

APPROPRIATION COMMITTEE

TOWN OF LEXINGTON



REPORT TO THE OCTOBER 2017 SPECIAL TOWN MEETINGS 2017-2 AND 2017-3

Released October 10, 2017

APPROPRIATION COMMITTEE MEMBERS

John Bartenstein, Chair • Alan Levine Vice Chair/Secretary
Carolyn Kosnoff (ex-officio; non-voting) • Ellen Basch • Eric Michelson • Richard Neumeier
Sanjay Padaki • Andrei Radulescu-Banu • Lily Manhua Yan • Jian Helen Yang

Contents

Summary of Warrant Article Recommendations 2

Preface 4

Introduction 5

Special Town Meeting 2017-2 Analysis and Recommendations..... 8

Article 2017-2.2: Appropriate for Hastings School Construction 8

Article 2017-2.3: Appropriate Design Funds for Lexington Children's Place/20 Pelham Road 9

Article 2017-2.4: Appropriate Design Funds for Fire Headquarters 12

Article 2017-2.5: Appropriate for Temporary Fire Station Construction..... 13

Special Town Meeting 2017-3 Analysis and Recommendations..... 15

Article 2017-3.5: Amend FY2018 Operating and Enterprise Funds 15

Article 2017-3.6: Establish and Appropriate To and From Specified Stabilization Funds 17

Article 2017-3.7: Amend Revolving Fund Authorization 17

Article 2017-3.8: Appropriate Design Funds for Visitors Center 18

Article 2017-3.9: Appropriate for Solid Waste Collection Equipment 20

Article 2017-3.11: Appropriate for Lexington High School Security System Design 20

Article 2017-3.12: Appropriate Community Preservation Act Projects..... 22

Article 2017-3.13: Appropriate for Authorized Capital Improvements 22

Summary of Warrant Article Recommendations

Abbreviations

| | | | |
|----|-------------------|------|---|
| EF | Enterprise Fund | CPA | Community Preservation Act |
| GF | General Fund | DSSF | Debt Service Stabilization Fund |
| RE | Retained Earnings | IP | A motion to Indefinitely Postpone is expected |
| RF | Revolving Fund | TDM | Traffic Demand Management |
| SF | Special Fund | | |

Special Town Meeting 2017-2

| Ar- ticle | Title | Funds Requested | Funding Source | Committee Recommendation |
|--------------|--|--------------------|-------------------|-----------------------------|
| 2 | Appropriate for Hastings School Construction | \$63,059,418 | GF Debt | Approve (7-0-2) |
| 3 | Appropriate Design Funds for Lexington Children’s Place/20 Pelham Road | \$2,500,000 | GF debt | Approve (7-0-2) |
| 4 | Appropriate Design Funds for Fire Headquarters | \$676,300 | GF Debt | Approve (9-0) |
| 5 | Appropriate for Temporary Fire Station Construction | \$2,140,000 | GF Debt | Approve (9-0) |

Special Town Meeting 2017-3

| Article | Title | Funds Requested | Funding Source | Committee Recommendation |
|----------------|---|------------------------|---|--------------------------------------|
| 5 | Amend FY2018 Operating and Enterprise Funds | See article discussion | GF; Parking Fund; TMOD Stabilization Fund | Approve (9-0-0) |
| 6 | Establish and Appropriate to and from Specified Stabilization Funds | \$585,110 | Developer payments | Approve (9-0-0) |
| 7 | Amend Revolving Fund Authorization | \$50,000 \$142,000 | RFs | Approve (9-0-0) |
| 8 | Appropriate Design Funds for Visitors Center | \$150,000 | GF | Approve (8-0-1) |
| 9 | Appropriate for Solid Waste Collection Equipment | | | IP |
| 11 | Appropriate for Lexington High School Security System Design | \$31,000 | GF | Approve (9-0-0) |
| 12 | Appropriate Community Preservation Act Projects | TBD (land purchase) | CPF | Housing: IP Land: Pending |
| 13 | Appropriate for Authorized Capital Improvements | | | IP |

Preface

The Appropriation Committee is appointed by the Town Moderator and serves as an advisory group to the elected members of Town Meeting. The Committee is required by Town by-law to present its recommendations to Town Meeting prior to any vote with a financial impact on the Town. This report summarizes the Committee's deliberations and analysis regarding the warrant articles that we deem to have financial significance, along with the vote of the Committee for each article. The Committee also gives oral reports and responds to questions during Town Meeting as necessary, or when important information has become available following the publication of a report.

This report is distributed to the members of Town Meeting as a printed document and as an electronic document via the Town website. It is being published on October 10, 2017, so that it will be available at the Town Meeting Members Association information meeting scheduled for that evening, and approximately a week prior to the commencement of Special Town Meetings 2 and 3 on October 16, 2017.

Acknowledgements

The content of this report, except where otherwise noted, was researched, written and edited by members of the Committee who volunteer their time and expertise, with the support of Town staff. Our Committee has the pleasure and the privilege of working with Town Manager, Carl Valente; Assistant Town Manager for Finance, Carolyn Kosnoff; Budget Officer, Jennifer Hewitt; the Capital Expenditures Committee; the Community Preservation Committee; the School Committee; the Permanent Building Committee; Superintendent of Schools, Dr. Mary Czajkowski; Director of Finance and Operations, Ian Dailey; and the Board of Selectmen. We thank the municipal and school staff, Town officials, boards and volunteers who have contributed time and expertise to help us prepare this report. Last but not least, we thank Sara Arnold, who records and prepares the minutes of our meetings.

Introduction

This introduction provides a brief overview of significant budgetary developments since the close of the Annual Town Meeting, the reasons for convening two back-to-back special town meetings this fall, and the major financial issues which will be addressed.

Overview of Fall Special Town Meetings

Two fall special town meetings are scheduled to commence on Monday, October 16, 2017. Because a special town meeting was already held earlier this year on the first day of the Annual Town Meeting, the two fall special town meetings have been designated Special Town Meeting 2017-2 and Special Town Meeting 2017-3.

At Special Town Meeting 2017-2, Town Meeting will be asked to make appropriations necessary to move forward each of three long-pending capital projects, subject to approval by voters of debt exclusions for those projects in a referendum later in the fall: (1) replacement of the Hastings elementary school; (2) construction of a permanent facility for the Lexington Children's Place (LCP) preschool at 20 Pelham Road; and (3) reconstruction of the Fire Headquarters at 45 Bedford Street, together with the construction of temporary fire station swing space at 171-173 Bedford Street. In the case of the LCP and fire headquarters projects, additional design and engineering funding will be sought so that a final appropriation can be made at the Annual Town Meeting next spring. In the case of the Hastings and fire station swing space projects, funding will be sought for the final design and construction costs necessary to complete the projects.

The financial articles of Special Town Meeting 2017-3 will focus primarily on the allocation of additional FY2018 revenue resulting from increases in revenue estimates since the 2017 Annual Town Meeting, as discussed below, and adjustments to the FY2018 operating budget.

Updated FY2018 Revenue Estimates

Since the close of the 2017 Annual Town Meeting, the Town's estimated General Fund revenue for FY2018 has increased on a net basis by \$2,667,987, as detailed in the table below.

| Changes in FY2018 Revenue Estimates | | | | |
|--|--------------|--------------|--------------------|--|
| | From | To | Change | Notes |
| New Growth | \$2,500,000 | \$3,000,000 | \$500,000 | Higher new growth than projected. |
| State Aid | \$13,552,552 | \$15,712,062 | \$2,159,510 | Increase in Chapter 70 funds over last year's amount, previous estimate level-funded |
| Parking Fund | \$385,000 | \$421,500 | \$36,500 | Increased estimates of parking revenues |
| TMOD Stabilization Fund | \$19,000 | \$44,000 | \$25,000 | Increased estimate of receipts |
| Revenue Adjustment | | | (\$53,023) | Clerical error – ATM Article 4 did not reflect late adjustment to Free Cash transfer |
| Additional Revenues to General Fund | | | \$2,667,987 | |

An increase in the property tax levy of \$500,000 is attributed to a revised estimate of new growth, which had been estimated at \$2.5 million at the 2017 ATM, and is now estimated at \$3.0 million. The final new growth number could be somewhat higher, but the precise new-growth amount is still being determined by the Assessing Department, and will be finalized when the FY2018 Tax Classification packet is released to the Board of Selectmen in November–December 2017. Any additional new growth recognized at that time will flow to Free Cash and be available for appropriation only after the books are closed, and Free Cash has been certified, for FY2018.

State aid has increased by a little over \$2 million based on the final Cherry Sheet numbers from the FY2018 State Budget approved by the Legislature in August. Most of that increase is attributable to an increase in Chapter 70 Education Aid over what had been estimated at the prior Annual Town Meeting. In this regard, it should be noted that there have been substantial annual increases in State Aid for several years now as the State has made efforts to bring Lexington's share of Chapter 70 Education Aid, which is based on a "foundation budget," more in line with that of other communities; however, as Lexington approaches "parity," such extraordinary increases are not expected to continue going forward.

Other, more minor adjustments to revenue estimates result from increases in parking revenues, which will be offset by proposed appropriations for parking improvement projects as detailed in the discussion of Article 2017-3.5 below. It should be noted that a decision by the Town's electricity supplier, Eversource, to make monthly payments to the Town for electricity generated at the Hartwell Avenue solar facility, estimated to total \$600,000 in FY2018, as opposed to giving the Town credit on its monthly bills, has technically increased the Town's local receipts by that amount; however, as set forth in the table under Article 2017-3.5, this does not result in any net revenue increase to the Town as the proceeds will be applied to expenses that would otherwise have been covered by the credits.

Debt Exclusion and Use of Capital Stabilization Fund

As noted above, the major purpose of this fall's Special Town Meeting is to authorize borrowing so that the Town can move forward with three major capital projects: replacement of the Hastings School, which is needed to correct significant deficiencies in the existing building and to provide additional elementary school capacity as school enrollments have continued to grow; construction of a permanent facility for the LCP, currently split between the new and old Harrington School buildings, to correct serious inadequacies in that arrangement and also to free up four additional classrooms at new Harrington; and the long-planned replacement of the Town's aging and increasingly obsolescent main fire station.

Because the price tag for these three projects will be very substantial, currently estimated at approximately \$85 million (\$48,765,695 for the Hastings School after MSBA reimbursement of \$16,513,723; \$14,879,342 for the LCP; and \$22,140,000 for the fire station with swing space), and servicing of the associated debt cannot practically be accommodated within the Town's existing revenue base, the Board of Selectmen has elected to proceed with a town-wide debt exclusion referendum vote, anticipated to be held in late November or early December. In that referendum, Town voters will be asked to exclude from the limits of Proposition 2½ the debt service for each of these projects for the life of the debt, currently expected to be issued for 30 years. The appropriations sought at the Special Town Meeting for each project will be contingent on voter approval of a debt exclusion for that project.

Voter approval of debt exclusions for all of the projects to be considered in STM 2017-2 would have a significant impact on residential (as well as commercial) tax bills. It would add in the early years, after all of the debt has been issued, about \$8 million a year in annual debt service costs, gradually tapering down over the life of the debt as principal is paid off. Of particular concern is that, when the newly excluded debt is combined with already outstanding excluded debt for previously approved projects – including the new Estabrook School, the recent additions to the Clarke and Diamond Middle Schools, and the renovation of the Bridge and Bowman Schools – the excluded debt service component would roughly double in a short

period of time between FY2019 and FY2024, from approximately \$10 million annually to \$20 million annually, resulting in a “spike” of substantial annual tax bill increases for that period of time.

Fortunately, thanks to recent favorable economic conditions, and a prudent anticipation of major upcoming capital needs, the Town has been able to set aside substantial reserves in a Capital Stabilization Fund (CSF), which is available to help finance these projects and partially to mitigate the impact of projected increases in excluded debt. The current balance of the CSF is currently approximately \$28 million. The Town staff has recently prepared, and will present at the Special Town Meeting, a Capital Financing Model and Property Tax Mitigation Plan (the “Model”) which contemplates annual draws from the CSF through FY2024 to limit the sharp increases to annual tax bills which would otherwise occur during that period of time if all of the new debt exclusion referendum items are approved. Assuming that no additional funds become available to further augment the CSF, the Model projects that the CSF would be depleted by FY2024.

Financing Bedford Street and Pelham Road Property Purchases

At the time of the Annual Town Meeting last spring, it was contemplated that a debt exclusion referendum presented to the voters would include not only the project costs described above, but also two additional associated costs, totaling approximately \$12.5 million, which were previously appropriated by Town Meeting, and which have already been incurred: the cost to acquire the property at 171-173 Bedford Street (approximately \$4.5 million) in the fall of 2016 for use as fire station (and possibly police station) swing space; and the cost to acquire the 20 Pelham Road property (approximately \$8 million) for use by the LCP and, at a future date, the Lexington Community Center. Because these two land purchases were financed with short-term, interest-only Bond Anticipation Notes (BAN’s), it would theoretically be possible to seek exclusion of the future debt service costs of long-term bonds issued to replace the BAN’s.

During a series of “capital” summits conducted by the major boards and committees through the spring and summer, this Committee suggested that it might be prudent to use funds in the CSF, which are currently earning approximately 1% interest, to pay off the two property purchases, rather than to issue long-term excluded debt at an interest rate of approximately 3% (the “true interest cost” of the most recently issued long-term debt), thereby saving a 2% spread or roughly \$250,000 per year and potentially millions over the life of the avoided debt. Although this would lower the amount of CSF funds available to “mitigate” the near-term spike in excluded debt service costs, it would also lower the total amount of excluded debt required to be issued, lower total borrowing costs, and remove from the debt exclusion two items which are *faits accomplis* and not subject to the usual voter “choice” associated with a debt exclusion referendum.

The Selectmen ultimately concurred with much of this reasoning, and decided that the costs associated with the two land purchases should not be included in the debt exclusion referendum. However, at the suggestion of the Town Manager, they have adopted a slightly different plan for paying off those purchases within the levy, and avoiding the payment of higher long-term interest costs, but without the need to draw directly on the CSF. Under this alternative plan, the Town will roll over for five years the existing BAN’s for the two property purchases, which have an interest cost of about 1%; and if conditions are favorable, gradually pay off the principal, and thereby retire the indebtedness, in equal installments of approximately \$2.5 million over those five years using surplus available funds within the levy (*i.e.*, free cash) that would otherwise have been appropriated to augment the CSF. If conditions are not favorable, the fallback plan would be to issue long-term debt within the levy, thereby spreading out the repayment over a longer period of time.

To kickstart this plan, a motion will be presented under Article 2017-3.5, “Amend FY2018 Operating Budget,” to appropriate \$2,351,487 toward the partial retirement of the debt incurred for the purchase of the Bedford Street and Pelham Road properties in lieu of appropriating it to the CSF.

Special Town Meeting 2017-2 Analysis and Recommendations

The warrant for Special Town Meeting 2017-2 contains articles seeking borrowing authorization for four major capital projects which are of critical importance to the Town and are now ready to move forward: construction of a new Hastings Elementary School; completion of design and engineering work needed for construction of a new Lexington Children’s Place preschool facility at the recently acquired Pelham Road site; the design of a new Fire Headquarters; and the completion of design and construction of temporary swing space for use by the Fire Department while the existing Fire Headquarters is demolished and rebuilt.

| Article 2017-2.2: Appropriate for Hastings School Construction | | |
|--|---|--------------------------|
| Funds Requested | Funding Source | Committee Recommendation |
| \$63,059,418 | Excluded Debt (\$46,545,695) MSBA Grant (\$16,513,723) | Approve (7-0-2) |

This article seeks construction funds for a new 30-section, 110,000 sq. ft. Hastings Elementary School, and for demolition of the old Hastings School. Enrollment in the Hastings School was 455 students in 2016-2017. The new school, with a design capacity of 645 students, is essential for addressing overcrowding, for providing adequate space for delivery of a modern K-5 educational program, and for addressing multiple issues with the integrity of the current building envelope, structure, and other systems.

Opened in 1955, the existing Hastings School has a floor area of 64,980 square feet, including eight modular classrooms, four of which were added in 1995, and four in 2000. The current building has in recent years needed major repairs to the foundation and to cracked structural beams in the gym, as well as for water infiltration caused by roof ice dams. All of the modular classrooms are either approaching or past the end of their useful life of 20 years.

Project Costs and MSBA Reimbursement

The Massachusetts State Building Authority (MSBA) approved, on August 16, 2017, a partial reimbursement of the construction costs for a new school building. The total project budget is about \$65,300,000, of which MSBA will reimburse approximately \$16,500,000, with the balance of \$48,800,000 to be covered by the Town of Lexington.

The \$65,300,000 budget is comprised of \$52,900,000 in construction costs, including site work, and \$12,300,000 in soft costs. The table below lists previous appropriations and this article’s request.

| | Hastings Project | Purpose |
|--------------------|-------------------------|------------------------------------|
| STM 2/2016 | \$1,500,000 | Feasibility Study |
| TM 4/2017 | \$720,000 | Feasibility & Design |
| STM 10/2017 | \$63,059,418 | Feasibility, Design & Construction |
| Total | \$65,279,418 | |
| MSBA Grant | \$16,513,723 | |
| Debt | \$48,765,695 | |

MSBA Reimbursement

Construction costs for the new school, including site work, are projected to be approximately \$52,900,000, or \$482 per sq. ft. The MSBA reimbursement represents 35.79% of not more than \$46,200,000 in construction costs. The basis of the MSBA reimbursement excludes legal fees, site costs in excess of 8% of the total building cost, construction costs in excess of \$326 per sq. ft. plus eligible demolition and abatement costs, other miscellaneous ineligible construction costs, costs associated with mailing and moving, costs in excess of the \$1,200 per student allowance for fixtures, furniture, and equipment, costs in excess of the \$1,200 per student allowance for technology, and owner’s and construction contingency amounts.

Building emissions and energy use

The new Hastings is being designed for both excellent building air quality and low lifecycle energy costs. Although these two goals tend to oppose each other, the design achieves a good compromise, in part by employing geothermal wells for heating and cooling, at a cost premium of \$2,200,000 over a conventional air-cooled chiller and condensing boiler plant. The site energy consumption by end-use at Hastings is projected to be 24.1 kBtu/SF-yr EUI (energy use index, in kBtu per sq.ft. per year), compared to 39.7 kBtu/SF-yr for the conventional HVAC system. The savings reflect primarily more efficient space heating. For comparison, historical EUIs at other Lexington elementary schools are 54.8 kBtu/SF-yr at Estabrook, 48.4 at Harrington, and 39.3 at Fiske which employs geothermal heating. These numbers do not take on-site solar panel energy generation into account. The new building will have the capacity to install rooftop and parking lot canopy solar panels that could potentially generate as much as 901,977 kWh/yr.

The Debt Exclusion Referendum

The Board of Selectmen has voted 4-1 to present a motion under this article in which the appropriation is contingent on approval of a Proposition 2½ debt exclusion referendum to be held in late November or early December.

Should the debt exclusion be approved, property taxes will be higher than otherwise allowed under Proposition 2½ for the life of the debt. Annual debt service payments for the new Hastings are projected to reach \$3,572,415 in FY2021, and to decrease in later years. Some of the excluded debt service may be covered through mitigation transfers from the Capital Stabilization Fund. See the discussion in the Introduction.

The Committee recommends approval of this request (7-0-2).

| | | |
|---|-----------------------|---------------------------------|
| Article 2016-2.3: Appropriate Design Funds for Lexington Children's Place/20 Pelham Road | | |
| Funds Requested | Funding Source | Committee Recommendation |
| \$2,500,000 | Excluded Debt | Approve (7-0-2) |

This article seeks \$2,500,000 for design, engineering and architectural services for the proposed new Lexington Children’s Place (LCP) at the recently purchased 20 Pelham Road location. The preschool, comprising 18,850 square feet of floor area and 7 classrooms, is estimated to cost around \$15M.

The LCP provides services to preschool children (ages 2 years 9 months to 5 years old), including children with special needs who qualify under the state mandate for free educational services, and children without special needs whose families pay tuition. The LCP currently shares space in the Harrington School and in the old Harrington School building where the School Central Office (CO) is located. As of the end of the 2016-2017 school year, LCP had an enrollment of 81 students, of which 41 students attended one slot per

day, i.e., either in the morning or afternoon, while 40 attended two slots per day, for a total of 121 slots. The current program capacity is 157 slots, including 97 slots in the Harrington School and the rest in the CO building. Per state regulations, each class has a maximum of 15 students.

The splitting of the program between two buildings and the present condition of the LCP space in the CO building have created many challenges for the operation of the LCP. Issues of concern include security, communication, child safety, limitations on program capacity, program integrity and efficiency, and staff work efficiency.

The program serves children with complex physical, medical, or other needs, many of whom are best located close to a school nurse or require placement in acoustically proper spaces or spaces with other special requirements. Since there is no nurse in the CO building, there are tight constraints on how the space in the CO building can be used. Speed and reliability of communication is important in a preschool environment, especially one that serves children with special needs; communication between LCP staff in the CO building and those in the Harrington School building has been awkward, inconvenient, and often ineffective. While the distance between the two buildings would not present large challenges to older children or adults without mobility issue, it does for preschool children especially during winter months and inclement weather. The CO building has not been modified to provide appropriate security for the LCP portion of the building. There are also safety concerns regarding children crossing the parking lot.

The School Committee has been looking for a permanent location for the LCP and the Pelham Road location has become the preferred choice. Moving the LCP out of the Harrington School to a more suitable facility is intended to alleviate the issues with the present facilities, and would also free up four classrooms that could then be used for K-5 education to help alleviate overcrowding in the elementary schools.

Project Costs and Appropriation Schedule

As of September 13, 2017, the total project cost is estimated at \$14,879,342. The design has since been revised in order to locate the building further away from the wetland. This may result in additional site costs anticipated in the \$100,000 to \$200,000 range.

The table below lists previous, proposed current and expected future appropriations.

| | LCP Project | Purpose |
|--------------------------------------|---------------------|--|
| STM 2017 Spring | \$581,500 | Design Funds for LCP |
| STM 2017 Fall | \$2,500,000 | Design, engineering (including the demolition of the existing structure, removal of hazardous material, and some sitework), and architectural services |
| Expected future appropriation | \$11,797,842 | Construction, sitework, and completion of the project |
| Total | \$14,879,342 | |

It should be noted that the project cost of \$14,879,342 does not include the cost of acquiring the property at 20 Pelham Road, which was approximately \$8 million inclusive of costs of studies, legal work, and miscellaneous items. The Lexington Community Center (LexCC), which is located on the adjacent lot, could potentially use a portion of the 20 Pelham Road lot for a detached gym and cafeteria or additional parking. However, since the expansion of the LexCC is not viewed as being time critical, and because the time was short to prepare for this special town meeting, planning for such expansion has been deferred beyond this meeting.

Since this project is for a preschool, it is not eligible for MSBA reimbursement.

Breakdown of The Cost

| Item | Cost | Amount Sought in This article |
|---|---------------------|--------------------------------------|
| Hard Costs | | |
| Building Construction Cost | \$7,658,556 | \$0 |
| Building Demo + HazMat Costs | \$684,788 | \$684,788 |
| Sitework | \$3,217,385 | \$975,000 |
| Subtotal Hard Costs | \$11,560,729 | \$1,659,788 |
| Soft Costs | | |
| Study/Fees/On-site construction rep/Testing | \$2,068,613 | \$720,000 |
| Furniture, Fixture & Equipment/Technology | \$445,000 | \$0 |
| Subtotal Soft Costs | \$2,513,613 | \$720,000 |
| Construction & Owner Contingencies | \$805,000 | \$115,000 |
| Total | \$14,879,342 | \$2,494,788 |

Minority Opinion

A minority of the Committee, while understanding the needs of the LCP program and liking the design of the new facility, has difficulty coming to terms with the cost, hence chooses to abstain.

The proposed project has two major benefits: improving the LCP program and gaining four classrooms at the new Harrington. However, this is a very expensive way to gain four classrooms. While the present LCP facility is not ideal, the minority does not believe it is clear that it is essential to immediately move the LCP to a better facility.

The fact that there are very few similar projects in other towns in this part of the state also raises the question as to how other towns address their needs and whether there might be more cost-effective ways to accommodate the early childhood program.

The Committee recommends approval of this request (7-0-2).

| Article 2016-2.4: Appropriate Design Funds for Fire Headquarters | | |
|--|----------------------|--------------------------|
| Funds Requested | Funding Source | Committee Recommendation |
| \$676,300 | Excluded Debt | Approve (9-0-0) |

This article seeks appropriation of the amount of \$676,300 for the continuation of work on the design of a new Fire Headquarters building at the site of the current Fire Headquarters. These funds are intended to allow the design to proceed through the construction document development stage.

This appropriation of funds for design work for Lexington’s Fire Headquarters represents another step toward replacement of the current building on Bedford St. at the corner of Worthen Road with a new larger building that will better serve the needs of the Fire Department for many years into the future. The numerous deficiencies of the current building include, among others, lack of sufficient room for equipment, personnel, and workspaces, a floor under the equipment bays that is failing and is held up with temporary supports, and a leaky basement that has had problems with mold and mildew. The justification for replacement of the Fire Headquarters station is documented in detail elsewhere. This Committee briefly reviewed the rationale in our “Report to the Special Town Meeting on September 21, 2016” dated September 14, 2016, under Article 2016-5.2. A brief synopsis of the rationale may also be found in the report of the Capital Expenditures Committee to that special town meeting. The reasons to replace the facility are discussed at length in a report submitted to the Town by consultants Donham & Sweeney Architects in 2011¹.

The total cost of the replacement of the building, not including the cost of swing space, has recently been estimated to be \$19,950,000. Under Article 2 of Special Town Meeting 2017-1 held in March, 2017, \$450,000 was appropriated for design work on the new station through the schematic design and design development stages. Both this amount and the amount requested under this article are included in the estimated total cost. The estimate of the total cost is likely to change, hopefully only to a small extent, after the completion of construction documents, and finally upon award of a construction contract.

The Bedford St. site is not sufficiently large to allow construction of a new building while the Fire Department continues to operate out of the current facility. The current facility must be demolished before construction commences on the new facility. Therefore, the Headquarters operations need to move to an off-site facility before demolition of the current structure commences. Late in 2016, the Town purchased the Liberty Mutual land and building at 173 Bedford St. to serve as swing space during demolition of the old building and construction of the new building.

Of course, the overall cost of the project must take the costs of the swing space into account. These cover the cost of acquiring the land and building at 173 Bedford St., the costs of designing modifications to that site and building, of modifying the site and building, of acquiring and installing a temporary structure to house the fire trucks and other equipment, of installing a temporary traffic signal and traffic signal controls, and of moving the Headquarters to the temporary site and, later, into the new facility after it is completed. It is not clear how much of the cost of acquisition of the 173 Bedford St. property should be allocated to the replacement project, because after the replacement is complete, the land and building will become available for another use or uses. Nevertheless, the acquisition costs should be noted. The costs of the swing space are fully discussed under our report on Article 5 of this special town meeting.

It is anticipated that this appropriation request will be contingent on approval of the exclusion of debt service for the project at a referendum in late November or early December. The debt exclusion authority

¹ “Lexington Fire Station Schematic Design Study Report”, dated 2/15/2011, Donham & Sweeney Architects. This report is available on the Town website at: <http://records.lexingtonma.gov/weblink/0/doc/142658/Page1.aspx>.

would cover the previous and present requests for design funds, which will be financed in the interim by short-term, interest-only bond anticipation notes (BANs), as well as the expenses for subsequent phases of the project including the costs of swing space. In the event that a debt exclusion for the fire station is not approved by voters this fall or in the next year or two, the fire station replacement will not proceed, the debt approved under this article would not be incurred, and the debt service for the previously approved \$450,000 for design work would be funded from the non-exempt tax levy. In that case the Fire Headquarters would continue to work in the current facility.

If both this article and the debt exclusion for the project are approved, an appropriation for the balance of the costs of the replacement of the facility will be sought in the spring of 2018 at the annual or at a special town meeting.

If all approvals are granted according to the anticipated schedule, the new Fire Headquarters station would likely be available for occupancy in late 2019 or early 2020.

It is appropriate to describe the approximate impact on property taxes if this project moves forward. The estimate made here assumes that the cost of the land purchase is covered within the non-exempt tax levy, and that the overall cost of the facility replacement together with swing space, exclusive of the cost of acquiring the site and building at 173 Bedford St. and debt service interest, is approximately \$22,000,000. The estimate assumes that the cost is funded through debt with a term of 30 years at an effective interest rate of 4%. With these assumptions, the principal payment would be about \$730,000 per year and the interest cost would be, in the first full year of debt service, about \$880,000. The sum of principal and interest payments in the first full year of debt service thus represents just under 1% of the non-exempt property tax revenue that will likely be raised in that year. The annual interest cost would decline over the 30-year term to about \$30,000 in the final full year of debt service.

This Committee agrees that it is important for the Town to proceed with this project so that Fire Department personnel will have a facility that allows them to efficiently carry out their responsibilities and to provide residents and businesses with high quality fire prevention and suppression services.

The Committee recommends approval of this request (9-0-0).

| Article 2016-2.5: Appropriate for Temporary Fire Station Construction | | |
|---|----------------------|--------------------------|
| Funds Requested | Funding Source | Committee Recommendation |
| \$2,140,000 | Excluded Debt | Approve (9-0-0) |

This article seeks an appropriation of \$2,140,000 for design, engineering, and architectural services, including production of construction documents, and for the construction of a temporary fire station at 173 Bedford Street, including signalization and access improvement.

Late in 2016, the Town purchased the Liberty Mutual land and building at 173 Bedford St. at the negotiated price of \$4,300,000. The site and building were acquired for a temporary fire station that will be used while the current building is demolished and replaced with a new fire station (see Article 4 above for details). In addition to the amount of the purchase price, at the Special Town Meeting 2016-5 held in September, 2016, \$58,000 was appropriated for legal, survey, and environmental costs and \$85,000 was appropriated for preliminary engineering studies in regard to the temporary facility.

Under Article 3 of Special Town Meeting 2017-1 held on March 20, 2017, \$50,000 was appropriated for the design development phase of the temporary fire headquarters at 173 Bedford Street location. The estimated total cost of the project at that time was \$2,093,000. The design phase has been completed by Tecton

Architects and the current total project cost estimate is \$2,190,000, of which \$50,000 in design funds has previously been appropriated, leaving a total of \$2,140,000 requested for the bidding and construction phases of the project. The estimate includes a ~10% contingency. The approval of this funding request will allow the issuance of the construction documents for bid with an anticipated completion around the end of May 2018.

It is anticipated that this appropriation request will be contingent on approval of the exclusion of debt service for the project at a referendum in late November or early December. The debt exclusion authority would cover the previous and present requests for design funds, which will be financed in the interim by short-term, interest-only bond anticipation notes (BANs), as well as the expenses for subsequent phases of the project including the costs of swing space. In the event that a debt exclusion for the fire station is not approved by voters this fall or in the next year or two, the fire station replacement will not proceed, the debt approved under this article would not be incurred, and the debt service for the previously approved \$50,000 for design work would be funded from the non-exempt tax levy. In that case the Fire Headquarters would continue to work in the current facility.

This Committee agrees that it is important for the town to proceed with this project in order to allow the personnel of the Fire Department to have an interim facility from which they can efficiently carry out their responsibilities while the main Fire Station is constructed.

The Committee recommends approval of this request (9-0-0).

Special Town Meeting 2017-3 Analysis and Recommendations

The warrant for Special Town Meeting 2017-3 contains eight financially-related articles seeking updates to the FY2018 operating, capital and enterprise fund budgets. The Committee provides its analysis of these requests below.

| Article 2017-3.5: Amend FY2018 Operating and Enterprise Funds | | |
|---|--|--------------------------|
| Funds Requested | Funding Source | Committee Recommendation |
| See below | General Fund; Parking Fund; TMOD Stabilization Fund | Approve (9-0-0) |

Amend FY2018 Operating Budget:

As discussed in the Introduction, the Town’s FY2018 revenue estimates have increased by \$2,667,987, and the Town will also receive direct payments from Eversource in lieu of credits estimated at \$600,000, for a total of \$3,267,987. It is proposed to appropriate \$3,086,987 of this amount under this article as follows²:

| Line | Description | From | To | Change | Notes |
|------|--------------------------------|--------------|--------------|--------------------|---|
| 2160 | Property & Liability Insurance | \$713,893 | \$738,893 | \$25,000 | Additional funds to cover premium increases for vacant buildings at Pelham Road and 173 Bedford Street and school expansions. |
| 2180 | Solar Producer Payments | | \$410,000 | \$410,000* | Paid to Syncarpha for generation and maintenance of our solar facility. Was originally in Public Facilities line item. |
| 2210 | Payment on Funded Debt | \$5,640,760 | \$7,992,247 | \$2,351,487 | Partial retirement of debt incurred for payment of Pelham Rd. and Bedford St. property purchases. |
| 2400 | Facilities | \$10,402,987 | \$10,592,987 | \$190,000* | Added back to electricity expense budget to account for removing credit for solar which is now received as income. |

² The starred line items balance the \$600,000 in direct payments expected to be received from Eversource in FY2018 for electricity generated at our new solar facility in lieu of credits, as noted in the Introduction, resulting in no net effect on previously estimated net revenues or to the Town budget.

| | | | | | |
|--|--------------------------|-----------|-----------|--------------------|---|
| 4100 | Law Enforcement Expenses | \$872,527 | \$900,527 | \$28,000 | Partial cost to resurface Church of Our Redeemer lot; spaces permitted during week; funding source is the Parking Meter Fund. |
| 7100 | Land Use Expenses | \$443,238 | \$451,738 | \$8,500 | On-street survey work to stripe new parking spaces in the Center; funding source is the Parking Meter Fund. |
| 7100 | Land Use Expenses | \$451,738 | \$495,738 | \$44,000 | Hartwell North Zoning Proposal - Development & Traffic Analysis; \$25,000 of the total, for the Traffic Analysis, is to be funded from TMOD Stabilization Fund. |
| 8210 | Town Manager Expenses | \$206,585 | \$224,585 | \$18,000 | Police Sergeant Assessment Center |
| 8530 | Town Clerk Expenses | \$120,250 | \$132,250 | \$12,000 | Election expenses for Senator Donnelly's seat. Expected to be reimbursed from the state. |
| Total Operating Budget Amendments | | | | \$3,086,987 | |

Appropriation of the remaining \$181,000 will be addressed in Articles 3.8, Visitors Center, and 3.11, Design for High School Security System Upgrade.

Amend FY2018 Water/Sewer Enterprise Funds:

The amounts appropriated under Article 5 of the 2017 Annual Town Meeting for Water and Sewer Enterprise Fund expenses were based on preliminary FY2018 assessments issued by the MWRA. The revisions below reflect the final assessments approved by the MWRA board this past June. These revised assessments, which slightly lower the costs of each fund, were used in the calculation of the water and wastewater rates approved by the Selectmen this fall, and amendment of the appropriation by Town Meeting is simply a housekeeping measure.

| | From | To | Change |
|----------------------------|-------------|-------------|---------------|
| MWRA Water Assessment | \$7,275,204 | \$7,246,531 | (\$28,673) |
| MWRA Wastewater Assessment | \$7,453,886 | \$7,402,979 | (\$50,907) |

The Committee recommends approval of this request (9-0).

| 2017-3.6 Establish and Appropriate To and From Specified Stabilization Funds | | |
|--|---------------------------|--------------------------|
| Funds Requested | Funding Source | Committee Recommendation |
| \$585,110 | Developer payments | Approve (9-0-0) |

The State statute authorizing towns to create and maintain a stabilization fund, G.L. c. 40, § 5B, was amended in 2003 to permit the creation of multiple, separate stabilization funds for specified purposes. Creating these funds, altering their specified purpose, or appropriating into or out of them requires a two-thirds vote of Town Meeting. Lexington’s first specified stabilization funds were established at the 2007 Annual Town Meeting. Additional funds have been created from time to time since then, as needed.

Each “specified stabilization fund” holds monies for one or more purposes that were specified when the fund was created. A placeholder article is now routinely included on the warrant for both annual and special town meetings to give Town Meeting the opportunity to establish new funds, and to appropriate monies into, or out of, existing funds.

The action proposed at this STM, primarily a housekeeping measure, is to appropriate payments made since the close of the 2017 ATM, under the terms of various memoranda of agreement between the Town and property developers to mitigate traffic and other impacts, into the following specified stabilization funds:

- *Traffic Mitigation Stabilization Fund*
 - King Street Properties, \$200,000
- *Transportation Management Overlay District (TMOD) Stabilization Fund*
 - King Street Properties, \$258,355
- *Traffic Demand Management (TDM) Stabilization Fund*
 - King Street Properties, \$83,793
 - Avalon Bay, \$42,972

A request is being made under Article 3.5 above to appropriate funds from the TMOD Stabilization Fund; see the table in the report on that article. That is the only request being made at this time for an appropriation from any specified stabilization fund. There are no requests at this time to create a new specified stabilization fund.

The Committee recommends approval of this request (9-0).

| Article 2017-3.7: Amend Revolving Fund Authorization | | |
|--|--|--------------------------|
| Funds Requested | Funding Source | Committee Recommendation |
| \$50,000 | Building Rental Revolving Fund | Approve (9-0-0) |
| \$142,000 | DPW Compost Operations Revolving Fund | |

Revolving Funds are used to fund town operations that generate their own revenue and for which that revenue is the primary source of money to pay for those operations. These revenues are deposited into the revolving fund specific for the operation, and Town Meeting is required to make annual appropriations from the revolving fund to pay for the operations for that fiscal year. Any funds remaining in a revolving fund at the end of the fiscal year are carried forward to the next year.

This first request is to increase the use of Building Rental Revolving funds from \$475,000 to \$525,000 to pay for increased overtime staffing costs incurred in support of Spectacle Management events at Cary Memorial Hall. Spectacle Management has already paid into the fund to cover these costs and this appropriation makes that revenue available to pay these costs. The current balance in this fund is \$116,376.

The second request is to increase the authorization for use of DPW Compost Operations funds from \$755,000 to \$897,000 to replace a storage bin at the compost facility. This storage bin was displaced by the installation of solar panels at the composting facility, and the solar panel vendor was required to rebuild it in a new location. The solar vendor asked that the Town find another contractor to do this work. The reimbursement money from the solar vendor will be deposited into this revolving fund. The current balance in this fund is \$1,011,139.

The Committee recommends approval of these requests (9-0-0).

| Article 2017-3.8: Appropriate Design Funds for Visitors Center | | |
|--|----------------|--------------------------|
| Funds Requested | Funding Source | Committee Recommendation |
| \$150,000 | GF | Approve (8-0-1) |

This article requests the appropriation of \$150,000 to fund production of design development documents for a new Visitors Center. The building would be located in the current location of the Visitors Center, across from the Battle Green.

The proposed design is for a two-story building with a full basement, which would have a gross floor area of 6693 sq. ft. The estimated design and construction cost of the current concept is \$4,517,000, although the Permanent Building Committee (PBC) has identified savings that may reduce the estimated cost to \$4,315,000. The gross floor area of this concept is reduced by 19% from the 8297 sq. ft. area of the 2016 concept, which in June 2016 had an estimated design and construction cost of \$4,063,675. In order to compare the cost estimates of these two designs, the 2016 concept cost has to be adjusted for inflation to a cost of \$4,400,000. This comparison shows the cost per square foot of the 2016 concept as \$530, compared to \$645 for the current design after PBC reductions.

The Tourism Committee has recommended a construction start in early November 2018 so that a new Visitors Center can be completed in time for the Massachusetts 400th celebrations beginning in 2020 and the 250th anniversary of the Battle of Lexington in 2025. In order to allow occupation of a new building by April 2020, this Special Town Meeting would have to appropriate \$350,000 to cover \$150,000 for design development and \$200,000 for construction documents. This would be followed by a request for funding for construction at the 2018 annual town meeting. As of press time, the Selectmen will only be requesting \$150,000 in design development costs. The Tourism Committee has urged that the Selectmen appropriate the additional \$200,000 for construction documents at this Special Town Meeting, with the stipulation that this additional funding would be available for release by the Selectmen when they are satisfied with the results of the design development phase, estimated to be available in February 2018.

The current Visitors Center building was constructed more than 50 years ago. It was designed to provide rest rooms and information for tourists coming to commemorate the bicentennial of the Battle of Lexington in 1975. The building is not fully handicapped-accessible, lacks adequate restroom facilities for use by tourists and Minuteman Bikeway users, is inadequate for accommodating the flow of visitors, and lacks the technology on which visitors now depend.

When first opened, the Visitors Center was operated by the Chamber of Commerce. Since 2016, it has been operated and staffed by the Town's Economic Development Office. Sales revenue from the gift shop, \$197,186 in FY2016, funds the Visitors Center's complete operating costs. Approximately 126,000 visitors entered the building in 2016.

In October 2011, a new Visitors Center was added to the Town's five-year capital plan. A programmatic report was produced in 2012, and then revised in 2013. At the 2014 Annual Town Meeting, \$220,608 was appropriated for design development. The plan at that time was to renovate or rebuild the existing Visitors Center building to include space for visitor education, tour groups, a self-service kiosk, counter space for assisting visitors, a veterans' display with visual connection to exterior memorials, retail space, food vending area, new rest rooms, and office space as well as community meeting space.

Mills Whitaker Architects LLC was hired and guided the process further. In view of the condition of the old building, of the new programmatic needs, and of conceptual plans provided by Mills Whitaker in 2015, stakeholders and the Selectmen decided to pursue construction of a new building rather than renovation.

An article for the construction of a new Visitor Center was included in the 2016 Annual Town Meeting Warrant but was indefinitely postponed. In June 2016, Mills Whitaker provided to the Selectmen a revised estimate of the sum of design and construction costs for a new building of \$4,063,675. In view of the high cost, the Selectmen declined a request by the Tourism Committee to include an article in the Warrant for the 2017 Town Meeting seeking an appropriation for 25% design funding. The Tourism Committee then placed a citizen article on the Warrant. That article, Article 18, seeking appropriation of \$21,000 to add to the \$130,000 remaining from prior appropriations for additional schematic design funds, was approved. The resulting plan, made available via a report presented to the Permanent Building Committee on September 4, 2017, is Mills Whitaker's attempt to address the shortcomings of the prior design.

The redesign work was based on a review of programmatic goals and feedback obtained through a series of meetings among the Tourism and Permanent Building Committees, staff, and community stakeholders. This review resulted in a concept for a building smaller than that originally proposed but one that is larger than currently exists. The additional space would provide for a better functioning building having adequate space for visitor interaction with the information desk, historic displays, retail area, and restrooms.

In addition to further refinement of the schematic design, value engineering of the project continues to address the concerns voiced about the project cost. Currently \$202,000 of cost reductions have been identified; those savings are reflected in the \$4,315,000 estimated cost. It is projected that additional value engineering could yield another \$300,000 or more in cost reductions. Currently \$30,000 of the appropriated Schematic Design money remains unspent.

The Tourism Committee is in the process of identifying funding sources besides the tax levy. They are examining creation of a revenue stream of approximately \$16,000 by adding a small surcharge on the sale of Liberty Ride tickets. They are looking at the qualifications required to obtain a one-time \$300,000 grant from the Massachusetts Cultural Council, as well as other state and federal grants. Additionally, it may be possible to request funding under the Community Preservation Act for items such as the restoration and display of current historical artifacts, including the diorama and USS Lexington memorabilia; the creation of new historical displays; and exterior site work which is covered by the Battle Green Master Plan approved by the Board of Selectmen in March 2011.

The Tourism Committee and Economic Development Office operate the Visitors Center and the Liberty Ride, and conduct marketing efforts, and the revenues of these activities cover expenses. Their "Linger In Lexington" campaign has encouraged tour buses to spend more time in Lexington, and Center businesses have experienced increased tourist foot traffic and business over the past five years.

As one justification for investing in this project, the Tourism Committee has noted that hotel and meals tax collections since FY2011 have totaled \$8,702,054. Total collections have experienced annual growth in

year-to-year collections and in FY2017 were over \$1,538,639. However, it is important to note that tourism is just one of three sectors that pay these taxes, the others being business customers, and residents and their visitors.

If construction of this project is approved, the debt service costs for this project would be funded within the levy. If the project is bonded over 20 years, annual debt costs would start at \$400,000 and decline to \$230,000 over time. If this project is bonded over 30 years, annual debt costs would start at \$330,000 and decline to \$150,000 over time. For context, FY2018 within-levy debt service costs are budgeted at \$7,152,605, prior to any mitigation.

If this Special Town Meeting appropriates the requested \$150,000 in design development funds, design development, estimated to take 12 to 14 weeks, should be completed in February 2018. Additional funding at this time for construction documents would allow a request for an appropriation for actual construction to be made at the spring town meeting. Deferring an appropriation for construction documents until the spring town meeting would delay construction start until after November 2018.

The Committee recommends approval of this request (8-0-1).

| Article 2017-3.9: Appropriate for Solid Waste Collection Equipment | | |
|--|----------------|--------------------------|
| Funds Requested | Funding Source | Committee Recommendation |
| | | IP |

A motion to indefinitely postpone this article is expected.

| Article 2017-3.11: Appropriate for Lexington High School Security System Design | | |
|---|----------------|--------------------------|
| Funds Requested | Funding Source | Committee Recommendation |
| \$31,000 | GF | Approve (9-0-0) |

This article seeks funding for the engineering and architectural design of improvements to the security system at Lexington High School.

Maintaining security at Lexington’s public schools presents various challenges. To enhance security at the eight elementary and middle schools and the Central Administration, electronic door access controls and visitor entrances have already been implemented. In addition, to date these buildings have all had Closed-Circuit Television (CCTV) installations or upgrades.

Since Lexington High School comprises multiple buildings with a complex layout and open campus environment, security there is particularly challenging. At the 2017 Annual Town Meeting, funds were appropriated to upgrade the Closed-Circuit Television (CCTV) system at Lexington High School to meet standards similar to those met at the other eight school buildings and the Central Administration Building. The upgrade was completed in the summer of 2017.

While Lexington High School is now on par with the other school buildings pertaining to the CCTV system, great challenges remain with the ability to remotely lock doors as well as restricting visitor access.

Gaps in the current security system at Lexington High School:

- In the event of a lockdown, staff currently has to manually lock exterior doors, which is time consuming, presents opportunities for errors, and could result in unsafe conditions in a security emergency.
- The number of entrances is difficult to limit. In the Quad, exterior doors are required to be open during passing time so that students and staff can move between buildings. Currently there is no efficient or realistic system to unlock doors during ‘passing time’ and to lock them afterwards when classes are in session.
- Currently, visitors have unrestricted access throughout the campus.

Estimated project costs:

Request under this article

| | |
|--|----------|
| Design, engineering, & architectural costs | \$31,000 |
|--|----------|

Anticipated request for 2018 annual town meeting

| | |
|---|---------|
| Architectural construction administration | \$8,600 |
|---|---------|

| | |
|--------------|------------------|
| Construction | <u>\$330,000</u> |
|--------------|------------------|

| | |
|------------------------------------|-------------------------|
| Total anticipated 2018 ATM request | <u>\$338,600</u> |
|------------------------------------|-------------------------|

| | |
|---|------------------|
| TOTAL ANTICIPATED REQUEST 2017 STM-3 + 2018 ATM | \$369,600 |
|---|------------------|

Project Timeline:

If the funding request under this article is approved, the design, engineering, and architectural work would begin immediately upon release of the funds. This work would include schematic design, design development, preparation of construction and bid solicitation documents, and updates of construction cost estimates.

The plan would be to have construction documents completed, or close to completion, by the 2018 Annual Town Meeting in April. This would allow an updated presentation to be made at the 2018 ATM in conjunction with a request for funds for construction and construction administration.

If funding of the complete project is approved at the 2018 ATM, having already-completed design documents will allow the bid process to begin immediately thereafter. This would allow a contractor to be on board by July 1, 2018 when the construction funds become available. The plan is to have an updated security system substantially completed before the start of the 2018-2019 school year.

The Committee recommends approval of this request (9-0).

| Article 2017-3.12: Appropriate Community Preservation Act Projects | | |
|--|----------------|--------------------------------------|
| Funds Requested | Funding Source | Committee Recommendation |
| Affordable Housing TBD (land purchase) | CPF | Housing: IP Land: Pending |

A motion may be brought under this article seeking the appropriation of Community Preservation Act (CPA) funds for the purchase of a small parcel of open space bordering the Chiesa Farm conservation land on Adams Street. As of press time, we understand that a separate request by LexHAB to appropriate additional CPA funds for its affordable housing project on Lowell Street will be indefinitely postponed, with the expectation of bringing it back to the Annual Town Meeting next spring.

Land Purchase

The Community Preservation Committee has recently been presented with a proposal to acquire for open space purposes a parcel at 44 Adams Street, consisting of approximately 30,000 square feet of land, adjacent to the Town-owned Chiesa Farm conservation land.

This lot was purchased in 2017 by a developer who razed the existing house with plans to build a large new house on the property. The builder has agreed to delay the project to allow the Town to consider whether to purchase the land for open space. The purchase would expand the Town-owned conservation land at Chiesa Farm and preserve open space in Lexington consistent with the 2015 Open Space Plan Update.

If the matter proceeds, funding would be requested for the costs of purchase, legal expenses, a land survey and plan, deed, and \$5,000 in monitoring funds for Citizens for Lexington Conservation, which would hold and enforce the CPA-required conservation restriction.

There is currently no definitive estimate of the purchase cost, but it is expected that the price would have to cover the developer’s acquisition cost (around \$850,000) plus the sunk cost of demolition of the existing structure plus some or all of the developer’s anticipated profit.

At the time of publication of this report, the CPC had not yet voted whether to approve this project and it is not yet known whether it will go forward.

The Committee’s recommendation on this part of this article is pending.

| Article 2017-3.13: Appropriate for Authorized Capital Improvements | | |
|--|----------------|--------------------------|
| Funds Requested | Funding Source | Committee Recommendation |
| | | IP |

A motion to indefinitely postpone this article is expected.