

Town of Southwick, Massachusetts

454 College Highway, Southwick, MA 01077

Finance Committee's Pros & Cons of the STM 01/10/12

Special Town Meeting
January 10, 2012
Warrant Article Pros and Cons
By The Southwick Finance Committee

Article 1:

CONS: The three school buildings have been thoroughly examined and are in a state of significant disrepair requiring many costly repairs as soon as possible. Should this article fail there will be no financial support from the Mass School Building Authority [MSBA] to make necessary repairs to any of the three buildings. Here are some facts:

- 83.4% of the total project is repairs
- **At today's prices, the estimated cost to do just needed repairs, without MSBA support, is \$61,729,589**
- Without reimbursement from MSBA, the tax impact would be more than double that of the proposed project
- The \$42,678,266 grant [reimbursement] from MSBA will be forfeited and allocated to another community
- The base reimbursement from MSBA will decrease by 2% effective for projects approved after January 2012. The increase cost to this proposed project would have been an additional \$1.5 million if approval is delayed.
- It is not likely that MSBA will participate in any project that does not address the overcrowding at Woodland.
- Selecting to do repair work only, will not resolve accreditation issues at the high school – library media, science, guidance and general instructional space. Accreditation would be at risk.
- The portable classrooms at Woodland will be/should be condemned soon (DPH), creating a shortage of classrooms
- Outgoing private and parochial placements may increase while school choice numbers decrease
- Poor schools will have a negative effect on property values
- As the schools continue to deteriorate the risk for infrastructure failure increases. [N.B. Should the heating system at Powder Mill fail {most probable to fail first}, the school would have to be closed while repairs are made. Since pipes are encased in asbestos, run through concrete and tunnels too small for a man to crawl through, the costs are sure to exceed the threshold which triggers mandatory ADA upgrades. This means a sprinkler system throughout the building, bathroom upgrades and an elevator, to name a few, must be added at 100% cost to the Town. Emergent relocation of students during the school year would have to occur at an additional cost to the Town]

PROS: The total cost of this proposed project is approximately \$71 million for which the communities get full repairs to all three buildings plus a 60,000 square foot addition to the high school and solve accreditation problems. The MSBA will reimburse \$42,678,266 of the cost leaving **approximately \$29 million to be funded by the towns**. Additional facts:

- The tax impact is at least half of what it would be by doing just the needed repairs
- The net cost of the project is less than half the cost of doing the needed repairs alone
- 83.4% of the project is for needed repairs
- All infrastructure and building code issues at all three schools are updated
- All school buildings will be appropriately sized ("right-sized") for the projected enrollments

- The renovation/addition of the HS resolves all facility issues regarding accreditation – library/media center, science classrooms, guidance, general instructional space
- The schools would not need any significant facility upgrade for as much as 50 years
- The community takes advantage of maximized reimbursements, especially those resulting from regionalization
- The communities take advantage of a state reimbursement number that may never be seen again. (one time offer)
- There should be a positive impact on property values

Article 2:

Pro- The town will be eligible for up to 75% reimbursement of the Town's cost for the October storm from FEMA. Reimbursement may be up to 100% for the expenses incurred during the first 72 hours. This short term borrowing covers those expenditures until Fema reimburses the Town.

Con- The Town will pay the total amount, wiping out the stabilization fund until FEMA reimburses for the expenditures or the Town will be in default.

Article 3:

Pro- The equipment that the lightning suppression would protect is vital to the operation of Town services. A key lightning strike may damage costly computers and communication equipment if not better protected. The loss of communication during bad weather could be a major problem jeopardizing the safety of the public and emergency response personnel.

Con- We could leave our equipment unprotected from potential lightning strikes. Insurance may or may not cover the cost of replacing the damaged equipment.

Article 4:

Pro: We are fiscally responsible for paying the salary for a person who was hired as a replacement for an employee on medical leave.

Con: If this is not passed, the town will have to take the money from another account.

Article 5:

Pro: The Town should vote to appropriate and transfer from FY2012 State Local Aid Receipts the sum of \$77,144.00 for the DPW Road Paving Account because these funds are available.

Con: Should the Town vote to not appropriate and transfer from FY2012 State Local Aid Receipts the sum of \$77,144.00, the requested money will need to be taken from the General Fund or the repairs could not be made.

Article 6:

Pro: The Town should vote to transfer the sum of \$14,000.00 from the Sale of Lots Fund to the Cemetery Salary Account because the funds are available from the sale of cemetery plots.

Con: Should the Town vote to not transfer the sum of \$14,000.00 from the Sale of Lots Fund to the Cemetery Salary Account, the funds would need to come from a different funding source.

Article 7:

Pro: The Town should vote to appropriate and transfer from Water Retained Earnings the sum of \$10,000.00 to supplement funds in the Water Division Line Item for contracted equipment to cover a current deficit in the line item and to provided funds for contracted equipment need for the remainder of the fiscal year because the funds are available.

Con: Should the Town vote to not appropriate and transfer funds from the Water Retained earnings the funds would need to come from a different funding source.