

Approved September 22, 2021

**Advisory Committee Meeting
Zoom Video Conference
Wednesday, September 1, 2021, 6:30 p.m.**

Those present from Advisory Committee included Neal Goins, Tom Cunningham, Jake Erhard, Patti Quigley, Shawn Baker, Jennifer Fallon, John Lanza, Jeff Levitan, Corinne Monahan, Doug Smith, Susan Clapham, Al Ferrer, Wendy Paul, Pete Pedersen, Madison Riley.

Neal Goins called the meeting to order at 6:30 pm.

6:30 p.m. Citizen Speak

There was no one present for Citizen Speak.

6:30 p.m. School Committee/Schools Follow-up

Donald Newell, Director, Municipal Light Plant (MLP); Jeff D'Amico, Project Manager, Compass; Cynthia Mahr, Assistant Superintendent, Wellesley Public Schools (WPS); Melissa Martin, School Committee; Kristen Olsen, Project Manager, SMMA; Dick Elliott; Catherine Mirick, Chair, School Committee; Meghan Jop, Executive Director, Town of Wellesley; David Lussier, Superintendent, WPS; Tom Ulfelder, Chair, Select Board; Ellen Korpi, Chair, MLP Board were present

The Dover Amendment and how it applies to the Hunnewell and Hardy projects was reviewed and explained.

Enrollment was presented including current enrollment and design enrollment. The maximum guideline capacity was presented and discussed. Enrollment is changing as school starts.

Project goals were reviewed.

Cost estimate comparison between Hardy and Hunnewell was presented and discussed including project cost history since feasibility, cost benchmarks and current market conditions.

Questions:

- Why are we chasing 6 schools instead of 5 when Future Think showed declining enrollment before COVID and that this may be a new norm of lower enrollment due to COVID. Why not defer Hunnewell? Have you looked at a plan for five schools?
 - We are not chasing 6 schools. We are building schools for students today and for the students in the next 50 years. The maximum capacity the building could handle is 414 students. However, the district is not comfortable at that level. There is no room for growth if we target 414 students in a school and it assumes every classroom is at the upper end of the class size guidelines. The district runs the risk of reassigning students to other schools. This plan involves the consolidation down to 6 and allows enrollment to grow or contract. The district does not want single classroom schools. These are the right size schools across the district. The district could redistrict to accommodate shifting enrollment.
 - The additional challenge is within the distribution of students through out district. Enrollment is not evenly distributed. Space is needed for specialized programs. We need to build appropriate capacity to deliver the appropriate education for all students.

- How are the contingency costs determined and managed? Are there incentives within the project to minimize the use of contingencies?
 - There is not an incentive option for public projects. The budget number is required to be met and managed. The guaranteed maximum price will be managed. Dollars not spent will come back to the town.
- Do we have data on comparable schools' construction costs – regionally and state-wide?
 - MSBA projects were reviewed for cost comparison. But we need to review school building costs in Massachusetts as other states have different educational goals, construction costs etc. The MSBA projects approved in the last 2 years were reviewed. Projects are in the range of costs for the type of project.
- Construction costs include a guaranteed maximum price. What is escalation tied to and how does it work. At funding state, escalation will be target allowance. Once in guaranteed maximum price, it is no longer allowance, it is in hard bid numbers – it is metric to respond to many things like supply chain, material availability, labor costs and price of materials. Need to pay prevailing wage required for public projects.
- Clarification of the graph on debt was requested. Budget build up.
 - All the debit is not borrowed at the same time. Debt is cash flowed over a period of time. There is incremental borrowing over time. We only borrow when the funds are needed even though authorized to borrow larger amount.
- There was a continued discussion of the Projected Debt Impact Chart and to explain an assumption in the chart that the amount of debt reflected is “cash flowed”.
 - Over the duration of the project, there are points in time when we need the money. At those points we will determine whether and how much we need to borrow. We borrow over a period of time. We also look at where the debt is falling off in an effort to smooth and level the borrowing as much as possible. We are not doing huge hits when we don't have to. This is evaluated on an on-going basis.
- Do we have a sense of the maximum borrowing for these two projects?
 - We don't and how much we borrow depends on whether we come in under budget. It can also be impacted by the timing of reimbursements and whether we rescind debt. This is why we like to give the median tax impact.
- On this same Debt Impact chart why is there a big bump in 2026 - 2027?
 - Schools are off cycle in terms of when starting projects. Hardy still needs to go through permitting. Whereas Hunnewell has already gone through permitting. The bump is when both projects hit as one will start sooner.
- Is the blue part on the chart for additional debt? And is it just for school projects or other anticipated projects.
 - The blue is just the school projects and doesn't include other projects like the Town Hall renovation.
- Can you explain the escalation rates for each project?
 - Hunnewell is 4% and Hardy is 8% - because Hardy has an extra year of construction gets to 8% - rate of 4% per year and the total is on the slide. 4% annually. Dollars are higher because Hardy has more dollars to be spent because it is not as far along.
- What is the rationale for using cash for the estimated additional costs of using swing space and why wouldn't we roll these costs into debt? Wouldn't we want to roll it in given the historically low interest rates and the fact that the amount won't raise the debt mountain that much?. Seems like an odd use of free cash.
 - The SB is contemplating whether there would be any free cash that would be appropriated. Bond counsel might not allow the borrowing for internal swing space because it's largely operational costs. Year-end review shows we are carrying a 20%

reserve level which exceeds the reserve policy by 8%. We have the free cash that we can put to swing space costs. Free cash is an overage for the taxpayers.

- Is there any debt at higher interest rate that we are currently carrying that we could retire with free cash?
 - The SB can look at retiring inside the levy limit of debt. The borrowing for the design will be rolled into the debt exclusion which would free up significant capacity.
- A request was made to understand the percentage of debt among the projects and to look at the big picture and how debt is apportioned between all the projects.
 - The budget book on the website contains a schedule of bond maturity and bond interest.
- A request was made to send the link to the budget book. And a request was made to make it as a data visualization like the debt mountain graph.
- What are the operational savings for closing a school?
 - It's just a few positions from a staffing point of view – one less principal and one less nurse, as there is not much overhead at the elementary schools. There will be savings for utilities rather than staff savings. But these savings come from other budgets for example, FMD for utilities. Savings will be split between other town department budgets.
- A request was made to quantify these costs.
- What will happen with Upham in the long run? How will it be used?
 - It cannot be used as a K-5 school unless it is substantially rebuilt or renovated. There are many possibilities for what it can be. The land will not be sold. The land will be retained and a committee will be formed in the future to decide what to do with the building and the land.
- There was a request to hear from MLP on the photovoltaics at both schools and what does it do for us?.
 - The MLP board has voted to support and facilitate solar on the projects with Hunnewell school installation in the first construction window after school opens which looks like Summer 2024. It will likely be a private company and a Power Purchase Agreement (PPA) with the Municipal Light Plant including environmental attributes for the solar.
- Given MLP's commitment to provide photovoltaics, is it appropriate to drop \$1.2 million out of the school construction budget? Have we worked out what's required to satisfy bond counsel and are we satisfied with MLP's level of commitment and the documentation of that commitment?
 - We are working with School Committee and the MLP board voted to facilitate the installation of the solar.
- The Chair of the Select Board, Tom Ulfelder was asked whether the MLP's commitment is memorialized in a manner that is satisfactory to the town to remove the \$1.2 million from the budget. The plan is to utilize the same model that was started at 900 Worcester.
 - The SB is satisfied if PBC is proponent along with SC and MLP's commitment. There is a level of commitment in the motion that has been made. MLP voted again with a tighter motion. The point was raised to make sure that all people relative to MLP operations understood consistently among themselves what they were committing to. It is felt that they do. There is a different reason why that \$1.2 million as a bid alternate in the documents will remain as this is an authorization to borrow and we don't want to remove it completely as it will be hard to add back. We won't borrow the \$1.2 million unless it is needed. There are two options available to the MLP- first is a PPA and the second is to keep it as part of the construction documents in bid document to get a firm price and a number to present to MLP. MLP will have the option to complete the photovoltaics as a turnkey approach or PPA. It is an earmarked place holder until bids are in hand.
- A comment was made that it was felt that the favorable approach was PPA and that there is no need to the town to incur this. It was felt that there are so many contingencies and that it would be helpful to understand the best estimate of the numbers.

- There is no need to cut off debt related options. It is a prudent action in protecting the taxpayer's interest. It is \$1.2 million out of the total budget and when it is explained appropriately in terms of what we are trying to accomplish and what MLP committing to is sufficient to leave it in. The town is not committing to a tax impact related to the \$1.2 million by voting for the construction amount with that amount in the numbers.
- The price of photovoltaics is not going to be included in numbers that go to Town Meeting. MLP will do it as PPA or based on bid in hand at end of September. It will likely be a PPA but we don't know. Therefore the \$1.2 million is still in there and will be in there until we finalize how it will be completed.
- Will costs of PPA be passed back to the town or schools or will it sit with MLP?
 - It will be part of MLP's portfolio. Environmental attributes will likely be retired.
- Photovoltaics paid for by MLP but the borrowing that's being contemplated does not take out the reduction from MSBA funds?
 - Yes – all towns in the MSBA program must appropriate the full value of the projects.
- How does the tax increase of \$13 per \$1,000 compare across MA?
 - Our tax rate is lower than many towns across MA. Property values what makes the total dollar amount of Wellesley's taxes high.
- Is the maximum tax impact number the total borrowing expected including the MSBA reimbursement?
 - The question to voters needs to show full dollar amount. Tax impact shown is with MSBA reimbursement. We model numbers from what is received from PBC. MSBA reimbursement comes in over time. Debt is rescinded at town meeting as MSBA payments are received.
- The blue bar on the graph is not 5% of the total stack.
 - It is not a straight calculation. The tax rate goes up 2.5% automatically each year. And there is a 3.5% - 4% increase due to new growth and then excluded projects. Tax bills will change every year going forward.
- The enrollment and capacity charts are helpful. Is the assumption that with six schools the enrollment will be 83% of the design capacity and that this excludes current modular capacity?
 - This number takes the current Hardy, Hunnewell and Upham schools off and replaces them with the two new schools. The recent modular additions at Fiske and Schofield will continue to be used. Construction of those is very different than other modulares and is closer to a permanent structure. We are happy to keep these modulares as part of the current facility.
- What needs to be done to operate five schools with this type of volume? It was noted that the cost of the two schools is high and the tax impact is burdensome for some.
 - There are several reasons why the School Department and School Committee see going to five schools as an untenable situation. If we split 1,800 students up over five schools we are almost at design capacity at 365. Students are not split evenly between all schools. Some schools would have more and some would have less students. This is not optimal, although it is operational. In addition, specialized programs allow kids to be in schools in their own town and they are part of a classroom. It is important not to put those programs in the same schools as the ratio of kids with special needs and those without is not good. Finally, the Town has affirmed its desire to retain neighborhood schools. If we contract further, we move further away from neighborhood schools. A year ago, a question was on the ballot to have seven schools rather than six. The Town expressed interest in retaining neighborhood schools.
- COVID has changed the equation by about 300 students, which is a school's worth of students. We don't know if they will come back. Seems like an expensive luxury if we don't need it.

- Are the grade level closures at Bates, Sprague, and Fiske a reflection of a trend of parents of younger students that didn't come to school last year because of COVID but are now coming back? Do the projections include the several large multifamily projects in the pipeline?
 - The district is judicious with the decision to add more sections when there are incremental additions to enrollment. With Fiske, students were assigned to schools nearby. Bates and Sprague were closed to increase enrollment at Upham to create more viable class sizes and number of sections. When Future Think did enrollment projections they received information about the likely number of school age children in these projects and these estimates are included in the numbers.
- With respect to the Future Think study does the district go back to Future Think to look at the study and the impact of COVID over next 5 or 6 years?
 - Every 3 years the district does an independent analysis and went back to Future Think last year for advice on how to estimate numbers for the 2021-2022 year due to the drop in enrollment related to the pandemic. The district does not want to underestimate enrollment because it would be unprepared in the budget. In thinking about this year's budget, the district took pre-pandemic estimates and applied co-hort survival ratios including in migration and out migration. This was applied to two years ahead. A small increase was seen but we didn't see additional decline in enrollment. It's hard to know after one year whether there is a trend. The decline is in the primary grades - K and 1. The district will go back to Future Think for the year after next to make sure what the pattern is. But the district will run its own internal analysis that will be refreshed based on current census data. The drop in birth counts is the major factor in declining enrollment.
- Are the number of home-schooled students considered?
 - FutureThink looks at trends overall and patterns over time. Home school numbers in Wellesley are very small.
 - Another factor is the largest group of kids moving out of public schools were in Upham district which may be related to the building projects.

Discussion

- A comment was made that many have been thinking about the one school versus two schools for a long time and even though enrollment is a big issue and the fact that it's not where it will be for another year or so, it is about the facilities in town that are in dire need of update. Not just for special programs and gymnasiums, but for all of the students. It was felt that it would be a mistake to not follow through on the two buildings. The last two buildings that were refurbished were Sprague and Bates and that was almost 20 years ago. If we look at buildings as 50-year buildings we are already halfway through those buildings. The two issues need to be separated and the feeling is that we need these facilities. The buildings that currently stand are not what Wellesley should have for school buildings. The enrollment issue can be taken up after understanding how many buildings we do have. If the town can approve both buildings, then we can look at enrollment numbers and the school buildings.
- An additional observation was made that the construction numbers that were shown for other schools in MA with similar facilities, are buildings that are only \$20 million more but had triple the capacity. It was felt that at some point in time the town will need to have a conversation of efficiencies versus schools all over town.
- A comment was made that there is a level of sticker shock as these are extremely expensive facilities. An additional comment was made that it is not clear why these are so expensive – perhaps it is the environmental standards or scope creep through all the years of planning. We live in a community with neighborhood schools and that's the trade off with this. There are benefits of neighborhood schools and therefore many people move to town. But we shouldn't have a university style building for each school. Perhaps these projects are over engineered and

we could do something more cost effective for a neighborhood school. The schools are coming to the Town with the most expensive project in the history of the town without an updated enrollment study. What's the goal with these schools in terms of the scope of what is offered in context of a multi-elementary school system? It might be the founding mission.

- Concern was expressed about the remaining schools not being up to the same standard as the new schools. A comment was made that the needs of all the schools should be considered. Perhaps the designs can be re-looked at to see if there are any costs savings.
- A recommendation was made to watch the School Committee meeting discussing the benefits of having three sections as it was very information and helpful in understanding this need and how it drives the cost of the buildings.
- A comment was made that we should build schools to capacity and based on demand. An opinion was expressed that we don't need to build monuments to youth. A statement was made that PBC has wrestled with getting the costs of these schools under control, but they received these plans so far along in the process that it is hard to cut back. These are small schools but they have fixed costs that all schools would have therefore there is a higher in cost on a square foot basis. An additional comment was made about the social impact of increasing taxes for people and this puts pressure on people in town. Concern was expressed about the equity across the schools. Kids get different experience in these environments. A comment was made that we can't justify building six schools based on enrollment.
- A comment was made that the assumption is that the six schools are correct but perhaps we are building more expensive schools than we need to. Support was expressed with the six schools but perhaps there is money that can be taken out of the estimates.
- Support for the projects was expressed due to the extent to which the schools have included the community and the staff. The process was very deliberative and comes from an educational standpoint rather than a "fancy" approach. This is what works for Wellesley and so much has gone into this over the years. The facilities need to be well thought out.
- A comment was made recognizing the work and planning over the years in these schools. We are paying for neighborhood schools but there needs to be some fiscal responsibility to take a close look at everything that is being done and some of it may not be necessary. We need to look closely at the costs associated with these to make it more palatable to the town. The initial sticker shock is hard to take.
- An opinion was expressed that we are building "champagne" of schools and that there are different standards in different schools. Modulars are acceptable on the east side of town but not at Hunnewell. And we need to recognize that if we want to build these. A five percent tax increase might not a big deal for some but it is a big deal for other members of our community. The money spent should be looked at in terms of opportunity costs. The question is if we decide to save \$60 million on one of the schools then the money is available for other uses. But if we commit to spending that money we limit what we can do in the future. The Hunnewell building is old and Hardy is old and in disrepair. We should look at the financial issues to plot course into the future and direct Wellesley in a way that is significant for the community. We need to continue this discussion of the schools. The historical perspective and financial impact on the town are important. It was felt that the school population that left due to COVID is not coming back.
- A comment was made that it is important to remember that it's difficult to predict the timeframe from when you need a new school to when children are in the schools. Three elementary school are in very poor physical condition and have been since the 1990s. In tours of Hardy and Upham, teachers have made cheerful places but they are in closets and in stairwells. Something needs to happen with these buildings and this has been clear for a while. To put more time on this doesn't make these problems go away. We've asked the educators to talk to us about how education takes place. It was felt that these aren't people looking to build overly expensive schools. They

are people trying to create effective learning environments for all our students in Wellesley. Support was expressed to push forward to make this happen. It's taken us a long time to get to this point.

- A question was asked of Advisory members as to how many had taken tours of the schools? It was highly recommended to walk with facilities people through the buildings.
- A comment was made about the importance of neighborhood schools but that it comes with significant financial costs. We are talking about 50-year buildings and we do need to stagger these and we need to be as fiscally responsible as we can be.
- Agreement expressed with previously made points.
- A question was asked if Advisory has the ability to turn back at this point to think differently about the design of the schools and if there is another option.
 - Advisory not an operational committee, it advises and has two tools available. Advisory can vote up or down to recommend favorable or unfavorable action and there is the Advisory Report to explain what was considered and things that should be considered. Advisory doesn't have line-item veto power.
 - This has been going on for quite some time. The town looked at all the buildings and completed a study as to what buildings were going to be renovated and those that were up for rebuilding. Fiske and Schofield came into renovation based on the condition they were in at that time. Bates and Sprague didn't need anything at that time that was substantial. Hardy, Hunnewell and Upham's conditions were to be evaluated and looking at what new buildings would look like. Teaching has changed over time. MSBA has certain standards. Many different school committees and school building committees over time have studied and discussed this. It is not Advisory's role to do this. Advisory's role is to advise Town Meeting on its decision whether to go forward or not. Town Meeting's role is to take Advisory's recommendation or not take the recommendation. Then it goes to the town for a vote. These projects have been studied and these are the options people have come up with.
- Disappointment was expressed that the School Committee didn't come with good enrollment numbers. There is no question that the three schools need to be upgraded. Do we have to be building Taj Mahals – do they need to be this expensive? Wellesley always had a reputation for being a good school system. School system has fallen over the past 10 years. Not sure it's the same school system. There is a trend in one reviewer's rating system under which we are seeing Wellesley's rating continue to go down. Building elaborate schools does not address that.
- A member commented that enrollment was relooked at as recently as October 2020. The enrollment decrease is unique and unfortunate in the pandemic. The methods use for school rankings is tricky. A lot of schools at the top are charter schools.
- A member challenged others who say we don't need two new schools now. Specifically, the member asked what would you take away from the proposed buildings? It is expensive to build buildings right now. If think we should not build the schools, what would the town do otherwise?
- A member felt that the school ratings are arbitrary. People look at ratings when moving to a particular town with kids. Sinking ratings of schools combined with a higher tax rate may reflect negatively on how the town is viewed. But the member agrees on the need to update the schools in a way that is fiscally responsible for the entire town.
- A member noted that Advisory's role is to advise Town Meeting through our vote and by making strong recommendations in the Advisory Report. This requires a debt exclusion and two/thrids vote of the town.
- Concern was expressed about justifying building two schools in the time of COVID uncertainty and tight markets for construction and materials. Maybe this is a risky or aggressive move. Maybe a solution would be to prioritize one over the other. Proceeding also has risk.

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- An observation was made that money was spent to renovate Sprague. A suggestion was made to hire an independent consultant to look at this and to look at the whole school system and decide what we want to do to make it equitable to everyone, rather than build two new schools.
- A request was made to understand what is driving the square footage cost differences on the comparable schools' spreadsheet and what is driving the cost per square foot on Hunnewell and Hardy and what could be given up to drive the price down.
- It was noted that some of those projects on that spreadsheet were started a few years ago and construction costs have gone up. Sprague is a great example of outliving the building. The façade was retained but the entire building was rebuilt. We can't give everyone a new school at the same time. We cycle these schools and to build to current capacity is shortsighted because enrollment numbers are cyclical. Building only to capacity during a pandemic is also shortsighted. It is important to keep moving forward on these projects. It has been thought about by so many committees and groups and this is the solution that is being proposed.
- A question was asked if there is one more bit of information that would help Advisory be more comfortable – such as helping everyone understand what went into the proposed designs and why certain things were included and decisions that were made to reduce costs.
 - It would be helpful to hear a short presentation on what was taken out and is there anything else that could be taken out from either PBC or School Committee next week.
- A request was made to hear more about building one school instead of two at the same time and the impact of pushing one out.
- A comment was made that PBC received these schools so late in the process and there is some frustration because things were already in the design.
- A question was asked, what are we solving for and what is the return and are the conditions in the schools impacting the quality of education in the schools. What are these projects attempting to solve?
- A member noted the framework for building two schools now was previously considered. This included concerns about the impact of the tax rate increase on some residents. Advisory doesn't have to worry about this. This not only goes to Town Meeting for a vote but it will go to the entire community. When people vote if they feel it's too much of an impact, they will vote no. The proposal on table is two schools with price tags. Do we believe as a committee that it is fiscally responsible to advise Town Meeting that we should take on \$127 million in debt over the next two years? When we vote this issue there are two articles.
- An Advisory tour of both schools was suggested.

Liaison Reports

COA/Corrine Monahan – at the last meeting there was a discussion of reports to the state and how to accept gifts

Citizen Petition/Doug Smith– Unitarian church rezoning presentation will be next week

DPW/Pete Pedersen – DPW is presenting about PFAS presenting next week

Planning/John Lanza – next week Planning will talk about the proposed motion for the outdoor dining article and will be in attendance for the Citizen Petition presentation.

Administrative

Confirmation from Town Counsel is that Advisory needs to continue roll call votes until meetings are back in person.

9:48 pm Adjourn

Corinne Monahan made and Tom Cunningham seconded a motion to adjourn.

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Roll call vote

Patti Quigley – yes
John Lanza – yes
Jennifer Fallon – yes
Jeff Levitan – yes
Corinne Monahan - yes
Shawn Baker – yes
Doug Smith – yes
Jake Erhard – yes
Tom Cunningham – yes
Susan Clapham - yes
Al Ferrer - yes
Wendy Paul - absent
Pete Pedersen - yes
Madison Riley – yes

Meeting was adjourned 13 to 0.

Documents Reviewed at the Meeting

<https://www.wellesley.ma.gov/DocumentCenter/Index/1274>

- HHU Advisory PowerPoint Presentation by School Committee
- Construction GSF Cost Data
- Hunnewell Dover Amendment letter