

MHT Building Facts**1. What are the current specs of the school building?**

MHT was built in 1952 and expanded in 1994. In the early 2000's, a classroom was added to the front, privately funded by a local family in town, but no systems were updated. The current footprint of the school is 8,276 SF. There are 4 classrooms, a multipurpose room, a kitchen, an admin office, a principal's office, a conference room, a special ed office, a copy room, and a science storage room.

2. What is the current classroom and grade configuration? Enrollment?

There are currently 40 students enrolled in the 2014-2015 year. The grades are combined into K-1-2, 3-4, and 5-6. The K-1-2 grades share two classrooms.

Building Committee Process**3. Who is on the building committee?**

The building committee is comprised of school board members, members of the community, and two school district administrators (non voting).

- Richard White, Chairman, community member
- Rod MacDonald, School Board
- Rodney Rowland, School Board
- Rich Landry, Architect and MHT Parent
- Jane Lannon, School District Treasurer and MHT Parent
- Clint Springer, Community Member
- Lynn Zacharias, School Principal
- Jim Katkin, SAU Business Administrator

4. Under what authority does the building committee act?

The building committee was convened by and operates as an appointed special committee of the school board.

5. Is there anything I can do to help the committee with its work?

Yes! We need volunteers to help with building tours during our informational sessions, to help run-off and pass out handouts - but most of all we need volunteers to become well informed about the projects scope and goals and explain to friends and neighbors why it is needed.

6. How do I find out about the building committee meeting times and agendas?

The SAU website posts all school board and building committee meetings. Go to: <http://sau50.org/mht> to see the latest agendas, minutes, and announcements. There are also notices posted on the front door of the school and the sandwich board in front of the school.

You can also email April Fox, Afox@sau50.org to be added to an email notice list for all meetings, agendas, minutes, and documents.

7. Are the building committee meetings public and can I comment?

The meetings are open to the public. They are working sessions for the members of the building committee. At the chair’s discretion, public comments will be invited, typically at the end of the work session. The committee does not meet outside of these public meetings, so it is important that they have enough time to discuss their agenda before the public comments.

Project Voter Approval

8. What is the March 10 vote?

The school operating budget is approved each year at the New Castle Annual School District Meeting. By state law, this meeting is held in March, typically the second Tuesday in March. This year it is March 10. The School Board presents a proposed budget to the New Castle Budget Committee in January. This budget is then presented and voted on by those present at the Annual School District Meeting. The operating budget requires a simple 50% majority to pass.

This year, with the building project, there is another warrant article that will be prepared that would fund the building renovation project. This is separately voted on at the same Annual School District Meeting. In order for this to pass, 2/3 of the voters present at the meeting need to vote in favor of the warrant article.

If the construction project should not pass, the School Board has prepared a “back up” warrant article that provides additional funding to the building committee for further exploration of alternative building plans. This article would require 50% majority to pass.

9. Why is the vote in March and why can’t it be in May?

Per state law, the Annual School District Meeting must be held in March.

Quoting from the document RSA 197:1 Annual. – A meeting of every school district shall be held annually between March 1 and March 25, inclusive, or in accordance with RSA 40:13 if that provision is adopted in the district, for raising and appropriating money for the support of schools for the fiscal year beginning the next July 1, for the transaction of other district business and, in those districts not electing their district officers at town meeting, for the choice of district officers.

10. Why can’t I send in an absentee ballot for the March 10 meeting?

Because any person can make a motion on the floor to increase or decrease the warrant article by 10%, the final amount to be voted on isn’t necessarily known ahead of time, and therefore no absentee ballots are allowed.

**Indicates new question added since last handout. Q&A is subject to revision as new information is available.*

Project Background

11. What are the goals of the project?

Overall, the goal for the building renovation is to maintain the quality of education and update a 1952 building for today's educational goals. These include:

- Create Accessible Building
- Ensure every child the right to a safe, controlled environment
- Achieve goals established by the NH Department of Education and the Federal Department of Education
- Ensure every parent a private opportunity with teachers
- Improve Energy Efficiency for a Sustainable Future
- Upgrade Safety and Building for Code Compliance

12. What are the deficiencies of the school? What is required by the DOE or Federal Law?

Since the last addition to the school in 1994, many Federal and State laws and regulations have changed. In 2011, the school board and MHT administration undertook a review of the building to identify the deficits relative to today's regulations and requirements. Principally, the list of changes required included:

- 1) Making the building and bathrooms ADA compliant (a Federal Law)
- 2) Updating the HVAC system (replace a 30 year old boiler and meet current NH Building Code requirements on fresh air quality)
- 3) Add a special ed (SPED) classroom (NH DOE Requirement)
- 4) Add a guidance office (NH DOE Requirement)
- 5) Add a teacher work room (NH DOE Requirement)
- 6) Add a nurse's station (NH DOE Requirement)
- 7) Add school lunch program (With any renovation, we have been told by the DOE we need to add this)
- 8) There are also a few building wide updates including replacing lighting (they don't make bulbs for our fixtures anymore), adding sprinkler system, and replacing windows with more energy efficient and secure ones.

13. What have past building committees come up with? What was wrong with those plans?

In 2007, the building committee at that time came up with a plan that they felt would cost between \$350,000 - \$550,000. When estimates were sought, the figures came in excess to \$800k, not including bond interest. At that time the building committee recommended to the board not to proceed with said plan and instead allow the committee to continue to look at alternative plans that might lower the project cost. The committee was, like the schoolboard, working under the assumption that state school building aid would pick up 30% of project cost.

The following year the state put what was at the time deemed a "temporary suspension" on school building aid and would fund only bond obligations already in existence. Again, this was "billed" as a temporary suspension. The New Castle school board, along with many others in the state, inquired as to whether they would be allowed to apply for building aid, when it came back "on line" if they started planned projects at that time. The answer handed down from Concord was clearly "NO". Any school district that entered into a project during the suspension WOULD NOT be eligible for state building aid when such aid resumed. Obviously, neither the New Castle school board nor the building committee wanted to move forward with the potential of losing 30% funding for the project. With very little funding,

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Please visit www.sau50.org/mht for the latest updates.

a building committee stayed in place to go back, reexamine building deficiencies that needed to be addressed and state standards where MHT was not in compliance.

After 3 years of building aid suspension, the state announced new “guidelines” for building aid which basically left New Castle “out of the equation.” In fact the “new” level of funding did very little beyond providing the money for those bond obligations incurred prior to the original aid suspension date. As of late 2012, the school board became aware there would be no chance of any state aid being available for a decade or more (if ever). At that point the building committee was told to move forward and have a plan ready for 2013.

14. Why does this renovation need to be done now?

There have been 3 different building committees since 2006 that have been working on a set of updates to the existing school. The previous two committees were not successful, although for reasons noted above these plans never went to a vote. After 8 years of trying, research, examining potential plans, and finally getting a clear message from Concord as to the “status” of building aid, the school board decided that it was time to include the school in the town’s capital improvement schedule for a vote in March of 2014. However, after consultation with several town committees, the board reluctantly agreed (after citing concerns about rising construction costs and possibly losing a very favorable bond rate) to delay placing a plan before the voters in 2014 and instead decided to target a vote in March of 2015.

15. Why do you have to add a hot lunch program?

We are the only school in the state of NH that does not offer a hot lunch program. We have been granted a waiver for this state requirement in the past, but have been told by the NH DOE that with any renovation to our building, we need to comply with this requirement and add a hot lunch program.

16. What are the ongoing costs of running a hot lunch program?

The costs for the hot lunch program include the cost of the cooking staff and purchasing of food. Most of the food costs will be reimbursed either through the Federal Hot Lunch Program or through the revenue generated by student lunch sales. The net operating cost, not allowing for first time set up costs, will be roughly \$18k.

17. What other options have you considered meeting the hot lunch requirement?

Two years ago, a board appointed committee looked into possible options for a lunch program. MHT asked both the Portsmouth and Rye school districts if they would satellite meals to our school. Both schools refused citing they did not want the additional state and federal paperwork responsibility that would come with providing food services to another district. The committee is exploring an outsourced vendor option through a food service company, but this may well prove more costly than just having our own cook/server in place. (Newington runs a very successful one person “kitchen operation” for its program).

18. What is the cost of the equipment to update the kitchen?

The cost of updating the kitchen is roughly \$40,000 in new equipment, including oven, range, warmers, sinks, dishwasher, refrigerator, freezer, racks, and a hood. This equipment is necessary to meet DOE specifications.

School Board Options

19. What about closing the school?

The Board believes that MHT is a uniquely valuable part of what makes New Castle a special place to live. The school provides a youthful dimension of energy, enthusiasm, and curiosity. It attracts young families, many of whom contribute creativity and vigor to our volunteer community long after their kids have graduated from MHT. A good school in New Castle protects property values for all. It is an important community institution to be cared for.

New Castle's school ensures local control, and direct parental support and participation in elementary education's formative years. It enables multi-generational connections with our own school. The school is just as much part of what makes New Castle its own municipality as the fire station, police department, town hall or the library.

20. What about moving the 6th grade to Rye?

This is really a separate issue from the construction renovation project. Removing grade 6 from MHT would not affect a plan to address the needed improvements for the school. These needs are not grade or enrollment based. They are building based – heating, cooling, lighting, and insulating along with requirements for ADA compliance, the nurse, special ed, teacher-parent privacy, and the kitchen.

The board is also of the opinion shifting any grade to another venue should be an educational decision not a “will this help us avoid costs for building improvement decision.” Moving grade 6 out of MHT is first and foremost an education decision – what will best serve the majority of New Castle 6th graders in the future? National studies and experts report mixed views. A clear majority of current MHT parents favor continuation of 6th grade in the school. The question does warrant further study of educational and social advantages and disadvantages to be considered by the Board and the Administration. Financial implications for one approach or another should also be taken into account.

The other issue we have heard from both concerned elementary school parents and other community members is that every time we experience a marked increase in the number of tuition students attending the Middle or High School it seems increased pressure is brought to bear to reduce or “hold the line” on the elementary school budget to compensate. What this means in fact is that you are pressured to hold back or take away from your own school to meet the cost obligations you have to one outside your district. If we put another grade in the “tuitioned out” category this would only increase the pressure on the elementary budget. It should also be kept in mind that we, the New Castle community, do not set the tuition rate paid to other districts. Any district we send or might send students to sets a per pupil rate for tuition, sends us a bill, and we just have to pay it – no discussion, no negotiation, no vote – it becomes a fixed cost. And it also represents a forever decision.

Building Committee Process and Approach**21. What funding did this building committee have?**

The building committee initially had \$25,000 to spend towards the planning of this renovation project. The committee engaged PROCON for a drawing and a few meetings to take the committee to the March 2015 vote for a sum of \$14,700. The committee commissioned a geotechnical study to determine the best locations for any construction, given the ledge around the current building, for a sum of \$5,700. The committee also hired a fire protection engineer, to help gain approval of a fire protection system, since this is a long lead time item for a sum of \$2,500.

In November 2014, it was determined that the New Castle school tuition account had a surplus (after paying second semester tuitions) such that the building committee could now access additional funding for further studies. In December 2014, the school board, along with the New Castle Budget Committee, approved this additional expenditure of up to \$20,000 for further planning.

22. How did you decide to engage Pro Con?

In the summer of 2010, four firms were asked to submit qualifications for design build, including Ricci Construction, Whitcher Construction, Horne Construction & PROCON. PROCON was selected based upon their presentation and they would provide preliminary drawings and a budget based on the 2010 needs at no cost. PROCON was the design-build contractor that completed the 1994 addition with cost coming in significantly below the initial estimates of an independent architect. In addition, PROCON gave the building committee several gratis designs in 2008-2009 before planning was halted due to the suspension of state building aid. There was also a general consensus PROCON was more familiar with the existing building than any other contractor.

23. What options for design and construction did you consider?

The options considered by the building committee included a) design build b) architect and general contractor. Design Build means that the firm you select for the design is also the firm that you are going to use for the build. Another approach would be to hire an architect to develop a full set of construction documents and then bid the job out to a general contractor. In either case, the contractor will bid out all subcontracted work (framing, concrete, masonry, etc). The building committee will review bids from all subs and select the sub for each section of the job.

24. Why did you elect a design/build process?

The design build method of construction was selected based on cost and saving of time. The time saving issue is based on the fact the project would receive approval in mid-March and be looking to go to construction in mid-June to catch the summer construction period. The cost savings of a design-build is based on the fact that you have firm that is responsible for the design and the construction. Full detailed design drawings are not needed as the one from clearly understands the total scope of work. While the design drawings are being drawn, the construction arm of the firm is writing scopes of work to put out the bids to the subcontractors vs waiting for a complete design before any bidding begins.

25. How will the bidding and building process proceed past the March vote?

The Building Committee will be exploring and evaluating available alternatives, including negotiating a contract extension with PROCON or seeking bids from other design build firms.

26. What plan did PROCON come up with?

The Building Committee has been working since 2012 to come up with a plan and design that accomplishes the needs as set forth by the school board. After meeting with many contractors, we engaged PROCON, a construction firm, with a contract in the amount of \$14,700. The deliverable from that contract was a drawing/floor plan and an estimate to be presented at the School District Meeting in March 2015.

The PROCON plan did accomplish everything on our list and is a solid, nice looking plan. A few key assumptions were made about the plan that made it complex. First, we assumed we needed to make both the boys and girls rooms ADA compliant, which requires a big bump out of the front of the building in order to accomplish renovating those bathrooms in their current location to save on plumbing costs. Second, because we are bumping out the front of a one story building, the roof lines don't work and so the entire front roof needed to be rebuilt. Third, we pushed out the back left corner to add mechanical room and kitchen. And lastly, because we expanded the MPR and encroached on the current 5/6 room, we replaced that 5/6 room out front, next to the current 3 /4 room. This lead to 3 different construction sites outside of the building and some renovation of the core, all of which added up to a complex project. (You can view this plan as part of the November 20 presentation, on the MHT website.)

27. What was the reaction to "the \$2.0M plan"?

We held our first public information session in September. We presented the plan to a gathering of about 50 people. For the most part, the reactions were consistent: People generally accept that the deficits should be addressed, they just didn't like the price. It seemed like a complex project to meet these needs and a lot of square footage to add to a school with only 39 students. While many of the renovations needed have little to do with enrollment numbers, as they are building level changes, the message was clear.

The building committee was a little stuck, however, because we did not have additional funds to explore different options with Pro Con, beyond the one design we had. And, given the assumptions we were making about ADA bathrooms, there really didn't seem to be another design that would cost less.

Then we had our second public meeting in November. We had another 50 people at our second information session. Many of the same suggestions or questions came up and the sentiment was the same - people generally support the school, understand the deficiencies, and want to see a smaller project. And the roughly \$2.0M price tag was not going to gain most people's support.

28. *Are there rebates and grants for making the building energy efficient?

Potentially. If the plan is approved and more detailed construction documents are available, we can engage the electric and energy companies to discuss and explore rebates and credits.

29. Why did the plan change?

A few things happened at once that have allowed the building committee to pivot to a new plan. I say pivot because our charge and set of requirements has not changed. That has remained consistent for years. But what did change was our approach to fixing the list of deficiencies.

First, Rich Landry, an MHT parent and architect, offered to draw some options that might reduce the scope of the construction- principally, reduce construction to one area. Second, as part of the Landry drawing process, the building committee reevaluated the ADA bathroom requirement and concluded that we could satisfy the ADA requirement with 2 unisex bathrooms- one for students and one for teachers- and leave the girls and boys room in their current configuration. Third, the New Castle school tuition account was determined to have a surplus such that the building committee could now access additional funding for further studies.

With Rich’s help, the building committee was able to iterate very quickly and we cycled through about 8 versions of a plan in a couple of weeks.

Current Plan Status

30. What is the current plan?

The most recent version of the plan has met the stated list of deficiencies while at the same time reduced the construction to one area, principally off the back of the mechanical room, and also reduced the square footage from over 4,000 SF to around 1,800 SF. With additional funds from the tuition account, we have been able to engage Pro Con to provide a detailed estimate of this newly reduced scope project.

31. What is the budget breakdown of the current plan?

We received the initial budget the first week in January from PROCON. The current estimate was roughly \$965,000, including \$674,000 in construction costs and \$289,000 in soft costs. See below.

Construction cost	~\$674k
Management Fees	~\$ 65k
Contingency	~\$ 68k
Design fees	~\$ 70k
Furniture, Fixtures	~\$ 45k
<u>Legal/Bond Fees</u>	<u>~\$ 41k</u>
Total	~\$963k

The building committee reviewed this budget at the 1/8/15 meeting. The committee discussed adding some contingency to the estimate we have, to account for those unknowns in the amount of \$35,000.

Therefore, the preliminary recommendation to the school board was a bond amount of \$998,000.

However, this may increase as we learn more about the fire protection, ventilation, windows, and kitchen requirements in the coming weeks.

32. What is the time frame for construction?

The project is estimated to take 10 weeks, and would be completed over the summer break, beginning in June.

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Project Financing

33. How will this project be funded?

The project will be funded with a municipal bond. The current estimate for the amount of the bond is \$998, 000. This amount has not been voted on by the school board yet. The building committee and school board are discussing a few open items with respect to the specifications that might increase or decrease that amount.

34. What is the bond term?

The bond term has not been decided. The committee has considered a 10, 15, or 20 year bond. The school board will decide the term.

35. What is the interest rate for the bond?

The interest rates for a \$998,000 bond were 3.5%, 3.75%. and 4.0% for a 10, 15 or 20 year term respectively.

36. What is the interest cost for the bond? And what impact will this bond have on my tax rate?

With an assumed bond amount of \$998,000, we have estimates from the NH Municipal Bond Bank for various bond scenarios. The tax rate impact drops over time, as the principal is paid down and interest payments are reduced. As the bond term increases, more interest is paid and the interest rate increases in these quotes as of 1/9/15.

Bond Term	Interest Rate	Total Interest Payments	Estimated * Tax Rate Impact per \$1000 in Valuation
10 years	3.5%	\$195,147	\$0.20 down to \$0.16
15 years	3.75%	\$307,523	\$0.15 down to \$0.11
20 years	4.00%	\$423,025	\$0.14 down to \$0.08

37. What would the additional tax be for the average assessed home in New Castle?

The average New Castle home is assessed at just under \$1.0M, so a \$0.20 tax increase is equal to \$200 per year in the early years, dropping down to \$160 per year by year 9. For the 20 year bond, the tax increase would be \$140 per year, dropping down to \$80 per year by year 19. These estimates assume no change in assessed value over the bond term.

38. *What are the fees for the bond?

The budget includes \$18,000 in bond fees as follows: a) Bond counsel \$5000-\$7500 b) Bond Issuance Fees \$7500 (if <\$1.0M) or \$9000 (if > \$1.0M) c) Bond Anticipation Note Fees \$1500.

39. *What is the bond counsel?

We have engaged Devine Millimet as our bond counsel. The function of Bond Counsel is to structure and document the transaction and to issue an opinion on the validity and tax status of the Bond. Regardless of where the debt is placed, we will want this legal opinion to certify that this is a legit project, that tax payers have been informed, etc.

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40. *What bond rating is used to determine rates?

Because the town, via the tax payers are ultimately servicing the debt, the town's bond rating is used for the determination of our rates.

41. *What if the bond amount goes over \$1.0M?

The interest rate will not change if the bond amount goes over \$1.0M (within reason). There is an additional \$1500 in bond issuance fees for a bond over \$1.0M, as estimated by the NH Municipal Bond Bank.

42. *Are there other options to fund this project besides the NH Municipal Bond Bank?

Yes, we have not committed to bonding this with the NH Municipal Bond Bank. We can explore a bond with a local bank as well as other debt structures. The plans need to be approved before we can get hard quotes on interest rates and terms.