



Finance Committee Report

City of Newton In City Council

Monday, August 1, 2022

Present: Councilors Grossman (Chair), Noel, Kalis, Oliver, Norton, Gentile and Malakie

Also Present: Councilors Albright, Lucas, Wright, Downs and Leary

Absent: Councilor Humphrey

City staff present: Comptroller Steve Curley, Chief Financial Officer Maureen Lemieux, Commissioner of Public Buildings Josh Morse, Manager of Financial Planning and Analysis Perry Rosenfield, Chief Operating Officer Jonathan Yeo, Deputy Director of Public Buildings Alex Valcarce, Director of Planning and Development Barney Heath and Director of Transportation Planning Nicole Freedman

Referred to Public Facilities and Finance Committees

#345-22

Appropriate \$19.5 million for the Newton Center for Active Living

HER HONOR THE MAYOR requesting authorization to appropriate and expend nineteen million and five hundred thousand dollars (\$19,500,000) and authorize a general obligation borrowing of an equal amount for the Newton Center for Active Living (NewCAL) and authorization to apply any premium received upon the sale of the bonds or notes, less the cost of preparing, issuing, and marketing them, and any accrued interest received upon the delivery of the bonds or notes to the costs of the project and to reduce the amount authorized to be borrowed for the project by like amount.

Public Facilities Approved 6-0-1 (Councilor Gentile abstaining) on 07/13/22

Action: Finance Approved 6-0-1 (Councilor Malakie abstaining)

Note: Josh Morse, Commissioner of Public Buildings presented the request to appropriate \$19.5 million for the New Center for Active Living (NewCal). Commissioner Morse first thanked all who have worked on this project, including city staff and the community. He also provided the below link for further back-up regarding the project.

<https://newcal.projects.nv5.com/5-58-site-plan-approval/>

Commissioner Morse explained that this item was before the Public Facilities Committee and provided the attached back-up based off of questions that were asked during the meeting. This includes a letter from the Design Review Committee (DRC), regarding the acquisition of 47 Walnut Place. Commissioner Morse also presented the attached project schedule, the encumbrance cash flow and cost breakdown for the project. He further noted that if the funds are approved, he can give updates to the Finance Committee on the funding expenditures and the Law Department can give updates to the Council on the litigation surrounding the NewCal project.

Councilors asked the following questions:

Q: Is the contingency for this project lower than usual, especially with the current economic climate?

A: Commissioner Morse explained that for new construction, they typically see a 5% contingency and for addition/renovation there is typically a 10% contingency. There is currently a 5.7% construction contingency for NewCal. The project contingency is based off the architectural services and owner's project manager services. He also noted that they are only at schematic design and that there is also an escalation contingency and a design and pricing contingency.

Q: What are the factors that contributed to increasing the budget?

A: Commissioner Morse explained that they increased the total project budget from \$16,650,000 to \$20 million dollars and that was a direct result of cost escalation in the last four years.

Q: Why hasn't the decision been made if a CM at-risk will be used or a general contractor?

A: Commissioner Morse explained that CM at-risk is a more expensive model but it provides financial flexibility by being able to buy out some of the early packages (examples of this are demolition and hazardous material removal). He explained that he is hesitant in making the decision because the commodities market is unstable right now and he wants to ensure that the City has the best finished product at the best possible price point. Commissioner Morse noted that he believes that he will go with a general contractor.

Councilors made the following comments:

Councilors expressed that they would like monthly reporting from Commissioner Morse.

Councilors thanked Commissioner Morse, his team and the community for the work they have done on this project.

Councilor Gentile motioned to approve which passed 6-0-1 with Councilor Malakie abstaining.

Referred to Public Facilities and Finance Committees

#336-22

CPC Recommendation to appropriate \$133,002 in CPA funding

COMMUNITY PRESERVATION COMMITTEE recommending appropriation of one hundred thirty-three thousand and two dollars (\$133,002) in Community Preservation Act funding be appropriated from the Unrestricted Prior Year Funds to the control of the Planning & Development Department for the completion of the 100% design of the Commonwealth Avenue Carriageway Redesign project in Auburndale.

Public Facilities Approved 4-0-1 (Councilor Laredo abstaining and Councilor Kelley not voting) on 06/22/22

Finance Held 6-0 on 06/27/2022

Action:

Finance Approved 5-0-2 (Councilors Gentile and Malakie abstaining)

Note: Nicole Freedman, Director of Transportation Planning and Barney Heath, Director of Planning and Development joined the committee to discuss the CPC Recommendation to appropriate \$133,002 in CPA funding. The Chair noted that the committee received the attached memo.

Councilors asked the following questions:

Q: Is all the additional funding due to the Ash Street intersection?

A: Ms. Freedman explained that they would be on budget if it weren't for the changes on Ash Street.

Q: What are the top five cost drivers for these additional funds?

A: Ms. Freedman noted that she will provide this information before the full City Council vote.

Q: Where is the project in terms of final design?

A: Ms. Freedman explained that they are at 75% design and the expectation is that they will submit 100% design to MassDOT shortly.

Q: Did it state in the contract with consultants that these rates could be increased?

A: Ms. Freedman explained that this is in the attached contract with the consultants.

Councilors made the following comments:

Concerns were raised regarding how the City is managing the consultants. It was noted that there is a new docket item before the Finance Committee regarding how the costs for consultants are being managed which will be discussed at a later date.

There was also a concern raised regarding "no-bid" contracts. It was noted that if projects are not put out to bid than the City may not be receiving the best financial option.

Jonathan Yeo, Chief Operating Officer explained that Howard Stein Hudson (the consultant) was picked for this project because they were already working with MassDOT on the connected bridge project. This consultant did make financial sense for the City. There are other cases where the bid process does make sense. Director Heath also noted that working with MassDOT on this project and their consultant helped with being able to receive Transportation Improvement Program (TIP) funding. The City also had to work within MassDOT's timeline.

Councilor Kalis motioned to approve which passed 5-0-2 with Councilors Gentile and Malakie abstaining.

Before the conclusion of the meeting, the committee discussed their upcoming schedule.

The Committee adjourned at 9:05 p.m.

Respectfully submitted,

Rebecca Walker Grossman, Chair

City of Newton



Design Review Committee
 PUBLIC BUILDINGS DEPARTMENT
 Ellen Light and Thomas Gloria, Co-Chairs
 Joshua R. Morse, Commissioner
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 52 Elliot Street
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Ruthanne Fuller
Mayor

Honorable City Council
 City of Newton
 1000 Commonwealth Avenue
 Newton Centre, MA 02459

20 July 2022

RE: Newton Center for Active Living – NewCAL, 345 Walnut Street, Newtonville

SUBJECT: Affirmation of Site Plan Review and Approval

Honorable City Council:

On Wednesday, July 20, 2022, the Design Review Committee, DRC, met to discuss the Newton Center for Active Living, NewCAL, project. Specifically, the DRC discussed what impact, if any, the future acquisition of the parcel located at 47 Walnut Place would have on the proposed site plans, building floor plans, and architectural schematics dated June 15, 2022, as submitted by Bargmann, Hendrie + Archetype Architects (BH+A) on behalf of the Public Buildings Department and Senior Services Department for the above referenced project. The DRC reviewed the potential future opportunities that the parcel located at 47 Walnut Place may have on the site, and we voted unanimously to continue to support the proposed site plan, building floor plans, and architectural schematics dated June 15th, 2022, as submitted by Bargmann, Hendrie + Archetype Architects (BH+A) on behalf of the Public Buildings Department and Senior Services Department for the above referenced project.

The DRC will continue to review the design as it evolves in the design development phase. During this phase we will ensure that the design evolves in a way that considers the future benefit and opportunities of the additional parcel.

We look forward to working with the community, the Public Buildings and Senior Services Departments, and the City Council on the potential future opportunities that this additional land will create.

Sincerely,

Ellen Light, AIA, LEED AP BD+C

Thomas P. Gloria, Ph. D.

Design Review Committee, Co-Chairs

CC: Joshua R. Morse, Commissioner of Public Buildings
 Jonathan Yeo, Chief Operations Officer



CITY OF NEWTON, MASSACHUSETTS
PUBLIC BUILDINGS DEPARTMENT
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July 26nd, 2022

At the July 13th, 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

DRAFT

ACOUNT NUMBER	CATEGORIES OF THE BUDGET	#282-18	#19	New Request
58SB02	ARCHITECTURAL SERVICES	\$ 58,000.00	\$ 220,000.00	\$ 1,780,000.00
58SB01	OWNER'S PROJECT MANAGER	\$ 40,000.00	\$ 80,000.00	\$ 1,090,000.00
58SB03	SITE/ENVIRONMENTAL	\$ -	\$ 60,000.00	\$ 115,000.00
58SB04	OTHER	\$ 2,000.00	\$ 40,000.00	\$ 55,000.00
58SB40	PROJECT CONTINGENCY	\$ -	\$ -	\$ 150,000.00
582500	CONSTRUCTION	\$ -	\$ -	\$ 15,000,000.00
58SB39	CONSTRUCTION CONTINGENCY	\$ -	\$ -	\$ 860,000.00
58SITE	TECHNOLOGY	\$ -	\$ -	\$ 150,000.00
585FFE	FF&E	\$ -	\$ -	\$ 300,000.00
	TOTAL PROJECT EXPENDITURE BUDGET	\$ 100,000.00	\$ 400,000.00	\$ 19,500,000.00



Ruthanne Fuller
Mayor

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Barney S. Heath
Director

M E M O R A N D U M

Date: August 5, 2022
To: Councilor Grossman and the City Council Finance Committee
From: Nicole Freedman, Director of Transportation Planning
Cc: Jonathan Yeo, Chief Operating Officer
 Barney Heath, Director of Planning and Development
 Lara Kritzer, CPA Program Manager
Subject: Follow-up Information for Docket #336-22 CPC Recommendation to appropriate \$133,002 in CPA funding

This memo provides additional information in response to the Finance Committee meeting on 8/1/22 discussing Docket Item #336-22 CPC Recommendation to appropriate \$133,002 in additional CPA funding for the Carriageway Redesign Project.

Topic 1: Top 5 Expenditures for \$133k amendment

In a memo dated 3/23/22 from HSH to Nicole, HSH requested the \$133,002 to cover the following anticipated additional expenses.

Task	Budget
Phase II: Out of Scope Work	
Ash Street Scope Change Re-Work and Additional Coordination	\$45,000
Phase II: Additional Services	
Parking Study	\$10,000
City of Newton Meetings	\$10,000
Contingency	\$50,000
Direct Expenses	
Travel	\$1,000
Additional Counts	\$7,920
MWRA Pipe Analysis	\$7,500
Social Pinpoint and Zoom webinar for 9/21 PIM	\$1,582
PROJECT TOTAL	\$133,002

Spending to date has been as follows:

- Ash St Scope Change Re-work - \$36,167.50 completed
- Parking Study - \$10,000 completed
- Meetings - NA
- Contingency - \$16,197 completed
- Directs: completed

Detail on these expenses was outlined in the March memo as follows:

To facilitate the extensive public and stakeholder outreach associated with the redesign at Ash Street, the following work was completed under the direction of the City of Newton:

- Coordination with MassDOT including several follow-up meetings after the April 2021 Comment Resolution Meeting;
- Additional traffic counts requests and technical memorandums submitted to MassDOT related to efforts to determine if a signal or HAWK could be appropriate at Ash Street;
- Traffic analysis using both Streetlight data and additional counts to re-analyze the signal warrant analysis, as well as direct expenses to pay for the additional counts;
- Development of three new concepts at Ash Street to show design alternatives to the public;
- An additional public information meeting hosted with the City of Newton in September 2021, which included creating a presentation, a prep meeting with the City Council, and summarizing comments from the public, and direct expenses for the Zoom Webinar and Social Pinpoint online comment platform;
- A partial 25% design re-submission to show a redesign of the Ash Street intersection as unsignalized, including an updated Functional Design Report, Design Justification Workbook, partial plan, and coordination and response to comments to both the City of Newton and MassDOT;
- Updates to 75% design that had been progressed west of Islington Road at the direction of the City when alignment changes were pursued to allow for additional traffic calming;
- Additional coordination following the MassDOT Design Public Hearing, including data collection efforts at the Mayor's request to time the delay of drivers taking turns out of Islington Road and a site visit with Newton key staff; and
- Additional coordination with the Massachusetts Bay Transportation Authority (MBTA) as the bus stop location selected during 25% design needed to be re-evaluated since the Ash Street signal could not be retained.
- Additional out of scope items unrelated to the Ash Street Signal include: Inclusion of a subconsultant to perform analysis of the proposed design on the Massachusetts Water Resources Authority (MWRA) pipe.
- Additional stakeholder engagement such as: A parking study to address concerns from the Commonwealth Veterinary Hospital and attendance at Public Facilities Commission and City Council meetings. The City also requested a contingency item to allow flexibility for other challenges

Topic 2: HSH Fee Increase in Contract

HSH's fee increase is justified in the contract on page 21 executed contract (page 10 of the HSH proposal) under the Terms section with the language "if the schedule is extended past 6/30/21 we will revise the budget and resubmit".