

Name of Committee: Override Study Committee – Capital Sub-Committee

Meeting Date: June 3, 2014                      Time: 4:00 p.m. – 500 p.m.

Meeting Location: Town Hall, Law Library

Members Present:

X	Sergio Modigliani	X	Lisa Serafin Sheehan (Chair)
X	Carol Levin	X	Timothy Sullivan

The meeting was a discussion about the capital debt exclusion options, how they were treated in Beth’s model and how to better daylight them for the full OSC.

Sean Cronin reiterated the recommendation from Town Staff, reflected in the CIP, that the town vote a debt exclusion override for the town’s full share of the Devotion School project, currently estimated at \$77 million. The debt service on this \$77 million debt exclusion is estimated at \$5.3 million annually for 25 years, assuming level debt payments and a 4.75% interest rate. This \$5.3 million has been the basis for the OSC’s discussion on the potential size of the override.

Tim suggested that the interest rate assumption seemed low.

Tim suggested that the debt exclusion vote for the entire Devotion project essentially frees up the \$54 million in CIP capacity previously held for the Devotion project to be used to fund Driscoll, with some additional amount potentially also available for the High School. While project costs for both Driscoll and Brookline High School are not known at this point, the OSC Capital Sub-Committee has developed a working estimate for Driscoll, subject to all the usual caveats, of \$55 million for a renovation and expansion, with a town share of approximately \$38.75 million, assuming MSBA reimbursement at 35%. Assuming the Driscoll estimates and assumptions hold, there would also be approximately \$18.2 million in capacity for the high school. Since the high school project is expected to be completed last among the three schools, the town might also benefit from two potential events. First, the Town’s debt exclusion on the old BHS expansion ends in 2020, reducing the tax levy at that time by approximately \$951,600. While this does not create additional capital capacity per se, it does provide taxpayer relief at a time new capital projects require additional taxpayer support. Second, additional capital capacity becomes available such that with the remaining \$18.2 million made available through the Devotion debt exclusion, another \$25 – 30 million of debt capacity the becomes available in FY23 might allow for a high school project of up to \$75 million without the need for another override. This again assumes 35% MSBA

reimbursement. On the other hand, if project costs at Driscoll or the high school increase, a subsequent override in 3-5 years might be needed to address the high school even with this existing capacity.

It was determined that this issue should be highlighted for the full OSC. That Tim would prepare a draft and send it to Susan. In essence, the OSC vote could look at Devotion, capacity for Driscoll, or a project of that size, and capacity for the high school, or any subset of the three projects.

The meeting adjourned.