

2018

Report of the Beal Early Childhood Center Building Committee



Introduction

The information contained within this report is intended to provide background information to Town Meeting Members on the progress that has been made by the Beal Early Childhood Center Building Committee that was established under Article 2 of the April 13, 2016 Special Town Meeting. The nine-member Building Committee consists of James F. Kane, Chairman, John P. Masiello, Vice Chairman, Robert Cox, Sandra Fryc, Christian Girardi, Joseph Sawyer, Patrick Collins, Erin Boucher and Kevin Mizikar.

This report will also provide financing information on a proposal contained within Article 6 of the October 22, 2018, Special Town Meeting to construct a new Beal Elementary School at 214 Lake Street to replace the existing school located at 1 Maple Avenue and meet the expected K-4 enrollment growth projected by the Massachusetts School Building Authority (MSBA).

An extensive array of information associated with this project can be viewed on the Building Committee's website at <https://shrewsburyma.gov/716/Beal-Early-Childhood-Center-Building-Com>.

Background

Article 5 of the December 5, 2016 Special Town Meeting appropriated \$1,200,000 for use by the Building Committee to pay costs of a feasibility study and schematic design for the renovation, expansion and/or replacement of the Beal Early Childhood Center "the Beal Project". Thereafter the Committee worked with the MSBA to assemble a team of professionals to support their efforts. This led to the selection of PMA Consultants as the Owner's Project Manager and Lamoureux Pagano Associates as the Architect for the project.

The Committee worked diligently under the aggressive timeline set forth by the MSBA to complete the Preliminary Design Development Phase and Preferred Schematic Report between August of 2017 and May 2018. During this process, the School Committee established a Kindergarten through Grade 4 grade configuration for all elementary schools in the Shrewsbury Public Schools contingent upon the passage of the Beal project. Such a configuration provides that the proposed school be designed for 790 students. The Beal project enrollment capacity was arrived at using town and state-wide student growth information and validated through the independent review of the MSBA. The new facility will allow for more classroom space throughout the elementary level to address special education, art and music needs.

The current Beal School facility opened in 1922 and has been modified over the years to accommodate a younger school population after a new high school was opened in the 1957. The current Beal Early Childhood Center is currently home to students in Kindergarten through Grade 1. An important aspect of the Preliminary Design Development study was the review of the conditions of the current Beal Early Childhood Center. Due to its relatively small size, it was determined that the existing building was deficient in terms of potential to meet the program. Readers are directed to the Existing Conditions Report which can be viewed at

<https://shrewsburyma.gov/716/Beal-Early-Childhood-Center-Building-Com> under the “Other” section.

While developing the space requirements to educate 790 students through the educational program established by the School Committee, the Committee reviewed 31 potential sites for the construction of the new school. The Committee ultimately chose 214 Lake Street, the former Irving A. Glavin Regional Center, as the recommended site for the new Beal Elementary School. Information on all of the sites can be found on the Committee’s webpage <https://shrewsburyma.gov/716/Beal-Early-Childhood-Center-Building-Com> under the Site Evaluations section.

With MSBA support of the Preliminary Design and Preferred Schematic Report the Committee advanced into Schematic Design. This phase refined the plans which have been presented to the MSBA for final funding approval. The recommendation calls for a new 141,600 square foot building. This final design is nearly 10,000 square feet smaller than the preliminary design plans. In addition, improvements will be made to Lake Street to improve safety of the roadway near the new school and all of these costs are included in the project.

The MSBA Board will meet October 31, 2018 to formally review and vote on the Schematic Design submission. Based upon preliminary feedback on the Schematic Design from MSBA staff, the Building Committee fully expects the MSBA Board to approve the design and the state reimbursement grant of \$33.5M so that the funding is in place and ready to subsidize to this project.¹

The Project Budget

The project budget for this proposal is \$92,831,833. For the purposes of the bond authorization, the sum of \$92,835,000 is proposed since MSBA requires that the Town be able to cover the full cost of the project. However, the Town will only permanently borrow its share of the project.

As of this writing, the MSBA reimbursement rate is 54.86% of eligible costs. Given the structure in the MSBA funding model not all costs will be eligible for reimbursement. For instance, the MSBA will pay site development costs only up to a set level of 8% of construction costs regardless of the type of project, location or any particular site issues. It is anticipated that the MSBA effective reimbursement rate will be 36.08%.

Based on the current projected budget, the proposed total MSBA grant to the Town will be \$33,494,370 leaving \$59,337,463 for Town funding.²

¹ At a working meeting between the MSBA and the Town of Shrewsbury team on October 3, 2018, the Total Project Budget for the Beal Early Childhood Center was revised from \$92,831,833 to \$92,809,274, a decrease of \$22,559. The maximum MSBA grant funding has increased to 36.69% or \$34,055,681 an increase of \$561,311 from \$33,494,370. The balance of the project will be \$58,753,593 that will come from Town funding.

² IBID

The project line item budget is:

Area	Amount	Comment
Feasibility Study Costs ³	\$1,200,000	Authorized at 12/06/2016 STM
Administration	\$595,003	Legal, bond, printing, advertising, etc.
Owner's Project Manager ⁴	\$2,373,917	Statutory requirement includes all related costs and fees
Architectural and Engineering	\$6,945,000	Includes all design and engineering fees
Construction Management Services	\$250,000	The CM at Risk process will be used
Site Acquisition	\$915,000	Acquire 214 Lake Street from Commonwealth of MA
Construction Costs	\$74,111,829	Includes design and price contingency
Construction Contingency	\$3,705,590	Equal to 5% of construction costs
Furnishings and Equipment	\$1,896,000	Amount equal to \$2,400 per student
Miscellaneous Project Costs ⁵	\$180,000	Utility fees, moving, etc.
Project Contingency ⁶	\$659,494	Allowance equal to 10% of non-construction costs
Total Project Budget ⁷	\$92,831,833	
Maximum Facilities Grant – MSBA ⁸	\$33,494,370	Equal to 54.86% of eligible costs* Effective Reimbursement Rate 36.08%
Town Share ⁹	\$59,337,463	

* The MSBA categorically excludes certain costs.

Fiscal Impact

The fiscal impact of this project will be in two forms:

1. Additional operational costs associated with the new building. While this building will use much less energy per square foot than the current building, its larger size will impact the Building and Grounds budget. Current estimate is a net increase in operational costs of \$207,000 per year plus the incremental cost of insuring the new building versus the old.
2. The debt service expenses associated with the twenty-year bond issue to fund this project are estimated to be \$5,345,922 in the first year of permanent financing. This will increase the tax bill of a home assessed at \$397,300 by \$309.89 in the first year of permanent

³ Updated amount revised to \$1,082,267. \$117,733 moved to "Owner's Contingency"

⁴ Administration and Owner's Project Manager combined updated amount revised to \$2,706,357 from \$2,968,917

⁵ Update amount revised to \$420,000

⁶ Updated amount revised to \$777,229. \$117,733 moved from "Feasibility Study"

⁷ Updated amount revised to \$92,809,274

⁸ Updated amount revised to \$34,055,681 with a new effective reimbursement rate of 36.69%

⁹ Updated amount revised to \$58,753,593

financing. Contained within this report are several pages of analysis that provide detailed information on the debt service expenses for this project together with a summary of how this new debt service affects the overall debt structure of the community.

The Committee asks that all Town Meeting Members and citizens carefully consider this fiscal impact.

Next Step

The next step to be taken on the proposal is for Town Meeting to consider this proposal on October 22, 2018. Thereafter, a Debt Exclusion Ballot question will be asked of all voters on November 6, 2018.

If the project is authorized construction will begin in the summer of 2019 and be concluded within twenty-four months. The building will be ready for occupancy in time for the 2021-2022 school year.

Conclusion

This very brief report does not represent the sheer volume of work that has been accomplished since January 2017 by the designers, project manager, school and municipal staffs, School Committee, Board of Selectmen, Finance Committee and Building Committee. As stated in the opening of this report, many of the materials that have been prepared and considered for this project are posted on our website. In addition, a copy of the complete schematic design submission to the MSBA may be viewed in the Office of the Town Clerk at the Town Hall, 100 Maple Avenue Shrewsbury, MA.

The Building Committee invites you to carefully review of these materials.

This proposal represents a reasoned approach to the issue of dealing with the challenges associated with the 1922 Beal School. It is the most cost-effective option that was studied and fully meets the educational program of the Shrewsbury School Department.

In addition, this proposal takes advantage of \$33.5¹⁰ million of grant funding from the Commonwealth. This is a competitive process and if the Town does not take advantage of this opportunity. Substantial funding for the Beal Elementary School may be lost for a significant period of time with the potential for the Town to bear the full cost of necessary work before assistance from the Commonwealth would be available again. After the MSBA vote on October 31, 2018 to authorize a Project Scope and Funding Agreement, the Town has 120 day to appropriate its share of the project costs.

¹⁰ At a working meeting between the MSBA and the Town of Shrewsbury team on October 3, 2018, the Total Project Budget for the Beal Early Childhood Center was revised from \$92,831,833 to \$92,809,274, a decrease of \$22,559. The maximum MSBA grant funding has increased to 36.69% or \$34,055,681 an increase of \$561,311 from \$33,494,370. The balance of the project will be \$58,753,593 that will come from Town funding.

We urge you to ask any questions you may have to the Committee members.

Respectfully Submitted,

Beal Early Childhood Center Building Committee

James F. Kane, Chairman

John Masiello

Sandy Fryc

Erin Boucher

Robert Cox

Joseph Sawyer

Patrick Collins

Christian Girardi

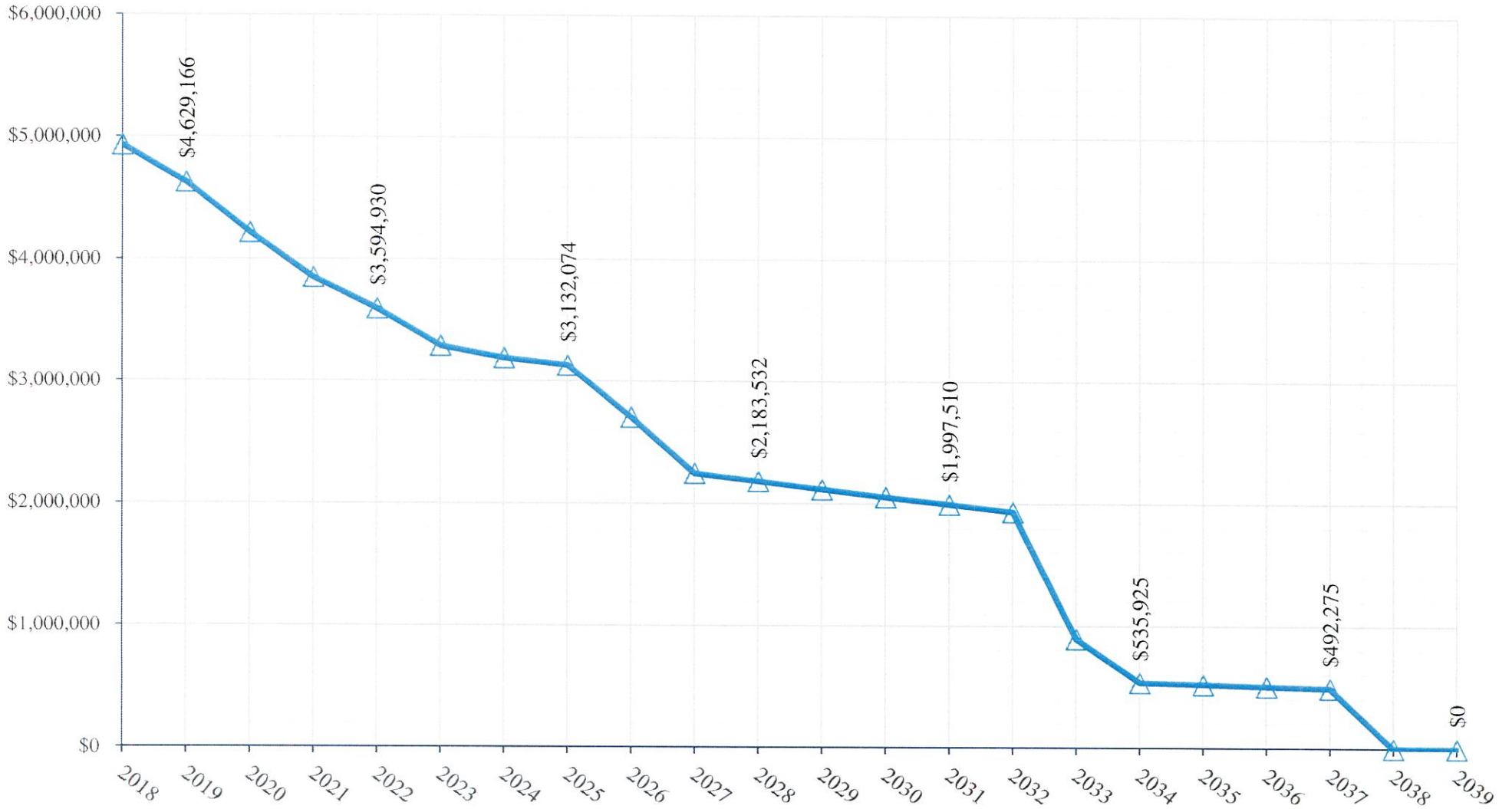
Kevin Mizikar

Attachments

Existing Graph.....	Excluded	Debt	Service							
				i						
Beal Schedule.....	Elementary	Project	Debt	Service						
				ii						
Beal Graph.....	Elementary	Project	Debt	Service	and	Existing	Excluded	Debt	Service	
iii										
Beal Chart.....	Elementary	Project	Debt	Service	and	Existing	Excluded	Debt	Service	
iv										
Excluded Project.....	Debt	Service	Tax	Rate	Impact	with	Beal	Elementary		
v										
Beal Chart.....	Elementary	Project	Debt	Service	Tax	Bill	Impacts			
vi										
Floor Project.....	and	Site	Plans	-	Beal	Elementary				
vii										

ATTACHMENT 1

Existing Excluded Debt Service



ATTACHMENT 2

Beal Elementary Project Debt Service Schedule

Long-Term Bond Debt Service Schedule

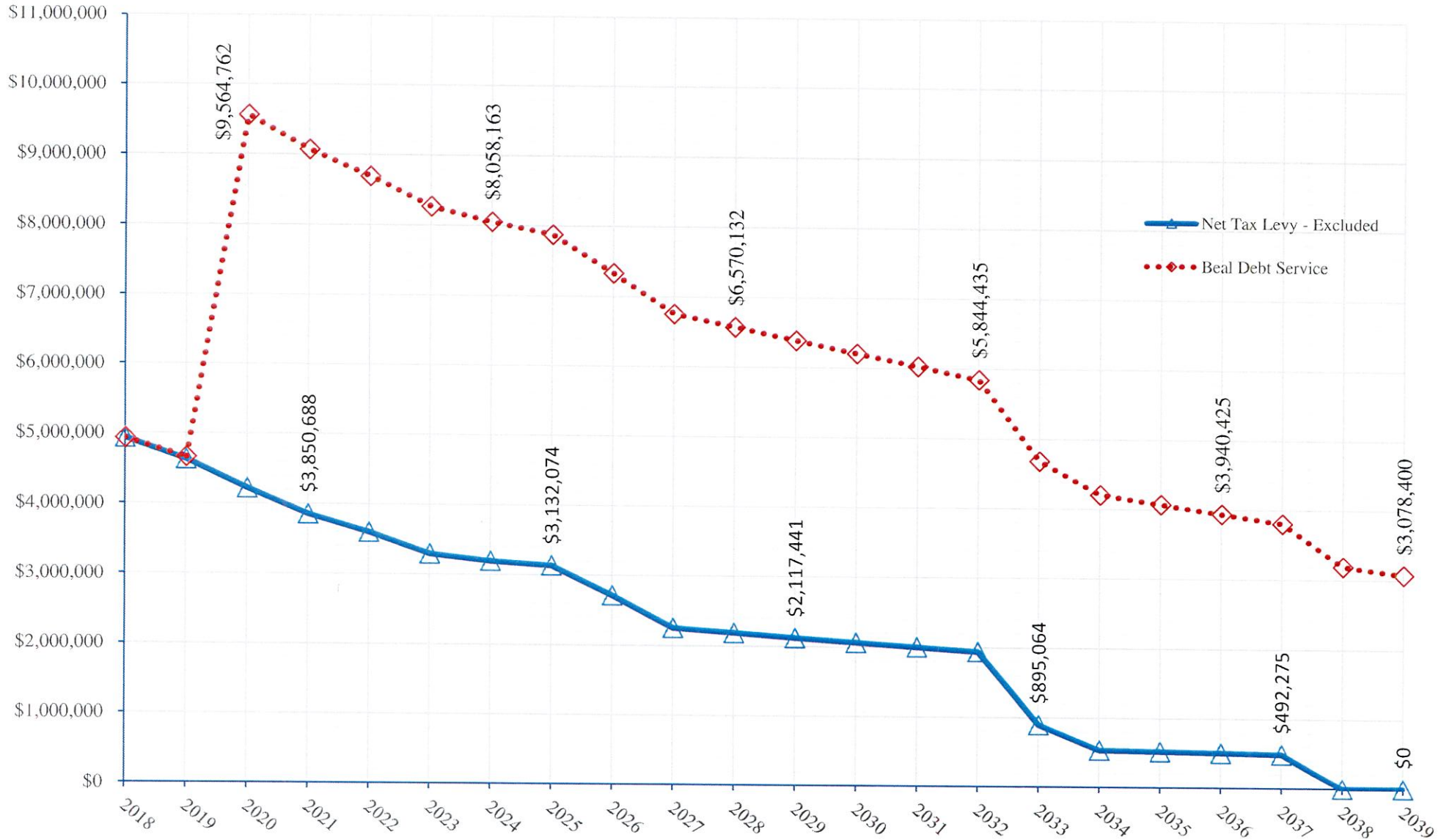
Town of Shrewsbury, Massachusetts - EXEMPT DEBT SERVICE ONLY
General Obligation Bonds Dated May 15, 2019

DEBT SERVICE SCHEDULE

<u>Fiscal Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total P+I</u>
6/30/2020	2,974,156	4.00%	2,371,766	5,345,922
6/30/2021	2,970,000	4.00%	2,252,800	5,222,800
6/30/2022	2,970,000	4.00%	2,134,000	5,104,000
6/30/2023	2,970,000	4.00%	2,015,200	4,985,200
6/30/2024	2,970,000	4.00%	1,896,400	4,866,400
6/30/2025	2,970,000	4.00%	1,777,600	4,747,600
6/30/2026	2,965,000	4.00%	1,658,800	4,623,800
6/30/2027	2,965,000	4.00%	1,540,200	4,505,200
6/30/2028	2,965,000	4.00%	1,421,600	4,386,600
6/30/2029	2,965,000	4.00%	1,303,000	4,268,000
6/30/2030	2,965,000	4.00%	1,184,400	4,149,400
6/30/2031	2,965,000	4.00%	1,065,800	4,030,800
6/30/2032	2,960,000	4.00%	947,200	3,907,200
6/30/2033	2,960,000	4.00%	828,800	3,788,800
6/30/2034	2,960,000	4.00%	710,400	3,670,400
6/30/2035	2,960,000	4.00%	592,000	3,552,000
6/30/2036	2,960,000	4.00%	473,600	3,433,600
6/30/2037	2,960,000	4.00%	355,200	3,315,200
6/30/2038	2,960,000	4.00%	236,800	3,196,800
6/30/2039	2,960,000	4.00%	118,400	3,078,400
Total	59,294,156		24,883,966	84,178,122

ATTACHMENT 3

Beal Elementary Project Debt Service and Existing Excluded Debt Service Graph



ATTACHMENT 4

Beal Elementary Project Debt Service and Existing Excluded Debt Service Chart

Projected Interest Rate on Notes:	3.00%
Projected Interest Rate on Bonds:	4.00%
Total Estimated Cost of Beal Elementary School:	\$ 92,831,833
Estimated MSBA Share of Beal Elementary School:	\$ 33,484,370 <i>max reimbursement rate of 36.08%</i>
Estimated Local Share of Beal Elementary School:	\$ 59,337,463
FY 2018 Assessed Valuation:	\$ 5,816,301,114

Debt Exclusion Model - Beal Elementary School (Entire Local Share Up Front - 20 Year Bonds - Equal Principal)

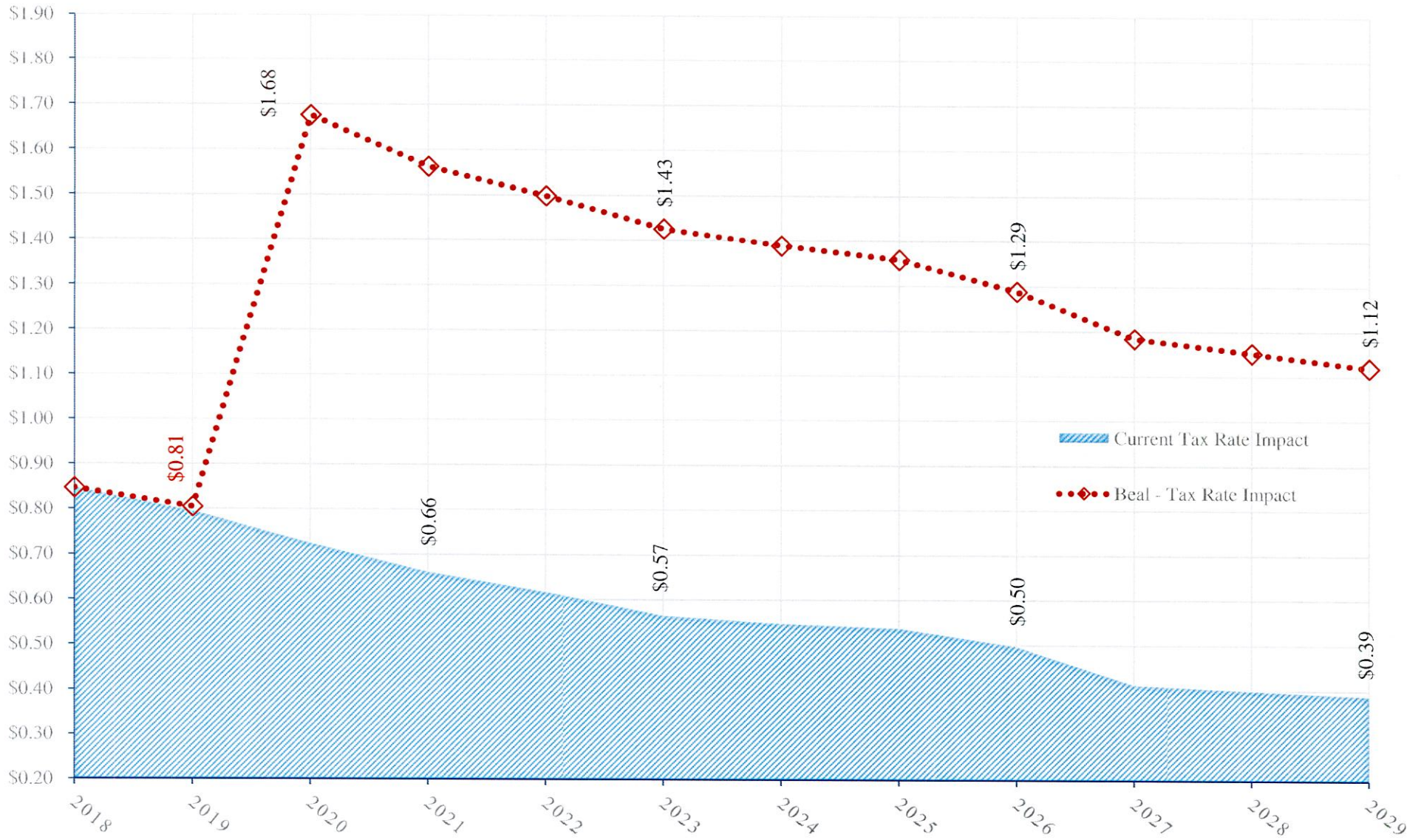
Fiscal Year	A Total Existing Tax-Supported <u>Excluded</u> Long-Term Debt Service (See pg. 2)	B Less Existing MSBA Grant Payments	C Equals Existing Tax-Supported <u>Excluded</u> Debt Service	D Plus <u>Excluded</u> Short-Term Interest and Paydowns (See BAN Schedule; pg. 3)	E Equals Total Existing Long & Short-Term Tax-Supported <u>Excluded</u> Debt Service	F Plus Prospective <u>Excluded</u> \$59.3M* Debt Excluded Bonds Dated May 15, 2019 (See LT Bond Schedule; pg. 4)	G Equals Total Existing + Projected Tax-Supported <u>Excluded</u> Debt Service	H Est. Tax Rate Impact of Prospective Beal Elementary School Bonds (per \$1,000 AV)	I Est. Tax Rate Impact of Existing + Projected Tax-Supported <u>Excluded</u> Debt Service (per \$1,000 AV)	Fiscal Year
2019	7,508,966	(2,764,695)	4,742,270	36,000	4,778,270	-	4,778,270	0.01	0.82	2019
2020	7,087,883	(2,764,695)	4,323,188	176,179	4,499,367	5,345,922	9,845,289	0.95	1.69	2020
2021	6,714,840	(2,764,695)	3,950,145	-	3,950,145	5,222,800	9,172,945	0.90	1.58	2021
2022	6,454,321	(2,764,695)	3,689,626	37,681	3,727,307	5,104,000	8,831,307	0.88	1.52	2022
2023	3,380,051	-	3,380,051	-	3,380,051	4,985,200	8,365,251	0.86	1.44	2023
2024	3,271,464	-	3,271,464	-	3,271,464	4,868,400	8,137,864	0.84	1.40	2024
2025	3,167,158	-	3,167,158	-	3,167,158	4,747,600	7,914,758	0.82	1.36	2025
2026	2,740,320	-	2,740,320	-	2,740,320	4,623,800	7,364,120	0.79	1.27	2026
2027	2,271,763	-	2,271,763	-	2,271,763	4,505,200	6,776,963	0.77	1.17	2027
2028	2,202,010	-	2,202,010	-	2,202,010	4,386,600	6,588,610	0.75	1.13	2028
2029	2,131,953	-	2,131,953	-	2,131,953	4,268,000	6,399,953	0.73	1.10	2029
2030	2,066,440	-	2,066,440	-	2,066,440	4,149,400	6,215,840	0.71	1.07	2030
2031	2,003,958	-	2,003,958	-	2,003,958	4,030,800	6,034,758	0.69	1.04	2031
2032	1,939,466	-	1,939,466	-	1,939,466	3,907,200	5,846,666	0.67	1.01	2032
2033	895,125	-	895,125	-	895,125	3,788,800	4,683,925	0.65	0.81	2033
2034	535,925	-	535,925	-	535,925	3,670,400	4,206,325	0.63	0.72	2034
2035	521,375	-	521,375	-	521,375	3,552,000	4,073,375	0.61	0.70	2035
2036	506,825	-	506,825	-	506,825	3,433,600	3,940,425	0.59	0.68	2036
2037	492,275	-	492,275	-	492,275	3,315,200	3,807,475	0.57	0.65	2037
2038	-	-	-	-	-	3,196,800	3,196,800	0.55	0.55	2038
2039	-	-	-	-	-	3,078,400	3,078,400	0.53	0.53	2039
Total	55,890,117	(11,058,780)	44,831,337	249,861	45,081,197	84,178,122	129,259,320			

Assumptions:

- † For discussion purposes only; not to be used for budgeting purposes.
 - † Reflects tax-supported debt outside levy limitations of Proposition 2 1/2 (i.e. debt exclusions).
 - † Prospective 2019 bonds are structured using equal principal payments and do NOT reflect the use of bond premium to reduce the issue size (per MGL Ch. 44, s.20).
- * Preliminary, subject to change.

ATTACHMENT 5

Excluded Debt Service Tax Rate Impact* with Beal Elementary Project



*Tax Rate Impact per \$1,000 assessed home valuation.

ATTACHMENT 6

Beal Elementary Project Debt Service Tax Bill Impacts Chart

Single Family Tax Bill Impact

% Single Family Homes*	Single Family Home Value*	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
25%	\$300,300	\$0.00	\$3.00	\$285.29	\$270.27	\$264.26	\$258.26	\$252.25	\$246.25	\$237.24	\$231.23	\$225.23	\$219.22
50%	\$397,300	\$0.00	\$3.97	\$377.44	\$357.57	\$349.62	\$341.68	\$333.73	\$325.79	\$313.87	\$305.92	\$297.98	\$290.03
59%	\$439,200	\$0.00	\$4.39	\$417.24	\$395.28	\$386.50	\$377.71	\$368.93	\$360.14	\$346.97	\$338.18	\$329.40	\$320.62
75%	\$535,000	\$0.00	\$5.35	\$508.25	\$481.50	\$470.80	\$460.10	\$449.40	\$438.70	\$422.65	\$411.95	\$401.25	\$390.55
90%	\$676,100	\$0.00	\$6.76	\$642.30	\$608.49	\$594.97	\$581.45	\$567.92	\$554.40	\$534.12	\$520.60	\$507.08	\$493.55
95%	\$765,600	\$0.00	\$7.66	\$727.32	\$689.04	\$673.73	\$658.42	\$643.10	\$627.79	\$604.82	\$589.51	\$574.20	\$558.89
99%	\$1,000,000	\$0.00	\$10.00	\$950.00	\$900.00	\$880.00	\$860.00	\$840.00	\$820.00	\$790.00	\$770.00	\$750.00	\$730.00

*The values in both columns one (1) and two (2), “% Single Family Homes” and “Single Family Home Value”, are based on a FY 2018 valuation. The value in column one (1) identifies the percentages of homes that are valued at or below the corresponding number in column two (2). For example, 59% of the homes in Shrewsbury are valued at or below \$439,200 (based on a FY 2018 valuation).

ATTACHMENT 7

Proposes Floor and Site Plans – Beal Elementary Project 214 Lake Street



ATTACHMENT 7

**Proposed Floor and Site Plans – Beal Elementary Project
214 Lake Street**

