

EXECUTIVE SUMMARY

BACKGROUND

This Task Force was chartered in December 2002 by the Mayor, President of the Board of Aldermen, and Chair of the School Committee after the Newton North High School renovation project was put on hold due to safety concerns. The Task Force was charged with assessing alternatives and recommending a plan for Newton North High School that meets educational goals and provides the best financial value.

PROCESS

The Task Force held 16 meetings over a period of five months. Members of the public offered their opinions and thoughts to the Task Force during three public comment meetings. The Task Force reviewed key safety, educational, construction, and financial issues and heard from several experts and consultants. The Task Force considered a number of options, ranging from the original proposed renovation to construction of a new school, and developed five alternatives. Unanimously agreed-upon key criteria were used to assess all alternatives.

CONCLUSIONS

The Task Force feels strongly that, despite the limitations of the physical plant, the Newton North faculty, administration and students have maintained a high quality, spirited, and cohesive academic environment. However, it is also clear that the physical condition of the Newton North building is having a negative impact on the educational program and mission. Specifically, the air quality, heating and cooling systems, electrical capacity, available technology, and the condition of many of the classrooms and ancillary facilities such as the gym are inadequate and/or deteriorating. The building does not comply with current state building code requirements, including those for fire protection, seismic standards, energy efficiency, air exchange, or with the Americans with Disabilities Act. The Task Force finds that the building's current condition is unacceptable and major work is essential to maintaining and enhancing the high academic caliber of Newton North High School.

The Task Force concluded that the scope of work envisioned in the original \$39 million plan is inherently flawed, and that the original scope of work can only be completed at a cost (\$70 million) that is significantly above the approved budget. There are three major contributors to this increase: 1) higher-than-anticipated renovation costs; 2) student relocation costs for modular classrooms, the Carr School, and career and technical education alternatives; and 3) unbudgeted safety costs as confirmed by the consultant, Environmental Health & Engineering, Inc. The entire student population

would have to move from the existing building to modular classrooms built on the athletic fields and to the former Carr School building. Some or all of the career and technical education program would move off-site, which may put the program at long-term risk. The public bidding laws and procedures complicate maintaining safety standards and assuring the construction schedule. The Task Force could not identify a safe, educationally viable, and financially sound plan that allows the students to remain in the current classrooms during renovation.

ALTERNATIVES CONSIDERED

We reviewed five alternatives:

<u>Alternative</u>	<u>Estimated Cost</u>	<u>New Space</u>
Original Project Cost	\$39 Million	No addition
Original Scope of Work	\$70 Million	No addition
Small Hybrid	\$79 Million	40,000 sq. ft. addition
Large Hybrid	\$84 Million	169,000 sq. ft. addition
New School	\$102 Million	417,000 sq. ft. with pool

and used the following criteria to assess each alternative in the context of cost:

- Meets Educational Objectives
- Aesthetic Appeal
- Financing Feasibility
- Construction Feasibility
- Timetable
- Disruption
- Useful Life
- Community Acceptance

PREFERRED ALTERNATIVE – Large Hybrid

We voted by an overwhelming majority for the Large Hybrid alternative at a cost of \$84 million. Of the 28 members who voted, 20 voted for the Large Hybrid, 4 voted for a New School, 2 voted for the Small Hybrid, and 2 voted for the Original Project Cost alternative that stays within the original \$39 million budget.

The proposed Large Hybrid alternative includes the renovation of common space in the existing school (theaters, auditorium, gym, pool, main street, cafeteria etc.) and creates a 169,000 sq. ft. addition with new general, science, and career-technical classrooms. All learning spaces would have direct access to natural light and air. We acknowledge that the actual design and square footage might change as long as the same objectives can be achieved. Under this alternative, substantial sections of the current building along Lowell Avenue would be demolished resulting in a significant aesthetic

benefit as well as providing parking. However, it is possible that a reuse for this excess space could be determined by the City. All students in all classes would remain in the existing building while the new wing is completed. Students would move into the new wing, at which point the demolition of the excess space in the existing building would be completed if indicated. In the worst case, only the 9th grade would be relocated to the Carr School during construction and it may be possible for all students to remain on site.

The members voting for the Large Hybrid alternative cited the following major criteria to support their choice:

1. Meets educational objectives
2. Minimizes disruption
3. Financing feasibility
4. Construction feasibility
5. Other criteria included community acceptability, aesthetic appeal and useful life

ACCEPTABLE ALTERNATIVE – New School

In addition to the Large Hybrid alternative we feel that only the New School alternative (\$102 million) provides a high level of construction feasibility, safety, and assurance that nearly 100% of the costs are dedicated to permanent construction. The majority of us determined that the Large Hybrid combined with the existing facilities offers the optimal balance between educational environment and value. For some members, a variable affecting this choice is the uncertainty of state reimbursement through the School Building Assistance Program. The number of members voting for a New School increased from 4 to 11 if we were sure that the SBAP would reimburse the City 60% of this alternative's cost.

NOT RECOMMENDED ALTERNATIVES – Small Hybrid; Original Scope; and Original Cost

We decided that the Small Hybrid, Original Scope, and Original Cost were not recommended options.

Small Hybrid - We do not recommend the Small Hybrid alternative based on a majority vote (13 to 10, with 5 abstentions). This option requires significant use of modulars, which provides no long-term value. Nearly 20% of the project costs incurred are "non-permanent" (i.e., approximately \$15 million for temporary off-site costs, environmental safety measures, modular classrooms, etc.). The Small Hybrid comes close to the cost of a Large Hybrid without offering comparable space or new functionality.

Original Scope of Work - An overwhelming majority of us determined that the Original Scope of Work alternative, now at a more accurate cost estimate of \$70 million, was not a recommended option. This option significantly dislocates students, moves some of the

career and technical education program off-site during construction, does not adequately address some of the major environmental issues important to us (such as providing all learning spaces with natural light and air); and only barely meets long-term educational objectives. With approximately a quarter of the project cost (approximately \$17 million for "non- permanent" cost), we do not feel spending so much on temporary measures to be a sound investment or a good value.

Original Project Cost - An overwhelming majority of us determined that the Original Project Cost alternative was not a recommended option. The \$39 million Original Project cost alternative reduces the scope of work, and limits construction activities to the summer and holidays when the building is empty (likely requiring 8 years). We do not believe that this alternative is viable from a construction standpoint since there is no acceptable back-up plan should there be unexpected delays in any summer. We do not consider the ultimate product adequate to meet educational goals.

FINANCIAL CONSIDERATIONS

We acknowledge that Newton's historical financial philosophy of using 10-year bonds and maintaining very low levels of debt per capita provides both an opportunity to borrow more and a serious responsibility to be thoughtful if we choose to increase the level of debt and issue bonds with longer terms. We recommend such a change for this project taking advantage of several key "tools" to make the Large Hybrid alternative possible.

1. Bond maturity. We believe that it is appropriate to consider longer maturity (state law allows up to 20 years) for a long-term asset of 30+ years; most cities and towns use 20-year bonds for major school construction projects.
2. Lower interest rates. Rates are 1 to 2 points lower than when the original financing plan was put together. If the plan were ready in time to take advantage of low rates, significant savings could be realized.
3. Higher revenue growth. The original financing plan assumed only a 1% growth in Newton's revenue, a growth rate well below historical levels. We could continue to keep debt service (city principal and interest payments) at 3% of the total budget (a city guideline) and borrow enough for this project using a more historically accurate growth rate assumption (which is 3%).

We anticipate that the additional borrowing would not lower Newton's top "AAA" bond rating. Debt per capita would rise from very low to being in the "middle of the pack" of AAA bond rated cities and towns in Massachusetts. The City's Chief Budget Officer offered an opinion, conditional on further study, consultation and approvals, that the City could fund a \$70 million to \$80 million project without additional sources of revenue (e.g. an override).

The key assumption in this analysis is that the state would approve a revised renovation plan and the level of reimbursement would remain at 60% of the total costs. A substantial change in state policy would require a reconsideration of the City's current assumptions regarding capital planning for this project.

We are concerned about the timeline for refinement and approval as the needs and limitations of the Newton North building are clear and pressing. Anger about the inadequacies of the original plan or frustration at the cost of the Large Hybrid alternative should not unduly delay or divert our community from providing for the needs of the students and faculty at Newton North High School. It would have been our preference to report that there is some "low-budget" plan that is consistent with the physical needs and educational goals for Newton North High School. However, after many hours of study and expert review, we have concluded that there is no safe, feasible, lower cost plan. As a next step, the Large Hybrid needs further educational, architectural, traffic, site, and financial planning by public officials (initially the School Committee, the Mayor and then the Board of Aldermen). We urge this be completed as soon as possible. We believe the Large Hybrid offers the best value – the best educational setting and program for the longest time for the dollars invested.

APPENDIX

1. Overall Objectives
2. *Educational Vision, Goals & Needs*, presentation by Jeff Young, Superintendent, Newton Public Schools
3. *Infrastructure Needs and Existing Conditions Report*, presentation by A. Nicholas Parnell, Public Buildings Commissioner
4. *High School Task Force Financing Issues*, presentation by Sanford Pooler, Chief Budget Officer
5. *High School Task Force Financing Issues, Part II*, presentation by Sandy Pooler, Chief Budget Officer
6. *EHE Presentation Materials, Occupancy During Renovation, An Analysis*, April 26, 2003
7. Educational Merits of Each Option, dated May 5, 2003
8. Sub-Committee Summary of Alternatives for Task Force & Cost Information from Turner/JLA
9. Project Evaluation Matrix
10. Summary of Responses, Project Evaluation Matrix