



Agenda Item Summary Report

Meeting Date:

July 14, 2025

Submitted by:

Michelle Bailey Hedgepeth, Town Administrator
Vito Tinelli, Town Treasurer

Item Title: Resolution 01-2026 | A RESOLUTION AUTHORIZING STAFF TO SEEK TECHNICAL ASSISTANCE FROM THE MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DCHD) FOR POTENTIAL FINANCING AND DEVELOPMENT OF A NEW TOWN HALL FACILITY

Town Hall Update | Building Cost Estimate | July 2025 and Resolution for Staff Authorizing Exploration of Financing Options and Alternatives for the Town Hall Project.

Resolution 01-2026 | A RESOLUTION AUTHORIZING STAFF TO SEEK TECHNICAL ASSISTANCE FROM THE MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DCHD) FOR POTENTIAL FINANCING AND DEVELOPMENT OF A NEW TOWN HALL FACILITY

Work Session Item [X]
Council Meeting Item [X]

Documentation Attached:
NDC Update – June 2025

Recommended Action:

Approve the resolution, and that will authorize staff to begin the process to explore financing options and alternatives for the Town Hall so that funding estimates and decisions can be made in FY 2026 and FY 2027.

Item Summary: The Town continues to make meaningful progress in partnership with the Neighborhood Design Center (NDC) on the conceptual design process for a future Town Hall facility that supports our current operations and anticipated community growth. The Town is at a crossroads, and a series of actions must occur for the project to move forward and for the Town to be in a position to seek additional funding from the legislature and the State of Maryland for Bonding.

During the past few months, staff met with NDC's design consultants to conduct a detailed review and revision of the space needs inventory. This assessment focused on aligning the layout and location of a new Town Hall with the Town's future direction, functional demands, and the evolving needs of residents and staff. The overall size is estimated at 27,483 square feet. The cost estimate report was prepared to provide some initial information on the project. The updated cost estimate ranges from \$15.5 million to \$19 million, with an average projected cost of \$17.25 million.

The estimate includes both hard and soft costs. It assumes that portions of the existing site infrastructure—such as utilities, foundation elements, and site preparation—can be reused, which may help keep final costs toward the lower end of the range. A working figure of approximately \$19 million (or ~\$690/sqft.) is recommended for ongoing project discussions and early-stage planning.

With these costs in mind, the project will exceed what we anticipated in earlier discussions. Therefore, a move to more formal funding and modeling is necessary to better prepare the Council and Town for the true cost of the Town Hall project, including future bond payments and debt.

Information on Financing Process:**Purpose**

The purpose of this Council Item is to provide an overview of the State bonding process through the Maryland Department of Housing and Community Development (DCHD) and to outline potential next steps for the Town Council as it considers financing options for the proposed Town Hall project.

Background

Over the past year, the Town has been working with the Neighborhood Design Center (NDC) to evaluate space needs and develop cost estimates for a new municipal facility. Based on preliminary analysis, the estimated cost for a new Town Hall is between \$15 million and \$19 million.

In support of this effort, the Town has secured two bond bill awards from the State to advance the project. As the Town prepares to evaluate financing mechanisms and develop a legislative request for FY 2026, a resolution is being introduced to initiate formal discussions and seek technical support from DCHD's Community Development Administration (CDA).

This resolution does not commit the Town to final design or financing at this stage, but serves as the first formal step in exploring the feasibility of phased construction, debt financing, and partnership opportunities with the State.

State Bonding Overview – Maryland DCHD

The Maryland Community Development Administration (CDA) offers bond issuance services to municipalities and counties to fund public infrastructure projects. CDA issues tax-exempt bonds and provides loan proceeds to local governments with favorable interest rates based on pooled bond sales. Eligible projects can include:

- Government facilities
- Streetscape improvements
- Transportation enhancements
- Water and sewer infrastructure

Key Features of the State Bonding Program:

Access to Expertise: CDA provides bond counsel and financial advisors to support local governments throughout the financing process.

Reduced Costs: By pooling multiple projects, issuance costs are reduced through economies of scale.

Flexible Terms: Loan terms are determined by the local government (up to 30 years or the useful life of the project).

Full Faith and Credit Pledge: Participating municipalities must pledge their full faith and credit and meet creditworthiness criteria.

To proceed, municipalities must:

- Secure legislative authorization to incur debt | *This is an additional ordinance that must be passed at a later date.*
- Certify construction inspection and reporting capacity
- Demonstrate sufficient project design, scope, and fiscal planning
- Maintain compliance with CDA requirements throughout the financing term

Council Discussion – Proposed Next Steps

At this stage, staff is requesting input from the Council on how to proceed. The following options are presented for consideration:

1. **Authorize a Resolution** to allow staff and the Mayor to seek technical assistance from DCHD to evaluate financing options and prepare for formal participation in the bond program.
2. **Authorize staff to collaborate with NDC** on a phased project approach (e.g., separate or all-inclusive Town Hall design) and return to Council with alternatives for review.

3. **Provide staff with alternative** direction, such as:
 - a. Reducing the size, scale, or scope of the Town Hall project
 - b. Exploring alternative options to house staff without full construction of a new facility
 - c. Considering leasing, modular, or other cost-effective options
4. **Delay State Bond Program engagement**, and continue planning efforts with NDC while exploring alternate funding or grant mechanisms.

Conclusion

This item is intended to initiate Council dialogue and gather feedback as the Town evaluates the scope and financing of the proposed Town Hall. The resolution will allow the Town to gather expert input and prepare for potential legislative and financial milestones in FY 2026 and beyond.

Staff recommends moving forward with the resolution to preserve flexibility while continuing to assess the most cost-effective and community-centered path forward.

Budgeted Item: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Continued Date:
Budgeted Amount:	
One-Time Cost:	
Ongoing Cost: Annual Cost	
Council Priority: Yes <input type="checkbox"/> No <input type="checkbox"/>	Approved Date: