

PF 7/15/13 (cc)

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REPORT TO CITY COUNCIL

To: President Shannon and Members of the City Council
From: Martha Lang, City Resident and Abutter
Re: PROPOSAL TO LEASE/SELL IRA ALLEN, LEASE TAFT SCHOOL & PURCHASE/RENOVATE ST. JOSEPH'S
Date: July 15, 2013

1. **SERIOUS ZONING CONCERNS:** The proponents say St. Joseph's can accommodate all existing uses. But they overlook a very serious problem. St. Joseph's is zoned medium residential. **Office use is not permitted there.** (Indeed, office workers at St. Joseph's were recently required to relocate to another site.) So, where does the school district plan on housing its offices? At what cost? This alone should give the city council reason to reject this deal as unsound.
2. **SERIOUSLY UNDERSTATED RENOVATION COSTS:** The proponents say the St. Joseph's renovations will cost **\$27.53** per square foot (\$1,478,500 / 53,700 square feet). Where do they get this number? A respected annual national report on school construction costs shows that, in the Northeast, the median cost per square foot for *new* elementary school construction (new construction routinely being less per square foot than the cost of renovations) was **\$306.34** in 2012, yielding here a **renovation cost of \$16,450,458, or 11 times more than the proponents say.** This city has a *long* history of approving projects based on predictions that are way out of line with reality. If this project were to proceed, the city can be confident it will happen again. This problem alone should give the city council reason to reject this deal as unsound. (*Excerpts of the report we sent in packet. Link to full report: <http://www.peterli.com/spm/pdfs/SchoolConstructionReport2013.pdf>*)
 - **HVAC & FIRE CODE CONCERNS:** Right now, Ira Allen (built in 1974) is air conditioned and has fire rated walls and fire sprinklers. The Taft School (1938) has fire rated walls. How about St. Joseph's (1929)? It lacks air conditioning, fire rated walls and fire sprinklers. Just for installation of fire sprinklers, that can run \$10 per square foot in historical structures like St. Joseph's. That would be \$537,000 for fire sprinklers alone. *Link to estimate: <http://www.kauffmanco.net/blog/fire-sprinkler-costs/>*
 - **117 LOST PARKING SPACES:** There are a total of 148 parking spaces at Ira Allen (68 spaces in front alone) and the Taft School (80 spaces). St. Joseph's has only 31 spaces. *That's a net loss of 117 spaces!* How can that incredible loss of parking spaces be made up? Where? At what annual cost? Why don't the proponents mention this? How does this affect the bottom line? (*ANR-produced satellite photos showing, among other things, parking available at each of the three sites are in your packet.*)

- **MISSING TRANSITION COSTS:** If the plan is to use the proceeds from the sale/lease of Ira Allen and Taft School to fund the purchase and renovations of St. Joseph's, then where will the school district house its offices and programs pending completion? How much will that space cost per year? For how many years? Why don't the proponents mention this? How does it affect the bottom line? Also, this will mean that school district will need to move these programs *twice*. How much will two moves cost?
- 3. **SERIOUS CASH FLOW CONCERNS.** The proponents' accounting shows that the proceeds from the sale of Ira Allen and the lease of the Taft School will just cover the purchase and renovation of St. Joseph's. The obvious pitch is that this deal can be done without financing or tax increases. Really?
 - **IRA ALLEN RENT FREE:** UVM is to occupy Ira Allen rent free for one year. So, the purchase will not close for a year. So where is the money for the St. Joseph's purchase?
 - **IMPORTANT IRA ALLEN PURCHASE TERMS NOT DISCLOSED.** UVM gets Ira Allen rent-free for a year, but otherwise we don't know what the purchase contract says. What contingencies exist? Could UVM back out? Could it extend its lease? Might it compel a price reduction for some failure of some physical condition or title defect? So, the rent-free term isn't the only concern. If UVM might back out, extend its lease term or demand price reductions, then the overall deal surely isn't revenue neutral.
 - **TAFT SCHOOL LEASE CONCERNS.** The Taft School lease is for 80 years and paid up front. But what are the other lease terms. Can UVM back out? Might the city have to refund some of the lease proceeds? If mitigation is required but the school district has already spent the lease proceeds on renovations at St. Joseph's, from where will the refund come? The city will have to book this as a conditional liability. If that's the case, then, by the charter, financing approval of the voters is needed.
 - **TAFT SCHOOL REVERSION CONCERNS.** What if UVM uses the premises for non-school purposes and the building reverts to the Taft Estate? In any event, if there's any question about a reversion or UVM's liability, it'll involve expensive litigation, and you can be sure that, as landlord, the city will be *party number one*.
- 4. **SERIOUS QUESTIONS ABOUT APPRAISED VALUES.** The proponents own literature reflects that the Ira Allen has been appraised at *only two-thirds* of its assessed value and that the Taft School has been appraised at *only one-third* of its assessed value. What is going on here? Where are these appraisals? How can it be they're so much less than the city's own assessments?
- 5. **SQUARE FOOTAGE GAINS ARE ILLUSORY.** If you exclude the gym and cafeteria (neither of which should be needed for housing administrative offices and other school programs), then the net square footage of St. Joseph's is just a little under what exists at the other sites. Practically speaking, the city does not stand to gain any square footage.
- 6. **UTILITY COST COMPARISON UNRELIABLE.** The proponents claim that annual utility payments for the *significantly larger, significantly older and less insulated* St. Joseph's are only *one-third* of those of the other two sites. How is that possible?



VERMONT

Ira Allen's Lot Lines

Vermont Agency of Natural Resources

vermont.gov



LEGEND

- Parcels (where available)
- Town Boundary

NOTES

Map created using ANR's Natural Resources Atlas



1: 2,369
July 10, 2013

DISCLAIMER: This map is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. ANR and the State of Vermont make no representations of any kind, including but not limited to, the warranties of merchantability, or fitness for a particular use, nor are any such warranties to be implied with respect to the data on this map.

0 60.00 120.00 Meters
1" = 197 Ft 1cm = 24 Meters
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Vermont Agency of Natural Resources