

Jul 14 2021 12:02 pm



**City of Fitchburg
Massachusetts 01420**

CITY COUNCIL

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Anthony M. Zarrella

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Ward 2 – Paul R. Beauchemin
Ward 3 – Andrew J. Couture
Ward 4 – Andrew J. Van Hazinga
Ward 5 – Marisa R. Fleming
Ward 6 – Elizabeth R. Walsh**

Finance Committee

A meeting of the Finance Committee was called to order by Chairman DiNatale on Tuesday, July 13, 2021 at 6:08 PM in the Legislative Building, 700 Main Street, Fitchburg, MA.

Committee Members present: Councilors Paul Beauchemin, Marcus DiNatale, Elizabeth Walsh, and Anthony Zarrella. Councilor Thomas Hughes arrived late.

Committee Members absent: None.

The chairman read an announcement regarding the recording of public meetings, noting that FATV was recording and broadcasting the meeting. No other person stated that they were recording the meeting.

The chairman opened the meeting for public comment.

Ms. Debra Jeffries, 40 Old Deerfield Road, Fitchburg spoke. She said that she has been at Crocker School for 34 years and that the school has had to overcome a lot of obstacles in the past four years. She sees the new building as a stepping stone for Fitchburg Public Schools and for the City of Fitchburg in its revitalization. The building will help students compete as they work through their education. She has participated in the planning for the building and said that the design has come from stakeholders in the community and those who know education. She asked that the loan order be approved.

No other person spoke.

Councilor Hughes joined the meeting.

143-21 LOAN ORDER: that the City of Fitchburg appropriate the amount of Sixty-five Million, Fifty Thousand Dollars (\$65,050,000.00) for the purpose of paying costs of MSBA Core Project to construct a new Crocker Elementary School with a grade configuration of 1 to 5, located at 200 Bigelow Road, Fitchburg, including the payment of all costs incidental or related thereto (the "Project"), as outlined in the enclosed order.

Discussion: School Superintendent Robert Jokela, Diana Nicklaus from SAAM Architecture, Ken Guyette from Colliers Project Leaders, and City Auditor Calvin Brooks were present to explain the project and its costs.

Below are the links to the presentation:

<https://www.fitchburgma.gov/DocumentCenter/View/8193/CrockerProjectFinComPresentationFPSSupt71321>

<https://www.fitchburgma.gov/DocumentCenter/View/8194/FPSCrockerElementarySignedForm3011July62021>

Mr. Jokela started by saying this opportunity is once in a generation, with the last new Fitchburg public school being the high school built in 2000. The new Crocker Elementary School is an investment in education involving many members of the community and is part of the city's revitalization. He indicated that Fitchburg Public Schools have been preparing for a redistricting and grade realignment in September, 2022.

Ms. Nicklaus showed topographical layout, floorplans, and classroom renderings for the new school. She stated that the old building will remain in place during construction, with the exception of the rear portico. The new two story building will be organized with a series of learning communities. The gym, cafeteria, and office can be separated from the rest of the building to allow for events. Classrooms will have biophilic themes and access to natural light. There will be extended learning areas to support and extend the classroom work.

Mr. Guyette explained the MSBA reimbursement. The rate is determined by several factors and is capped at 80%. The city was granted an 80% reimbursement rate on eligible costs. The MSBA Form 3011 is the basis for the project funding agreement and is amended only once, and that is when the final construction bids are in. Mr. Guyette then explained what costs may be ineligible for reimbursement. The Crocker Project is affected by the \$360 per square foot reimbursement limit on construction costs. It is also affected by a change in how much of the contingency costs the MSBA is willing to accept. Effectively the reimbursement rate after accounting for ineligible costs is 65.9% rather than 80%. The city's share is about \$22.1 million. He expects the design process to continue through 2022 and the project should be complete in January, 2025.

Mr. Brooks next explained the impact this loan order will have on the city's debt service through FY2047. Currently the city has budgeted debt service and budgeted capital spending totaling \$3,226,485 in FY2022. The New Crocker School Project will add \$22.5 million in debt with interest payments starting in FY2023 and principal payments starting in FY2026. The Wallace Library is also slated for major capital improvement. The mayor had originally committed \$6 million to the project. However, there is still a funding gap, and if the project and corresponding grant were to fall through, the city would still have to undertake a major rehab project at an estimated cost of \$12 million. These two projects will increase the debt service line to a projected \$4,565,444, or an increase of about \$1.3 million over six years. This increase can be done in a way similar to the funding for the City Hall Project, that is, gradually increasing

debt service by about \$225,000 per year. Any amount in excess of actual debt service would be held as a reserve for capital spending.

Councilors asked about the \$5 million in contingency costs and were told that if the money is not spent, then the effective rate of reimbursement from MSBA will go up. They felt that the debt service projection was a "worst case" scenario and were comfortable with the idea that the project is affordable. They asked if the MSBA dictates the terms of the project and were told that if the city wants the funding, it has to follow the dictates from MSBA or risk losing that funding to another community. For example, the city can't change the project from Crocker School to Longsjö School.

Councilors generally expressed support for the project. They thanked the superintendent for his support and the groups that have worked to develop this project.

Councilor Beauchemin did note that this project will still cost a lot of money and was unhappy that the old building was being torn down, especially after having spent a lot of money to repair it after the water damage. He was told that the building needed to be fixed, because it is and will be used by students for about six years. A lot of the cost was covered by insurance. Mr. Jokela also stated that the old building is beyond its useful life.

Councilors noted that funding for the project is a combination of grant and city funds, so can't be used for other purposes, such as roads. It is being invested in the children for the next fifty years and is an improvement over the "band-aid" work that the city has been forced to live with.

Action: Motion to approve made by Councilor Hughes and second by Councilor Zarrella.
Motion adopted. (5-0) Roll call vote.

Motion to adjourn made by Councilor Zarrella second by Councilor Walsh.
Motion adopted. (5-0)

The meeting adjourned at 7:13 PM.

Respectfully submitted,



Calvin D. Brooks, Clerk

**City of Fitchburg
Debt Service Projection - Revised
Crocker School \$22.5 million - Library Renovations \$12.0 million**

Fiscal Year	Original Debt Service	MSBA Reimburs.	Current Net Debt Service	\$900K Parking Garage	\$615K Airport Renovations	\$15 Million New City Hall	\$200K Crocker Feasibility	\$765K Airport Runway	Current Debt Service	\$22.5 M Crocker School	\$12 M Library Repairs	Projected Debt Service	Budgeted Capital Spending	Projected Budget Impact	Change
2018	4,236,345	(1,924,946)	2,311,399	27,000	15,000				2,353,399			2,353,399		2,353,399	
2019	4,174,060	(1,924,946)	2,249,114	27,000	15,000	BAN \$10 M			2,291,114			2,291,114	350,000	2,641,114	287,715
2020	704,900		704,900	117,752	80,725	300,000			1,203,377			1,203,377	1,720,000	2,923,377	282,263
2021	676,300		676,300	114,750	77,750	1,174,637			2,043,437			2,043,437	1,122,038	3,165,475	242,098
2022	248,950		248,950	110,750	70,000	1,144,794	539,763	168,942	2,359,085	BAN \$10.0 M		2,359,085	867,400	3,226,485	61,010
2023	236,900		236,900	106,750	67,500	1,110,794	554,950	167,500	2,310,394	300,000		2,610,394	850,000	3,460,394	233,909
2024				102,750	65,000	1,076,794	537,700	160,500	2,005,744	675,000		2,680,744	850,000	3,705,744	245,350
2025				93,750	62,500	1,042,794	520,450	148,500	1,867,994	675,000	BAN \$12 M	2,542,994	1,400,000	3,942,994	237,250
2026				90,000	60,000	1,008,794	503,200	141,750	1,803,744	2,025,000	360,000	4,188,744		4,188,744	245,750
2027				86,250	57,500	974,794	485,950		1,604,494	1,980,000	360,000	3,944,494	425,000	4,369,494	180,750
2028				82,500	55,000	940,794	472,150		1,550,444	1,935,000	1,080,000	4,565,444		4,565,444	195,950
2029				78,750	52,500	906,794	458,350		1,496,394	1,890,000	1,056,000	4,442,394		4,565,444	
2030						872,794	444,550		1,317,344	1,800,000	1,032,000	4,194,344		4,565,444	
2031						833,794	430,750		1,264,544	1,755,000	1,008,000	4,072,544		4,565,444	
2032						813,544	420,400		1,233,944	1,710,000	984,000	4,072,944		4,565,444	
2033						793,294	410,050		1,203,344	1,665,000	936,000	3,972,944		4,565,444	
2034						779,794	399,700		1,179,494	1,620,000	912,000	3,873,444		4,565,444	
2035						766,294	392,800		1,159,094	1,575,000	888,000	3,691,094		4,565,444	
2036						751,950	385,900		1,137,850	1,530,000	864,000	3,505,438		4,565,444	
2037						737,438	374,000		1,111,438	1,485,000	840,000	3,414,788		4,565,444	
2038						722,588	367,200		1,089,788	1,440,000	816,000	3,323,463		4,565,444	
2039						707,063	360,400		1,067,463	1,395,000	792,000	3,231,800		4,565,444	
2040						691,200	353,600		1,044,800	1,350,000	768,000	2,464,800		4,565,444	
2041							346,800		346,800	1,305,000	744,000	2,049,000		4,565,444	
2042										1,260,000	720,000	1,980,000		4,565,444	
2043										1,215,000	696,000	1,911,000		4,565,444	
2044										1,170,000	672,000	1,842,000		4,565,444	
2045											648,000	1,842,000		4,565,444	
2046											624,000	1,842,000		4,565,444	
2047											624,000	1,842,000		4,565,444	
2048											624,000	1,842,000		4,565,444	
2049											624,000	1,842,000		4,565,444	
2050											624,000	1,842,000		4,565,444	

This projection assumes that the full amount of the Crocker School Project will be borrowed. It also assumes that if the Library Renovation Project is not undertaken, then the city will have to spend \$12 million in rehab costs for the current building. The city will have to increase its appropriation for debt service in FY2026 and in FY2028, as the Crocker School Project and the Library Project are bonded, but that increase can be done incrementally over the next five years using budgeted capital spending.