

**Tisbury Finance and Advisory Committee
in Joint Meeting with the
Tisbury School Committee
6:30PM, Wednesday, September 7, 2022
by Zoom Cloud Conference due to Covid-19 Restrictions**

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- Present:** Chair Nancy Gilfoy, Louise Clough, Jynell Kristal*,
Mary Ellen Larsen, John Oliver, Rachel Orr, Allan Rogers,
Dan Seidman, Sarah York,
- TSC:** Chair Amy Houghton, Jen Cutrer, Michael Watts,
- Others:** Marie Laursen, Recorder - Marni Lipke,
- Prof. Team:** CHA/Daedalus – Christina Oppen, Michael Owen,
WT Rich – Harvey Eskanas, John Rich, Brian Santos,
Tappé Architects – Chris Blessen,
- Town:** Select Board – Chair Roy Cutrer, John Cahill,
Town Administrator – Jay Grande, Treasurer – Jonathan Snyder,
Moderator – Deborah Medders, Town Counsel – David Doneski
TBSC -Chair Michael Watts, John Custer, Rita Jeffers, Sarah York,
Planning Bd. – Ben Robinson,
- MVPS Staff:** Superintendent Richie Smith, Business Manager Mark Friedman,
Principal John Custer, Assoc. Principal Melissa Ogden, Rita Jeffers
- Press:** Louisa Hufstader -Vineyard Gazette,
- * TFC members late arrivals or early departures.

Call Meeting to Order

- The Tisbury Finance and Advisory Committee (FinCom) was called to order at 6:33PM.
- The Tisbury School Committee (TSC) was called to order at 6:33PM.
(*Recorder's note: Discussions are summarized and grouped for clarity and brevity.*)

**Special Town Meeting Warrant Article to Fund Renovation and Expansion
of Tisbury School - Amy Houghton, Chair, Tisbury School Committees
- Michael Watts, Chair Tisbury School Building Committee (TSBC)
- Representatives from the Professional Team** (See documents on file.)

- The FinCom and TSC exchanged thanks for the opportunity and commitment to gather and cohost a public meeting on this emotional and difficult situation. It was hoped the Town and voters would consider the matter in a clear perspective. This meeting included the following resources:
 - the Professional Team working diligently to contain inflation;
 - Town Treasurer Jonathan Snyder to speak to the tax impact;
 - TSBC Chair Michael Watts to answer questions on design/bidding process and cost containment;

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- Martha's Vineyard Public Schools (MVPS) Business Administrator Mark Friedman to answer other financial questions.
- \$18,000,000 of the original \$55,000,000 bond had been paid or was legally committed/obligated through contract execution, including the pre-construction feasibility study, Owners Project Manager (OPM) and designer/architect's contracts.
- Eversource expenses to bring power to the site for both the temporary and completed permanent schools was broken out separately.
- The current estimate for construction costs was \$70,175,173.
- The FinCom asked about the budget, including several detailed questions from Rachel Orr.
- Change Order (CO)#1 was for enabling work on the 55 West Williams St. site; CO#3 was preparations for the temporary school student drop-off and some fencing; CO#4 was Mechanical/Electric/Plumbing (MEP) poles/underground conduits to various trailers.
- There was a discussion on why these were not included in the original budget. The Professional Team explained that in this case "change order" was construction language referring to work done before the formal Guaranteed Maximum Price (GMP) was signed—as were Letters of Recommendation (LOR) for pre-GMP contract work. Pre-GMP COs and LORs were incorporated into the GMP budget and were not additional expenses.
- Modular/temporary school costs were more than anticipated.
- The original estimate was based on a Town pledge to supplement modulares by such measures as classrooms in other locations, but a robust process failed to find options, so they now had to accommodate 100% of staff and students—4 buildings made up of 36 trailers, without cafeteria or gym space.
- The Town was able to lock in a contract so some transportation and supply losses were born by the modular company.
- The \$2,587,000 lease at \$115,000/mo. was for 20 months. The Team negotiated \$85,000/mo. for any extension beyond 20 months.
- Site preparation (excavation, utilities, plumbing...) were standard procurement bids that came in high due to supply chain/labor shortages.
- WT Rich grouped components into bid packages to reduce costs and increase bid power. Bids were lump sum and not broken down into components, although the sum was reviewed to insure all work was included.
- 10% design and estimating contingency and 6% escalation were included in all individual budget components to compare budgeting to actual bidding.
- Glass/glazing (windows) were incorporated into a bid including the curtain wall and front; skylights into the roofing bid; concrete floor topping in the resilient flooring bid; interior and exterior excavation, back fill, paving, curb-work, etc. into Earthwork.

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- Sandblasting was deemed unnecessary.
- Window treatments (shades, curtains, etc.) were eliminated.
- Installation costs were included for Community Preservation Committee (CPC) funded playground equipment.
- Secant wall piles (*overlapping piles for water tightness*) were added after the original design.
- A single system/2 component heating/ventilation/air conditioning (HVAC) provided heating/cooling comfort and ventilation at air exchange codes. Since spring 2022 severe HVAC price spikes raised estimates to ~ \$80 per sq. ft.
- Wastewater was collected in a chamber, pumped to the main, and thence to the sewage plant.
- The FinCom calculated an 18% contingency in the May 2021 estimate.
- The contingencies in that document were not cumulative. In addition although some areas might be underestimated, the 60% documents did not, by definition, show the entire scope of the project.
- The OPM, designer and WT Rich calculated pre-pandemic inflation at 4-6% annually, however in the latter half of 2021 inflation exploded beyond previous commercial experience so most projects were at least 20% over-budget.
- Decisions to delay a proposed 2021 Special Town Meeting (STM) for the vote authorization were due to incremental adjustments and Town funding. It became clear during the next phase that despite early Value Engineering (VE), the market had outpaced anything the Team and Town could do (e.g. off-the-charts steel price fluctuations), so the Team began serious VE / re-design.
- Delays in the final GMP were due to continuing work to provide solid bidding numbers. Once signed, the GMP construction scope was owned by WT Rich—with the exception of actual change orders. Construction scope did not include: OPM, design and utility (Eversource) expenses.
- A draft GMP would be submitted Friday September 9th.
- The Warrant Article was submitted with the understanding the amount would not be exceeded and was based on solid bids in hand. The FinCom expressed some skepticism about future asks.
- Industry standard budgeted 3-5% for COs, but Tappé Architects consistently beat the standard.
- The FinCom struggled with design adjustments and asked whether massing and square footage could still be re-designed.
- The Article was based on 100% bid documents set pricing so any substantive changes would be considered a different project, requiring new drawings, new bidding and further delays. The Team had dived deep into VE, to beat the price back to the budget.
- Retention of the gym wing was explored for construction savings of \$7-8,000,000 but abandoned for the following reasons:

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- the gym foundation was not slab on dirt as expected, but cement pilings with wood joists;
- foundation remediation, redesign, rebid and inflation would reduce savings to \$2-3,000,000;
- leaving the Project with a design that did not meet the Education Plan, a substandard gym, and limited community disability access.
- 5-6,000 town residents could not design a school. The TSBC, appointed to implement the project, worked hard with the Team on changes that fit within the time constraints, procurement process and regulations.
- Rachel Orr appreciated the redesign work that was done but wished it could have been more; for example asking about: 1 elevator/4 story stairway, 2 story cafeteria / skywalk, 2 story music room, and 2 unassigned classroom spaces.
- There was a conversation on when the TSBC was informed of the inflation or whether it was consulted about what to do with the plans.
- Chair Nancy Gilfoy requested the conversation address going forward rather than revisiting the past.
- TSC Chair Amy Houghton emphasized:
 - appreciation for the working questions and careful review, some of which could be answered in a separate meeting with the Team;
 - all general trade numbers had to be translated to the Island economy;
 - tracing exact dates in the continuous uncertainties / information changes was unproductive; some changes could be anticipated, others not.
 - No one on the TSC or Administration wanted this situation but all were moving forward as best they could.
- The questions were an attempt to understand the budget spreadsheet, and should not be interpreted as putting people on the spot.
- Municipal and education construction was a highly regulated process. The Team struggled hard to attract bidders since pricing relied on competition to drive down bids. Of the 12 requisite areas requiring acceptance of the lowest bid (called trade or file-subcontractor bidders) this Project received only 1 bid in 6 areas and none in 2—accounting for \$6,500,000 of the overrun.
- A good comparison was the \$132,000,000 Nauset Regional High School addition/renovation targeted for modular move-in in fall 2022. Nauset was unable to attract enough construction management bidders to move forward, so the project would either be delayed for years or require a profound cost increase. Without Tisbury's decision for the Construction Manager at Risk (CMR) process this Project would be in great difficulty.
- Town Moderator Deborah Medders explained, that without diminishing the importance of such a daunting article, procedurally the Warrant asked approval to borrow a set amount of money, so discussion would be limited to bonding, finances, and how the figures came about, but not about design.

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- A statement was made that the Town was broke, citing the FinCom's annual letter consistently requesting 0% Department increases and finances close to the 2 ½ levy limit.
 - ° The Town was not broke. It had just received an AA+ bond rating (the best for small towns) and most Island towns were close to the levy limit—which was not a poverty indicator.
 - ° Individual taxpayers should vote their own opinions on affordability.
- The goal was a facility to meet the educational needs of Tisbury students, the future residents of the Town, for the next 50-75 years.
- Dan Seidman expressed objections some of which elicited responses.
- Why was there no previous estimate for 100% temporary school capacity; and what was the purchase price of the modulars?
 - ° The Town struggled to contain modular costs, opting for the least expensive options possible. The cafeteria would be at the American Legion overseen by Board of Health Agent Maura Valley and Building Inspector Ross Seavey.
 - ° A purchase price would be on top of the current contract which included removal costs. A permanent modular school would require additional modulars and space for the mandated physical education curriculum.
- The 55 Williams St. lot planned for a new Town Hall should not be in use.
- How much would a reduction in Project size reduce the cost? (*See above.*)
- Regulation allowed existing School renovation if it met educational standards at its construction time (1929-38) so the Town could have repaired the School piece-by-piece with Massachusetts School Building Authority (MSBA) funding.
- Projections showed a decline in Tisbury School enrollment. The current space was sufficient. The new Project would not be as good as the current facility.
 - ° Three studies found the existing School to have sub-standard square footage for current enrollment and educational mandates including Special Education and individual programing spaces, nurse's office, etc.
 - ° Declining population was linked to the ongoing disruptions and status of the existing building: hazardous materials relocation in 2019, ongoing construction issues, modular education, etc.
- The first TSBC was rigged to vote a new school with State standard classroom sizes for 25 students when Tisbury's class size was 17-18. He was tired of contractor/ corporate excuses.
- Superintendent Richie Smith:
 - reviewed the history of Tisbury School needs, starting with a 2005-6 MSBA application (when he was Assistant Principal), and the \$32-33,000,000 new school (rejected by the Town) that could have opened its doors this year;
 - noted the highest construction costs in world history and the unpredictable future;

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- emphasized education as the most important responsibility of the Town and current “school insecurity” like housing or food insecurity.
- Mary Ellen Larsen:
 - saluted the two School Building Committees’ and Team’s hard work;
 - emphasized the importance of community handicapped accessibility;
 - noted the nightmare of unexpected existing building issues;
 - grieved the loss of the old main entrance but knew minutiae bogged down progress.
- Many of these issues had already been discussed. There was a request to focus on the Article recommendation vote.
- Town Administrator Jay Grande’s letter was read into the record (see documents on file).

Adjourn Joint Meeting

- Amy Houghton thanked the FinCom, the Town and the construction Team, for their efforts.
- *ON A MOTION DULY MADE BY MR. WATTS AND SECONDED BY MS. JEN CUTRER THE TISBURY SCHOOL COMMITTEE UNANIMOUSLY ADJOURNED AT 8:41PM; 3 AYES, 0 NAYS, 0 ABSTENTIONS; MR. WATTS—AYE, MS. CUTRER—AYE, MS. HOUGHTON—AYE.*

**Discussion and Vote on Recommending Special Town Meeting Warrant
Article to Fund Renovation and Expansion of Tisbury School**

- Jon Snyder presented the Project budget impact on taxpayers by average median house assessed at \$744,000—along with comparison to other Island Towns and the 351 Massachusetts municipalities.
- The current owner-occupied real estate bill was ~ \$4,830, which would increase to \$5,350 with the authorized \$55,000,000 and \$5,600 with the additional \$26,000,000.
 - Tisbury tax rate was second highest on the Island and slightly above other Massachusetts town/city average. Project costs, including the \$26,000,000 would raise it above other Island towns and further above the Massachusetts average, but well below the top of the curve.
 - To mitigate the impact on residents, the Tisbury Select Board (TSB) would consider raising the residential exemption from 18% to 21%, essentially stabilizing residential tax bills at the \$5,340 of the original \$55,000,000 bond. However tax rate decisions were made in November of each year.
 - The FinCom asked about property value assessments which were updated annually, with a more comprehensive Department of Revenue (DOR) review every 5 years—usually without any significant change.

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- The 30 year bond coordinated with the facility lifespan and reduced the annual tax bills, but stretched payments out over time. A shorter bond (with higher but shorter impact) could be considered.
- The costly Martha's Vineyard Regional High School (MVRHS) renovation would be an assessment requiring an override.
 - Other Tisbury capital projects planned for debt excluded bonding (see documents on file) included:
 - a wastewater/sewer expansion (half the cost born by users);
 - a new Town Hall;
 - the Beach Road seawall—eligible for United States Department of Agriculture (USDA) and Federal Emergency Management Agency (FEMA) funding.
- Louise Clough praised the TSC/TSBC/Town communication in the last 2 weeks, the weekly updates and Jon Snyder's information (prompted by Rachel Orr's questions), helping her to understand complex issues.
- Nancy Gilfoy appreciated the questions and comments. She considered that almost the only choice before the voters, was to move forward, since the Town was already heavily invested (at \$18,000,000) in the current Project.
 - She raised an analogy to the old television program "Let's Make A Deal" where contestants chose an item before them or an unknown hidden behind a curtain. In the previous \$35,000,000 new school project the Town and leadership voted for the hidden object behind the curtain, producing the Project now in front of the voters, which had been overwhelmingly passed at Town Meeting and the ballot.
- Sarah York loved the analogy but pointed out the Town had enough information on what was behind the curtain to vote the current Project.
- Rachel Orr appreciated Supt. Smith's and Mr. Grande's statements on school importance and insecurity. Although the Town was not broke, residents experienced financial insecurity and \$1,000 on a family's tax bill, already above the State median, was an enormous ask.
 - Dan Seidman took exception to the statement on the Town vote supporting the Project, citing only 150-200 people attending Town Meeting and the 50% not voting the ballot. He preferred to spend money on teachers and facility safety, since teachers were the foundation of a school and could teach in any venue, in a car if necessary. However he would vote with the will of the FinCom, knowing how Town boards operated.
 - ° Several FinCom members urged him to vote his opinion and his conscience, rather than with the Committee majority.
- John Oliver greatly appreciated the discussion. Both he and his son attended the Tisbury School and he attested to the much-needed Project for both staff and students. He understood and regretted the raise in taxes but felt it had to be done to move the project move forward.

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- The difficulties of the situation were strongly emphasized both in education and in taxpayer burden. There was general consensus that however the vote went, the community not demonize anyone for making the choice of what was possible for them to do. Tisbury strongly supported education as the largest portion of their annual budget.
- The TSC was very grateful for Town ongoing support as well as this discussion, and was intensely committed to finding ways to reduce the project cost, including alternate funding so that the total need not be spent.
- FinCom opinion, including dissenting issues were detailed in the Voter Guide—or a FinCom statement at Town Meeting.
- *ALLAN ROGERS MOVED TO RECOMMEND SPECIAL TOWN MEETING **ARTICLE 1 (\$25,610,841) TO FUND THE RENOVATION AND EXPANSION OF THE TISBURY SCHOOL**; LOUISE CLOUGH SECONDED; MOTION **PASSED: 7 AYES, 1 NAY, 0 ABSTENTIONS**: MARY ELLEN LARSEN—AYE, ALLAN ROGERS—AYE, LOUISE CLOUGH—AYE, JOHN OLIVER—AYE, DAN SEIDMAN—AYE, SARAH YORK—AYE, NANCY GILFOY—AYE, RACHEL ORR—NAY.*
- Chair Nancy Gilfoy expressed her gratitude for everyone's time and attention.

Committee Reports - Tabled

Future Meetings – See below: Meetings/Events.

- Several FinCom members were unavailable on Mondays for a joint meeting with the Climate Committee, so a Wednesday Zoom meeting was preferred.
- The Tisbury Master Plan consultants requested an in-person meeting with the FinCom (see 4/14/21 Minutes p.1-2).
- FinCom members requested in-person meetings with some Zoom meetings at appropriate times such as school vacations.
- The FinCom STM statement would be drafted and sent to members for comments. (*This was later changed to an in-person meeting.*)

Items Not Reasonably Anticipated by the Chair - None

Adjournment

- *MARY ELLEN LARSEN MOVED TO ADJOURN AT 9:31PM; SARAH YORK SECONDED; MOTION PASSED UNANIMOUSLY: 8 AYE, 0 NAYS, 0 ABSTENTIONS: SARAH YORK—AYE, LOUISE CLOUGH—AYE, MARY ELLEN LARSEN—AYE, RACHEL ORR—AYE, ALLAN ROGERS—AYE, JOHN OLIVER—AYE, DAN SEIDMAN—AYE, NANCY GILFOY—AYE.*

Appendix A: Meetings/Events:

- **TFC – 6:30PM, Wednesday, September 14, 2022 - ESF**
- **Master Plan/TFC – 5:30-7:00PM, Wednesday, September 19, 2022**

continued

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Appendix A: Meetings/Events (cont.):

- STM – 7:00PM, Tuesday, September 20, 2022 – MVRHS PAC
- **TFC (Municipal Review) – 6:30PM, Wednesday, October 12, 2022 - TBD**

Appendix B: Actions

All – Reply to Nancy G. re: FinCom recommendation statement on STM Article
- Please remember not to hit “Reply All”.

Nancy/Jon S – distribute PowerPoint to FinCom and TSC.

Next/Future Agendas

Approve Minutes from: 3/23/22, 4/6/22, 5/11/22, 6/1/22, 6/29/22 as amended,
9/7/22

Overview of Municipal Finance – Jon Snyder, Finance Director
Financial Impacts of Climate Committee Actions/Joint Meeting

Notes for Next Budget Season

- contact Town Clerk re: resuming Article List updates;
- vote items/dept. budgets next meeting after they are presented/discussed;
- redraft FinCom letter to include deadlines and send to Committees/Boards;
- include Building Dept. fee revenues (offsetting expenses) in budget interview;
- possible early votes:
 - ° standard articles,
 - ° smaller/level funded department budgets,
 - ° CPC & Embarkation.

\$100,000 FY23 Reserve Fund spending tally – Balance: \$100,000

Appendix C: Documents on File:

- Agenda/cover email (2 p.) 9/7/22
- 1—With the issuance of the \$55 million in bonds,...(2 p.)
- FY23 Capital Planning Worksheet (2 p.)
- Town of Tisbury Special Town Meeting Warrant, Tuesday, September 20, 2022 at 7:00PM
- Tisbury School Project – Financial Impact Discussion, September 7, 2022 (5 p.)
- Grande memo re: Tisbury School Additions and Renovation Project (2 p.) 9/7/22
- Gilfoy/Watts emails re: Tisbury School Estimates 9/7/22
- Tisbury School Total Project Budget (Updated 2022-09-06)
- PM&C Tisbury Elementary School Renovation and Additions Vineyard Haven, MA, Schematic Design Estimate (6 p.) Updated 9/6/22
- PM&C Tisbury Elementary School Renovation and Additions Vineyard Haven, MA, Schematic Design Estimate (6 p.) Updated (*corrected*) 9/6/22

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Appendix C: Documents on File (cont):

- Gilfoy/Houghton emails re: Update on Tisbury School Project 9/5/22
- Gilfoy/Orr emails re: Tisbury Debt (3 p.) 8/31/22
- Gilfoy/Houghton emails re: Updates from Tisbury School Project. August 17 (2 p.) 8/18/22
- Gilfoy email re: Rescheduled FinCom meeting 8/11/22
- Gilfoy/Houghton emails re: Updates from the Tisbury School Project 8/11/22
 - Tisbury School Total Project Budget
- Gilfoy email re: Tax Impact of Borrowing 8/8/22
- Treasurer memo: re: Financing for the Tisbury School Project 8/5/22
- Gilfoy/Grande emails re: Tisbury School Project 8/5/22
- Gilfoy email re: Update on Tisbury School Project 7/26/22
- Tisbury School Addition and Renovation Project, Proposition 2 ½ Debt Exclusions (G.L. c.59, SS21C(k) and 21D), Content Report July 26, 2022 (20 p.)
- Cover email re: Update on Tisbury School Project 7/19/22
- Grande letter re: Tisbury School Project (2 p.) 7/18/22
- Chat:
 - Mike Owen / CHA to Everyone (7:43 PM) File Subcontractor Bidder

Nancy Gilfoy – Chair

Date

Minutes approved as amended 10/19/22