

## **Article 17: Additional Appropriation for Public Library Project**

**MOTION:** That the Town appropriate a sum of \$6,350,000, in addition to the \$18,000,000 previously appropriated under Article 17 of the May 6, 2019 Annual Town Meeting, to be expended at the direction of the Sharon Standing Building Committee (SSBC), for costs of the construction of the new Sharon Public Library at One School Street, including but not limited to, demolition of the existing structure at One School Street, design and architectural and engineering services and other legal and professional services, construction, landscaping, paving, utility and other site improvements, furnishing and equipping, and including all costs incidental and related thereto;

To meet this appropriation, \$3,370,000 is to be transferred from the unexpended proceeds of bonds issued March 30, 2021 as such bonds proceeds were originally issued for the Sharon High School building project authorized under Article 6 of the November 4, 2019 Special Town Meeting and such funds are no longer needed for the purpose for which they were initially borrowed, as provided by M.G.L c. 44, Sec. 20, and \$2,980,000 is appropriated from the undesignated general fund balance;

And further that the Town is authorized to apply for and accept any grants, including funding from the Massachusetts Board of Library Commissioners (MBLC) Public Library Construction Program, and other funds appropriated by the Commonwealth for this project, said funds which shall be used to reduce the amount appropriated from the undesignated general fund balance.

**QUANTUM OF VOTE: Majority vote**

### **FINANCE COMMITTEE RECOMMENDATION:**

The Finance Committee provided a history of the library project from inception on pages 35-37 of the Warrant. Since the Warrant went to print on March 31, the Sharon Standing Building Committee has affirmed the updated project budget of \$24,347,925 after a rigorous review of cost estimates prepared by the Owner's Project Manager and an independent cost estimator. Appropriations for all previous public building projects undertaken by the SSBC has been based on professional cost estimates. While the SSBC had hoped to validate the cost estimate by obtaining actual construction bids, no general contractor submitted a bid on April 13. At the SSBC meeting on April 18, the OPM reviewed reasons provided by general contractors for declining to bid; based on that feedback, the SSBC has re-bid the project with a deadline of May 18 with the expectation of finalizing a construction contract by June 30 and meeting the MBLC deadline included in the grant award.

The SSBC estimates that the total cost of the Sharon High School project at completion will be \$139,948,765, of which \$92,500,000 has been borrowed and \$50,818,765 will come from Massachusetts School Building Authority school construction grant and other funds. That leaves \$3,373,000 of available funds that will be transferred from the high school project to the library project funded by 20-year bonds. The amount transferred is not indicative of the estimated savings to be realized on the high school project, but represents the amount agreed to by the Massachusetts Department of Revenue and the Town's bond counsel. The actual savings from the high school project are expected to be significantly higher.

The undesignated fund balance is the accumulated balance of unexpended budget authority and revenues which exceed estimates. It is also referred in Massachusetts as "free cash" – the amount certified each year by the Department of Revenue as available for appropriation. As of June 30, 2022, the certified amount is \$9,157,580. Of that amount, Article 16 proposes to use \$500,000 to initiate the full-day kindergarten program, leaving \$8,657,580 available for appropriation. We propose to appropriate \$2,980,000 to the library project, leaving a balance of \$5,677,580.

The Finance Committee considered the factors that led to the need for an additional appropriation – delays to the project schedule as a result of litigation and construction inflation brought on by the Covid-19 pandemic that disrupted supply chains and labor markets. It evaluated the continuing need for public library services and the inadequacy of the current facility to meet those needs. It considered the ramifications of abandoning the proposed project – the loss of the \$7,485,943 MBLC grant and the requirement to return \$1,502,279.69 of that grant, plus interest, that has been expended to date. A more detailed discussion of these factors is detailed on page 36 of the Warrant.

By a vote of 9-0, the Finance Committee on April 26 voted to recommend the additional appropriation as proposed.