

Subsequent Town Meeting Presentation: Killam Elementary School Building Project

November 17, 2022





Introduction

- Why is Reading considering a repair, addition/renovation, or replacement of Killam Elementary School?
- What is the Massachusetts School Building Authority (MSBA), its process and timeline for supporting school building projects?
- What does a Yes vote for Article 7 accomplish?
- What are the implications to Reading's other elementary schools if Killam were to be renovated or rebuilt?
- If Killam were to be rebuilt, what is the estimated cost for the project and how would the community pay for it?
- What could be the impact on Reading's taxpayers to support a new Killam School Building?
- How will the community be engaged throughout the process?
- Questions raised by Town Meeting Members.



Elementary School Planning Milestones

November, 2020	Elementary Schools Master Planning Report presented to community
June, 2021	Killam Elementary School Statement of Interest submitted to MSBA
February, 2022	Killam Elementary School Project invited into MSBA Phase 1 Preparation Period
November, 2022	With Town Meeting Approval, Advance into MSBA Phase 2 Scope Definition



Why is a renovation or rebuild of Killam needed?

- **Physical plant** and **programmatic** deficiencies are extensive.
- Construction to Killam Elementary School was completed in 1969. Since 1969, no major renovations have been completed.
- Renovations are a possible outcome of the MSBA process, however a new building is more likely.
- Any significant renovation would reach a threshold of 20% of the building's assessed value and trigger compliance requirements currently grandfathered, like ADA.



Physical Plant Deficiencies

- Lead and copper in drinking water
- Lack of ADA compliance in Hi-Def areas, student and staff bathrooms, entrances and exits, cafeteria stage
- Classroom access requires passing through other classroom
- Original electrical system and limited electrical and data connections
- Lack of fire sprinkler system
- Large scale door and window replacement needed
- Water infiltration during heavy rain
- Need for increased sight lines for safety



Images of Killam's Deficiencies





Programmatic Deficiencies

- Lack of appropriate space needed to support complexity of student needs, including special education services, multilingual learners, and small group support.
- Some classrooms and commission spaces accessible only through other classrooms.
- Library Media is located in open crossroad space used as a corridor.
- Closets used for instructional and meeting spaces.
- Limited data connections in classrooms which constricts use of instructional technology.



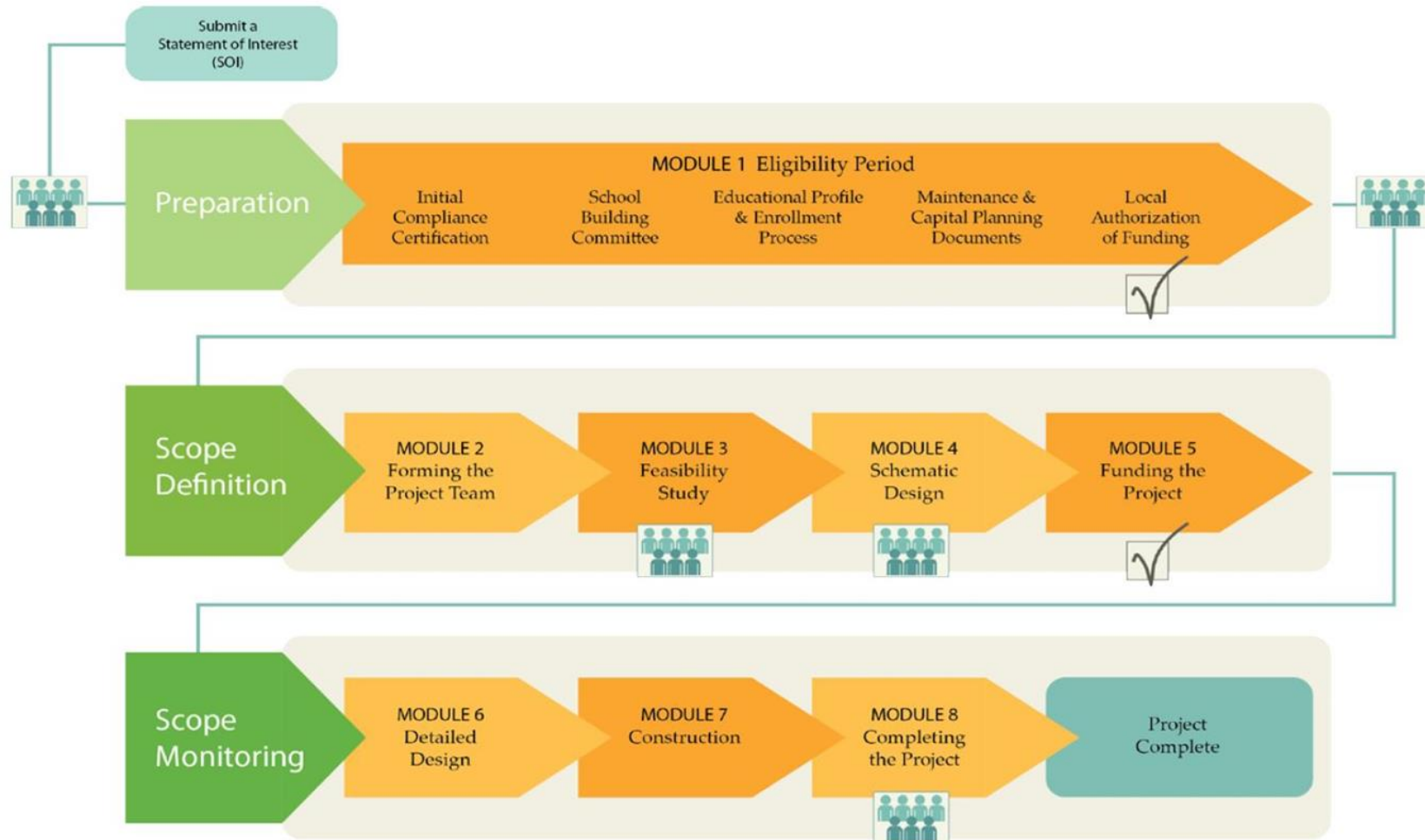
What is the MSBA?

- The Massachusetts School Building Authority ("MSBA") is a quasi-independent government authority created to reform the process of funding capital improvement projects in the Commonwealth's public schools.
- The MSBA works with local communities to create affordable, sustainable, and energy efficient schools across Massachusetts.
- MSBA provides reimbursements to communities based on a predetermined percentage of eligible school construction costs.
- Since 2004, \$16.1 billion in payments were made to cities, towns, and regional school districts.
- MSBA's dedicated revenue stream consists of one penny of the State's 6.25% sales tax.

In 2021, 58 Statements of Interest were submitted to the MSBA by municipalities for funding consideration through the Core School Building Project program. Of this total, 11 districts were invited into the Senior Study phase. Following Senior Study, MSBA voted to advance Reading into the Phase 1 Preparation/Eligibility Phase.



What is the MSBA's School Building process?





What is the MSBA's timeline?

Phase I Preparation:

- Module 1 Eligibility Period
(June 1, 2022 through February 23, 2023) Total 270 days

Phase 2 Scope Definition:

- Module 2 Project Team (OPM, Designer) Total 150 days
- Module 3 Feasibility Study Total 300 days
- Module 4 Schematic Design Total 75 days
- Module 5 Project Scope & Funding Total 90 days

Phase 3 Scope Monitoring:

- Modules 6-8 Final Design 1 year Construction Total 1.5 years

Grand Total = 3.5 years

The above are maximum allowed durations. Many steps will likely overlap, resulting in a shorter, 3.5 year timeframe.



What does a “Yes” vote for Article 7 accomplish?

- Phase 1 Preparation (Eligibility Process) opened the door for MSBA financial support for a renovation or rebuild of Killam Elementary School.
- Article 7’s request of \$2.2 M allows the School Building Team to move forward into **Phase 2 Scope Definition**.
- Phase 2 Scope Definition will encompass:
 - Forming Project Team - Owner’s Project Manager and Architect to oversee project phases
 - Conducting Feasibility Study - Comprehensive assessment of building and grounds to advance our understanding of the needs and options for the project
 - Creating a Schematic Design - Detailed design, scope, budget, and schedule for the project
- **All** aspects of renovation and rebuild will be examined.
- A Yes vote will:
 - Advance the project into Phase 2 Scope Definition
 - Serve as an indicator to MSBA that the Town is likely to support a project that emerges



Phase 2 Scope Definition - Purpose of \$2.2M Funding

The \$2.2M request for funding presented to Town Meeting would pay for the project's Scope Definition Phase, which includes:

- Hiring an Owner's Project Manager to provide the town with an objective third party to oversee future project phases.
- Securing a designer to develop a specific solution that is a best fit for Reading and our needs.
- Advancing our understanding of the needs and options for the Killam site by conducting extensive detailed analyses.

Scope Definition must be thorough and comprehensive. It is critical to "get right".

Funding for Phase 2 Scope Definition is eligible for MSBA reimbursement.



Phase 2 Scope Definition - \$2.2M Cost Breakdown

Phase 2 Scope Definition:

Designer Fees.....	\$	740,000
Testing & Other Services:		
Geotechnical & Geoenvironmental.....	\$270,000	
Hazardous Materials.....	\$120,000	
Site Survey.....	\$ 70,000	
Wetlands.....	\$ 15,000	
Traffic Study.....	<u>\$ 40,000</u>	
Subtotal Testing	\$	515,000
OPM Fee.....	\$	260,000
Estimating Contingency (20%).....	\$	300,000
Market conditions contingency (10%).....	\$	185,000
Total Feasibility Study Total (2021).....	\$2,000,000	
10% Escalation	\$	200,000
Feasibility Study Total (2022).....	\$2,200,000	



Phase 2 Scope Definition - Outcome

- With community input, the OPM, Designer and School Building Team will document the educational program, generate an initial space summary, document existing conditions, establish design parameters, develop and evaluate alternatives.
- The Owner's Project Manager will submit to MSBA on behalf of the District and its Designer a Preliminary Design Program and a Preferred Schematic Report.
- Approval by the MSBA Board of Directors is required for all projects to proceed into Schematic Design.
- The Owner's Project Manager and Designer will develop a thorough schematic design of sufficient detail to establish the scope, budget, and schedule for the Proposed Project.



What are the implications to our other schools?

- Phase 2 Scope Definition will include close examination of our district-wide space capacity and both current and anticipated future needs.
- Solutions for other programmatic and space-related deficiencies in the district, such as:
 - Address capacity constraints at other elementary schools.
 - Mitigate the need for modular classrooms (9 modulars, 170+ students).
 - Potential of creating single site to house the RISE preschool program (103+ students) and comply with new mandates for access to RISE services.
 - Provide appropriate spaces for delivering special education services as specified in students' IEPs and instruction to multilingual learners, a quickly growing population in our community.
 - Improve alignment of classroom capacity by redistricting student enrollment.



What costs are eligible for reimbursement by MSBA?

- Total construction costs are limited at \$360 per square foot for reimbursement by the MSBA.
- Furnishings, fixtures, equipment, and technology are all reimbursed by the MSBA with an allowance of \$2,400 per student.
- Spaces dedicated for special education services, including preschool classrooms.
- Eligible site costs include the following:
 - basic landscaping, excavation, and site utilities
 - pedestrian walkways on the site and play yards for elementary schools
 - fields for physical education classes and general student use
- Generally eligible site costs are reimbursable up to 8% of the total building cost, subject to submission of detailed budget/scope and approval by MSBA.



What costs are ineligible for reimbursement by MSBA?

- Construction costs that exceed the allowable expenses per square foot of \$360, plus eligible demolition and abatement.
- Costs in excess of \$2,400 per student for furnishings, fixtures, equipment, and technology.
- Site costs in excess of 8% of the total building cost.
- All costs associated with non-hazardous site earthworks, including but not limited to, removal of rock or ledge.
- Legal fees and costs associated with mailing, moving, and temporary swing spaces.
- Owner's and construction contingency costs.
- Costs not identified during Scope Definition Period, specifically during the Feasibility Study and Schematic Design modules.



What does it cost to renovate or rebuild?

Elementary School Estimated Total Project Cost and Reimbursement Data at Schematic Design

Date of MSBA Approval	October, 2021	October, 2021	August, 2021	April, 2021	April, 2021
DISTRICT	Peabody	Medfield	Wellesley	Westwood	Andover
School Name	Welch	Dale Street	Hardy	Paul Hanlon	West
Construction Type	Add/Reno	New	New	New	New
Enrollment	390	575	365	560	925
GSF	59,025	95,828	80,039	113,141	191,028
Assumed Start of Construction	June, 2022	July, 2022	February, 2023	July, 2022	July, 2022
TOTAL PROJECT COST	29,973,821	81,893,664	72,500,000	87,820,386	151,661,968
Less Excluded Expenses	2,101,263	38,231,483	33,774,895	41,441,578	67,794,165
NET COST	27,872,558	43,662,181	38,725,105	46,378,808	83,867,803
MSBA REIMBURSEMENT RATE	63.33%	44.90%	34.90%	39.35%	45.85%
Total MSBA Grant	17,651,691	19,604,319	13,515,062	18,250,061	38,453,388
Estimated Construction Costs per Sq Foot	\$ 396.00	\$ 673.00	\$ 694.00	\$ 622.00	\$ 624.00



What are examples of Excluded Expenses?

Extraordinary Site Costs - additional costs for extra playfields and/or extra cost due to a problem site such as ledge or contamination, wetland issues.

Abatement - removal of hazardous materials.

Temporary space - swing space, temporary trailers or moving back and forth within the building.

Any district wide central administration space – e.g. Superintendent’s offices.

Program space greater than MSBA standards. This can be an array of things and can include:

- Oversized classrooms
- Oversized gym or a Field House
- Oversized storage
- Spaces beyond the program for the grade structure – for instance, an Auditorium is not funded by MSBA in an Elementary School. But, a town may choose to add one because they do not have other/enough facilities in other town buildings.



What is an estimated costs for a new Killam School?

Cost Scenario - Extremely Conservative Based on...

- high estimate of a Total Project Cost of \$120,000,000 and
- low estimate of 30% for MSBA reimbursement rate
- net Local Share of Project Costs would total \$84,000,000.

Based on this cost scenario, the estimated impact per \$100,000 of Home Value is \$88.43 per year.



How would the project be funded?

- Pending approval by MSBA, the project would be jointly funded by the MSBA and the Town of Reading through:
 - **MSBA Reimbursement** - the reimbursement rate for the project will be established by MSBA at the end of Phase 2 Scope Definition, Module 4 Schematic Design.
 - The statutory formula applies a base rate of 31% for all communities, which is then adjusted based on three socioeconomic factors: Community Income Factor (if any), Community Property Wealth Factor (if any), and Community Poverty Factor (if any).
 - Based on other like elementary school projects, Reading's reimbursement rate is estimated to range from 31% to 49%.
 - **MSBA Incentive Points** - additional incentive points related to maintenance and energy efficiencies, such as a Net Zero Energy building, which would increase reimbursement rate.
 - **Debt Exclusion** - a majority of voters' approval. The additional amount for the payment of debt service is added to the levy limit or levy ceiling for the life of the debt only.

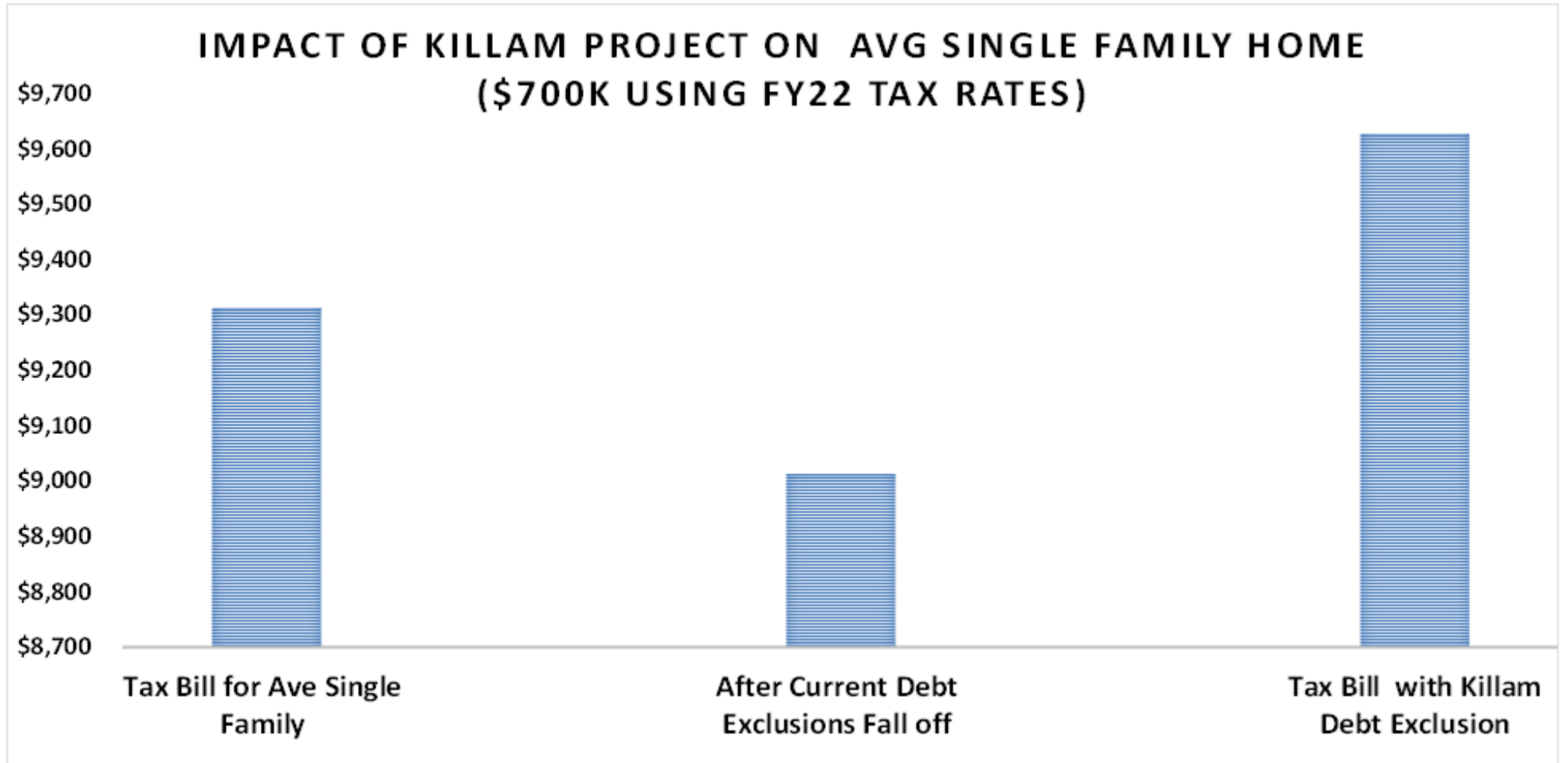


What is a Debt Exclusion?

- Approval of a debt exclusion permits the community to raise the amount of the annual debt service payment for that project each year until the debt is retired.
- The amount of an exclusion may be raised in addition to the levy limit. It does not increase the levy limit nor become part of the base for calculating future years' levy.
- A debt exclusion may be presented to the voters to exclude the debt service on the community's borrowings, or the community's share of the debt service on a borrowing of a regional governmental unit of which it is a member. G.L. c. 59, § 21C(k).



In this scenario, what is the impact on Taxpayers?





In this scenario, what is the impact on Taxpayers?

Description	Tax Levy	Debt Exclusion Amount	Tax Rate	Avg Single Family Value	Avg Tax Bill
FY 2022 (LAST CERTIFIED YEAR)	\$82,383,720	\$2,686,112	13.33 / 13.55	\$698,675	\$9,313
FY 2022 W/O DE	\$79,697,608	\$0	12.90 / 13.11	\$698,675	\$9,013
FY 2022 DE \$5,465,500	\$85,160,108	\$5,462,500	13.78 / 14.01	\$698,675	\$9,628

ASSUMPTIONS:

Killam Debt Exclusion estimated increase \$88.43 per \$100,000 of value

FY 2022 Tax Rate is used to demonstrate the effect of Killam Debt Exclusion

Total Excluded Debt being removed (RMHS and Woodend paid off in FY24 and the Library is paid off in FY25)

Killam Project was estimated at \$120 million with a 30% MSBA reimbursement leaving \$84 million in excluded debt

The Killam Debt Exclusion is shown on this visual as 30 yr. borrowing

The annual debt service is estimated to be \$5,462,500

The average single family tax bill increased by an average of 3.49% over the last 15 years

Tax Bill for Ave Single Family	\$	9,313
After Current Debt Exclusions Fall off	\$	9,013
Tax Bill with Killam Debt Exclusion	\$	9,628



Who is leading the Killam School Building Project?

- The Killam School Building Committee, formed during the Phase 1 Preparation Phase, guides the building project and process with step-by-step support by MSBA.
- The Killam School Building Committee is comprised of the Permanent Building Committee, and representatives of the School Committee, Select Board, and Finance Committee, with support from town staff including the School Superintendent, select Killam Elementary School staff, Town Manager, Town Accountant, Facilities Director, and Procurement Officer.
- The Killam School Building Committee will oversee the process of renovating or building a new Killam Elementary School from planning to construction.
- In addition, during Phase 2 Scope Definition, a Visioning Committee will be created, made up of Reading residents and Town/School staff members, with the purpose to articulate the educational vision of the building project.



How will the community be engaged throughout the process?

- Both the Killam School Building Committee and the Visioning Committee meetings are open to the public.
- Residents will be asked to participate in focus groups, respond to surveys, attend public meetings held by Town Boards and Committees, and provide feedback.
- A website will be created early in Phase 2 Scope Definition where all documents, plans, meeting minutes, and images will be accessible throughout the process.
- Since August, 2022, four public meetings were held for the community and three tours were conducted of the Killam Elementary School for elected Town Meeting members.



Questions Asked by Town Meeting Members:

- “Why can’t students learn in an old building?”
- “Why now?”
- “What are consequences of not renovating/replacing Killam?”
- “Elementary enrollment has decreased over the last five years and is expected to level...why can’t we just redistrict students to other schools?”
- “Are we also going to have to renovate or build new the other schools?”
- “What happens to the remaining funds if we don’t spend all \$2.2M in Phase 2?”
- “Where will students attend school if Killam is rebuilt?”
- “How are we going to address the traffic issues if Killam is built for a larger population of students?”
- What happens if we decide to not continue with the process?”



Thank you!