

TOWN OF LAKEVILLE
Joint Board of Selectmen and Finance Committee
Meeting Minutes
March 21, 2017 – 6:30 PM

On March 21, 2017, the Board of Selectmen held a meeting at 6:30 PM at the Town Office Building in Lakeville. The meeting was called to order by Chairman Hollenbeck at 6:30 PM. Selectmen present were: Selectman Hollenbeck, Selectman Powderly and Selectman Burke. Also present were Finance Committee Members Ryan Trahan and Joseph Flemming; Rita Garbitt, Town Administrator and Christine Weston, Recording Secretary. LakeCAM was recording the meeting.

Meet with the Police Station Project Manager to discuss the new Police Station

Richard Pomroy and Taylor McDonald from Pomroy Associates and Richard LaCamera, Member of the Police Station Building Committee, were present for the discussion. Mr. Pomroy explained that they would like to give a brief update on the Police Station project and where it is headed over the next few weeks. There is a new meeting room in the Schematic Design. Mr. McDonald stated that the Town hired Pomroy Associates in October 2016. The firm put together a Request for Quotes (RFQ) for an architect. Six (6) proposals were received and Jacunski Humes, who is number one (1) in the country for Police Station designs, was chosen. Once they were on board, the Schematic Development began, and a project program was put together.

Mr. Pomroy stated that he interviewed the Police personnel about their operations, including their current needs, future needs and identifying the particular nuances for the Lakeville Police Department as compared to that in other Towns. A draft program was created, which the Building Committee reviewed, and several excellent refinements were proposed. Mr. McDonald stated that once the Schematic Design is completed, it will hit the streets. Next week the Building Committee will be shown a 75% Schematic Design estimate. The plan is to get a finished design to provide to a Cost Estimator. This will be done during various phases three (3) times before going out to bid. It is planned to have this done before Lakeville's Town Meeting in order to get idea of what the cost will be. It will still be an estimate, and contingencies will be included. The Estimator being used with this phase of the project has a lot of experience with Jacunski Humes, and he is looking at the documents and determining what will be developed within these designs. There are contingencies that have to be built in, as well as, escalation costs. The Schematic is putting the thoughts down on paper to start developing what the facility will look like. Once the design documents are completed, the architect will be given approval to go into construction document phase. It is the designer's responsibility to put together a full set of bid documents that can go out to bid.

Chairman Hollenbeck explained that the Selectmen had a discussion about trying to determine when the project is at the point where figures can be determined. The second estimate is at design development, so that will be much more comprehensive. When does it get to that point where the Board can determine a cost for the building and what the Town can tolerate? Mr. Pomroy stated that this will go to Town Meeting in the spring with an estimate of what the project will be. It will have all of the soft costs as well. Some communities will go all the way

through bidding and get a hard number for Town Meeting; others do it at the feasibility stage. Once the budget is set, there is no going back. Once the estimate is in, it will be compared with other projects that Pomroy Associates is working on and what other communities are building. Mr. McDonald said Jacunski Humes has a certain type of design and finishes. A hand out was provided of what the building could potentially look like. The cost of \$500 per square foot has been plugged in. Mr. Pomroy stated that the soft costs are more consistent from one project to another. Mr. Taylor stated that when the estimate comes in, right away areas are looked for where money can be saved without sacrificing the building. It is important to find a way to get within the number that the Town is comfortable with.

Mr. Trahan asked at what point is the value engineering being done. Mr. Pomroy explained that it is done at design development. It is too early to start looking at that now. There will be some internal estimates being done as the design is being developed. Different materials will be looked at, and the Building Committee will be asked about them. They will be provided with the pros and cons, and they will make the decisions. Mr. LaCamera explained that connecting to Taunton water is being looked at. Based on the size of the building, it will require fire protection. There are two (2) alternatives to bring water to the building: from the back of the ball field or right up Route 18. An engineer is putting together both proposals to present to the Building Committee. Mr. McDonald explained that as far as the schedule is concerned, the Schematic Design should be ready to put out for an estimate in mid-April. That does not throw off the schedule to bring this to the anticipated Town Meeting date. It is intended to put together a forum in May for the public to answer any questions. The website will be kept updated with any new material from the Building Committee meetings, etc., so that people can follow it when it does go to the ballot.

Selectman Powderly said that the Owner's Development cost should be filled in when a presentation is provided to the public. If you are able to break ground earlier, the Town would save more with the construction costs and then the hard cost of 10%. If there are over \$1 million in contingencies (\$1.375 million), is there a potential for savings by either speeding the process up or not spending the construction contingencies. Is it typical that it is always consumed or could it be less? Mr. Pomroy stated that they don't like to see it consumed. Selectman Powderly stated that the construction escalation is \$273,000, and with other things, it brings the contingency amount to \$1,375,000. Mr. Pomroy explained that it is broken down. At this stage of the project, it is good to have a 10% contingency. As the project and the budget are developed, it is hoped that the contingency can come down to 5%. There should soon be enough information and the factors known to make that educated decision. Selectman Powderly asked if the Board will know what the contingency is used for. Mr. McDonald responded yes. Basically, it is used for project changes that either the Owner requested, something unforeseen, or a design change, if something was missed. It is all tracked and in categories. The plan is not to use any, so that money can be given back at the end of the job. Mr. Pomroy stated that with the bidding and scheduling, it is hoped to get that process done before the holidays. If it is during the holidays, then it gets spread out.

Selectman Powderly asked about the contractors that typically bid on their projects. Mr. Pomroy responded that they have a small group of contractors that continue to pop up with their projects, which they are excited about. Mr. Flemming stated that receiving the progress reports

and information along the way is key. Mr. Pomroy stated that they are envisioning a power point presentation with the history of the project, where it was, where it has progressed over the past six (6) months, what has been accomplished and where it is headed. Then information will proceed into a budget, and depending on what the Board would like to see, it could be a simple compressed budget, or the full detail. It is anticipated that breaking ground will take place early 2018.

Chairman Hollenbeck stated that part of this is figuring out how to finance the project. For every \$1 million the Town borrows, it is \$400,000 in interest, which is 40% of the cost capital. That is huge. Maybe at the forum, the Board may want the presentation on the financial aspect coming from and being presented by the Board. There will be a need to go the debt exclusion route at least for a portion of it. Mr. McDonald stated that the most critical part is for the public knowing how much it will cost. The public already knows that a new Police Station is needed.

A few scenarios of 20 and 25 year bonds (dated 3-17-17) were then reviewed. Chairman Hollenbeck explained that there is some settlement money, funds from the sale of the Howland Road property, etc. She stated that she is looking at possibly 20 years, not more than that, since that cost would be astronomical.

Selectman Powderly stated that where the money comes from is one (1) scenario. The taxpayer should know what the cost of the Police Station is. The taxpayers should know what the impact will be on the average Lakeville house. Chairman Hollenbeck stated that she would like to see a 15 year bond schedule also. The Board can even go ten (10) years with a Bond Anticipation Note (BAN). Ms. Garbitt explained that the Board could start out with a BAN to borrow when the money is needed, then go out for the bond at the end. Chairman Hollenbeck stated that there is an estimate of \$7.6 million, and \$700,000 has been set aside for design and architect phases. There is also the betterment fund to use for the water connection. Ms. Garbitt noted that the water line is not in the figures, so that would be on top of the amount. Chairman Hollenbeck stated that the Board is then looking at \$7 million max, out of pocket. In 2024, there is debt dropping off the Debt Schedule.

Selectman Powderly stated that the Debt Schedule practically goes away with exempt debt in 2024. However, it is usually replaced with something else. Mr. Trahan mentioned that there is the \$300,000 for the present Police Station roof. Selectman Powderly stated that the Board can either focus on the \$6 million or the \$7 million and hope for the project to be \$6 million. Chairman Hollenbeck stated that the Board can do a short term BAN for a portion of it. Then \$110,000 can be taken from the operating budget each year. She noted that the \$400,000 differential per million is really costing more at the end for what the Board is trying to save. Selectman Burke stated that we should try and be lean for a while. Chairman Hollenbeck stated that the Board should keep in mind the 40% borrowing cost for every million borrowed. So, maybe the 15 year bond might be a good option, and to see if maybe a portion can be transferred from Stabilization, as the Town is losing interest with it anyway.

Selectman Burke stated that it depends on the type of borrowing. If the Town over pays when it can afford to, that would help knock off a lot of interest. Selectman Powderly stated that the taxpayers will be curious about how much their tax bill is going up. Ms. Garbitt mentioned

that the Assessors' Building and the present Police Station will be sold. Chairman Hollenbeck explained that the option will be that maybe the Board does want to go out for a Debt Exclusion on the full \$7 Million. It depends on the priorities that the Townspeople want to see. A 15 year schedule will be provided, and Ms. Garbitt will ask about the cost per year to an average home. Ms. Garbitt mentioned that there will be a premium when the Town goes out to bond. With the Modernization Act, the premium has to be applied to the debt. Before it could be appropriated to pay the debt, now it has to. Chairman Hollenbeck stated that when the Board decides what to do and the ballot is done for the Debt Exclusion, the maximum amount will be put out there. Ms. Garbitt explained that the amount does not have to be listed on the ballot; however, the Board should educate the people on the approximate amount. The amount will need to be stated at the Town Meeting. Ms. Garbitt asked if she should ask for new debt schedules for \$5 and \$6 Million. Chairman Hollenbeck said yes.

Ms. Garbitt stated that the Board had voted to hold a Debt Exclusion Election on Saturday, June 3, 2017 at the Ted Williams Camp. However, there is a wedding taking place, and the only Saturday available is in August. Chairman Hollenbeck suggested asking the Town Clerk about having the Election held at the Assawompset School. Selectman Powderly stated that the Cafeteria could be used, since it is handicapped accessible and it is big enough. Ms. Garbitt stated that she will ask the Town Clerk.

Mr. LaCamera stated that the \$7.6 Million does not include the water line, which will probably be another \$300,000. Chairman Hollenbeck noted that there are betterment funds of approximately \$258,000 to use towards this. Mr. LaCamera stated that the Building Committee will make sure that the quality of the building is the best that can be built, since we want it to last a long time. For people to think that they can get \$500,000 out of the budget, doesn't seem likely to happen. The contingency right now is in the 3%-5% range, besides the regular 5%. It doesn't seem realistic that \$1.3 Million can be taken out of that project. Chairman Hollenbeck explained that the Board is not questioning that in any way shape or form. We wanted to make sure that the figures fit in with the best needs of the Town. Knowing that there is money in Debt Service Stabilization and items are being put through the operating budget. Ms. Garbitt stated that there is \$712,000 in Debt Stabilization. Selectman Powderly suggested a \$7 Million bond without taking from any accounts. Mr. LaCamera stated that the difference that it will cost the average taxpayer for either a \$6 Million or \$7 Million Debt Exclusion is very small. Chairman Hollenbeck noted that the Board has to consider OPEB, Pavement Management, School Funding, Long Term Projects, etc. on the forefront of the Town's finances.

Mr. LaCamera mentioned that Assawompset is another issue. This is the first Capital Project in 10-11 years that the Town is borrowing money for. Everyone knows about the status of the current Police Station, and there is support for this project since it needs to be done. Selectman Burke explained that it is not the intention of the Board, or the Building Committee, to cut corners, but to make sure that it is appropriately designed. Listening to the process, we heard that they followed a plan to design the building for what the Police personnel need. The cost is the cost due to the process. This all started as a \$300,000 fix the roof project. Selectman Powderly stated that he certainly wants to tell the taxpayers the amount that is being borrowed. Additional information may become confusing.

Discuss Re-scheduling the Election for the Police Station Ballot Question

This item was discussed briefly with the above topic.

Discuss FY18 Regional School Assessment

Fred Baker, Director of Business, and Sherrill Barron, F/L Regional School Committee Member, were present for the discussion. Chairman Hollenbeck provided handouts on the new assessments for FY18 and the four (4) scenarios being proposed for the School Budget, dated February 21, 2017. It was noted that Mr. Trahan and Mr. Flemming have not been at the meetings for the School Regional Finance Committee. The scenarios were then reviewed: Scenario 1 – no change to current school budget Lakeville \$904,019 – Freetown \$897,662; 2. Scenario 2 \$1,500,000 reduction to school budget Lakeville \$52,333 – Freetown \$249,348; 3. Scenario 3 \$1,000,000 reduction to school budget Lakeville \$336,229 – Freetown \$465,452; and 4. Scenario 4 \$500,000 reduction to school budget Lakeville \$620,124 – Freetown \$681.557

Chairman Hollenbeck explained that the Town receives an assessment from the Schools, and then in January, the State comes out with budget numbers. The present assessment is from the School Committee based on their budget. Then, the Board looks at what the Town can afford; it is not what the Schools say they want. The Board knows that the Town will be getting the 2.5% increase every year to operate all Town Budgets. It now needs to be discussed about what the Board and the Finance Committee want to fund for the School Budget. The scenarios include Transportation and Debt.

Selectman Powderly stated that he agreed with Scenario 3: \$336,229 from Lakeville, which is a 2.85% increase. Chairman Hollenbeck stated that the Board does not dictate what the Schools do with the money it receives from the Town. The Board is simply looking at what the Town can afford for the Schools. Discussion then took place regarding the various scenarios and other options, and how Lakeville also needs to consider Freetown when it makes this decision. Chairman Hollenbeck explained that basically the Selectmen have increased the base for the Schools, since a bit more was received in Estimated Receipts. Lakeville gave 5% last year. Selectman Powderly noted that if Freetown does not want to do that amount and wants to go lower, he has no problem with that and will go lower as well. Selectman Burke explained that the Board does this through determining a balance between the needs of the Schools and those of the Town, such as the condition of the roads. This number is reasonable, but there is always the Freetown component.

Mr. Baker stated that the reason to provide an increase is to increase the level of the Schools doing better. The budget being presented is an attempt to stay the same. That has been his experience over the past four (4) years. With Special Education, there is a significant increase; seven (7) students have come in. It really isn't business as usual. This year, with the exception of adding one (1) Librarian, it is not a move forward; it is staying the same. Chairman Hollenbeck stated that the Selectmen are looking at what the Town can afford and if the Schools want to propose an override, they can come before the Board and present it. The Selectmen do not get involved in the details anymore. That is the job of the School Committee, to look at the budget and the areas that they need to focus on. Mr. Baker stated that he is not suggesting an

override, but wants to say that this year is significantly different than the last three (3). The Schools are actually reducing some things and some staff. Selectman Burke stated that eventually an override may be necessary to provide the services that the School Department wants to provide. Mr. Baker stated that is not a discussion for this year. Selectman Burke noted that the last override was four (4) years ago. If people of Town want to fund it, then that is where it goes. He would rather see the restructuring of the costs. If an override will only sustain the Schools for six (6) years or so, then the Schools need a reset.

Chairman Hollenbeck stated that the Board cannot come up with \$1 Million for the Schools. It is unsustainable; it would be pulling from other accounts. The amount being presented is what is available in the current budget. Selectman Burke stated that the School Department and School Committee delivers a quality service to the community and does a good job despite the budgetary restrictions. Mr. Baker explained that he has done the financials for a private school and private college and it is easier since you control the enrollment and tuition rate. With the State, it is not known how many kids will show up, what problems they may or may not have, and what the State will do. It is difficult trying to look five (5) years out with any degree of accuracy. Selectman Burke stated that he is happy to push forward Scenario 3. It is anticipated that there may be some pushback with Freetown, and the Board will work with that. It is a hard choice knowing that it may decrease some of the quality of services from the Schools.

Ms. Barron stated that the amount being proposed is decreasing the quality of education to individuals who will grow up and be sitting here one day. Chairman Hollenbeck stated that some of those issues can be discussed at the Regional Finance Committee Meeting. It is hoped that the School Committee can tackle those. Mr. Baker explained that the main driver of the budget is class size, along with mandated services. The third thing is a desire to make the School Department better, not just continue to exist. Ms. Barron explained that the worries are from the fact that the Schools were at Level 1 a few years ago, and now have dropped to Level 2. Class sizes have been lowered and things have been tightened up. Having this \$1 million cut is scary, since it may mean that the School drops to a Level 3 as it will lose staff and increase class size, which jeopardizes the status with the State. Selectman Burke stated that there are things that can be controlled like contract negotiations, the cost of the staff, but everything is way more money than one would think. That is a reality to face. Selectman Powderly stated that he shares the vision that what the Board gives to the Town Departments should be given to the Schools. Restructuring may be needed, but not to the detriment of the Schools. Selectman Burke stated that the Town is not unique; all Towns are dealing with this, so maybe there is a State solution. Selectman Powderly stated that the \$900,000 of steps, levels and raises is something that can be controlled. He added that he wouldn't support an override, until he sees a cost structure of improving classes. Ms. Barron stated that a lot of research has been done regarding the Teacher's salaries, and they are not high. As far as the High School classes, it is a Level 1 School with its offerings; the dropout rate is the lowest it has been in forever. By dropping some of the classes and letting go some teachers, the same results will not happen. What is done benefits every household. When someone buys a home their decision usually hinges on how good the Schools are in the Town.

Mr. Flemming stated that the Selectmen make valid points on the points. It is important to keep the lines of communication going, since both Committees can help each other. The Finance

Committee is trying to make decisions based on limited resources. Ms. Garbitt told Mr. Baker that the non-excluded debt needs to be broken out of the information. Mr. Baker stated that he has that information and will put it on the assessment sheet for Ms. Garbitt. Ms. Garbitt stated that she needs it for the Assessors.

Selectman Powderly asked if the Board should vote this evening or wait until after the elections. Chairman Hollenbeck noted that the Regional Finance Committee meeting is next Tuesday. Usually a letter is sent to the School District. The proposed scenario can be fine-tuned to agree with that of Mr. Baker's, and it will be ready for the Regional Finance Committee meeting next week. The Board can vote if they want. It was the consensus of the Board to hold off on voting until after Town Elections. Mr. Baker stated that he and Ms. Barron will report to the School Committee that Scenario #3 is the inclination at this point. Ms. Garbitt mentioned that the Economic Development Committee has a meeting scheduled next Monday, so maybe the Board can have a quick meeting at 6:00 PM. Chairman Hollenbeck suggested having the Board meet at 7:30 PM to reorganize and have discussions on the topic. It would be beneficial to meet with the new people who are elected in Freetown. Mr. Baker stated that though the School Committee has voted, the figures have until April 30th to be submitted. Ms. Garbitt indicated that she can call Freetown's Town Administrator and find out if their Board is having a meeting on April 10th. The Community Development Committee will be meeting on April 10th. Maybe that meeting will have to be rescheduled if the Board meets with the Freetown Board on April 10th.

It was noted that the next meeting with the Finance Committee has been scheduled for Tuesday, April 4th at 7:30 after the Economic Development Committee Meeting.

New Business

There was no new business presented for discussion.

Old Business

There was no old business presented for discussion.

Any other business that may properly come before the meeting

There was no other business presented for discussion.

Adjournment

Upon a motion made by Selectman Burke; seconded by Selectman Powderly it was:

VOTED: To adjourn the Selectmen's Meeting at 8:55 PM.
Unanimous in favor.