

## **Override Study Committee – Capital Subcommittee**

Executive Summary of Findings and Implications to Date

June 19, 2014

There are two distinct facilities issues facing the Public Schools of Brookline (PSB). The first issue is the need to address aging facilities whose physical plant, functionality and dated design necessitate a capital investment to address these deficiencies and to better align the schools with current standards. For many years, this has been addressed through the Town's Capital Improvement Program (CIP), a five-year look-ahead planning process which prioritizes and schedules each school's renovation project and establishes the source of funding.

The second is the ability of the school facilities to accommodate recent and projected future enrollment growth. This growth changes the demand placed on both common core facilities (i.e. libraries and cafeterias), support staff facilities (special education, guidance, administration), and classroom spaces.

These two issues are now in competition for finite financial and administrative resources. The Capital Subcommittee has examined the underlying facts, assumptions and processes being used to both define and address these issues. A key underpinning to the Subcommittee's work is that the Devotion School project will proceed as scheduled as a 1010 student facility.

### **Population and Space Planning Facts**

We provide here some Population and Space Planning information intended to allow Town-wide discussions to proceed on a common basis:

- Assuming no changes in population drivers or classroom size policy or practice, 20 additional classrooms are needed by 2019 to accommodate population growth based on incoming kindergarten projections provided by PSB of 630 through FY18 and then decreasing to 600 in FY19. School population is definable for existing cohorts but less certain for incoming kindergarten populations.
- The proposed Lawrence project would provide 4 additional classrooms and the proposed Devotion project would provide 5 additional classrooms. Three BEEP classrooms are planned to be converted to K-8 classrooms in 2015. If the above projects and activities occur as planned, there is a remaining need for 8 classrooms.
- Anecdotally, varying degrees of suboptimal spaces exist across the system. The Committee is using 12 as a working number for planning purposes and to reflect School Committee vote. The Devotion project can address 4-5 suboptimal spaces but the rest remain unaddressed.
- In FY14 there are 6 BEEP Sections at the K-8 schools: 3 at Driscoll, 2 at Heath and 1 at Runkle. For September 2014, 2 BEEP sections will be relocated to leased space, another 1 will relocate in the following years -- resulting in 3 classrooms available to address K-8 demand (noted above). The remaining 3 rooms (1 at each Driscoll, Heath and Runkle) may or may not be available for classrooms in the future.

### **Financial Facts**

We provide here some Capital Cost information intended to allow Town-wide discussions to proceed on a common basis:

- The Lawrence Addition is anticipated to cost in the range of \$4 million. No MSBA funding is available for this project.
- The Devotion Project is anticipated to cost in the range of \$110M (with approximately \$77M borne by

the Town based on current understanding of MSBA partnership levels.)

- It is anticipated that Brookline High School (BHS) will require a significant capital investment to accommodate higher enrollments (currently expected to reach 2500 students in 2022.) A consultant is currently being selected for a facility study to be completed December 2014. The Capital Subcommittee concurs with a \$70 million placeholder for this project for planning purposes prior to the determination of need and scope.
- The capital cost for a renovated and expanded Driscoll is approximately \$54M (OSC Capital Subcommittee estimate<sup>1</sup>). Assuming MSBA funding, the town share would be approximately \$34M. Annual debt service would be \$2.4M with MSBA participation and \$3.7M for the full cost.<sup>2</sup>
- Pierce and Driscoll require renovation to complete the cycle of upgrading all of the K-8 building in the system. Based on the metrics used in B-Space, the subcommittee's cost estimate for renovating the existing Driscoll School – without expansion – is approximately \$20M. The cost of renovating Pierce is not known.
- Projected cost of a new 3 section school is \$47M (\$30M borne by the town after MSBA based on current understanding of funding levels)<sup>3</sup> plus cost of land, if applicable.
- Reducing capital costs allows more dollars for operating.

**The Capital Subcommittee offers the following observations:**

- Specific PSB policies and how they are implemented have a direct impact on the theoretical upper limit to the number of students which can be accommodated in any given number of classrooms. These policies include, but are not limited to, class size, school assignment, and the acceptance and placement of non-resident students. Therefore, forecasted demand for new classrooms can be managed in whole or part by changes to PSB procedures and policies.
- The “Expand in Place” (EIP) approach to increasing the number of K-8 classrooms offers the opportunity to address both the enrollment growth issue and that of aged facilities simultaneously. It offers the most likely and cost-effective way of adding classrooms in the short-term, absent bringing Old Lincoln School (OLS) back on-line as a permanent elementary school. It does not, however, provide on its own a solution to future potential enrollment pressures if current growth trends continue (or are underestimated) or if there is an expansion of Hancock Village.
- Successfully procuring MSBA funding continues to be a key assumption in the facilities planning process. The Subcommittee notes that, although the Town has been in discussions with MSBA regarding the Expand in Place plan, the Town of Brookline has not previously sought funding in the amount or for the scope of projects currently being contemplated. MSBA funding requirements significantly influence project timing and the physical characteristics of what is built, and directly impact Town finances for competing renovation and expansion projects.
- At the same time, “Expand in Place” creates logistical issues to be managed during construction including temporary relocation of students and teachers or managing around their presence on site. It also results in a permanent increase in the size of our K-8 schools compared with historic sizes.
- The B-SPACE process and conclusions were constrained by the requirement for new classrooms to be on-line by 2017 and by the absence of a third-party development consultant to identify opportunities on non-Town-owned properties. In addition, more is known about population pressures since B-SPACE

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<sup>1</sup> Based on renovation cost of \$275/ft and new construction cost of \$400/ft.

<sup>2</sup> Based on 25 year, level payment, @ 4.75%

<sup>3</sup> Based on new construction cost of \$400/ft.

including higher enrollments for FY15 and pressures associated with new developments. The Capital Subcommittee, therefore, encourages the hiring of a development consultant to explore potential opportunities for land acquisitions for the development of a 9<sup>th</sup> elementary school and/or other public facilities (fields, BEEPs) in both North and South Brookline to aid in near-term and long-term capital planning.

- The location of BEEP classrooms to leased space is a key component of the current facilities plan. In the near term, the flexibility offered by leased space is positive financially compared to having to build additional classrooms. However, the potential flexibility offered by leased space can be a positive or a negative attribute, depending on whether the PSB or its landlord determines the timing of a lease termination. A separate facilities planning process for the BEEP program would address its longterm space requirements.
- Numerous policy and assignment options under consideration by other subcommittees may result in classroom consolidation equal to or more than the 8 remaining classrooms identified as being required, thereby potentially enabling a deferral of the Driscoll project. If strategies are implemented that accommodate the same number of total students in fewer classrooms, investments in common space upgrades may be needed.
- As noted above, the Committee is unable to address specific capital requirements for the High School pending the outcome of the current studies, expected to be completed by the end of the year. However, the Committee does note that there are 16-20 classrooms identified by HMFH in 2014 which are currently repurposed, some of which may be available to meet the future needs.
- The ability of the Town to fund school expansion and renovation projects will continue to be constrained by: the capital required for non-school projects, the Town's bonding capacity, and the willingness of the electorate to support debt exclusion overrides. The Capital Subcommittee encourages the development of an alternative PSB facilities plan which is not dependent on the success of a debt exclusion override. This plan should include the expansion of core and support facilities independent of any increase in the number of classrooms, and also address the aged facilities issue.
- The OLS is an important Town asset. Its historical value has been its use as a temporary location for PSB or Town departments during renovation projects. In the near term it will be serving as overflow space for PSB (a de facto partial 9<sup>th</sup> elementary school). This site and the existing building should be fully evaluated in the context of a Town-wide facility plan. Such an evaluation would include both the OLS's historical sources of value to the Town; new considerations, such as its potential as a revenue source through either conversion to a Town owned leased asset or by an RFP for development proposals; and its use by the PSB for BEEP or BHS. A facility plan may identify other potential uses for this site by the Town.
- The Town of Brookline does an excellent job in developing its capital plan through the CIP process as reflected in the renewed "triple-A" designation for the Town (May 9, 2014). The Capital Subcommittee notes that in its current form, the capital plan is primarily concerned with the repair and/or replacement of the Town's real assets. The capital plan is distinct from, and should in part be a product of, a facility plan. The facility planning process is a higher level examination of the facilities required to provide all **town services** in a manner consistent with the Town's values and goals. Undertaken as soon as possible, a facility plan would address and inform, among other issues, long term thoughts about the OLS, identify parcels within the Town which may be beneficial for the Town to acquire on a long-term basis, and evaluate current facilities' suitability to the Town's long-term requirements. The Capital Subcommittee feels there is a need for the Town to develop policies and procedures for the facility

planning function on a Town wide basis inclusive of the PSB.

- The \$5.3 million that has been the basis for the OSC's discussion on the potential size of the override is based on the premise that the town will vote a debt exclusion for the Town's full share of the Devotion School project, currently estimated at \$77 million. This will provide room in the CIP for future Expand-in-Place projects including the Driscoll expansion and the High School expansion. The Capital Subcommittee notes that there is an opportunity to defer the vote on the amount of funds required for the High School until a later time when more is known about the High School project, closer to the time when the funds will be needed and closer to when the tax roll-off from the prior High School override occurs in 2020. This would reduce the current increase by \$1.3 million.
- If policy and procedure changes affecting classroom need are implemented and result in the elimination of a need for a Driscoll expansion, the amount of the debt exclusion could be reduced. The potential savings would depend on whether the policy and procedure changes reduced the total population or accommodated the same population in a fewer number of classrooms and thus required offsetting investment in common spaces and/or renovation of existing facilities. A decision not to expand Driscoll would necessitate policy and procedure changes.