

CITY COUNCIL WORK SESSION

Joint Work Session with School Board Re: Cost of Middle School

December 1, 2008 – 6:30 p.m.

Eileen Dondero Foley Council Chambers

City Council Present: Mayor Ferrini, Assistant Mayor Blalock, Councilors Novelline Clayburgh, Dwyer, Smith, Kennedy, Spear, Pantelakos and Hejtmanek

Officials Present: John P. Bohenko, City Manager; Dr. Robert Lister, Superintendent of Schools, Stephen Bartlett, School Business Administrator, School Board Members, Rebecca Emerson, Dexter Legg, Kent LaPage, Sheri Ham Garrity, Mitchell Shuldman, Leslie Stevens, Elizabeth Sweet, Patrick Ellis and Ann Walker, James LaPosta, JCJ Architecture, Lisa DeStefano, DeStefano Architects and Dianne M. Kirby, Deputy City Clerk

I. Call to Order

At 6:50 p.m., Mayor Ferrini called the work session to order and advised the City Council and members of the public that this meeting is the continuation of the November 24th work session on the Middle School. He stated that he would like to start with any follow up questions concerning the last work session on size and then move on to cost. He turned the meeting over to the City Manager for discussion on the bonding issue.

City Manager Bohenko stated that we need to determine what the next step will be. He stated there are four issues to be completed.

- First, the School Board needs to submit the grant to the State – (no requirement for bonding for this to be completed)
- Second, we need to clear the title for the Peirce Trust
- Third, the City Council needs to pass a bond issue of a specific dollar amount (presently \$41 million dollars. This will require two meetings and a two-thirds vote)
- Fourth, a Joint Building Committee will need to be appointed.

City Attorney Sullivan stated the important thing is the length of time required to complete each of these four items. He stated clearing the title for the Peirce Trust and obtaining eminent domain is a very timely action and could take 7-9 months to complete. He said the time required for borrowing the money by bond issue can be accomplished quickly in only two meetings. He suggested we proceed now with the eminent domain. He further said there is no need presently to proceed with a bond issue as we do not know how much will be needed for the land or the building.

City Manager Bohenko handed out a sheet showing what happens on every million dollars of money borrowed for the school. He said it also shows, with the builder's proposed construction of \$40,855,000.00, that \$14,500,000.00 would be eligible cost to be reimbursed.

Councilor Spear said assuming that we reduce the cost by \$1,000,000.00 would we still get 34.28 percent State Building Aid. He asked if we reduce the school size will it reduce local tax payer dollars. City Manager Bohenko stated he did not know at this time.

Dexter Legg, School Board member, asked when year one will start. City Manager Bohenko stated it is contemplated to be FY13 which is July 1, 2012. He said up until that time, if and when the Council authorizes the bond issue, we would get a cash flow analysis from the architect regarding any expenses on the project. He said we would get bond anticipation notes for each phase in smaller amounts. He further stated when the building is completed, we would go out into the market and permanently finance for 30 years. Dr. Shuldman, School Board Chair asked if we bond \$42 million and it only costs \$37 million where does the extra money go. City Manager Bohenko said it would go into the bond.

Dr. Shuldman asked if the School Board votes X and they believe it will take X to build the school and the City Council votes X – minus \$3,000,000.00, what happens. City Attorney Sullivan stated the Joint Building Committee is obligated to spend the dollars the way the School Board wants, but the School Board has the amount the Council voted to give them to work with and no more. City Manager Bohenko said once the City Council authorized the bond issue, whatever that amount is, it is then out of his hands, out of the Council's hands and into the hands of the Joint Building Committee.

Councilor Novelline Clayburgh stated in order to move the project ahead, the Council needs to give the School Board a reasonable figure for them to work within. She said she feels it is the School Board's responsibility to state size, number of classrooms, square footage, number of gyms, etc. She said the Council's job is to come up with an amount for them to work within.

Councilor Spear asked if we have to wait for the completion of the eminent domain before we can get a bond. City Attorney Sullivan stated we do not, except we will need to know how much money is needed to bond for the eminent domain. City Manager Bohenko stated the Council could have the 1st reading in March with a 2nd reading and public hearing 3 months out or when we determine what we have in Building Aid, etc.

Councilor Dwyer asked if it is feasible to delay the appointment of the Joint Building Committee. City Attorney Sullivan said by statute the committee would be appointed after the building commences and the money is provided.

Councilor Kennedy asked if on the City Manager's handout this is assuming we will be picking up the whole cost of the building. City Manager Bohenko said there is a column showing 34.28 percent with State Building Aid. Councilor Kennedy asked what is our understanding of State Building Aid right now. Dr. Lister, School Superintendent said there is talk in the Legislature about a State Building Aid moratorium. He stated this is why we want to get the applications in by the end of December.

Assistant Mayor Blalock said we can't get hung up on the political/economics about what may or may not happen. He said we need to proceed as if we will get State Aid. He asked when we should know how much State Aid we will receive. Dr. Lister, School Superintendent said he does not know. He stated it could be several weeks after we submit the applications. Assistant Mayor Blalock said it will still be before we vote for the bonding. Mayor Ferrini asked

if the School Board applies for X dollars and we, as City Council say X – minus, will this preclude or void your application. Steve Bartlett, School Business Administrator said it does not void our application. He said we can adjust until after bonding.

Councilor Novelline Clayburgh asked if the School Board has talked with the State and if the State has indicated these waivers will be approved. Steve Bartlett stated they have had numerous telephone calls with the State.

Councilor Pantelakos asked if the City-owned fields have to be turned over to the school. City Attorney Sullivan said some accommodation will need to be made. Steve Bartlett stated we currently use the fields now. He said the only consideration that has been discussed is that if we are going to ask for reimbursement for field improvements for those fields, they would require us to have a letter from the City that says the Middle School sports programs would be first in line for the use of those fields.

Councilor Spear asked if each team area has its own staff toilets. Mr. LaPosta, JCJ said it is standard for adult toilets to be separate from student toilets. He further stated there is one toilet per each team for traffic control for both students and teacher.

Councilor Spear asked what would change in the design if we went from 650 to 550 student capacity. Mr. LaPosta, JCJ stated the areas that would change would primarily be the cafeteria area and some change in the size of the library/media areas for about 2,000 square feet less.

Councilor Spear asked how adaptable this design for any future school models is. Mr. LaPosta, JCJ stated they are very adaptable to changing future school study models.

Councilor Dwyer said is our ability to include field improvements in our reimbursement potential tied to the fact that we are asking for waivers, or is that generally allowed. Steve Bartlett, School Administrator said it is his understanding that it is generally allowed. Councilor Smith asked how many waivers we are asking for. Steve Bartlett, School Administrator stated we are asking for three waivers.

Councilor Spear asked if student population declines and we have excess building capacity, what are the fall back plans for use of this space. Dr. Lister, Superintendent of Schools stated he does not see this happening, but we would have more adult education classes and community programs.

Councilor Kennedy asked if every teacher has their own classroom plus breakout space. Dr. Lister stated this is correct. Councilor Smith asked what a breakout area is and how does it differ from a classroom. Mr. LaPosta, JCJ stated a breakout room has no door and can be used for groups just outside of a classroom for projects.

Councilor Novelline Clayburgh asked if the required parking is 111 spaces, what about the Library parking. Dr. Shuldman stated we will need the City's help to answer the parking issues. He said he has assured the Library that the School Board will work with them to find spaces. He said the school needs 100 teacher/staff spaces as well as handicap and visitor parking. Rebecca Emerson, School Board said we are trying to bring the classrooms up to

State standards. Councilor Novelline Clayburgh suggested the School Board work with the City's parking staff to solve the parking problems. City Manager Bohenko stated we are doing this. Councilor Dwyer asked what the potential for reimbursement on parking is. Dr. Shuldman said there is some talk from the State that if the City builds a parking structure, there would be some monies to support it. Kent LaPage, School Board stated we did not use the Lafayette School because of the parking issue. He asked if there was ever a determination by the Library on the number of parking spaces they require. City Manager Bohenko stated we are going to have to have common use parking. He said we are an urban community and all departments have to work together. Councilor Smith asked how many spaces the Middle School presently has. Principal Stokel stated there are 12 behind the building with the rest on Peirce property. City Manager Bohenko said arrangements have been made with the Masonic Temple to use their parking lot. Councilor Spear stated there is plenty of parking we just need to be smart about. Lisa Sweet, School Board stated we are not adding any classrooms; we are just bringing them up to code.

II. Introduction – Dr. Mitchell Shuldman, School Board Chair

Dr. Shuldman reviewed the JCJ budget. He stated the cost of the building is \$28,671,000.00 with other costs coming in at \$12,184,000.00. He stated the other costs include fields (\$1.85 million), equipment (\$2,986,000.00), project development (\$4,197,000.00), and site acquisition (\$2,387,000.00). He stated the School Board has cut, cut and cut again, the square footage of this building.

Mr. LaPosta, JCJ stated the original project was 180,000 square feet. He said as of June 23, 2008 we have it down to 154,495 square feet. He said he is giving the City their best estimated budget with contingency dollars in case things don't go just right. He said he doesn't want the City to have to come back to the Council for more money later. He stated the economy as it is today is going down. He stated that early in the project the cost of construction was at \$210 per square foot. He said as the economy faulted, the costs have declined and the State has recently published the construction cost at \$180 per square foot.

III. Discussion Re: Cost of Middle School

Mayor Ferrini asked how do you bond a number in advance of putting it out to a construction company and not have that number be a target figure they are trying to hit. Mr. LaPosta said the target number is always out there. He said the companies out there are trying to win the bid and therefore want to go lower in the hopes they are lower than the next guy.

Councilor Dwyer asked if the State locks in the reimbursement rate at the time of approval. Steve Bartlett, School Administrator stated that he understood the rate to be locked in for the entire project.

Councilor Spear asked if we built the same school brand new, would it be cheaper. Mr. LaPosta stated there is a differential between new and renovated. He stated we are not rebuilding the structure or foundation. He said there is a lot of the building that will be used. He said he feels that the two costs are comparable. Councilor Pantelakos asked if there were any site costs with the renovation. Mr. LaPosta stated there are some site costs but not as

much as with a new building. He stated that with a renovation you do not have to build driveways, bring in utility lines, ball fields and parking.

Councilor Spear asked why we are demolishing the 1970 addition and not the whole building. Mr. LaPosta said they are taking down the 1970 part as it is in the worse shape. He said it was built when construction was not as solid as the original building. He said it also has to do with phasing. He said in order to continue both classes and construction; we will need to build the new classroom wing first. He said in order to do that, something has to come down and it makes since when you look at how the building fits on the site to demolish this section. Councilor Spear asked if the demolishing of the 1970 addition versus. the old building have to do with quality of construction. Mr. LaPosta stated it was not necessarily quality of construction; it was more that they had to work within the constraints of the present building and space available.

Councilor Kennedy asked if every room has a window. Mr. LaPosta stated all teaching spaces have windows. Councilor Pantelakos asked if there will be extra costs for windows and brick that we wouldn't have in a new building. Mr. LaPosta stated there are many levels of cost. He said it is more expensive to match what is there now than to build a building with smaller windows and concrete block exterior, so the answer is yes it will be more expensive.

Mayor Ferrini asked Mr. LaPosta to explain the premiums on the other sites. Mr. LaPosta stated that a study was not done on any other site. Councilor Kennedy asked why this is costing more than the State averages. Mr. LaPosta stated the cost of construction is the driving the price. Councilor Kennedy asked if the square footage is higher than other communities are building. Mr. LaPosta stated his figures fall within the average school size. He stated we also have to look at the fact that Portsmouth Middle School offers programs that require classrooms and space that are not offered in other middle schools. Dr. Shuldman said the phasing issue would not be part of a new building and there would not be any eminent domain process and there would also be no need for demolition or asbestos abatement.

Councilor Novelline Clayburgh stated the impact of \$41,000,000.00 to a taxpayer on a \$300,000.00 home is \$243.00 a year tax increase for the first year just for the Middle School. She said lowering the cost from \$40,000,000.00 to \$30,000,000.00 would be a saving to the taxpayer. She stated that when we built the High School we did not use brick and we cut out the pitched roof, which saved \$5,000,000.00. She further stated air conditioning is great to have, but the High School doesn't use it because of the cost, so this could be cut out. Councilor Smith stated at this point in time the taxpayer cannot afford it. He said with sewer and water going up, contracts for employees and other projects within the City, we can not support a \$40,000,000.00 Middle School.

Councilor Spear asked what would be needed to build this school for \$30,000,000.00. Mr. LaPosta, JCJ stated that a flat roof and no brick would save, but not \$10,000,000.00. He said this would require more study.

Assistant Mayor Blalock thanked the School Board, JCJ and Lisa Destefano for all the work they have put into this. He stated he has been shown why this building is going to cost what it's going to cost and why the size needs to be what it is. He said we need to build soon and we need to take advantage of the things we have advantage of now, including momentum and

timing. He understands the fear shared by a lot of people including him about our economic times, but he feels strongly a \$40,000,000.00 school and the net effect to our municipal tax rate is going to be less when you consider State reimbursement. He further stated that at the end of the day, we need to build this school. He said we need to build it so it will last 50 or 70 years. He said we do not want to go through this again for a long time. Councilor Dwyer stated the only true conclusion is that this should have been done ten years ago. She said people have said the High School looks cheap and hopes we are not looking to the High School as a role model. She said we are saving the historic part of this building. She further stated trends today show we may see a decrease in costs and if this is the case, the cost should be less than estimated.

Dr. Lister, Superintendent of Schools said the balance is the kids. He said good schools attract good businesses, teachers and good test scores. He said the school's infrastructure has been neglected for a long time. He said we have to find a way to deal with this. He further said we are talking a lot about the price and the taxpayer and he does not want to lose sight of the prize here – the prize is the kids that are trying to get a good education. He said this is what is most important.

Councilor Pantelakos thanked JCJ and the School Board as they have done an excellent job of answering our questions and studying this out, but \$40,000,000.00 is too high. She said we have no idea what we will find when we start into the building. She stated the people that started the City of Portsmouth and have built it up would like to stay here and live, but if we put the amount of money this is going to cost on the tax bill, they are going to have to go.

Councilor Kennedy stated when looking at the \$28,671,000.00 cost of the building to include the eminent domain, she said she sees other cost like equipment that could be put off to other years. She feels there are things that should have been kept up such as the bathrooms etc. She further stated she is not hearing from the taxpayers that we should not build; only that \$40,000,000.00 is too much. She suggested we build the building, use the old equipment and do the fields and grounds in phases.

Dexter Legg, School Board stated he would like to thank the City Council for pointing out the hard work that has been done here. He said JCJ and Lisa Destefano have done a great job. He said we need to avoid taking 10 years to build this. He said when this school was built in 1931, we were in the middle of the Great Depression and we built a sound building. He encourages support for this program.

Rebecca Emerson, School Board said she has struggled a long time with this and as a struggling taxpayer she just wants to say she is okay with spending a little more downtown to have it beautiful. She said the City is currently in violation and has to do the eminent domain anyway. She stated we are paying the money to the Division of Charitable Trusts, who in turn gives it back to the City for Recreation. She asked aren't we paying the \$2,000,000.00, which the City needs to pay regardless of whether we build the school there or not, and the money goes to the Recreation Center for fields, so why are we including this cost twice. City Manager Bohenko said the \$2,000,000.00 eminent domain portion is reimbursable. He said we do not know how this will come back to the Recreation Department. He said we have to deal with the Court. He said the encroachment that exists today exists with the school building. City Attorney Sullivan said that is correct that we have a violation right now. He said the proposed

eminent domain is to clear all the restrictions on the land. He said the ball field itself was not violating the restriction. He said the violation of the restriction occurs on the 14-20 feet of the 1970 addition and the parking area located between the school and the library. He said this area used for parking is a violation. He said to just lift those restriction would not cost nearly as much as it will to lift the restriction off everything. He said it is proposed that the money which is paid to remove the restriction will be paid into a recreational trust available for many recreational purposes, open spaces, etc. He further said it is just proposed to come back to the Recreation Trust and is not certain. He said recreation trust expenditures are authorized by the City Council.

Councilor Spear said he agrees with Councilor Kennedy concerning building the structure and using the old equipment. He asked if the State pays cost. Dr. Shuldman said it is his understanding that costs would be reimbursable under the project and if we pull costs out to do later, he doesn't know if the State would reimburse.

Councilor Spear asked if any of the exterior decisions beyond the aesthetic, would impact the energy efficiencies, the learning inside or the longevity of the materials. Mr. LaPosta said yes, daylight reduces electrical usage, brick insulation impacts energy usage, controls water runoff, which allows for downsized pipes and storm water control.

Kent LaPage, School Board thanked City Manager Bohenko for the sheet he handed out today giving the formula with which to calculate the tax rate.

Councilor Spear agrees that this is the building we need, but he doesn't agree we can afford it. Sheri Ham Garrity, School Board said past mistakes are what we are paying for now. She stated our children cannot wait another five years - something needs to be done now. Principal Stokel stated the building is a 1930 facility that needs a full renovation. He said we are spending valuable money repairing 1930's plumbing problems. He said we can't wait 5 years; we need to do something now. Lisa Sweet, School Board said she reviewed 5 years of needs assessment studies and the discrepancies are horrifying. She said the cost of not doing anything is fearful. Councilor Smith said no one is saying this doesn't need to be done, but we have to get the cost down to an area that the taxpayer can afford.

Dr. Shuldman asked if this school will have to go through the Historic District process. Mayor Ferrini said it does not but it is typical practice to consult with the Historic District Commission.

Councilor Novelline Clayburgh stated the School Board should work with Dr. Lister and Principal Stokel and come up with a plan that would work. She said we have asked for a zero percent budget next year and could possibly be laying off staff to make that happen and then we spend \$40,000,000.00 to build a school. Dr. Shuldman said the School Board has worked hard to make a workable dollar amount and he feels we are there. Councilor Kennedy stated that no one is saying that this is not the right way to go - we are just saying the price is too high. She said there are ways to get this price down; we are just going to have to be creative. Ann Walker, School Board said she feels strongly for this plan. She said the plan has been reduced in size and she thinks this is the best we can do. She knows it is expensive, but she feels it is better to get the best now than to pay for expensive repairs in the near future.

Mayor Ferrini thanked everyone for a great presentation. He stated we need to build soon, but he is concerned about the amount at this time.

Councilor Pantelakos said we all want to see the school built, but it's got to be what our taxpayers can afford.

IV. Adjournment

At 9:50 p.m. Mayor Ferrini closed the meeting.

Respectfully submitted by:

Dianne M. Kirby, Deputy City Clerk