

**SPECIAL TOWN MEETING ON TUESDAY, DECEMBER 10, 2002
AT 7PM AT DOUGLAS MIDDLE/HIGH SCHOOL**

Finance Committee Message

This Special Town Meeting was initially called for the purpose of asking voters to approve additional funding for the New School Project. The request from the School Committee is for approximately \$1.9 million dollars. The justification for this amount comes directly from the project management company hired to oversee the new school project. The total figure covers additional costs for construction and contingency costs, furniture, fixtures and technology. The previously budgeted amounts have been reduced by cost overruns and unanticipated costs involved in site-preparation occurring prior to supervision by the professional project management firm hired in June 2002. The \$1.9 million request is split into 2 questions that appear on this warrant. These articles specifically identify the increases as construction costs at \$1,309,523 and costs of furnishing, fixtures and technology at \$685,000. Any increases to this project are not reimbursable through the State and will be borne entirely by the taxpayers of Douglas. The Town's Fiscal Advisor has computed some draft impact figures; \$1.9 million dollars calculates to approximately \$0.32 per thousand on the tax-rate.

The business of building a school and then operating that school have been of prime concern to the Finance Committee. Throughout the planning and current phases of this project, we have requested a review of operational costs for bringing this new school 'on-line'; we have not received an official answer, to date. The initial estimates, presented by the Superintendent to the School Committee in the spring of 2002, are significant. The early approximation of the added costs between the FY03 school budget and next year (FY04) is \$1.6 million dollars. A quick calculation using the same factors as above shows that the tax-rate could increase by about \$2.50 to \$3.00 per thousand for operational costs; this would necessitate a request for a permanent Override of Proposition 2 ½ prior to adoption of the FY04 budget. The Finance Committee believes that this information should be available to voters so that an informed decision can be made with a basic understanding of what the future holds.

Importantly, the school project articles 4 & 5 will also be subject to Proposition 2 ½ Debt Exclusion referendum votes as authorized by the Board of Selectmen. Debt Exclusion approvals are valid for the length of the debt.

Other warrant article requests by Departments to pay prior-year bills, supplement the Water/Sewer budget for consulting costs and authorize an increase of total payments by the Board of Health Sanitation Offset Account were determined by the Selectmen to be of significant importance to place before the voters on this warrant.

Respectfully Submitted,
Pamela Holmes, Finance Committee Chair

INDEX OF ARTICLES

Article 1. Prior Year Bills

Article 2. Water / Sewer

Article 3. Board of Health

Article 4. School – Construction

Article 5. School – Furniture / Technology

Article 1 - Prior Year Bills: To see if the Town will vote to authorize payment of prior year bills in the amount of 8,097.40, monies to be transferred from accounts as noted, such funds to be used for payment of the following, or take any other action relative thereto:

- A. to Mid-State International Trucks in the amount of 112.40 for services rendered from HWY account 001-420.000-726.000
- B. to The Grodin Center in the amount of 4,235.00 for services rendered from School account 001-300.000-830.000
- C. To Horne & Hastings Associates in the amount of 3,750.00 for services rendered from Town Counsel account 001-151.000-801.000

The reasons for non-payment vary with each bill.

- A. *Highway Dept. received this FY02 bill after end of the FY02 fiscal year.*
- B. *This bill was forwarded to the Town by the School in FY01 and did not get paid.*
- C. *Town Counsel did not present this bill during FY02 due to confusion as to payer.*

Finance Committee RECOMMENDS this article.

Article 2 – Water / Sewer: To see if the Town will vote to authorize \$15,000 for Water/Sewer operations, with \$15,000 being transferred to Contractual Services, said monies to be transferred from Acct 060-450.000-875.000, or take any other action relative thereto. *The current Supervisor of the Water/Sewer Department will be retiring soon. This is money from the Enterprise Fund and will allow the Water/Sewer Commissioners to hire a consultant to phase in new management of ongoing Capital projects.*

Finance Committee RECOMMENDS this article.

Article 3 – Board of Health: To see if the Town will vote to amend its vote from May 20, 2002 Annual Town Meeting, Warrant Article 8, section F, paragraph 2 (Board of Health Sanitation Fee Account); by amending the not to exceed amount of \$40,000 to now read \$80,000, or take any other action thereto. *This article involves an account that pays the Board of Health engineer from fees collected for Title 5 inspections. Due to two large proposed subdivisions, the possibility exists that \$40,000 will be exceeded; therefore, the Town should authorize an increase in expenditure amounts.*

Finance Committee RECOMMENDS this article.

Article 4 – School – Construction: To see if the Town will vote to borrow \$1,309,523 in addition to sums previously appropriated for the purpose of the

construction, purchase of equipment and furnishing of both a new high school and modifications to existing schools herein referred to as the “New School Project”, and to authorize the Treasurer, with the approval of the Board of Selectmen, to issue any bonds or notes that may be necessary for such purpose as authorized by the General Laws, Chapter 44, Section 7 (3), or any other general or special law, provided, however, that this appropriation and debt authorization shall be contingent upon either (i) a determination by the Division of Local Services of the Massachusetts Department of Revenue that this amount is excluded from the limits of Chapter 59, Section 21C of the General Laws (Proposition 2 ½) without the need for an additional referendum with respect thereto, or (ii) the passage of a Proposition 2 ½ debt exclusion referendum with respect to this amount under General Laws Chapter 59, paragraph 21C (Proposition 2 ½). Further, that these funds be available to the School Building Committee established for the purpose of overseeing the New School Project appointed by and under the direction of the School Committee. See explanation in Finance Committee message.

Finance Committee RECOMMENDS the amended article with strike-outs noted above.

Article 5 – School – Furniture / Technology: To see if the Town will vote to borrow \$685,000 in addition to sums previously appropriated for the purpose of the construction, purchase of equipment and furnishing of both a new high school and modifications to existing schools herein referred to as the “New School Project”, and to authorize the Treasurer, with the approval of the Board of Selectmen, to issue any bonds or notes that may be necessary for such purpose as authorized by the General Laws, Chapter 44, Section 7 (3), or any other general or special law, provided, however, that this appropriation and debt authorization shall be contingent upon either (i) a determination by the Division of Local Services of the Massachusetts Department of Revenue that this amount is excluded from the limits of Chapter 59, Section 21C of the General Laws (Proposition 2 ½) without the need for an additional referendum with respect thereto, or (ii) the passage of a Proposition 2 ½ debt exclusion referendum with respect to this amount under General Laws Chapter 59, paragraph 21C (Proposition 2 ½). Further, that these funds be available to the School Building Committee established for the purpose of overseeing the New School Project appointed by and under the direction of the School Committee. See explanation in Finance Committee message.

Finance Committee RECOMMENDS the amended article with strike-outs noted above.

School Building Committee Message:

In April of this year the town authorized additional borrowing for the School Building Project in the amount of \$770,000. The request was made in large part for the following reason: There was a consensus among Town Boards that it would be in the town's best interest to hire a project management firm. A Project Manager serves as the Town's advocate during the construction process, manages the budget, and makes recommendations for project completion. The School Building Committee hired CMS as the Project Manager. The School Building Committee and CMS began budget analysis work immediately.

CMS, the firm the town hired and pays to provide expert management, analysis and guidance in completing this project, estimates it will cost an additional \$1,994,523 to complete this project and open the new high school on schedule. The SBC concurs with CMS's assessment that the \$1,994,523, in its entirety, is needed to complete construction, to procure the furniture, equipment and technology necessary to make the building usable as a school, and to open the new building in the Fall of 2003.

Based on CMS's recommendations, the SBC asked the School Committee to seek approval from the Board of Selectmen to hold a Special Town Meeting to authorize additional borrowing for an amount not to exceed \$1,994,523 for the purpose of completing the School Building Project. The Board of Selectmen voted to split the School Committee's funding request into two separate amounts - \$1,309,523 and \$685,000. The SBC believes, based on our discussions with CMS, that the following scenarios are most likely:

- 1) No additional funding is approved. This seriously jeopardizes project completion. The building will not open in the Fall of 2003. The town is contractually obligated with architects, engineers, contractors, project managers and various consultants' amounts in excess of \$24,000,000. Result: Whether the building is completed and opens Fall 2003 or not, the town is financially obligated to pay these bills.
- 2) Only the \$1,309,523 additional funding is approved. This allows for *construction* completion, but under this scenario the furniture, equipment and technology required to use the building as a school cannot be purchased in time to open the school in the Fall of 2003. The town will end up paying more to purchase the required items at some point in the future. Result: The town is contractually obligated to pay the bills for a building that cannot be opened and used as a school.
- 3) Both the \$1,309,523 and the \$685,000 are approved. Construction is completed, and the items necessary to equip the building for use as a school are purchased in time to open the building Fall of 2003 (and at a savings over delaying these purchases indefinitely). Result: The town pays the bills for a completed building that opens for its intended use – a new school.

As taxpayers and residents of the town of Douglas, The School Building Committee believes that approving \$1,994,523 additional funding and completing this project is in the Town's best financial interest. Everyone involved with this project agrees that CMS has been a valuable addition to this process. We believe the voters should follow the expert advice CMS is being paid to provide.

**Special Town Meeting
Tuesday, December 10, 2002
Douglas Middle/High School Auditorium**



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Town of Douglas
29 Depot Street
Douglas, MA 01516

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