

Town Meeting Member Overview
Proposed DPW Facility Project
March 29, 2018

1. What is being proposed?

The Town is considering whether to provide funding for the design and construction of a new 25,000 ft² facility. It would be located behind the existing Public Safety Complex. It is the cheapest building that could be proposed that offers the features the DPW Building Committee believes are essential to immediate and long-term DPW operations.

2. What does it replace?

This facility would integrate facilities operating at its main headquarters at 500 Avenue A, and in the Town Hall Annex and adjacent steel shed. The existing HQ at 500 Avenue A is antiquated relative to code and function, and is not suitable for renovation due to building and lot constraints. It would ultimately be sold for redevelopment after the new facility is built.

3. What's it Cost?

The project is presently budgeted at \$11.146M. This would cover the design and construction of the building, including the state-mandated "owners project manager" and substantial set asides for contingencies. The assumed term of bonding would be 25 years at 4.5% interest. As currently proposed, the project would add \$75 per \$100,000 valuation for residential properties and \$115 per \$100,000 valuation for commercial and industrial properties. Voting the present figure does not mean we have to spend it all, but does cap what we can spend.

4. Is this the final plan we are seeing?

No, this is a conceptual rendering that contains the principal design elements that are expected to be included in the final plans developed by an architect/engineer as part of the building project. There will be many choices to be made that might save money or add functionality, but the primary features are expected to remain largely intact. It is hoped that features can be maintained at what will ultimately be a lower cost than is currently proposed.

5. What are you being asked to do tonight?

Town Meeting is being asked to vote on whether to send this project to the Town of Montague's registered voters at the Annual Town Election on May 21, 2018. An affirmative vote of 2/3 of the presumed quorum of Town Meeting members would advance the project to the Annual Election ballot.

Financial Overview
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Summary of Project Cost

The estimated cost for design and construction of the proposed 25,000 ft² DPW Facility is \$11.1M. Some costs may be avoided, but all must be accounted for in the requested project budget. The approximate cost of the building itself would be \$7.8M, including itemized direct costs of:

- New building construction (\$6M)
- Site development (\$984)
- Mezzanines and canopy vehicle storage (\$591k)
- Industrial equipment (\$216k)

Soft costs and contingencies comprise the remaining \$3.4M, including:

- Architectural fees (\$1.1M)
- Design and construction contingencies (\$1M)
- Escalation fees based on expected construction bid time (\$749k)
- Owner's Project Manager fees (\$356k)
- Other allowances (\$190k)

Debt Exclusion and Expected Terms of Bonding

If approved by 2/3 of Town Meeting, the project would still require a "debt exclusion" ballot vote by registered Montague voters. Passage would require only a simple majority. If passed, the debt exclusion would give the Town *temporary* authority to raise tax rates to cover the cost of debt incurred for the project. Note that debt exclusion differs from a Proposition 2 ½ override, which creates a permanent increase in the allowable tax levy. In the case of the DPW facility, the authority would be for a 25-year term, with a level-payment schedule, at a conservative 4.5% interest rate.

Impact on Tax Rates

This project would add \$75 per \$100k in valuation for residential properties and \$115 per \$100k for commercial and industrial properties. Because the Town would initially do short-term "interest only" borrowing during design and construction, the soonest a bond would be issued and principal payments would begin is FY22. Long term borrowing could be deferred until FY24 if advantageous.

Impact on Other Capital Projects

This project would add \$750,000 to the Town's annual debt service, with \$808,000 currently budgeted for FY19. The Town's Public Safety Complex bond costs about \$400,000/year through FY28. About \$132,000 is owed for the GFMS/TFHS building project in FY19, with FY26 its final year. Accordingly, the DPW Facility project will limit the Town's ability to pursue other projects. Current debt payments drop to \$93,000 in FY29, making that a likely start point for new borrowing.