 36 month construction timeline v. 18 months for new construction *See Attached “Braintree South Middle School-Preferred Schematic Report-Concept Cost Comparison.”*