

**SPECIAL MEETING
COMMITTEE ON JOINT SCHOOL BUILDINGS**

February 22, 2012

4:00 p.m.

The Clerk called the meeting to order.

The Clerk called the roll.

Present: School Committee Members Avard, Staub, Stewart;
Aldermen Ouellette, Ludwig, Long

Messrs.: K. O'Maley, K. DeFrancis

The Clerk advised that the purpose of the meeting is organizational in nature and requests nominations for a Chair of the Committee.

On motion of Alderman Ouellette, duly seconded by Alderman Ludwig, it was voted to nominate Alderman Long as Chair of the Committee.

On motion of Alderman Ouellette, duly seconded by School Committee Member Avard, it was voted to close nominations.

The Clerk read into the record the subjects typically handled by this committee.

Ms. Maura Leahy, Administrative Assistant, stated the Joint School Buildings Committee is statutory in nature. The statute provides that you have oversight of the construction of school facilities in the City of Manchester. You have the duty

to oversee and decide all matters relating to the construction of school houses and submit monthly status reports relating to the construction progress; prepare and submit audits; submit financial reports relating to total authorized construction budgets and expenditures; and then anything that is appropriated by the Board of Mayor and Aldermen is administered by this committee in terms of construction and schools. They cannot be built or otherwise altered without coming to this committee.

Chairman Long addressed item 5 of the agenda:

5. Communication from Kevin O'Maley, Facilities Manager, regarding design build funds reallocation.

Mr. Kevin O'Maley, Chief Facilities Manager, stated with me is Karen DeFrancis, the business administrator for the School District. If you look at the package that was sent out, there was a communication from me in the attachments that was a memorandum to the Building and Sites Committee. We have a few projects coming up this summer and we are repurposing some funds that were intended for something else initially. This committee has responsibility for the design build funding and I found out at the end of late last year that there was some excess funding from the design build funding. It was primarily excess interest, there are a few other components of it, but about 95% of that amount is excess interest. The other component, if you go to the last page of the attachments, the top of the spreadsheet there is the design build funding, the excess interest which was \$131,370 and there is a letter of credit out there that is for approximately \$35,000. I met with the City Finance Officer on this and we don't have the \$35,000 in our hands; it is really a letter of credit that Liberty Mutual manages, but the Finance Officer and I are trying to clean up this design build project once and for all. It is not unusual. We worked with him in other situations when we know we are going

to get the money to go ahead and allocate it to a project. For example, we do a lot of energy work and we will have a contract and we know we will get a rebate at the end of it, he will allow me to use those funds in the contract knowing that we are going to get the funds back from one of the utilities, Public Service of New Hampshire or National Grid. We have taken those two pieces together, which come up to roughly \$166,000, and the proposed uses for the design build funds we have a structural problem which some people on the school side know about at Bakersville. There was an old coal shed where there is a beam that has deteriorated to the point that it needs to be replaced and the fire alarm panels at Smyth and Jewett need to be replaced. With the balance of the funds we have some envelope work that we are doing primarily at Northwest and Bakersville and we wanted to sweep the balance of those funds into both projects as well. In the communication, over the course of the next couple of months there are some other line item components of the design build projects, some fees allocated for legal services and there were some line items for owner control insurance policy. They are all probably less than \$2,000 or \$3,000 so I wanted to see if I could get the committee's permission to sweep all of those things into one of these two projects as they come up over time.

Alderman Ouellette asked Karen, is this pretty much the end of the line for the funding?

Ms. Karen DeFrancis, School District Business Administrator, replied for the design build funding, yes. This information that is included in the packet would be the information that Mr. O'Maley is speaking about.

Alderman Ouellette stated so pretty much everything will be expended.

Ms. DeFrancis stated correct.

Alderman Ouellette asked Kevin, are these projects on some sort of wish list or priority list already?

Mr. O'Maley asked you are talking about the Northwest and the Baskerville project? Actually, there have been funds allocated probably a year to a year and a half ago to do some envelope work at all the City school buildings so there were some balances of design build funds that were utilized for that as well as a bond that was floated a little over a year ago for those purposes. Bakersville is in interesting building. It is old. I was hoping, when we embarked upon the envelope work, that I could do a couple simple things like maybe replace the windows which would be about \$300,000 to eliminate the rain coming into the building, but the way the building is constructed, with the flashing that it has with a masonry brick wall... We just did some work there last summer and the paint and the plaster is already falling off because the water comes in through the masonry. Instead of spending \$300,000 just to repair the windows at Bakersville and still have the problem where every time it rains they come into wet classrooms in the morning it just seemed like it made sense to allocate enough to fix most of the problems at Bakersville with these funds.

Alderman Ouellette stated so some of the things you are picking are things that you see and what you think, even if you find something new, are high on your priority list.

Mr. O'Maley stated what we did with some of the funds over the course of the last year, we hired an envelope consultant to help us with all the nagging problems we had in many of the schools and we spent a bulk of that money on Bakersville so we have done the conceptual work so we know what needs to be done there, we just haven't done the actual design work, but once we get authorization to move

forward, we are going to fix Bakersville completely. We have done a lot of the preliminary work already.

Alderman Ludwig asked could you explain to me one more time the letter of credit with Liberty Mutual? Are you saying that it is not in our possession yet, the \$35,000? I don't want to hold up a project and I probably won't but I'm a little nervous about that.

Mr. O'Maley stated sure and I understand your concern. If that was a significant concern we could probably deal with that separately or at a later date, but basically what it is... Going back to three years ago when I first started to get involved in this, that letter of credit was \$330,000 and then every year around this time I go back to Liberty Mutual with Harry Ntapalis and ask how much they are going to relinquish this year and it has always been a battle. I don't understand it. Liberty Mutual is nonresponsive. We have asked to meet with them and I don't understand why they are unwilling to release the rest of the funds. The credit that it is covering is for mostly workman's comp claims and that type of thing that happened on the construction project and they are fully reserved at this point. The most recent response that we got was from an insurance contract that handles the relationship with Liberty Mutual. Liberty Mutual came back with them and said why don't we continue paying all the claims. Over the course of the past few months the claims were about \$60.00 or \$80.00 a month and we will just release the City from its responsibility on that. My response to that was why don't we do that in reverse? They should give us the balance of the \$35,000 and we'll take care of the \$60.00 a month. We are still going back and forth on that. To answer your question, Mr. Sanders is of the impression, after talking with bond counsel, that we should try to get this stuff allocated to a project and be done with it so they can eliminate the purpose of the bond and everything. We are looking for

authorization, if we get the \$35,000, to put that into the project in anticipation of the \$35,000 that eventually will come back to the City.

Alderman Ludwig asked what happens if you don't get the \$35,000? Where do they get the money from? If the \$35,000 doesn't come to fruition, Liberty Mutual plays hardball or whatever it is they want to play...

Mr. O'Maley stated there are two things: one, I'm anticipating, but probably won't need, the \$35,000. We are still in a fairly competitive construction environment if we get this out this summer. I'm anticipating that we probably won't even need it, but if we did get the check from Liberty Mutual over the course of the next number of months we would just allocate it towards this project. If the committee is uncomfortable with that...

Alderman Ludwig stated I don't want to hold it up, but it is a little sketchy. I would very much like you to bid out work to the \$166,000 level to wrap it all up and get it done. Maybe there is a portion of it that you can do as an add-alternate. You wouldn't come back here or back to the School District and say you are short \$35,000?

Mr. O'Maley replied no, I wouldn't. I don't know how that mechanism works in the Finance Department, but like I said, it is the same thing as utility rebates.

Alderman Ludwig stated I'll go along with you, but this is on you.

Chairman Long asked is the envelope work already established? Do we know what that work is?

Committee Member Avard replied yes, this was presented to us at our last Building and Sites meeting as to what work would be done at these different buildings and it was accepted and approved and sent forward by the Building and Sites Committee to the School Board.

Chairman Long asked with respect to the \$35,000, it is \$1.821 million if you bid them both at the same time. We are looking at a \$10,000 shortfall and maybe you could make that up in these bids, but now if you add the \$35,000 you are looking at about \$45,000. That may be a little harder but there is a possibility that if all this goes out to bid at once you may be able to recoup. Your \$1.821 million may not be \$1.821 million; it may be \$1.750 million.

Mr. O'Maley stated you are absolutely right and that is part of the strategy. We would bid them out as one project and if one contractor got it we feel that there would be some economies there. Alderman Ludwig made the point earlier that we would have enough add-alternates in this thing if we had to bring it down. This would be like any other project we manage, where we have, I wouldn't call it contingency, but we would have a strategy in place to get done what we needed to get done.

Chairman Long stated from what I see, there are two motions needed. One, to allow under \$5,000 projects to be assigned to the Baskerville envelope work when that money trickles in under \$5,000 to allow that to go to the Bakersville envelope work. The second motion would be for the \$166,370 be utilized in the following manner which is the a, b, c on the second page. Those two motions would suffice to take care of what you are requesting to today.

*On motion of **Committee Member Avard**, duly seconded by **Committee Member Staub**, it was voted that the vote taken by the Building and Sites Committee be affirmed that as amounts under \$5,000 become available they be assigned to the Bakersville envelope work project*

*On motion of **Alderman Ouellette**, duly seconded by **Committee Member Avard**, it was voted that \$166,370 be allocated from the design build project for structural work at Bakersville; replacement of fire alarm panels at Smyth and Jewett Street Schools; and the balance be used for Bakersville and Northwest Elementary Schools envelope work.*

*There being no further business, on motion of **Alderman Ouellette**, duly seconded by **Committee Member Stewart**, it was voted to adjourn.*

A True Record. Attest.

A handwritten signature in black ink, appearing to read "Matthew Normand". The signature is written in a cursive style with a long, sweeping underline.

City Clerk