

# TOWN OF WELLESLEY



## SUPPLEMENT TO THE 2014 REPORTS TO THE ANNUAL TOWN MEETING

By the  
ADVISORY COMMITTEE

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Prepared on March 27, 2014

**ARTICLE 7.** To see what sums of money the Town will raise and appropriate, or otherwise provide, including transfer from available funds, or borrowing, to supplement or reduce appropriations previously approved by the 2013 Annual Town Meeting; or take any other action relative thereto.

**(Board of Selectmen)**

## **ARTICLE 7, MOTION 1: WINTER SUPPLEMENTAL APPROPRIATION**

*Please see the 2014 Advisory Report on pages 31-32 for a summary of the proposed Winter Supplemental appropriation to the FY13 budget. After the 2014 Advisory Report went to press, the Board of Selectmen agreed to appropriate an additional \$150,000 to the Winter Maintenance budget, bringing the total appropriation in Article 7, Motion 1 to \$650,000. The discussion and vote on this revised budget appears below.*

## **ARTICLE 7, MOTION 1: WINTER SUPPLEMENTAL APPROPRIATION**

This Motion requests a supplemental FY14 appropriation of \$650,000 to the Board of Public Works (BPW) for winter maintenance. The winter maintenance budget includes the cost of equipment maintenance and fuel, sand and salt, personal services and, potentially, some use of private contractors. When plowing occurs during regular working hours, the personnel cost is included in the regular Department of Public Works (DPW) budget. However, when the work occurs outside of regular working hours, requiring the payment of overtime to DPW staff, or when outside personnel are required because of the size and scope of the effort, the cost is applied against the winter maintenance budget. The number and timing of storms and total snowfall all influence these yearly costs.

The 2014 winter season has been a challenging one, with 23 snow and/or ice events as of March 14, 2014, and has included the need for overnight snow removal in the commercial districts on four separate occasions. Since the original \$500,000 request on January 31, there have been an additional ten events, bringing the total accumulation for the winter season to 64 inches and 274 hours of snow and ice removal.

Advisory supports the request for an additional \$150,000 for Winter Maintenance, which brings the total supplemental appropriation to \$650,000. In further discussions about the appropriate level of budgeting of this annual expense, set at \$348,703 for each of the past seven years, Advisory notes that the winter maintenance appropriation has been inadequate in all but one of these years and recommends that the annual appropriation be raised to a higher level, perhaps \$500,000, to more realistically reflect the actual expense. Advisory agrees that setting the level too high could unnecessarily encumber Free Cash in years with low winter maintenance requirements but notes that even the \$500,000 level would not have been sufficient in six of the past seven years.

**Advisory recommends favorable action, 13 to 0.**

**ARTICLE 16.** To see what sum of money the Town will raise and appropriate, or otherwise provide, for architectural, engineering, and/or other services, for construction, reconstruction, remodeling, rehabilitation, additions and/or modernization to several Schools and other Town buildings, including Middle School, Sprague School, Hunnewell School, district-wide security, Warren Building, Police Station, and Fire Station #2; to determine whether such sum shall be raised by taxation, through borrowing and/or by transfer from available funds including Community Preservation Funds; or take any other action relative thereto.

**(Board of Selectmen / School Committee)**

*Please see the 2014 Advisory Report on pages 118-121 for descriptions of the nine School and Town projects which are covered under this appropriation.*

This Motion seeks Town Meeting approval to appropriate \$4,764,134 to the Permanent Building Committee (PBC) for the construction of nine projects whose design funds were approved in Article 17 of the 2013 Annual Town Meeting (ATM). Bids for these projects have been received by PBC and are in the process of being thoroughly vetted, therefore the \$4.764 million appropriation request may change slightly between the time this *Supplementary Advisory Report* is published and Town Meeting. The exact number will be presented at ATM. The Town intends to borrow within the levy for this appropriation.

The projects have been grouped into four “bundles” which are dependent on the type of construction: (1) Architect’s Bundle (Sprague, Hunnewell, WMS, Warren); (2) Fire and Police Station Headquarters HVAC Repair; (3) Fire Station Floor Replacement; and (4) WMS Auditorium Seating. Budgets for each of these four “bundles” are given in the charts below. Each bid package contains some or all of the following components:

- Contractor’s bid;
- Hazardous material removal and/or testing (placeholder in case it is necessary);
- Construction administration;
- Owner’s Administration (same for all projects);
- Clerk of the Works;
- PBC Personal Services<sup>85</sup>;
- Builder’s Risk Insurance; and
- Contingency (varies from project to project; range of 7.5% to 15%).

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<sup>85</sup> PBC had originally planned to capture all its Personal Services cost within its operating budget, as opposed to its past practice of allocating proportional personal services costs to discrete projects. Keeping personal services costs within its departmental budget streamlines bookkeeping and project payment processes, particularly given that many projects require work by PBC in advance of budget appropriation by TM. However, including those personal services costs in the FY15 budget resulted in PBC’s budget exceeding the BOS guidelines, so those costs have been included in PBC’s gap list. If ATM approves Article 8 and the voters approve the override, PBC’s budget will be fully funded and the \$58,565 in PBC personal services specified in this Motion will be removed from the individual project budgets.

### Architect's Bundle

The same contractor will be used for the four projects in this “bundle” which includes the Sprague roof replacement, Sprague Oak Street Entrance repairs, WMS Donizetti Plaza Entrance repair, Hunnewell roof repairs and Warren building repairs. The total cost for this bundle is \$2,671,826 and the breakdown of costs is summarized below:

<b>Architect's Bundle (Sprague, WMS, Hunnewell, Warren)</b>	
Construction	
Contractor Bid (all projects)	\$2,094,800
Hazardous materials and Abatement at WMS	40,000
Subtotal	<b>\$2,134,800</b>
Architectural and Engineering	
Construction Administration	110,000
Architect's Additional Services	
Subtotal	<b>\$110,000</b>
Other Professional Services	
Project Manager	46,100
Clerk of Works	11,400
Materials Testing (concrete, steel, masonry, windows)	4,000
Hazardous materials testing	1,500
Subtotal	<b>\$63,000</b>
Other Project-related Expenses	
PBC Personal Services	34,806
PBC Expenses	4,000
Building, Plumbing, Electrical Permits	
Builder's Risk Insurance	5,000
Subtotal	<b>\$43,806</b>
Project Contingency (~15%)	<b>\$320,220</b>
<b>Total</b>	<b><u>\$2,671,826</u></b>

Three years ago, the 1924 Sprague roof was found to be beyond its serviceable life. Last winter, the School Facilities Master Plan Task Force made the recommendation to replace the roof and the School Committee and Board of Selectmen brought this project to the 2013 ATM as part of Article 17 (see the Report of the School Facilities Master Plan Task Force on pages 189-192 of the *2013 Advisory Report*). There were two options for roofing material: slate, which would be consistent with the original design, and architectural-grade asphalt. While more expensive, slate shingling has an anticipated 100-year life expectancy compared to asphalt, which typically lasts approximately 40 years. The bid for the project included a “deduct alternate” which represents the amount by which a bid would be reduced in the event asphalt was chosen over slate. All bidders but one specified a “deduct alternate” figure of \$150,000 (the other bidder specified \$155,000). The decision about which material to use was made carefully by involved boards and committees, taking many factors into account and mindful of the Town's current financial challenges.

On March 20, 2014, PBC asked HKT Architects, Inc. (HKT) to analyze the current and future costs of installing the two different types of roofs. HKT confirmed that the slate specified for this project carries a 100-year warranty and that the asphalt shingles carry a 40-year warranty. To account for climate and other factors which could affect the roofs, HKT assumed a 90-year lifespan for slate and 35-year lifespan for asphalt. With an average lifespan of asphalt being

approximately one-third that of slate, it is likely that an asphalt roof would require replacement twice during the life expectancy of one slate roof (during years 35 and 70). HKT analyzed the elements of the current roofing bid and determined the 2014 cost of stripping and reinstalling the roof using slate to be \$445,000, and asphalt to be \$228,000.

Since 1980, the construction cost and consumer price indices have both risen approximately 3.7% annually.<sup>86</sup> Based on the asphalt's \$228,000 cost in 2014 and using the 3.7% escalator, the cost to replace the roof in year 35 would be \$813,189, and in year 70 would be \$2,900,333. The total cost, therefore, of having an asphalt roof on the building for 90 years would exceed \$4 million.<sup>87</sup> By contrast, slate would only have to be installed once and the total cost over 90 years for a slate roof would be the single installation at \$445,000 plus some allowance for repair. There would be no appreciable savings of utility costs by using one material over the other.

Advisory discussed with the BOS and School Committee how long the current building could foreseeably be in use. Given that the Sprague School is one of the largest of the elementary schools (with a capacity of approximately 400 students), and has large grounds and extensive field space, it is possible that the building will be desirable for years to come. HKT explained that municipal building planning usually extends over a 50-year period, but that in its experience, buildings are often repurposed after they cease to be used for a specific function such as a school. It is plausible that Sprague could continue in use for a municipal purpose beyond 50 years, given the lack of other available municipal buildings and a constant need for additional space. That likelihood makes cost projections of roofing projects over a longer period of time prudent and appropriate.

The Sprague School does not currently have any historic designation or protected status but the Wellesley Historical Commission (WHC) considers the building to be a historically significant Town asset because of its distinctive architectural features, its association with one of the Town's most important historical persons, and its role in the development of the Town's west end. Although the Sprague School addition does not have a slate roof, the WHC points out that new structures should be distinct from, though compatible with, the old ones in accordance with the Secretary of the Interior's Standards for the Treatment of Historic Properties. However, the old features should follow the Interior Standards guideline: "Where the severity of deterioration requires replacement of a distinctive feature, the new feature will match the old in design, color, texture, and where possible, materials."

Advisory has noted that a few other school buildings have asphalt roofs, but the length of expected use in those buildings may be shorter and other circumstances may differ so that use of asphalt elsewhere in town should not be unduly influence the decision made on the Sprague roof.

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<sup>86</sup> HKT's cost estimator said that typical cost estimations over the future period of time should use a higher cost escalation rate of 5% which would allow for price volatility during intervening years. For purposes of this discussion it is not necessary to address the 5% escalation rate.

<sup>87</sup> Even if future cost escalation rates do not reach the levels of the past 30 years, replacing the asphalt roof in 35 or 40 years (i.e. two installations) at today's price would result in a higher cost than installing a slate roof once.

**Fire and Police Station Headquarters Heating, Ventilation and Air Conditioning (HVAC)**

The total appropriation for these two HVAC repairs is \$1,479,320 and the cost breakdown is summarized below:

<b>Fire &amp; Police Headquarters HVAC Repair</b>	
Construction	
General contractor (both projects)	\$1,152,000
Electrical rebid contingency	69,000
Subtotal	<b>\$1,221,000</b>
Architectural and Engineering	
Construction Administration	30,700
Engineer's Reimbursable Expenses/Miscellaneous	1,500
Subtotal	<b>\$32,200</b>
Other Professional Services	
Project Manager	24,100
Clerk of Works	21,500
Mechanical / Electrical / Plumbing Commissioning	15,000
Subtotal	<b>\$60,600</b>
Other Project-related Expenses	
PBC Personal Services	14,000
PBC Expenses	2,000
Builder's Risk Insurance	3,000
Subtotal	<b>\$19,000</b>
Project Contingency (~12%)	<b>\$146,520</b>
<b>Total</b>	<b><u>\$1,479,320</u></b>

### Fire Department Headquarters – Flooring replacement

The total appropriation for the flooring replacement in the Fire Department headquarters is \$173,440 and the cost breakdown is summarized below:

<b>Fire Station Floor Replacement</b>	
Construction	
General contractor	<b>\$124,900</b>
Architectural and Engineering	
Construction Administration	15,000
Architect's Reimbursable Expenses/Miscellaneous	2,000
Subtotal	<b>17,000</b>
Other Professional Services	
Project Manager	6,900
Clerk of Works	5,100
Subtotal	<b>\$12,000</b>
Fixtures, Furniture and Equipment (FF&E)	<b>\$1,900</b>
Other Project-related Expenses	
PBC Personal Services	3,650
PBC Expenses	1,000
Builder's Risk Insurance	500
Subtotal	<b>\$5,150</b>
Project Contingency (~10%)	<b>\$12,490</b>
<b>Total</b>	<b><u>\$173,440</u></b>

### Wellesley Middle School – Auditorium seating replacement

The total appropriation for the seating replacement in the WMS auditorium is \$439,548 and the breakdown of costs is shown in the chart below:

<b>WMS Auditorium Seating</b>	
Construction	
General contractor	<b>\$391,300</b>
Architectural and Engineering	
Construction Administration	<b>\$11,200</b>
Other Project-related Expenses	
PBC Personal Services	6,200
PBC Expenses	1,000
Builder's Risk Insurance	500
Subtotal	<b>\$7,700</b>
Project Contingency (~7.5%)	<b>\$29,348</b>
<b>Total</b>	<b><u>\$439,548</u></b>

### **Advisory Considerations**

Town Meeting members voted unanimously at the 2013 Annual Town Meeting to appropriate \$585,030 for design development of these nine projects. PBC received several bids for the projects, all of which were below the PBC's February 2014 estimates. As part of their due diligence process, PBC returned to the low bidders to confirm the scope of their numbers, and in all but one case (the Fire Department headquarters flooring replacement<sup>88</sup>), felt confident in accepting the low bid. Advisory is satisfied that the projects are of the utmost priority, address both structural and safety issues, do not include unnecessary or undue expenses, and should be approved by Town Meeting. There was a concern noted that in choosing the slate option for the Sprague roof, the Town was choosing to spend an additional \$150,000 in a year which includes an override of Proposition 2 ½. However, most Advisory members agreed that a slate roof provides long term financial and aesthetic value to the Town. Appropriation of the funds for these projects at this Town Meeting would allow most of the school work to be completed during the summer months when school is out of session. Financing the projects with short-term borrowing under the levy avoids the costs associated with a debt exclusion.

**Passage requires a 2/3 vote.**

**Advisory recommends favorable action 13 to 1.**

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<sup>88</sup> The lowest bidder for this project proposed to use a different, less expensive, and unacceptable material for the flooring and also had not submitted all the necessary documentation in their proposal. PBC and the Attorney General agree that these factors disqualify this bidder from receiving the contract.