

CITY OF NEWTON

IN BOARD OF ALDERMEN

PROGRAMS AND SERVICES COMMITTEE REPORT

WEDNESDAY, FEBRUARY 6, 2008

Present: Ald. Johnson (Chairman), Freedman (Vice Chairman), Baker, Brandel, Hess-Mahan, Parker, Sangiolo; absent: Ald. Merrill

Also Present: Ald. Coletti, Swiston, Harney, Linsky, Mansfield

Others Present: Sandy Pooler (Chief Administrative Officer), Susan Burstein (Chief Budget Officer), Nick Parnell (Commissioner of Public Buildings), Karyn Dean (Committee Clerk)

**REFERRED TO PROGRAMS AND SERVICES AND FINANCE COMMITTEES**

#57-08 HIS HONOR THE MAYOR requesting to present the following levy limit override ballot question to the voters in accordance with the procedure prescribed by G.L. c. 59 §21C(g):

Shall the City of Newton be allowed to assess an additional \$23,900,000 in real estate and personal property taxes for the purpose of funding operating expenses for the Public Schools and the Municipal Government for the fiscal year beginning July 1, 2008. [01-29-08 @ 6:12]

**ACTION:** **HELD 7-0**

**NOTE:** Sandy Pooler, Chief Administrative Officer, and Susan Burstein, Chief Budget Officer presented this item.

Summary of Revenue Assumptions

Mr. Pooler said he would like to outline the reasons for needing this override and what the consequences might be should the override fail. He said a revenue estimate was put out in November, 2007 that showed an increase of \$6.3M and it was the standard revenue increase from property taxes under Proposition 2 ½ including \$2M in new growth. Other taxes were mostly motor vehicle excise taxes that had a slight decline. Mr. Pooler said there was a drop in parking tickets and library fines. The Libraries began sending out email notifications for overdue materials, and they were getting returned producing lower fines. Licenses and permits was an area where they counted on building up a certain amount of surplus so they had spillover to create some free cash. It also helped if their estimates were off a little in one area or another to keep things on track, for example, changing interest rates. Ald. Freedman asked if they the rates had changed since they put these estimates together and Mr. Pooler said they did and they would make adjustments

before they put the budget out in April. Ald. Sangiolo said she would like a history of what has been estimated and what actually came in on licenses and permits. Mr. Pooler said he would provide those numbers. Ald. Freedman said he would like to have a breakdown of what the licenses and permits were for. Both of these are attached to this report.

Mr. Pooler stated the revenue numbers were in line with what the fall forecast was and what they were now forecasting. Local aid was usually the area in which there tended to be changes. The Governor has since released his budget and though there were some slight changes, the net effect was the same amount of money – about \$1M in local aid. Mr. Pooler said they did not count on any additional revenue from casinos as that was still an uncertainty. Since they put these assumptions together, they've gotten the mid-year financial report from the Comptrollers office so they could see where their revenues were coming in. Mr. Pooler thought they were on target to hit these revenue estimates and they were reasonable estimates. They were looking at \$6.3M in new revenue to spend in FY09.

#### Summary of FY09 Cost Increases

Mr. Pooler said 70% of the new revenue (\$6.3M) would be allocated to the School Department and 30% would be allocated to the Municipal Departments. They then looked at the individual areas where they had increases. Mr. Pooler noted that all the areas of increase added up to \$5.9M as against an increased share of the revenue of \$1.9M. They therefore started back in September with a \$4M gap to close. Ald. Johnson asked for last years numbers in the individual areas to see the total cost for next year as only the increase numbers were provided. The numbers are attached to this report.

#### Individual Areas of Increase

Mr. Pooler explained how they derived these numbers for a total of \$5.9M:

- *Energy* - \$188,031: Some of the energy costs were locked in with long-term contracts. Any contracts that did not go all the way through FY09 were estimated at about a 5% increase. It was more than that for wet fuel.
- *Trash* - \$309,142: The trash contract was based on an estimate for a one-year bridge contract which was discussed with Waste .
- *Health and Benefits* - \$875,028: These numbers were based on estimates from both the healthcare consultants and the providers (Harvard and Tufts). They both do their own analyses of what they think health insurance costs will trend up in the next year. They then apply those costs to the past 32 month history for a figure. Because of the surplus in the trust fund on the Tufts side, the lower of the two analyses numbers was used. On the Harvard side, because they had a deficit, they took the numbers and added about a \$500K reserve into that trust fund as it was running low and had to be supplemented with free cash in the last year. They will revisit the rates when they get the reports in from the consultant and the providers in February. The rates are traditionally set in March.

- *Debt* - \$840,544: These numbers were the increase in the cost of interest and principle in the coming year.
- *Pension* - \$862,306: Costs came from the Retirement Board. The Board tells the City what their actuarials are for the coming year and they give them a figure to cover it.
- *Wages* - \$2,035,534: These numbers represented what they knew of settled contracts and they applied the wage amounts person by person. The contracts that weren't settled were estimated for wage reserve to match the pattern for the settled contracts.
- *Other* - \$884,652: This represented a variety of things.

#### Committee Comments/Questions on Areas of Cost Increases

##### *Trash*

Ald. Sangiolo asked if a contract had been negotiated. Mr. Pooler said that although they hadn't negotiated a bridge contract yet, they had to put in an estimate for these purposes.

##### *Health and Benefits*

Ald. Parker said the Mayor mentioned wanting to take the excess \$4M from the Tufts trust fund and put it into capital this year. He asked if Mr. Pooler considered leaving that amount in the trust fund and in the event the override did not pass, they could budget a lower figure for the Tufts plan, have a lesser increase in the rates, and have less of an impact on the operating budget. Mr. Pooler said they had looked at having a "holiday" for the Tufts plan. There would be no employee 20% charge for one month and at the same time the City wouldn't have to transfer their 80% from those department budgets into the trust fund. At the end of the year, those departments would have money that could be turned back into free cash and they could come to the Board and ask for appropriations as needed. Mr. Pooler said they would continue to look at what the latest sets of trend information would be to decide on a holiday or a rate adjustment. He said they were looking at a just over 3% increase in the rates for Tufts.

Ald. Freedman asked why Mr. Pooler was contemplating doing a "holiday" for the employees considering the financial concerns of the City right now. Mr. Pooler said they would take that into consideration before they made any final decisions. He said the surplus was larger than it needed to be and they needed to adjust that. They have had much better experience with Tufts than Harvard.

Ald. Parker said there were 1,193 FTEs in the School Department and 893 FTEs in the City. There were 1,968 employees in the School Department and 1,201 employees in the City taking part in health insurance. This showed a significantly higher number of part time employees taking part in the health insurance plans in the School Department than in the City. He said it might not be prudent to give a "holiday" this year. He thought they might want to look at reimbursing the City some of that money over the course of next year and budget a decrease in the Tufts amount for next year. Over the course of the year, they would be drawing the fund down and taking less of an operating budget hit but not exposing themselves to risk.

Susan Burstein said if the Tufts rate was dropped, the people that were costing the City money in the Harvard plan could migrate to the Tufts plan during the open enrollment period. Ald. Freedman pointed out that the Harvard and Tufts plan had to stay pretty similar in pricing.

#### *Debt*

On the Debt category, Ald. Johnson asked how much of that was attributed to Newton North High School. Mr. Pooler said the total amount of debt service for next year in Newton for Newton North was a little less than half. The financing plan that comes out next week will show all those figures. Ald. Johnson asked if it was based on \$151M or \$186M and Mr. Pooler said it didn't matter because these numbers were based on the debt that was already sold this year or will sell in May. He said it wouldn't be materially different for now. The debt costs for FY09 were already locked in and that was one of the reasons the override and Newton North were not related.

#### *Wages*

Ald. Coletti asked if the wage estimates included employees in the H-grade (HAY) system. Mr. Pooler said it did. Ald. Coletti wondered why the numbers for the salary increases were so much larger than the municipal side. Mr. Pooler said in FY08 there are 1,795 FTEs in the School Department and about 900 on the Municipal side. He said the teachers have steps and degree changes and so forth. The HR department and Susan Burstein go person by person to determine the estimates for FY09. Ald. Johnson pointed out that they don't have the person by person detail from the School Department.

#### Construction of the Budget

Mr. Pooler said they met with all the department heads on the municipal side and showed them the \$4M deficit. The department heads were told they were going to have to cut 6.6%. In years past it had been around 5%. Department heads were able to go through positions and know exactly how much money could be taken out of the budget in salary and benefits and through this process they came up with a balanced budget. Mr. Pooler called this the "No Budget" meaning this would be the outcome should the override not carry. He also asked department heads to put together a "Yes Budget" that would allow for the override money and would provide a continuation of effort budget. Any new initiatives were not added to this budget.

#### Cuts by Municipal Departments

The cuts were summarized as primarily from Fire, Police, DPW and to a smaller extent, other departments. Mr. Pooler said the unions were not surprised by the cuts although they weren't happy. The "No Budget" was not the level of service that the Mayor supported and felt making any cuts would be extremely unfortunate. Most departments had some sort of cut. Each department was given a dollar amount for their budget and they were asked to work within that budget in whatever way they could and make their recommendations based on that. They were not told to eliminate specific people or positions. Any departments that had vacancies would not be refilled. For example, at the Police Department there were 12 vacancies so eliminating 15 officers

would in fact eliminate just 3 current officers. A list of proposed municipal cuts by department is attached to this report.

Ald. Baker asked what the cuts in the fire department would entail. Mr. Pooler said they would take one of their pumper trucks out of service. It would take 16 firefighters to staff that piece and they would be eliminated. The fire zones and coverage within the city would need to be refigured. The Fire Chief has maps showing which engines and ladders cover which areas from which station. It could possibly mean closing one of the existing fire stations but he said he would rather have the Chief speak to that issue.

Ald. Parker asked that each cut by department be given a dollar amount. Mr. Pooler said he would provide that information. It is attached to this report. He said that department heads had been asked in the past what they felt were the most important cuts to restore and what new initiatives they would like to see included if an override came to pass. He wanted to know why none of those things were included in this override budget for the municipal departments. Mr. Pooler said when they put together the projected costs were for FY09 and FY10 they came to the very large number of \$23.9M. He felt they couldn't really ask for more than that and there was a limit to what they could do. He said if the Board wanted to add some items he could give them some numbers to determine if they wanted to ask for more. Ald. Parker noted that in contrast to the Municipal Departments, the School Department's budget included new initiatives. The Municipal budget was for maintenance of effort and the School Department budget went above and beyond that and he felt there should be some parity. Mr. Pooler said that the definition of "initiative" could be up for debate but felt the School Department needed to speak for itself. There were no representatives from the School Department at the meeting to discuss their side of the budget as they were conducting their public hearing at the same time.

#### Raises in Salaries

Ald. Coletti said \$14M was for raises and that made the citizens angry. He felt the City employees should just be happy to have their jobs. If they got a raise, other positions would be lost and those left would have a heavier work load. He couldn't understand why salaries in the HAY system weren't being frozen. He said the School Department's increase of 6% was reasonable in the past but now they were up to 10.2% and he said next year would be \$3M more than this year. He said he was prepared to start cutting people at the top instead of starting at the bottom. A 5% raise to a person at the top was a lot of money but a 5% raise to someone working in a school cafeteria was nothing. He felt the money was going to the wrong places and that's why he didn't support this. He said most employees didn't care about raises; they just wanted to keep their jobs.

Mr. Pooler said that he negotiated all the city contracts and not one union has said to him that they would forgo raises to keep jobs. They tell him that if the City has a revenue problem, that's the City's problem and the contract has been negotiated. He said they pay people to attract them and stay competitive. The salaries were not exorbitant and the HAY system was reformed a few years ago because people had not been given step raises for 5 years even though they hired people with that expectation. The effect on morale

was detrimental. Gone are the days when people get 5% and 6% raises. That may have happened years ago. The latest union contract was at 2% on July 1<sup>st</sup> and 1% in January for a 2.5% increase for the year. As far as step increases go, many have maxed out on the steps as it only takes 8 years to max out on those.

Ald. Johnson asked Mr. Pooler to provide the salary increases. She also wanted to know what the turnover rate was in employees in response to Mr. Pooler's reference to morale. Perhaps Dolores Hamilton did exit interviews and could provide some data. Mr. Pooler and Ms. Burstein will provide this information as soon as they are able to coordinate with Ms. Hamilton.

#### Efficiencies

Ald. Johnson said Fire, Police, and DPW obviously had a larger impact overall to the citizen on the street. However, she felt if they could do some other things differently like combining the Human Resources departments of the City and the Schools it could make a difference. Ald. Sangiolo said that Parks and Recreation and Community Education provided similar programs and they could be integrated as well. Working with other communities on Senior Services might be another way to merge and share costs. She said the City had to work smarter, better, differently and more efficiently and wanted to see that before she could ask citizens to make a further sacrifice. She encouraged the Committee members to explore ways in which to do this. She also said they needed to look at the budget, particularly in the schools, to see if they've been too aggressive with new initiatives, for example.

Mr. Spooner said he felt the City worked very efficiently and they've consolidated a number of things. He said every year they have cut and cut and cut. Department heads go out of their way to run as efficiently as possible. This was not a new problem and they've been asked to do more with less year after year. The history of FTEs on the city side has grown smaller and smaller. He was committed to finding ways to be more efficient and always would be, but he felt it was a false hope to say that until they have thought of the entire list of every efficiency that might come up now and in the future, that an override could not be considered. There was a structural deficit and the costs of keeping the municipal government going kept going up more than they were able to raise with the system of Prop 2 ½ and the amount of state aid Newton was getting. He said he didn't feel there was a "big drawer of inefficiency they could open up" and find more money to save.

Ald. Sangiolo was disappointed that the initiatives that department heads "wished" for were not included in this budget. It came out to \$1.4M on the operating side and \$1.4 on the capital side. A list is attached to this report (marked Appendix A).

#### Timing of Vote/Splitting of Override Question

Ald. Coletti asked why the Mayor wanted to have the override vote in May as it was after the Board of Aldermen would receive the budget. After the Board reviewed the budget they may recommend different cuts. If the Board of Aldermen, for example, made a

decision to convince the Assessing Department to modify its overlay reserve, that \$1M saved would be enough to put back the 16 positions in the Fire Department. He felt there were some things the budget process needed to clarify before they bought into some of these proposed cuts. He also felt the citizens should be able to see the numbers associated with the various cuts and then they could decide what they wanted cut and what they wanted preserved.

Ald. Johnson asked when Ald. Coletti would want the override vote to take place. He said he wanted to have a chance to go through the budget process. May was too late. Part of the override budget included putting aside money to design elementary schools and he hadn't even thought about that yet. He said he and some other aldermen had a meeting with the Mayor's office. They talked about \$3.6M to \$3.8M revenue as a realistic number on which they predicated the original financing and they're back to \$2.3M and he felt there was a reluctance to try to grow that number like they did last year. He said they could use the excess in the health fund to close out free cash and offset some of the cuts. They were going to be raising a rate on Tufts that was already producing a surplus and there would be more with the Harvard Pilgrim plan as well. The Board doesn't really know if these cuts as outlined would be necessary. He felt the items should be parsed out so they can decide what can and can't be cut. He thought the Mayor was looking at this as an all or nothing override. He felt the Board needed to work with the Mayor to figure out how to best present this override and what the best numbers would be to even have a possibility of being approved.

Ald. Johnson suggested having a public meeting on this item so that people can understand the impact and look at the option of having things separated out.

Mr. Pooler said they have to look at the City as one city. Parsing out various departments was not going to work. A full range of services were offered and they were all tied together. The back room work had to be done in order to get the front line services out to the City. Mr. Pooler said in order to get people out knocking on doors to garner support for this override, it needed to be in a form that they could get behind and support and splitting it up into various pieces would make that very difficult.

Ald. Baker presented a calendar of events that took place during the last override election. It is attached to this report (2002 Levy Limit Override Vote). The Elections Commissioner told Ald. Baker that he would need about 6 weeks from the time of the Board's vote to put the election together. Ald. Baker was concerned that they needed to move this process forward and get this done by the first week in May at the latest. In the last election, Mr. Pooler had indicated that the budget would be presented that did not include the override amounts but would submit an amended budget should it pass. If this was held in committee too long it gets too difficult to get the election done before the end of the fiscal year. In 2002 they voted a general purpose, single dollar amount override and Ald. Baker would like to do the same thing this time. Getting into a menu of items would be difficult and the collective impact was quite important. He said the challenge

of changing numbers and putting in menu choices was too great for this timeframe. His support for the general purpose override did not foreclose making the case for all the things in the list and all the things they didn't know about with the School Department. They may be able to save some money and substitute some initiatives.

Ald. Parker said given where they were right now even with all the creativity and good ideas, they was a deficit that they would not be able to resolve without some form of operating override or debt exclusion or other levy limit increase. He said he did agree that they needed to try new ideas and find innovative ways to solve the problem along with an override of some type. He said a \$23.9M override was a nonstarter with the people of Newton and he could not support it. He knew smart and dedicated people will be working on trying to get the override passed but there was only so much persuading that could be done and this was pushing the limits. He wanted to find something that would work and he provided a three part plan to achieve a maintenance of effort budget that is attached to this report.

Ald. Parker said it was unfair to say the people of Newton that public safety would be jeopardized by reducing fire and police if they didn't agree to paying an extra \$800 or so in additional taxes. He felt they needed to put forth a maintenance of effort and put a separate item for new initiatives on the ballot. All or nothing didn't work. He said it was the Board of Aldermen's decision to put a question on the ballot and he referred to a memo from the Law Department outlining what they can and cannot do. It is attached to this report. He felt there needed to be a lot of prioritization of needs and to find out what the citizens felt the most important needs were.

Ald. Hess-Mahan said if they were to bifurcate the question at all it might make sense to propose a maintenance of effort override and to give the citizens a chance to vote on new initiatives as well. He was also concerned that the size of the override was very daunting to people. Ald. Coletti said he didn't believe the Mayor's office was considering reducing the number on the override. He said he would want to schedule a joint meeting with Finance so they could work together if they were planning on changing the numbers or how the question was presented.

Ald. Coletti was concerned that this override would most affect the people in the middle who have children in college and hefty mortgages. He said there was a sentiment that seniors should be exempt from some of these costs and he felt that shouldn't happen as many of them were in a better position than the younger people in the city.

The Committee voted to hold this item as well as the associated items and wanted to have the School Department in to present their side of these items. There will be a meeting with the School Department on February 27<sup>th</sup>.



#40-08            HIS HONOR THE MAYOR requesting that the Board of Aldermen call a special election to present the levy limit override ballot question to the voters. [01-29-08 @ 6:12]

**ACTION:**        **HELD 7-0**

**REFERRED TO PROGRAMS AND SERVICES AND FINANCE COMMITTEES**

#58-08            HIS HONOR THE MAYOR requesting an appropriation in the amount of \$88,000 from Budget Reserve for the purpose of funding the costs of a special election to present the levy limit override ballot question to the voters. [01-29-08 @ 6:12]

**ACTION:**        **HELD 7-0**

**REFERRED TO PROGRAMS AND SERVICES AND FINANCE COMMITTEES**

#23-08(2)        ALD. COLETTI requesting that a non-binding ballot question regarding the city's expenditure of over \$185 million in bond appropriations to construct a new Newton North High School be placed on the proposed override ballot for voter reaction in Spring of 2008. [01-15-08 @ 11:15 AM]

**ACTION:**        **HELD 7-0**

**NOTE:** Ald. Coletti presented this item. He said they've heard the Mayor and others say that the public voted for the new high school, but they voted for the site plan for \$141M. It was his belief that they were going to have to authorize at least \$185M in borrowing. It would be a nonbinding question but if they all really believed that the people voted for the school, it would be good to know if the people still supported the level they were at now. He said this could also have been an opinion question on the survey but the census hasn't come out yet and it was already February. He wanted to know if the public would be prepared to march further into debt. This could result in \$450,000 of authorized debt in the next couple of years. The maximum debt he could remember was \$40,000 in 10-year bonds and these would be 30-year bonds.

He said this was a mechanism whereby he could get some advice on where the public was on the capital expenditures. He needed information that related to the proposal for what will probably be close to \$240M of elementary school renovations coming up. The Mayor has said that Newton can expect zero money for the next 4 or 5 years from the state for the elementary school renovations.

**Advisory Question – Home Rule Petition**

Ald. Baker said he disagreed and did not support this. He also said an advisory question could not be placed on the ballot without a home rule petition. It could go on the next municipal ballot. The Special Election for the override question did not require authorization by the legislature but an advisory question would, even one that's nonbinding. Ald. Brandel thought it would be a good idea to have this question on the ballot. It would give them the stated opinion by the voters on this subject.

Debt Exclusion

Ald. Parker suggested putting a debt exclusion on the ballot. He thought it was the cleanest, most honest way to pay for the high school. The question then becomes what do they do if people say no and the foundations have been poured. Then the Board of

Aldermen would have to tell the Mayor to halt construction until the people were heard from.

Ald. Brandel asked why not put a debt exclusion out there for the high school, the elementary schools and perhaps the fire stations as well. Then they would have a capital holistic debt exclusion and put it in one package. It would take all the elements off the table in terms of an operational standpoint and it would give the public a chance to say they want all these things. It was a way to address present and future issues. The debt exclusion option was very popular in the community right now because they knew exactly where the money would go. Ald. Parker noted that something can not go on the ballot as a debt exclusion until it has been gotten to a certain level of specificity. It could not be all at once but could be put on in a sequence: high school, elementary schools, fire, etc.

Ald. Coletti said if the Mayor backed off a bit from the operational override, the debt exclusion idea might work. But putting them both together would be scary to people.

Ald. Hess-Mahan said he needed to understand what they would be authorizing with a debt exclusion in terms of future elementary school renovations for which they have no price.

Ald. Freedman said it was a good idea to try and gauge the future appetite the people of the city would have for other projects. He thought it might make sense to pursue an advisory question on the elementary school renovations.

The Committee voted to hold this item.

**REFERRED TO PROGRAMS & SERVICES, PUBLIC FACILITIES AND  
FINANCE COMMITTEES**

#54-08 ALD. MANSFIELD, JOHNSON, HARNEY, SANGIOLO, PARKER, SWISTON AND FREEDMAN, offering a RESOLUTION to His Honor the Mayor that the concrete foundations for the new Newton North High School not be installed until (1) the Mayor has submitted to the Board of Aldermen and the Board has approved a financing plan for a confirmed Guaranteed Maximum Price; and (2) the Mayor has requested and received from the Massachusetts State Treasurer a review of the project's plans, including the financing plan, and said review has been submitted to the Board of Aldermen. [01-29-08 @ 7:01 PM]

**ACTION:     APPROVED 5-1-1 (Ald. Baker opposed; Ald. Hess-Mahan abstaining)**

**NOTE:** Ald. Mansfield presented this item. He said this was a response to the meeting they had with the Mayor in January and the fallout from that meeting. He said he hears from people who don't live in Newton about Newton North and people want to know what the Board is doing about it. One thing the Board could do was to make a statement

to the Mayor that they needed to be brought into the process before steps were taken that brought them so far along that they had no authority at all. They would still need to vote on further appropriations for this project and if they waited until the concrete was poured and steel was in, they would be left in a difficult position at that point. He felt the Board had to make a statement to the Mayor to give them what they needed before any drastic steps were taken. If that meant a further delay to the construction schedule, that seemed like the only responsible thing to do.

Ald. Parker said there were a lot of options that could be on the table later but would not be realistic if the concrete has been placed. He felt people in the community wanted the options explored. If the Mayor made the case that the only thing to do was to go ahead, then they shouldn't pour the concrete until that discussion takes place. Otherwise, they'll be in a position where they would have to appropriate the money if the concrete was already placed. He said it was unfair for the Mayor to put the Board in that position. He felt the Mayor should respect the will of the Board to delay the placing of the foundation.

Ald. Baker said the project was well underway and the Mayor said the steel had been ordered. The Board would ultimately have their say when they voted the financing. The Mayor had indicated that they could ask him to bring the financing forward relatively soon. If they were eager to decide this, they should ask him to do just that. He said he would not support this resolution.

Ald. Mansfield said the intent of this resolution was not to stop the project. He said it meant that something as unalterable as placing the concrete foundation should not be done until the Board was brought into the process. The Mayor could decide when he wanted to do that as well as when he wanted to get the Guaranteed Maximum Price. The project was a multi-faceted project and this one critical point should be delayed until the Board got some answers.

**Phased Plan**

Ald. Swiston said the phased plan of building just the academic core first should be explored. She didn't think it would take that much to look at because she thought they should be building at this school in a modular form. She felt that the current school was not built in that way and that was a major problem. She said the resolution didn't necessarily mean delays. They were asking for the GMP before the placing of the concrete but they could just speed up the process of getting the GMP and therefore, not delay the concrete. She heard the GMP could be given at 50% and they were well past that at 80%.

### Impact of Delaying Project

Ald. Brandel asked what could be going on while they waited for the Guaranteed Maximum Price and the concrete to be poured. Mr. Pooler said that from what he understood, the placing of the concrete was the next step in this process and he didn't know what could happen if that were put on hold. Ald. Coletti said the mud mats were being prepared to create a flat surface on which to build. The process of pouring the

concrete and the forms would be a 4 month process. He said that pouring the footings was the critical part which wouldn't happen for several weeks after they finished the mud mats. This preparatory process was not terribly expensive. The concern he had was that new proposals, with big changes for a hybrid or something else, would require starting from scratch and it was almost too late to do that. If they went back to the original renovation project, for which they had money approved and a \$23.6M agreement letter from the SBA, that might be resurrected and discussed, but that was the only place they could go back to at this point in the project with a quick turnaround time. That would be the only reason to slow this project down. As the administration comes forward to get approval for the 30-year bonds, the project becomes more entrenched. That process will be happening very soon as all the money will have to be borrowed to sign the contract.

### Renovation Option

The only reason to support this item would be if someone wanted to go back to the original renovation idea. Delaying this will cause problems with the steel arriving on site in the summer and they could lose that window of opportunity while the students were off site. If they do this project right, the City will have this asset for 50-60 years. He said the only thing that would persuade him to take a good look at a renovation project would be acquiring Aquinas College for \$20M. It was close to Newton North in location and could be an asset to the City for years. A building like that couldn't be built for \$20M. They would have to negotiate quickly as Lasell was also interested in it.

Nick Parnell said that Ald. Coletti was correct. This was a sequential operation. Time was money and the building elements had to be followed in a sequence. The design team has looked at some of the other options that have been put forth. They had to bring those numbers up to date and the numbers were quite high. He didn't think they would get anything better for what would probably end up being the same amount of money when the numbers were escalated. He said the Mayor would be releasing something on the numbers for the renovation soon. Mr. Parnell pointed out that a renovated building would still have the flaws, like no windows, which they were trying to improve upon by constructing a new building, and they would likely spend the same amount as constructing a new building.

Ald. Hess-Mahan thought this item was well intentioned. He spoke to the Mayor and Mr. Parnell and got an assurance from them that they would give the Board some numbers to go along with the various options. He spoke to them about putting up just the academic wing but when Mr. Parnell put some numbers to it, it made his jaw drop. The case hadn't been made to Ald. Hess-Mahan that there was a cheaper alternative/better option aside

from the \$39M original concept, but there would be no place for the students to go during the construction. So, he felt other options needed to be explored and he wanted to look at the numbers to go with those. He agreed with Ald. Coletti's comments.

Mr. Parnell said there would be a process of time if they were going to begin a different project. He gave the following explanation of costs:

Renovating the current 435,000 square foot school for \$250 per square foot would not be unusual and would come out at \$108M; Site work would be about \$5M because some things would have to be put back that were already done; \$22M in soft costs. A lot of work was done on North but they never got time track documents or design development documents so that would have to be picked up again; Another \$10M in 7% contingency; Housing students while the work is being done could be \$11M; Then there were the sunken cost of about \$15M. That brings the total so far to \$173M; Escalation was something to worry about as well at anywhere from 5%-9%; they would need a new designer, a project manager, a design architect, etc.; There would be a review period and all this could take 3 years. In the end it could come out to \$211M.

Costs don't generally come down over time. He said Wellesley's costs for their new school are at \$150M and they're not even out of the ground. Ald. Mansfield said that Mr. Parnell did a very good job and it was his job to keep this job on schedule and move it forward in the best way possible. Ald. Mansfield said this docket item was just a request to the Mayor as he had to make the final decision. If the Board supported the resolution and the Mayor refused, then they did what they could

#### Other Options

Ald. Johnson said she felt that there had to be more than one way to get something done. The MSBA invited them to have this project looked at. She asked the Mayor's office to show her that this current plan was the only cost effective option. She had issues with the management of the project. The main reason she signed on to this resolution was because she wanted people to have complete disclosure. She didn't want to be backed into a corner so that as the project went on and more money needed to be appropriated, they won't have any choices. She wanted to know what the options were now while they might be able to do something about it.

Ald. Sangiolo said she wanted to take the MSBA up on their offer as she didn't want more estimates from the City. She said other estimates from them have been off. She said the City chose to aggressively advocate for the new school because there was a \$20M difference between that and the hybrid design. She felt it was irresponsible to not look at that again.

Ald. Baker said he disagreed with the resolution and felt the project should not be delayed. He referred to Mr. Jellenik's letter which is attached to this report

Ald. Parker said he originally agreed to a price tag of \$141M, not the price tag that they were at now. He pointed out that several members of the Design Review Committee who supported site plan 5a said significant mistakes were being made on the site drawings. For example, there was a 16:1 grade ratio which meant railings were necessary at a cost of \$500,000 when a 15:1 grade ratio would eliminate the need for railings; they were doing custom glass at a very large cost when a standard size could be used at significant savings; there was a 10:3 women's room to men's room ratio which was not reflective of The faculty or student population. He said it would be great to take some time, bring the state in, listen to the smart people of the DRC and perhaps save \$5-\$10M on the project.

MSBA Review

Ald. Brandel agreed that the project that was signed up for was \$141M. He didn't think people of the City were with this project anymore and he was disappointed that the offer from the State Treasurer was dismissed. He wanted to take the opportunity to review the options to be sure they were pursuing the best one. He was going to support the resolution as he felt it was in the spirit of what the community was feeling.

Ald. Harney said that when the Mayor came out with the \$141M proposal, he was very reluctant to support that as he felt the public's tolerance for this project maxed out at about \$125M, but he voted in favor to keep the project moving. He said it was a huge mistake not telling the architect to design a school within a budget of about \$125M. At this point, this resolution was asking the Mayor what the project was finally going to cost and they deserved to know that and to know how it will be paid for. He felt it would be fine to stop the project until they figured that out and also have some time for the MSBA to review it and give recommendations.

Ald. Johnson asked if someone could review these numbers to be sure they were accurate. Mr. Parnell said the Design team was looking at the numbers and outside architects would be looking at the numbers. Ald. Sangiolo said she wanted the numbers sent to the MSBA to be checked.

The Committee voted to approve this item by a vote of 5-1-1.

**REFERRED TO PROGRAMS AND SERVICES AND FINANCE COMMITTEES**

#36-07 ALD. JOHNSON, LINSKY, VANCE, SANGIOLO, HESS-MAHAN, ALBRIGHT, FISCHMAN, MANSFIELD, LIPOF, LAPPIN, BURG, PARKER, & DANBERG proposing the use of general overrides and/or debt exclusions of Proposition 2 ½ limits in addition to other revenue enhancing or cost saving measures as proposed by the *Blue Ribbon Commission* to close the gap between revenue and expenses and enhance the City's ability to invest in annual capital maintenance requirements.  
[02-13-07 @ 8:57 AM]

**ACTION:** **HELD 7-0**

Meeting Adjourned.

Respectfully Submitted,

Marcia Johnson, Chairman