CAPITAL EXPENDITURES COMMITTEE

TOWN OF LEXINGTON

REPORT TO THE
November 2, 2015, SPECIAL TOWN MEETING (STM) #1
Released December 4, 2015

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Introduction and Overview

The School Committee (SC) is charged with providing adequate accommodation for the students of Lexington's public schools (LPS). The SC is facing challenges in this regard due to serious overcrowding at the Pre-K (also known as the Lexington Children's Place [LCP]), Elementary and Middle School levels, and projected overcrowding at the High School; increasing enrollments continue to exacerbate the overcrowding; and changes in the distribution of students in Town which have unfairly distributed the enrollment burden. One elementary school, Maria Hastings, is in severe need of replacement; and two major heating, ventilating, and air-conditioning (HVAC) systems (Diamond Middle School and the High School) are on the point of failure and in need of replacement. The issue of increasing enrollment has dominated the discussion, but ongoing maintenance, replacement of HVAC systems, and replacement of the Hastings Elementary School remain as urgent and pressing needs as well. Adding to the challenge is the need to address these issues in a manner that is cost effective and does not present a greater burden on property-tax payers than is absolutely necessary.

Facing these challenges in a cost-effective manner requires that all non-capital options be explored and those deemed reasonable be implemented before investing in major capital expansion. This Committee is pleased to see the SC move out on this activity. In particular, LPS has engaged a consultant to help design a redistricting plan so that all available classrooms are used and the burden of overcrowding is equitably shared among the elementary schools. Additional classrooms can be opened in every elementary school by changes in how instruction is delivered: for example art can be delivered in general-education rooms freeing up an art room. While this is not ideal, it does not present a severe burden on the system and provides a modest level of relief until additional space is brought online.

The SC is asking for $5,386,000 to continue planning and design work to address the combination of the space needed to accommodate increasing enrollment and to upgrade or replace high-risk-of-failure end-of-life systems and facilities across the elementary schools and middle schools. (See below in the Article description for the breakout of how those funds will be used.) Included in that amount are funds to purchase and install up to six medium-grade modular classrooms at the elementary level.

Previous plans contemplated moving the preschool to a leased site on the Minuteman High School campus for three years and building a new stand-alone preschool to be ready when that lease was up; however, the current plan leaves the preschool at Harrington, saving the cost of moving to and operating in a separate, renovated, school facility. This does mean that the 4 classrooms expected to be vacated will not be available for K–5 use. Building a stand-alone preschool is still the plan for an unspecified date in the near future, so the cost is kept in the current estimated costs.

At the elementary level, the current plan calls for replacing the 21-classroom Hastings with a new 30-classroom Hastings which addresses the need to replace an old and failing building as well as adding a much-needed 9 additional classrooms—and avoids the impacts of the on-going education that would likely result during a major renovation that might include the need for swing space. In addition, the SC plans to add 6, mid-grade, modular classrooms at the elementary level as cited above. Purpose and use of the 20 Pelham Road site has been removed from the plan.

At the middle-school level, the SC plans to perform renovation, site work, and add brick & mortar construction at each middle school. This will allow an additional 3.5 teams, ideally of 85 students per team, for a capacity increase of 298 students, as well as provide some general improvement of space and additional science classrooms.

In addition, the SC would like to purchase the Pelham property for a future use based on future priorities, and would like to replace and upgrade the Diamond and High School HVAC systems that are both approximately 60-years old. The HVAC upgrades items are in the current plan, their estimated costs will be refined, and funding for completion will be sought at a future Town Meeting(s).

The at-bid cost estimates of the SC-plan components are not known since the designs are not final; however, rough estimates have been provided and are shown in the below Table 1.

While the Town in some cases uses estimates that appear to have greater precision, we prefer to use round numbers that reflect the true nature of early-stage estimates. The total cost of the currently planned elementary and middle school projects is approximately $124 million–$137 million. Within the five-year planning horizon the SC plans a Pre-K building for approximately $11 million to bring the school building request to a total to $135 million–$148 million. As noted, in this time period the Town is also expecting to purchase the Pelham property and to upgrade (or replace) the existing school building for as-yet-unspecified amounts. The Town is also contemplating the need to replace the fire and police headquarters for approximately $20 million each. That would bring the total that might be added to the excluded-debt burden in the next 5 years to $175 million–$188 million, plus the cost to acquire and upgrade the Pelham property.

Table 1: Debt-exclusion projects—current and near-term future. Note that in addition, there is the cost to acquire and upgrade the Pelham property.

Property	Comment	Project Cost with MSBA	Project Cost without MSBA
Hastings	with MSBA	$42,000,000	
Hastings	without MSBA		$55,000,000
Modulars	Six Classrooms	$3,000,000	$3,000,000
Middle Schools		$56,000,000	$56,000,000
Diamond	HVAC	$10,000,000	$10,000,000
High School	HVAC	$13,000,000	$13,000,000
Existing Properties Subtotal		$124,000,000	$137,000,000
Purchase Pelham & Upgrade School		TBD	TBD
Pre-K	Stand Alone	$11,000,000	$11,000,000
Schools subtotal		$135,000,000	$148,000,000
Police Headquarters		$20,000,000	$20,000,000
Fire Headquarters		$20,000,000	$20,000,000
Total (without Pelham)		$177,000,000	$188,000,000

MSBA = Massachusetts School Building Authority

As explained below, it is very likely there will need to be additional school capital projects that will require additional debt-exclusion support by the voters.

The funding is expected to be raised as excluded debt. For those parts of the project that have a useful life of at least 30 years, the funds would be raised using 30-year bonds. The increased property tax for the average-value residential parcel ($887,000) for these school projects is expected to be approximately $779 in the peak year (FY2021)—and would ramp up to that amount over several years as the funding is borrowed over the course of the projects. The comparable, approximate, property tax increase for the fire and police stations would peak at $179—bringing the peak total to $958. (That increase is to a base tax that is most likely to increase each year to the limit allowed under Proposition 2½ and as the result of any Operating Overrides during that period.) Falling outside the five-year window of this Committee's Capital Plan, but not outside its forward-looking attention, is the potential for extensive High-School renovations or major building-component replacements. Additional construction if the current SC plan does not adequately address the enrollment need may result in additional debt burden. Also the increase in the school operating budget because of the additional expenses associated with educating the increased enrollment and staffing the additional space in the SC Plan in which to provide that education may well create the need for an operational override in the near future. That would result in an additional property tax increase.

Discussion

The Pre-K is overcrowded, operating primarily in its dedicated space at Harrington; however it has already overflowed its space in Harrington. It now also uses space in the lower floor of the Central

Administration Building (which is in the old Harrington Elementary School); however, there is limited space there that can be used without triggering extremely expensive upgrades to meet modern building codes—and having preschool children walk across the parking lot on a regular basis in all weather conditions is far from ideal. If the number of special-needs preschool children continues to rise along with the total enrollment as expected, additional space will be needed for the preschool, or LPS will have to begin out-of-district placements which will be very expensive. If the program grows in place, it will reduce space for the K–5 program at Harrington. The Town should expect that a new preschool will be needed in the next few years.

The total elementary school population is 3,054 as of October 1, 2015, requiring 142 classrooms, In order to meet this, classrooms are formed out of space not intended for this use at Bridge, Bowman, and Fiske. These three schools are severely overcrowded. If these schools are "right sized" (i.e., reduced to their intended level of occupancy), the system has 132 general-education classrooms for a total capacity of 2,838 based on the SC target of 21.5 students per class. The current plan to add 6 modular, general-education, classrooms would bring the number of classrooms in "right-sized" schools to 138.

Unfortunately over time the populations have shifted within the Town leaving Bridge, Bowman, and Fiske severely overcrowded (by over 100 students each) and Estabrook and Harrington, two of our newer schools, underutilized. While Hastings appears to be slightly underutilized in the following Table 2, it cannot readily support the target class size of 21.5 because of its smaller-than-normal classrooms and the intensive nature of its special-education program. The SC is working on a redistricting plan for implementation in the fall of 2016. This Committee welcomes that effort.

Table 2: Current and right-sized enrollment per school.

Property	Current Enrollment	Number of Classes	Average Class Size	Right-Sized Number of Classes	Right-Sized Enrollment	Over-Enrollment Relative to Right-Size
Bowman	576	27	21.3	22	473	103
Bridge	569	26	21.9	21	452	117
Estabrook	511	24	21.3	27	581	-70
Fiske	519	23	22.6	19	409	110
Harrington	446	21	21.2	22	473	-27
Hastings	433	21	20.6	21	452	-19
Total	3,054	142	21.5	132	2,840	214

"Right-Sized" = Average Class Size of 21.5

This Table 3 shows the number of classrooms needed under various potential future scenarios.

Table 3: Capacity versus projected enrollment over time by school year. Enrollments are from the LPS using the Enrollment Working Group methodology and the most recent Oct 1 school population data. Both the median and 90th percentile projections are used.

Median 2015 Projection					
Populations	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
K–5	3,113	3,169	3,246	3,296	3,344
Middle	1,723	1,753	1,779	1,785	1,854
High	2,179	2,177	2,205	2,273	2,280
# Classes/Teams	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
K–5 (Classes @ 21.5 students)	145	147	151	153	156
Middle (Teams @ 85 students)	20	21	21	21	22

High 2015 Projection					
Populations	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
K–5	3,203	3,285	3,389	3,467	3,542
Middle	1,753	1,793	1,829	1,845	1,924
High	2,219	2,237	2,285	2,373	2,405
# Classes/Teams	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
K–5 (Classes @ 22 students)	146	149	154	158	161
Middle (Teams @ 89 students)	20	20	21	21	22

The median and high (90th percentile) projections come from the LPS and are based on the Enrollment Working Group methodology and are projections that will continue to be updated each year from the most-recent October 1 school enrollment figures—in the instant case, the October 1, 2015, figures. Using the median projections and the SC-desired class and team sizes, we see a need by the 2019–2020 school year for 153 general-education classrooms, while the current "right-size" count is 132. Adding 6 modular classrooms, plus 9 classrooms in the new Hastings, brings the total to 147—which would be insufficient. In that case, the space provided by the modular classrooms will still be needed long-term and the elementary schools will remain somewhat overcrowded. The middle schools will need 21.0 teams with 21.5 available. Using the high projections and allowing slightly larger class and team sizes, we see a need for 158 elementary school classes versus the 147 available and 21 (20.7 rounded to the nearest integer) middle-school teams. If current enrollment trends continue at the elementary level, we will see continued overcrowding, classrooms in spaces not intended as classrooms, or larger than desired class sizes, unless there are additional elementary-building projects providing 10–24 classrooms.

Other alternatives have been considered and may merit further evaluation as the Town moves toward the 2016 Annual Town Meeting.

Warrant-Article Explanations and Recommendations

Cites of the "Town Warrant" refer to the "Town of Lexington Warrant for the 2015 Special Town Meeting #1", November 2, 2015.

TM#1 Article 2: Appropriate For School Facilities Capital Projects	**Fund Authorization Requested**	**Funding Source**	**Committee Recommends**
	$5,386,000	**GF (Candidate for Excluded Debt)**	**Approval (_–_)**

"To see if the Town will vote to appropriate a sum of money for: continuing the school facility master planning study for specific capital projects for the Fiske, Hastings and Harrington Elementary Schools and the Clarke and Diamond Middle Schools; design, engineering and architectural services for these projects; and for the related remodeling, reconstruction or making extraordinary repairs to these or other school facilities; for the construction of the buildings, including original equipment and landscaping, paving and other site improvements incidental or directly related to such remodeling, reconstruction or repair, determine whether the money shall be provided by the tax levy, by transfer from available funds, by borrowing, or by any combination of these methods; determine if the Town will authorize the Selectmen to apply for, accept, expend and borrow in anticipation of state aid for such capital improvements; or act in any other manner in relation thereto."

"DESCRIPTION: This article is to request funding for the studies, design and construction of school facilities to address current and anticipated school enrollment."

[Town Warrant]

Article 2 Appropriation Request

Project	Project Budget	December 7 2015 STM
Diamond	$ 44,541,900	$1,212,000
Clarke	$ 21,264,100	$ 739,000
Hastings*	$ 54,758,700	$ 520,000
New LCP	$ 11,025,000	
Six Modulars	$ 2,915,000	$2,915,000
LHS (HVAC)	$ 13,125,000	
PROJECT TOTALS	$ 147,629,700	
		$5,386,000

* Funding to preserve option to proceed to Schematic Design without MSBA

["School Facilities Capital Projects" presentation on Article 2 to the December 2, 2015, TMMA Information Session, Slide 51]

Due to the uncertainty in future enrollment, this Committee favors an incremental and flexible approach to adding capacity. The current plan allows such an approach—additional elementary space might be built later on the Pelham site if we can acquire it and/or at Harrington.

Additionally, this plan will replace the Hastings elementary school is not considered by the Department of Public Facilities to be a good candidate for renovation due to current condition. It also provides the much-needed replacement of the HVAC systems at Diamond and the High School.

The Clarke and Diamond middle schools are also facing a shortage of general-education space and have a shortage of science classrooms and a general shortage of room. This plan addresses these needs.

The plan does not address the current or future needs of the Pre-K and we should factor in the need for additional Pre-K space in the near future. Furthermore, while it provides a modest amount of additional elementary capacity, it is likely to fall well short of what is needed to eliminate overcrowding and the modular classrooms are likely to remain in use long-term unless additional space is constructed.

In summary, this Committee supports the appropriation of these funds. However, the citizens should keep in mind that overcrowding is likely to continue and that additional capacity may be needed if enrollments do not level off. We expect that the Town will need to build dedicated preschool space—whether as an addition or as a separate building—in the next five years, and significant renovations will be needed at the High School within the next 10 years. In addition, this Committee feels it is prudent for the Town to continue exploring additional options beginning immediately after this Town Meeting is dissolved and completed in time for timely evaluation before the 2016 Annual Town Meeting.

TM#1 Article 3: Land Purchase and Improvements— 20 Pelham Road	**Fund Authorization Requested**	**Funding Source**	**Committee Recommends**
	N/A	**GF (Candidate for Excluded Debt)**	**Indefinite Postponement (_–_)**

"To see if the Town will vote to authorize the Selectmen to purchase or otherwise acquire, or to take by eminent domain for municipal or school purposes, any fee, easement, or other interest in all or any part of land known as 20 Pelham Road and shown as lot 65A on Assessors' Property Map 31, owned by the Congregation of Armenian Sisters of the Immaculate Conception, Inc.; for design, engineering and architectural services for plans and specifications and related costs; and to make access and site improvements and to remodel, reconstruct and make extraordinary repairs to the existing school building on such property; and to appropriate a sum of money therefor and determine whether the money shall be provided by the tax levy, by transfer from available funds, or by borrowing, or by any combination of these methods; or act in any other manner in relation thereto."

> "DESCRIPTION: This article requests funding to purchase the property at 20 Pelham Road for municipal or school purposes and to make access and site improvements, remodel, reconstruct and make extraordinary repairs to the existing school building on the property."

[Town Warrant]

This Committee expects the Motion will be for Indefinite Postponement as, at the time of this report, the Town has not completed negotiations with the landowner regarding the purchase.

TM#1 Article 4: Appropriate For Engineering Study— 20 Pelham Road	**Fund Authorization Requested**	**Funding Source**	**Committee Recommends**
	$150,000	**GF (Candidate for Excluded Debt)**	**Approval (_–_)**

"To see if the Town will vote to raise and appropriate a sum of money for engineering studies and related costs for access roads and sidewalks connecting Pelham Road, the property at 20 Pelham Road and the Community Center at 39 Marrett Road and Marrett Road and any improvements that may be necessary to Pelham Road to access 20 Pelham Road; determine whether the money shall be provided by the tax levy, by transfer from available funds, by borrowing, or any combination of these methods; or act in any other manner in relation thereto."

> "DESCRIPTION: Should Town Meeting approve the purchase of the 20 Pelham Road property, this Article would fund the engineering study for roadways and sidewalks to connect this property to the Community Center property, Marrett Road and Massachusetts Avenue."

[Town Warrant]

"Description of Project:…This funding would allow for a thorough analysis of access and egress potential of the Pelham Road site. The analysis would include vehicular, bus, and emergency access as well as pedestrian accessibility to the community center from the site.…

"Justification/Benefit: There are critical site accessibility issues that need to be reviewed and addressed to determine if this is a valid and safe site to establish a school."
[Department of Public Works FY2017–FY2021 Capital Improvement Project #1008, Pelham Road School Accessibility Analysis, Revision Date: 28 Oct 2015]

This Committee supports this request. If the Town continues toward a purchase of the Pelham Road site, the requested funding provides $66,000 for a feasibility study to determine the necessary access can be provided that is key to the Town's use of the property. If the Town should purchase the property, then design and engineering would continue using an estimated $44,000 of the appropriation for a preliminary design of the changes to be made and the estimated $40,000 balance for the final design and bid documents.

If this request is approved by this Town Meeting, but the Town does not pursue the purchase, as the funding for this work is to be with debt financing, the unneeded balance of the debt would not be issued. That means there is no debt service to be paid from the tax levy on that balance and a later Town Meeting would be asked to rescind that balance of the debt authorization.

This Committee endorses requesting the full amount for all three phases of the work. The relatively modest total amount, the ready availability of the funding for the later phases so work can proceed without awaiting another Town Meeting, and the efficiency of a single contract justify that request. As demonstrated by the past rescissions of unneeded debt authority and other instances where full appropriations were not used if not needed, this Committee is confident that the Town will finance no more than it needs to get the prescribed work done, would not use an unneeded debt authority for a purpose beyond that described to Town Meeting when asking for that authority, and would bring forward a request to rescind the unneeded authority when reasonable to do so.