

Dear Community Member,

The intent of this letter is to provide you with a detailed update on the Building Committee's project and progress over the last year. Forgive the length of this letter, but given that many people are entering the conversation at different levels of knowledge (and interest for details!), we are going to err on the side of being comprehensive.

Let's start at the beginning with some facts:

MHT Building Facts and Project Rationale

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.

Since 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 hot 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.

School Board Options Considered

The school board had a few options:

- 1) Do nothing and ignore these deficiencies and keep making due with the constant shifting of spaces that we do today
- 2) Form a building committee to come up with a plan to get the school up to code and meeting the DOE requirements and Federal laws
- 3) Close the school and tuition all students to Rye/Portsmouth.

The school board went with option 2 and charged a building committee to come up with a plan to remedy the deficits with an eye towards construction beginning in the summer of 2015.

(Side note: The purpose of this update is not to discuss all options considered by the school board, nor is it to discuss and debate the merits of having a school in New Castle. The focus is on the building committee process and charge.)

Building Committee Process

The current 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 four 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. [more about the voting process in a bit].

The ProCon plan accomplished 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, www.sau50.org/mht.)

Pro Con Plan Estimated Budget

The estimated cost for the ProCon plan was \$1.8M to add roughly 4,300 SF. This equates to about \$0.40 per \$1,000 on the tax rate, or about \$400 for a \$1M house per year. The budget was as follows:

Construction cost	\$1.3M
Management Fees	\$84k
Contingency	\$136k
Design fees	\$155k
Furniture, Fixtures	\$91k
<u>Legal/Bond Fees</u>	<u>\$70k</u>
Total	\$1.8M

Public Reaction and Feedback

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, but they didn't like the price.

The majority of people that we spoke with wanted the project to cost less. Some felt that it seemed like a complex project to meet these needs and a lot of square footage to add to a school with only 40 students. Some understood that many of the renovations needed have little to do with enrollment numbers, as they are fixing system or building deficits.

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. Between September and November, word has certainly spread about the project and we heard from many more people. We had another 50 people at our second information session. The general sentiment was the same: people generally support the school, understand the deficiencies, and want to see a smaller project. And the \$2.0M price tag was not going to gain most people's support. The building committee heard this feedback loud and clear.

Pivot to a New Plan

A few things happened at once that have allowed us to pivot our course as a building committee. We 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 commercial architect, offered to draw some options that might reduce the scope of the construction. Principally, he was able to eliminate the push out of the front of the building in an effort to reduce scope and cost. Second, as part of the Landry drawing process, the building committee reevaluated the ADA bathroom requirement and decided that we could satisfy the ADA requirement with 2 unisex bathrooms- one for students (to be shared with the nurse station) 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. The most recent version of the plan (12/17 plan) has met the stated list of deficiencies while at the same time reduced the construction area down 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, we have been able to engage Pro Con to provide a detailed estimate of this newly reduced scope project. See attached floorplan for the most recent version as of 12/17/14.

There are some tradeoffs in this revised plan. We reduced the storage for classroom items to a few areas. We have eliminated the outdoor shed used for mechanical storage but have determined that we can privately fund and construct those, so have taken them out of scope. The plan leaves the kitchen in the current location, which is not an ideal layout due to the narrow room. This plan assumes the use of wall mounted unit air exchangers rather than an in-ceiling solution. (This tradeoff is still being discussed by the building committee.)

There are a few outstanding items in the 12/17 plan and budget that require additional review including questions on the kitchen layout meeting DOE standards, details on the fire protection system, the choice of ventilation system, and the feasibility of the low slope roof line for the addition.

New Plan Budget Estimate

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 the outstanding items 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 kitchen, fire protection, ventilation, and roof requirements in the coming weeks.

Bond Costs

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. For reference, the average New Castle home is assessed at just under \$1.0M, so a \$0.20 tax increase is equal to \$200 per year for 10 years. 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	Interest Payments	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

An Explanation of Voting and Warrant Articles

The school operating budget is approved each year at the New Castle Annual School District Meeting. The School Board presents a proposed budget to the New Castle Budget Committee in January. This budget is then presented as a warrant article to be voted on by those present at the Annual School District Meeting. By state law, this meeting is held in March- this year it is March 10. Typically, there are a handful people at the meeting and the budget is passed without much discussion. Because any person can make a motion on the floor to increase or decrease the warrant article by 10%, no absentee ballots are allowed. The budget passes with a simple majority (>50%).

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, a super majority is required, meaning 2/3 of the voters present at the meeting need to approve 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 alternatives building plans. This article would require 50% majority to pass.

Where do we go from here?

The building committee will continue to review the estimate from Pro Con and discuss the remaining questions around the specifications for the building.

We have another public information session scheduled for January 15 at 7:00 at MHT. We will present the latest information we have on the plan, the estimated budget, and cost to bond. This is the place where audience members can ask questions and provide feedback to the school board and building committee.

The Public Hearing for the Bond will be held on Wednesday January 28, 2015 at 7:00pm in the Rec Center. This is a required meeting for our bond counsel application. The purpose is to clearly inform townspeople that we are asking for a bond, the amount, the estimated interest rate, the term length, and how it will be used.

We have also scheduled another public information session for February 19, 2015 at 7:00pm at MHT.

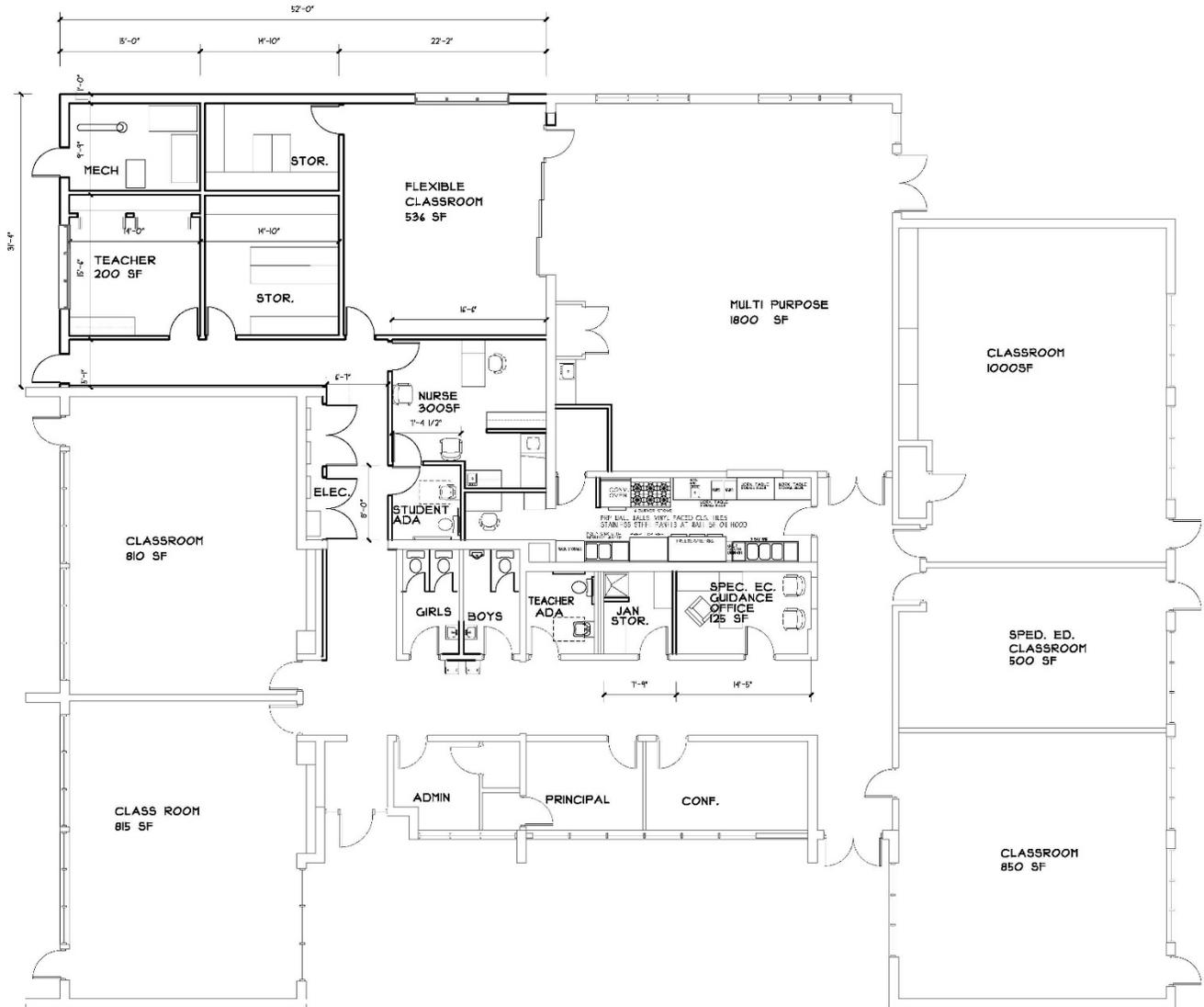
Anyone with questions about the building project, can contact any members of the committee or school board:

Dick White, Chairman of Building Comm.
Rod MacDonald, School Board Chair
Rodney Rowland, School Board Member
Jim Katkin, SAU Business Administrator
Rich Landry, Building Comm. Member
Jane Lannon, Building Comm. Member
Clint Springer, Building Comm. Member
Lynn Zacharias, MHT Principal

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Revised Plan for MHT as of 12/17/14 (This is the current plan)

The double thick lines represent new walls.



1 Preliminary Floor Plan
PAI SCALE: 1/8" = 1'-0"