

Capital Planning Minutes

October 15, 2018

Meeting called to order at 7:33

Attending: Pete Montero, Pete Hussey, Jim Henderson, Jaki Apsler, Audrey Kalmus, Maria Hylton and Jonathan Dwyer, Mary Day

Also Attending: Buck Creel, Administrator for Business & Finance, Tim Christenfeld, School Building Committee (SBC), John Snell, Green Energy Committee and Mary Day, Assistant Town Administrator.

Committee unanimously approved Minutes from last time, Mr. Henderson moved to approve, Ms. Apsler seconded.

The committee was informed that Mr. Schmerzler resigned from the School Committee and CapCom will have a different liaison.

Mr. Christenfeld and Mr. Creel from SBC were invited to answer the committee's questions about the school building project. They described the current stage of school building project as value engineering (VE). The SBC so far approved \$900K of VE items. At their next meeting the SBC will consider 4 big ticket VE items:

- site plan which would reduce cost by \$3-3.5M
- modular classroom estimate
- PV (\$6.5M total cost, this full cost was never in the budget. New Beth Greenblatt report suggests taking all upfront capital for PV out of budget and using a rental arrangement)
- improvements to auditorium (savings of up to \$1.6M)

Mr. Christenfeld described what has been intentionally preserved throughout the VE process:

- no hubs have been removed
- program items have not been compromised
- Net Zero commitment has not been compromised

There are complicated considerations to get the building to Net Zero. The SBC is considering using an outside contractor model for the PV per the Beth Greenblatt report. There are still some questions that we haven't answered, for example is there a possibility of building a short term version with an outside contractor where we take ownership later? Will we need a smaller footprint of PV later? One of the largest complicating factors is that the school's energy numbers until you are in the new school and using it are fairly speculative so the amount of PV needed of necessity remains an estimate. Mr. Creel noted that the new facility will use more energy than the current facility (e.g. current school is not air conditioned).

The committee asked about short term savings in upfront costs that may increase operating costs in the long run. Are there any VE items where this could be the case? One example is replacing linoleum in the spec with VCT - the VCT would increase long term costs. The SBC has rejected to take this item out due to increase long term operating costs. Another example is that the switch to all electric (phase out gas) makes a much more expensive building to run

unless you have the solar panels, so the investment in PV upfront is required to make this make sense.

The committee asked for more detail on the connector from auditorium to Brooks gym. Mr. Creel described the functional utility/storage spaces that it includes in addition to the hallway. The connector improves convenience for people coming to town meeting and traveling inside to auditorium. The Principal feels that a hallway connector is the single most important issue for the middle school.

Mr. Dwyer asked a question in absentia: Building the building as 2 separate buildings may increase financial flexibility for the town. Would this be possible with the current building plan? Mr. Christenfeld answered that SMMA would say the Lincoln school already is 2 buildings, and that zoning will continue in the next phase. The SBC instructed SMMA to look into this question earlier in the summer. SMMA said that nothing we are building would prevent a classification as 2 buildings by e.g. putting in a fire door. Mr. Christenfeld noted that so much of the school is behind code that we can do hardly any repairs before triggering code even if looking at only one of the buildings. Whether down the road construction could be done on one part/building without triggering code on another part is a discussion that would need to happen with the fire dept. It was noted that the approach of saying we won't bring things up to code is a cost savings approach at the moment, but kicks the can down the road.

The committee asked whether other than the auditorium, are there other things not in this plan that the town will have to tackle later?

- Ballfield road in its entirety will not be replaced
- SBC decided to keep almost all the fittings from the 1994 construction, these fittings may need replacement sooner than the rest of the building's lifespan

Will the postponed items (e.g. auditorium seats) come back to capital spending in the future?

- Some may, but if we can get another 20 years on some of these items why wouldn't we take that?

What is a brief explanation for the divergence between the \$92.9M estimate and the \$104M estimate? Mr. Christenfeld answered that the initial estimate was based on a drawing, and then you carry some costs for site and phasing. Site was off by \$6M and phasing was off by \$3M. The assumption for the site was low for our project's needs. The modulars were more expensive because the number of modulars and phases were underestimated initially. The sitework plan revisions were made with the future community center in mind, in terms of road and electric feeders.

Ms. Apsler asked for an explanation of soft cost estimates and why they did not go down with the VE reduction. Mr. Christenfeld said he would look into that question further.

What are the implications of pushing school building items out of the school building plan and into the operating budget or the capital budget? It was discussed that town hasn't had an

override in a long time and putting additional project-related pressure onto the school's operating budget would be very problematic.

How does MSBA oversight work, in comparison to funding alone? They provide no additional oversight or assistance in terms of possible overages. Project contingencies built into the budget should cover any overages the project will encounter. SBC has deliberately set this process up to use all the protective factors of MSBA process as possible. They looked and found that in the last 20 years Willard School in Concord and 2 middle schools in Lexington were built without MSBA. Construction manager at risk model provides a price that is guaranteed by the construction manager and this is the model the SBC has chosen. There is not a Net Zero public school in MA, so we will be doing some things that have not been done before.

Beth Greenblatt report summary by Mr. Snell:

There are renewable energy systems that have a lot of incentives that aren't possible to capture with a capital project. There is a financing alternative ("power purchasing agreement") instead of borrowing money can you get a 3rd party to own it, take the tax incentives and do the maintenance and this bundle would give the town more value over 20-30 years than just buying it outright. Greenblatt report suggests that it may be a better value to get an outside operator than to buy it outright. It looks like we can maximize the amount of solar that goes on, and maximize return to the town, by not owning the PV outright.

Most schools are procuring PV are done through outsourcing agreements.

- Tax break for school may be in the range of \$40-\$50K/year as a guess
- Lincoln bylaws require that energy is used on site
- Cost of system: \$4M with private sector money agreement, or \$6.5M with school building project capital funding
- So when we talk about Net Zero rating for the school, if we can provide all the energy for the school on site, that would be the best
- Challenge is to make sure the EUI of the building is 23 (this is what we think we can produce on site)
- Cambridge MLK school EUI is 24 (they spent more money for the large geothermal farm)

Other business:

- Update re: Codman Farm - erosion of parking lot, machinery too close to people, want to make a better experience for visitors. They asked the BOS what they thought about funding potential. Maybe around \$385K.
- Process planning for big equipment purchases. Need more follow up from and with departments. Mr. Henderson and Mr. Dwyer volunteered to form an investigative maintenance subcommittee to consider process change recommendations and bring their findings back to the committee. Ms. Hylton noted the need for a transparent tracking system for warranties.

Meeting adjourned at 10:16PM. Moved by Mr. Henderson and seconded by Ms. Apsler.

Approved on: 11/14/18