



**CITY OF NEWTON, MASSACHUSETTS**  
**PUBLIC BUILDINGS DEPARTMENT**  
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July 26<sup>nd</sup>, 2022

At the July 13<sup>th</sup>, 2022, meeting of the Public Facilities Committee, it was requested that I bring the anticipated project cashflow for the Newton Center for Active Living, NewCAL, project to determine whether a partial funding authorization was advisable when considering the pending litigation against the City of Newton with regards to the NewCAL project.

### **NewCAL Project Schedule**

- Fall 2022 – Spring 2023: Final Design
- Winter 2023 – Early Enabling Bid Packages – HazMat, Salvage, Demolition
- Spring 2023 – Final Bid Package Released, General Contractor Bids, and Contract Award.
- Summer 2023 – Summer 2025 – Construction (Possibly faster than 24 months for construction.)

### **Encumbrance Cash Flow for the NewCAL Project\***

- Summer 2022: \$0 (CC votes on 8/8. The 20-day cooling off period will take us to the end of the summer)
- Fall 2022: \$300,000
- Winter 2023: \$2,500,000
- Spring 2023: \$16,700,000 (The full funding is needed to execute our contract with the General Contractor.)

\* The project cashflow and the encumbrance cashflow are very different. The rate at which we expend money is slower than the rate at which we encumber money. For large capital projects, we must execute contracts that contain the full project scope and funding up front, which means that we need money fully approved long before we can expend it. In an expedited approvals schedule, it takes approximately 3 months from docket item to executed contract.

The funding request as submitted is \$19,500,000 which is the balance of the project budget through project completion. This is the standard approach at this phase of public construction project in Newton. In some case, the City Council does parse the fund

authorization to provide partial funding to both keep the project moving, as well as to allow for future touchpoints between City staff and the City Council, and to provide an added layer of fiduciary control.

Our large school capital projects almost always must wait for the school year to end before starting construction. For the NewCAL, project we have no restrictions on when we can begin salvage, demolition, and construction. We anticipate signing a full construction contract in the Spring of 2023, which is only nine months from now. However, with the potential for early enabling packages, the need for careful salvage of interior and exterior building components, opportunities to accelerate our construction schedule, and the need to create temporary swing space accommodations for the Senior Center, we may very well need to execute contracts as early as five months from now with bidding of some project components occurring as early as this fall.

In my opinion, a partial funding authorization is not advisable or realistic in this case. Based on the anticipated project schedule and funding needs, delaying the full project funding beyond September of 2022 could place delays on portions of the NewCAL project, which could ultimately delay the larger project schedule, and result in increased project costs due to escalation. Each month that a project of this size is delayed results in a \$100K-\$130K increase in total project cost due to inflation.

Considering the above and recognizing the importance of maintaining the legislative checks and balances, I ask that the Finance Committee and City Council authorize the full funding request of \$19,500,000, but with the following conditions:

1. The Public Buildings Commissioner shall update the City Council on the project status monthly and/or after the expenditure of funding expenditure milestones as identified by the City Council. This can be accomplished in person or in a written format, and that format will be at the discretion of the City Council.
2. The Public Buildings Commissioner shall work directly with the Comptroller and the Chair of the Finance Committee to establish a robust and detailed reporting mechanism specifically to the NewCAL project to allow for real-time project expenditure reporting.
3. The Law Department shall update the City Council on any developments with regards to the pending litigation.

Sincerely,



Josh Morse  
Public Buildings Commissioner

cc: Jonathan Yeo, Chief Operating Officer  
Maureen Lemieux, Chief Financial Officer  
Alex Valcarce, Deputy Buildings Commissioner

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