



Memorandum

To: Mayor Nelson and Members of the City Council

From: Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer

Date: October 5, 2022

Subject: City Hall Preliminary Design presentation

At the April 5 meeting, the City Council engaged Stantec to prepare preliminary design documents for City Hall. Since May, the City's Department Heads have been meeting with Bruce Paulson, Senior Project Manager/Architect from Stantec to review current facility conditions and deficiencies as outlined in the 2017 Space Needs study, identify future facility and space needs, reviewing preliminary building/site design layouts. It has been a very positive, collaborative experience.

Included with this memorandum are drawings of the preliminary interior layout and elevations of the exterior.

Much of the work is focused in the existing building. Stantec is proposing a small addition onto the front to accommodate the Police Department's administrative offices/separate entry, additional space for Recreation offices, enlarge public spaces, and to make the facility more welcoming. As we are utilizing the existing building, Stantec needed to be creative. You will see that creativity throughout the plan.

The Department Heads have shared the plans with their respective department staff to obtain feedback. The employee's feedback has been welcomed and, in many cases, incorporated into the design being presented to you.

Bruce Paulson will be in attendance at the work session to provide a presentation on the proposed layout and exterior elevations and obtain feedback from the City Council.

Cost/Financing

Stantec prepared a preliminary opinion of probable construction costs (OPCC) for the City Hall project. The OPCC range includes a 15% contingency and 8% for soft costs that will include design, bidding, construction phase services and special inspections/testing required by the building codes. The OPCC range is \$7,036,000 to \$8,106,000.

The 2017 Space Needs Study from Leo A. Daly estimated a City Hall remodel at \$7,909,642 to \$8,268,597.

City staff has identified reserve funds to be applied to the project. We are anticipating a bond issue of approximately \$7,135,000, which includes issuance costs.

At current interest rates, the annual debt service is \$559,291. This would represent a levy increase of 14.1% over the 2022, pay 2023 levy approved on September 6.

Not all of this will need to be included with the annual property tax levy. The 2002 PFA Note, which financed the water treatment plants, will be paid off in 2023. In addition, the 2013B GO Capital Improvement Plan (CIP) Bonds, used to finance the acquisition of the Public Works Building, will be paid off in 2023. That means that the debt service for these issues could be repurposed for the City Hall renovation project.

If the City Council was to reappropriate these debt service payments, it would reduce the annual debt service need from \$559,291 to \$311,891/year. That debt service levy, added to the 2022, pay 2023 levy, would represent a 7.9% increase.

The debt service would impact properties as follows:

Net Tax Capacity Value (Pay 2023)	\$ 8,632,448	
Estimated Net Tax Rate Increase	3.6130%	
	Annual Tax	Monthly Tax
Market Value of Residential Property	Impact	Impact
\$200,000	\$65.31	\$5.44
\$250,000	\$83.37	\$6.95
\$284,000	\$95.66	\$7.97
\$300,000	\$101.44	\$8.45
\$350,000	\$119.50	\$9.96
\$400,000	\$137.57	\$11.46
Market Value C/I Property		
\$250,000	\$153.55	\$12.80
\$350,000	\$225.81	\$18.82
\$500,000	\$334.20	\$27.85
\$750,000	\$514.85	\$42.90

Staff looks forward to discussing the City Hall renovation project with you to obtain your feedback. If you have any questions, please don't hesitate to contact me at 763-784-6491.