

**TOWN OF NEWMARKET, NEW HAMPSHIRE  
BUDGET COMMITTEE WORKSHOP SESSION II**

**January 9, 2017 7:00 PM**

**TOWN HALL AUDITORIUM**

**SCHOOL PROPOSED WARRANT ARTICLES FY2018**

**Approved April 3, 2017**

MEMBERS PRESENT: Chairman David Foltz, Vice Chairman Daniel V. Smith, William "Blue" Foster, Michael "Mickey" Burns, Jeff Raab, Meg Louney-Moore, Dan Hill, Ashley Bowley, Craig Dionne, Town Council Rep Toni Weinstein, School Board Rep Mike Kenison

ALSO PRESENT: School Superintendent Meredith Nadeau, School Business Administrator Lisa Ambrosio, School Board Chairman Nathan Lunney

**AGENDA**

Chairman Dave Foltz welcomed everyone to the Budget Committee School Workshop Meeting of January 9, 2016 to review the Bond Warrant Articles and called the meeting to order at 7:01 pm, followed by the Pledge of Allegiance.

**OLD BUSINESS**

**Approval of the minutes of the Budget Committee Town Public Hearing of December 12, 2016**

Mr. Hill made a motion to approve the minutes of the Budget Committee Town Public Hearing of December 12, 2017, which was seconded by Ms. Louney-Moore.

As there were no changes or corrections, Chairman Foltz polled the Committee and the minutes of the Town Budget Public Hearing of December 12, 2016 were approved as amended by a vote of 11-0.

**NEW BUSINESS**

**SCHOOL PROPOSED BUDGET FY2018, Work Session II – School Warrant Articles**

Chairman Foltz stated that School Superintendent Meredith Nadeau and School Business Administrator Lisa Ambrosio were present to go over School Facilities Bond Article 02. Superintendent Nadeau said members of the School Board and the Facilities Committee were also present to address any questions.

Superintendent Nadeau stated that the School Board was proposing a Bond amount of \$38,943,083 for the upcoming year to address needs at the Elementary School and the Junior-Senior High School. She said the Facilities Committee had been working for approximately 18 months to find a plan that was fiscally responsible to meet Education Standards and meet the requirements of the Americans with Disabilities Act. She said their goals were to hold the Bond Vote in March 2017 to meet the long-term needs of both Schools, be NHDOE and ADA compliant, meet 21<sup>st</sup> century needs, and make an effort educate the public through Information Sessions. She also provided a breakdown of the process.

### **Elementary School**

Superintendent Nadeau first reviewed the existing conditions at the Elementary School. She said one of their challenges was having four 5<sup>th</sup>-grade classes and a variety of special services currently housed in Modulares, which were detached from the school, and said they were continuing to pay for maintenance and upkeep of those facilities. She said at the Elementary School there was crowding of instructional spaces, not enough storage space, and the nurse's office was not adequate to meet the needs of the population. She said their Administrative Office functioned off the kitchen, and in the Cafeteria there was no sound separation between the Music Room next door and Special Education instruction. She said the Gymnasium did not meet State requirements and was half the size of a fully functioning gym. She stated that the Elementary School also lacked a secure entrance.

Superintendent Nadeau next reviewed the proposed changes for the Elementary School. These included a new Gym, updating and expanding the Kitchen, moving classrooms out of portables, upgrading the mechanical/electrical/plumbing systems, and upgrading Security. She said there would be also be separate drop offs for cars and buses and additional parking added. She said the proposed plan showed the additions at the rear of the school for the Gymnasium and classrooms for 5<sup>th</sup> grade. She said the parking area was extended and the bus route would run through the former McGrath property with a one-way traffic entry off Route 152. She said they would expand the Kitchen and have a full-sized Cafeteria with a hallway that connects through to the Gymnasium and what will be the new drop-off area. She said besides the 5<sup>th</sup> grade classrooms, there would be additional Pre-K classrooms for approximately 30 students, and Kindergarten and Special Education intervention spaces. She said the Administration Offices, Nurse, and Teacher's Rooms would be renovated and re-configured.

Mr. Dionne asked if both entrances would be secured, and Superintendent Nadeau said they would both be secured and separate drop-off and pick-up times for parents and buses would be provided. She stated that the additional hallway off the cafeteria would also allow them to close off the back area of the building for entrance to public functions. Mr. Hill asked if any of the new sections would be able to be built up vertically, and Supervisor Nadeau said not without additional work. Mr. Kenison added that they did have the 4 acres from the land swap which could be of potential use, though the new property was mostly ledge.

### **Junior-Senior High School**

Superintendent Nadeau next reviewed the existing conditions at the Junior-Senior High School. She said the oldest part of the building dated to the 1920s and the hallways were too narrow and crowded and there was a lack of sufficient storage space. He said the Instructional Technology Laboratory was crowded and the Middle School classrooms were smaller than State Standards required. She said they had some 50-year-old equipment in the Kitchen and the freezer was located exterior to the building.

Superintendent Nadeau said they proposed additions to provide adequate spaces for the current program. She said existing rooms would be renovated to meet requirements, insulation would be added to the building, and new mechanical, electrical, and fire alarm systems would be added. She said additional parking would be added across the street and they would also provide separate drop-offs for buses and parents as at the Elementary School. She said there would be a new secured Main Entry in the front of the building, a new larger Kitchen, renovation of the stage for a new Cafetorium, a new consolidated Science Wing, a Music addition, and the addition of code-required restrooms.

Superintendent Nadeau showed the proposed floor plans for both levels of the building, and said in order to work as closely as possible with the existing building, the additions to the first floor would wrap the building on both sides. She said the courtyard was designed to enhance the layout and bring natural light into the surrounding classrooms. She stated that Middle School classrooms and bathrooms would be separated from the High School, with separate Special Education areas. She showed the drawings of the new main entrance and the side access entrance, which also gave the ability to shut down parts of the building.

Ms. Bowley asked about the reason for the courtyard, and Superintendent Nadeau said it was essentially the most efficient configuration for the building, plus it added natural light, and she said that potentially using that space would mean added costs in the long run. She said it was also adjacent to their art classrooms and the Library Media Center.

### **Elementary School Phasing**

Superintendent Nadeau stated that the phasing plans for the Elementary School were projected to begin in June 2018 and finish in July of 2019. She said the Preliminary Phasing would entail interior renovations and footings for additional spaces. She said the first phase would begin with demolition and clearing of the McGrath property, and site preparation for the new bus route. She said they would next pave the new bus loop and the additional parking, as well as relocate underground utilities. She stated that the Modulares would be temporarily moved to the McGrath property during the construction piece, and addition foundations would then be laid and interior renovations begun. She said renovations would include the front office area, other area conversions, and the creation of sufficient storage space. Phase 2 would include the construction of the additions.

Councilor Weinstein asked how they would handle security with the temporary classrooms on the McGrath property. Superintendent Nadeau said they were already detached from the main building and said there would be a walkway with security cameras in place outside the buildings. Questions were asked about the structural integrity of the Modulares, and Superintendent Nadeau said assessors of the buildings seemed confident they would survive the construction process. Mr. Foster asked if site demolition was included in the total cost estimate, and Superintendent Nadeau said it was.

Superintendent Nadeau said that Phase 3 of the Elementary School constructions would be to occupy the additions, complete the renovations, remove the temporary classrooms, and complete site finishes which included the Playground and landscaping. She said concerns about the bus route had been raised by neighbors bordering the McGrath property, and stated that the bus route would run through the center of the property. She said they had also discussed landscaping and possible fencing to block noise. She said they would be finishing the interior spaces, the Gym, and the Cafetorium with an added hallway, and also renovate the connection to the additions.

### **Junior-Senior High School Phasing**

Superintendent Nadeau stated that the phasing for the Junior-Senior High School was more complex and was projected to begin in April 2018 with building additions, renovation of core and regular classrooms in the summer of 2019, and ending with the remaining renovations to be done in the fall and winter of 2019. Mr. Kenison pointed out that the drawings here were high-level and not construction drawings, and said the architects would do the construction drawings during the summer and into fall

after the Bond was approved. He said bidding would be done in the winter to get the best prices, and construction would then begin in April 2018.

Superintendent Nadeau said Phase 1 started with site preparation for the parking on the Carpenter property, relocating storage to that property, and beginning the construction of the new Boiler Room addition. She said they would then finish the parking lot across the street, add the new Main Entrance and drop off, and relocate the existing sewer line further away from the edge of the building. She said this would be followed by site preparations and foundations, and a new Boiler Room shell and piping connections. She stated that they would temporarily need a Boiler trailer, and they would then complete and start up the new Boiler Room and construct the additions from September 2018 to June 2019.

Superintendent Nadeau stated that Phase 2 would begin in the summer of 2019 to complete tie-ins from the new additions to the existing building, move the school into the additions, and renovate interior core spaces, including the new Media Center and new Cafetorium, and initiate second floor renovations and new bathrooms. She said Phase 3 would be to complete renovations of the interior part of the building on the first and second floors. She said it was her intention to minimize disruptions as much as possible.

### **Construction Costs**

Superintendent Nadeau summarized the costs for the projects, with the Elementary School at \$10,502,402 and the Junior-Senior High School at \$28,440,681 for a Total Bond Cost of \$38,943,083. She said the Base Building Construction costs at the Elementary School were \$5,509,800. She provided the breakdown of Eckman Construction costs with new construction of 22,693 square feet and renovations at 10-11,000 square feet. She said site and landscaping costs were \$1,551,600, Elementary School Construction costs were \$8,538,400, and project-related costs totaled \$1,283,899, and said that removal of the oil tank was not included.

Superintendent Nadeau said that Project-Related Costs at the Elementary School included FFE and by-Owner costs as well as Soft Costs. She said there was a total furniture allowance of \$50,000, landscaping at \$30,000, closet shelving and storage, \$20,000 for Security, playground equipment, and \$150,000 for Modulares. She said significant costs included total equipment at \$319,000 plus \$175,000 for Kitchen equipment. She said Soft Costs included administrative costs, bonding costs, and architectural/Structural/mechanical costs and totaled \$789,899.

Superintendent Nadeau stated that costs at the Junior-Senior High School included site costs of \$2,688,900, construction costs of \$21,174,100, and projected owner costs of \$2,926,314. She said Base Building Construction costs came to \$17,221,000 with Site Construction costs of \$2,688,900. She said that FFE and by-Owner costs included lighting for the Cafetorium, Technology costs of \$100,000 reduced by what they anticipate from Federal support dollars, \$40,000 for Security, and \$100,000 for the portable trailer during construction. She said the largest amount for Soft Costs was again for architectural/structural/mechanical for engineering at \$1,861,314.

Ms. Bowley asked if their escalation bracket was based on bids completed by 2017 or 2018. Superintendent Nadeau said it was based on early winter 2018 and felt it was conservative, which was also true for allowances and contingencies. She said they were working with an Architectural Firm and a Construction Management Firm who both did the majority of their work in schools, and said the 5% they

were carrying in their cost for contingencies was based on their expertise. Mr. Foster said he felt the contingencies at the High School should be closer to 10%. Superintendent Nadeau said the owner contingency was 5% but there was also a construction management contingency of roughly 5%, so there was essentially a 10% cost carried. She said the Building Project Committee, the Clerk of the Works, Administration, and the Facilities Director would make a team decision on where to cut if the amount went over.

Mr. Kenison pointed out that fortunately the School had drawings going back to the original renovations which were extremely valuable to the architects. He said Banwell Architects had just completed Claremont High School which was almost akin to Newmarket, and said that Eckman was highly qualified and did not undercut on any of the line items. He said the contract was also a guaranteed maximum price contract, and that NHRsAs required projects over \$25,000 to have a performance bond so the project would get done regardless. Mr. Raab asked if with a guaranteed maximum contract they could reduce the scope to offset costs, and Mr. Kenison said that any decisions or changes would require owner approval.

### **Projected Tax Impact**

Superintendent Nadeau next addressed the Projected Tax Impact, and said the total cost over 30 years would equal \$69,878,942, with a \$3.15/1,000 projected increase to taxes over the balance, with the first year at \$1.33/1,000. She said based on the current median home value of \$250,000, this would mean a \$788/year increase to property owner taxes, based on the interest rates they received from the Municipal Bond Bank of 4.25%. She said they were continuing to look at other finance options. She said the US Department of Agricultural Rural Development had a loan program available, and based on their loan amount they would qualify to have approximately 55% covered if funds were available.

Mr. Raab asked if the Bond term and level debt versus level principle had yet been decided. Superintendent Nadeau said the Board had not yet decided, and explained that level debt would spread out the cost to taxpayers evenly across the 30-year time period, so that present and future users would pay the same amount. She said a level principle payment would start at a high rate and decrease over the 30-year time period at approximately 7 cents/year to \$1.81/1,000 at the end of the term. She said public feedback was to do it in the most economical way and pay the least that they would need to pay.

School Board Chairman Nathan Lunney said people wanted the rate to be as affordable as possible and spread out over the 30-year timeframe. He said though initial costs on a 30-year loan were higher, they were trying to explore flexibilities that could be built into it such as refinancing or shortening the bond period at a later date. Mr. Kenison said the USDA had an early non-penalty payment provision but the Bond Bank did not. He said he would hope that during that 30-year period State Aid for building would return. He said the money could always be put into an account to offset taxes. Chairman Foltz said the reasoning for the 30-year term then was affordability and making it easier on the taxpayers, and that it would also provide time to refinance if lower rates occurred.

Mr. Foster asked what the life cycle was for the two buildings with the addition/renovation, and Superintendent Nadeau stated that there was a 30-year life expectancy at the Junior-Senior High School. She said at the Elementary School mechanical, electrical, and plumbing would no longer be functioning after 30 years but would last at least that long. She said that in looking at the long life of the assets themselves, financing over that time period seemed reasonable. Chairman Foltz said that the Facilities Committee did a fantastic job of vetting this down to what they truly needed, and said he felt this was

the most affordable option they had to address all their facilities issues. He said the 30-year term made the cost more palatable, thought they would ended up paying more in the long run.

Mr. Raab asked if there would be any change to operating costs going forward based on this. Superintendent Nadeau said they were adding a significant amount of square footage at the Elementary School but it was mostly replacement square footage. She said electrical costs would continue to go up and that heating costs would remain neutral due to increased efficiency. At the Junior-Senior High School on the other hand, they were adding approximately 50,000 additional square footage and would eventually need an additional Custodian. She said while efficiencies would increase overall, energy costs and electrical costs would also increase, and they expected to use some of the energy savings to offset custodial costs.

Mr. Smith asked if they were switching fuels in this context, and Superintendent Nadeau said that oil was most readily available at this point, but they would have the capability to switch sources in the future. Mr. Foster asked if any faculty increases were expected, and Superintendent Nadeau said they were not anticipating any increases to programming, and besides increases in enrollment, she only expected the custodial position at this time. Mr. Raab asked how high enrollments could go before they would need another addition. Superintendent Nadeau said they were building the Junior-Senior High School with a core capacity of 650, with 605 at the Elementary School excluding Pre-School, which was 10% beyond the highest level projected.

Mr. Dionne said his biggest concern was the overall distractions that would be taking place, and he asked how they planned to keep students from being distracted and come in on time and on budget. Superintendent Nadeau said the phasing was designed to minimize distractions to the educational program. Principal Anne Ellis said she had lived through a renovation at the Middle School, and said there would be distractions and classrooms would have to be moved. She said she felt the current plan was realistic and well thought out, and that the benefit at the end would be worth it. Mr. Kenison agreed there would be distractions, and said accommodations would have to be made to construction. He said if this warrant article did not pass, there would be further distractions with the existing building. School Board Chairman Lunney agreed that there were already distractions and said they did not make the decision without having discussed all those things.

Mr. Dionne asked if they were considering adjusting the school year scheduling, and Superintendent Nadeau said it was a possibility but the School Board could only approve a calendar one year at a time. She said they wanted to maintain continuity of teaching and learning to minimize the effects from construction. Mr. Smith asked how the agreement with construction of a guaranteed maximum price and the phasing and scheduling to minimize disruptions would interact. Mr. Kenison said the amount of inconvenience and the winter construction costs were figured into the square-footage prices as part of the analysis. He stated that at the end of the day they had an incredible responsibility to do this right. He said the Clerk of the Works was a professional building person who would be working for them every day on these projects. He said they will not only make sure the work is done according to plan and the workmanship good, they would provide day-to-day oversight with the Administration and Staff for the phasing. He said that Eckman had a great record in phasing construction and he felt they were in good hands.

Superintendent Nadeau said aside from the high-level phasing, they would be holding weekly project meetings to review the specific breakdown, and would have the opportunity to identify any concerns. Mr. Raab asked if there was a contingency for time phasing, and Superintendent Nadeau said one was

built in but the schedule was very tight. Chairman Foltz asked if they planned to make the decision on the type of bonding when the bond was purchased. Superintendent Nadeau said the Warrant Article authorized the School Board to negotiate up to the bond level requested and listed the projected tax impact. She said they might consider a 20-year term if interest rates stayed down, or look at other possible types of bonding payments if they went up. She said the language of the Warrant Article was standard and was reviewed by the Department of Revenue Administration and the Bond Council. She said the Bond Warrant Article essentially gave the School Board the authority to bond up to \$38,943,083, and that the Board was the agent designated to do that by law.

Mr. Foster said that looking at the Tax Impact in year one between the Budget and the Warrant Articles there would be a \$2.31 increase in taxes, with a total of \$4.13 in year two, and asked what year they were in with the Teachers Contract. Superintendent Nadeau said they were in the second year and next year was included in the costs. Councilor Weinstein said there was a hearing tomorrow in Concord for legislation for Full Day Kindergarten funding, and said they were currently funded at half the rate. She said she would send the information to anyone who was interested.

### **Future Meetings**

Superintendent Nadeau showed a list of all upcoming meetings, and said the Bond and Budget Committee Meeting would be held on Thursday January 12, 2017 at the Junior-Senior High School. She said the Deliberative Session would be held on Saturday February 4, 2017 with voting on March 14, 2017. She stated that two more Information Sessions would be held on Saturday January 26, 2017 at 7:00 pm at the Junior-Senior High School and on Wednesday February 15, 2017 at 9:00 am at the Town Hall.

### **OTHER BUSINESS**

#### **Next Meeting Dates**

Chairman Dave Foltz thanked Superintendent Nadeau and everyone for coming. He said the Budget Committee School Public Hearing would be held at the High School Gym on January 12<sup>th</sup> at 7:00 pm. He stated that he and Mr. Dionne would be unable to attend, and requested that voting take place after the hearing. He said if they should need more information they could meet next Tuesday January 17<sup>th</sup>.

Mr. Smith said they would read the Warrant Articles, invite Public Comment on the two that required a Budget Committee vote: the School Operating Budget and the Bond Warrant Article. He said he would then invite a motion to vote at the conclusion of the Public Hearing, and asked that anyone who felt strongly it should be put off should speak up at that time.

### **Adjournment**

Councilor Weinstein made a motion to adjourn the meeting which was seconded by Ms. Bowley. The Committee approved the motion unanimously, and the meeting was adjourned at 8:29 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary