



118 Central Avenue North, New Prague, MN 56071
phone: 952-758-4401 fax: 952-758-1149

MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: JOSHUA TETZLAFF, CITY ADMINISTRATOR
SUBJECT: FUTURE POLICE STATION
DATE: SEPTEMBER 27, 2023

Over the last year, the City Council has discussed the possibility of needing new facilities for the police. This has been in many forms, including anecdotal discussions between staff and Council and eventually, data driven discussions as a facilities study was conducted that showed that while the City has many needs, a police facility was at the forefront. This need for space stemmed from a cramped working space, inadequate evidence area, locker room/changing area that had little to no space with a shower that wasn't operational, and poor meeting/interrogation space, to name a few of the needs.

At previous meetings, the Council wanted to look at some possible future numbers for what a facility would cost, and the initial number that was presented to the City Council was \$16m. This would build a facility that would fit the estimated needs of the department in 2040. After discussions, the facility was paired back to fit the needs of the department as it is today, with a planned expansion area for future expansion. To build the facility sized for today, the estimated all in cost was \$11-12m in total, from the beginning of the project to the end. This was based off 2024 construction numbers with estimates that it could be 5-10% higher each year that the project is pushed back.

During the financing discussions, I shared information from Baker Tilly that estimated by itself, raise the levy about 17% above the estimated 2023 levy, all else being equal. This is assuming that everything else stays the same. I have since updated those numbers with estimated market value, net tax capacity, and projected levy for 2024. This changes the estimated increase to 15% over the 2024 levy (since we would not be able to likely begin construction now until 2025, with payments first being realized in 2026). I believe that 15% is accurate as a number because we have to continue operating the City. We still are required to maintain parks, plow streets, and process building permits. If we build a new police facility, the City must continue to respond to fire calls, fix pot holes, and police our streets to keep them safe. It is my belief that the 15% will truly be on top of what our current levy? The decision will then come to whether we finish the improvement projects off, of which we have an estimated two years left (2024 and 2025) before the costs of those drop off due to the scopes of the projects. Does this mean that it just isn't going to happen? I continue to recommend strongly that we move forward.

Twenty years ago, it was determined that the City needed a new facility due to lack of space. For whatever reason, the facility wasn't constructed. Since then, the department continued to grow and the needs of the New Prague police department continued to grow to respond to modern problems facing our City. Now, 20 years later, inflation for cost of a facility has exponentially risen the cost for building a facility. If we continue to push this off, it will likely only continue to increase further. We will also continue to have our officers work at a disadvantage compared to other communities. In a time when every City across the country is seeking to

attract and retain officers, a new facility can be beneficial to not only the community by giving it the ability to meet modern problems, it also can be a source of civic pride and a recruitment tool to attract and retain officers who would like to work in a nice facility. Having an outdated, undersized facility can work in the exact opposite.

During our discussions about the increase and what that may do to property taxes, I shared what a \$250,000 home would likely see as an increase and a \$400,000 home. With the updates to the numbers, those numbers are updated as well. For a \$12m bond, paid at 25 years at a 4% interest rate, a \$250,000 home would see an increase of around \$157 per year in their City paid tax. For a \$400,000 home, that increase is about \$266. These are estimates and are subject to change based on changes to the property tax formula and valuation changes. But these are estimates that were provided to us by Baker Tilly.

At this point, the City has been in various levels of discussion about this for over a year, from the high level possibility of it needing to happen to a more nuanced discussion of estimated costs. If we are to order the drawing of the plans now, that would give us ample time to discuss location, exact layouts and needs of the facility, and other needed discussions before ultimately sending the plans out for bid.

Recommendation

I recommend the City Council moves forward on drawing plans for the police facility at the fire station location, as recommended by Wold Architects in the 2023 New Prague Facilities Study.