

With finances tight, effort should focus on how to fix Beverly's existing high school

As the discussion over the city's need for a new high school continues and intensifies, I think it is essential to provide some of the information I am working with to help us reach a consensus on what steps we need to take.



Tom Crean

As a parent with three children in the Beverly public school system, I would be delighted to be able to build a new high school and middle schools to complement our six newly renovated elementary schools. But as mayor, I have to take the following factors into account as our city decides on its next step.

The city's debt situation:

The single largest consideration in deciding to go forward with building a new high school (or any new construction project) is the ability and willingness of the city to pay for it. That depends on how much citizens are able and willing to pay through taxes, and how much assistance can be obtained from other sources such as state or federal funding (which, of course, ultimately comes from the taxpayers as well).

Our city's ability and willingness to pay are based on what we already owe, and our financial prospects for the near future. Unfortunately, neither of these is strong.

The city ended Fiscal Year 1993 with long-term bonded debt of about \$2.1 million. New construction and other projects steadily added to that total over the rest of the 1990s and early 2000s.

After the North Beverly and Centerville elementary school construction projects and the Beverly Farms Library expansion are rolled over to long-term bonding next year, the city's total bonded long-term debt will be a little over \$83 million. This represents an increase of about 40 times in the city's long-term bonded debt in the last nine years.

Of course, some portion of that should be subject to state reimbursement down the road.

To put this in perspective, the city has an annual budget of just under \$80 million. Almost half of that is earmarked for state-mandated minimum school funding. City-side health insurance, pension costs, police, fire, public works, City Hall, and everything else, including debt service (principal and interest payments) — are paid from the rest.

The debt service on \$83 million will be approaching \$10 million in fiscal 2004. Meanwhile, a new high school was last projected to cost around \$52 million. Allowing for normal project cost increases and inflation, I am currently working with \$60 million as a likely minimum cost if we were to proceed today.

The additional debt service on that much new debt would be \$6-8 million per year through FY 2015, and it would bring the city's total debt load to over \$140 million.

This would be simply unbearable for the city within its budget, given our astronomical existing debt levels and limited ability to raise revenues.

Proposition 2½:

The idea has been raised of paying for a new high school by passing a Proposition 2½ debt exclusion override. This would allow the city to borrow the money outside of the restrictions of Prop 2½, which limits our ability to raise tax revenues.

The idea is certainly worthy of serious discussion and consideration, and I have had the city's finance director provide me with an analysis of what this would cost.

Based on the projected cost of \$60 million and annual bonding costs of \$6-8 million, the estimated additional tax cost (in total) per residential household is \$5,007. That is before any state building reimbursements are taken into account.

The state has traditionally paid a significant percentage (usually 64 percent) of the cost of new school construction. However, there is currently a total of \$350 million in approved school construction projects "on the list" at the state level, and another \$5 billion being sought in 374 more applications still pending. Some at the state level are already calling the school construction situation the next "Big Dig."

On the other hand, state appropriations to pay for those reimbursements have been cut to \$20 million. At that rate, it will take the state decades to



File photo

Beverly High School

"This is not a waste of money at all. It is an investment in the students who will be attending the high school in the next seven to ten years."

— Councilor Roger Morency at a recent school subcommittee meeting

make reimbursements for the projects already ahead of us on the list.

While that may not be an insurmountable obstacle, there is another problem as well: The state has closed the list to new construction projects indefinitely.

I must be prudent and assume that we have very little chance of getting reimbursement from the state for a new high school, at least in the foreseeable future. I am thus proceeding from the assumption that the entire burden of any financing obtained through a Proposition 2½ debt exclusion will very likely be borne entirely by taxpayers.

Accreditation and the current high school

The status of the high school as being on "accreditation with warning" from the NEASC has made the question of building a new high school more urgent. But I have spent a great deal of time and energy gathering information and investigating the situation, and I want to make certain we are not giving up on our existing building too quickly.

There is too much detail in the accreditation report to fit in this space, but I can say the following: The city's building inspector has informed me that the building is structurally sound. Most of the repairs that were called for in the report have been carried out. We have repaired the roof, upgraded telephone lines, and installed new boilers, among many other things. The two major issues that remain are the plumbing and electrical systems.

While I do not want to minimize the severity of those problems, I believe that they can be corrected far more inexpensively than the cost of a new high school.

I will be asking the city's municipal inspections department to make a thorough inspection of those systems, and report on what it will take to make them satisfactory to the accreditation agency. The School Department is also pursuing more explicit estimates for what it will take to address the specific issues raised in the accreditation report.

It is important to bear in mind that the entire accreditation issue revolves around the building. The academic standards at the high school are perfectly satisfactory.

It is also worth noting that no school in this state has ever lost its accreditation due to building issues.

There is no question that a new high school will be needed someday. But I must work within the constraints of our existing budget and resources.

My primary and urgent focus is to maintain — or even upgrade — the accreditation of our current high school, for the sake of the students who will be passing through it today and in the next decade.

While some have said that spending money to upgrade the old school is a waste of money, I think Councilor Roger Morency said it best at a recent school subcommittee meeting: "This is not a waste of money at all. It is an investment in the students who will be attending the high school in the next seven to ten years."

That is never a waste.

Tom Crean is serving his first term as mayor of Beverly. In that capacity, he also serves as a member of the Beverly School Committee.

Salem News
12/18/02