



Coburg City Hall Opportunity

FAQs

Last updated October 2013

What is this opportunity? City Council is considering a City Hall building exchange/purchase with **91136 N Willamette St.**, also known as the “Manley Building”.

The City has long outgrown the space to run the basic functions and services in the current building and the owners of the “Manley Building” would like to use the current City Hall as office space.

The new building would provide many benefits for Coburg, including an ADA compliant Community Center, Heritage Center, upgraded Municipal Court chambers, expanded City Council chambers, and improved and consolidated staff office space.



Is this a done deal? No. The City has put earnest money down to secure the terms of the deal, but not until and unless the City Council approves a supplemental budget and the City is approved for a loan, will the City incur any further legal or financial obligations.

Why now? Opportunities sometimes happen when they happen, not when convenient. The timing amid multiple needed City improvements is not ideal, but this opportunity won't be available in the future (in its present form). There are few buildings in Coburg suitable to serve as a City Hall. This building is the only suitable building that has been available in recent years. If the City doesn't avail itself of this opportunity, Coburg will very likely need to build a new City Hall in the future. Experts have estimated that building a City Hall from the ground up would cost upwards of four or five times as much as this opportunity; not something Coburg is likely to be able to afford for many years.

How much would this cost? There are multiple parts to the cost and value.

- Land exchange. The value of the current City Hall property (\$270K) will be put toward the purchase price of the Manley Building property (\$750K) for a net City cost of **\$480K**.
- Remodel. Some remodeling will be required for security and operational compliance of a public building including separating the Community Center/Municipal Court/Council Chamber and adding an ADA-compliant entry and public restroom. The remodeling estimate is **\$35-40K**.

- Physical move. The cost of the physical move (work stations, antennae, booster station, backup power generator, etc.) is estimated at **\$50K**. The City may have access to surplus office furniture donated by the Coburg North Industrial Park. All existing equipment, desks, etc. would be reused.
- Public Works Utility Storage. It would be less expensive to build a new Public Works utility building at the Wastewater Treatment Plant rather than attempt to move the existing structure. The utility building is used for tools, equipment, and vehicles used in Public Works operations. The utility shed is not included in the cost estimate.

Total cost estimate = \$575-580

How could this be financed? The City would obtain a mortgage with a municipal lending institution. Exploratory discussions have been held, enabling the City to conservatively estimate the **monthly payment at \$3,400**. It is also possible that the City will be able to refinance within three years.

Why not register a bond measure? The timing of a potential bond measure doesn't align with the timing of the current proposal (price, terms, etc.). Further, the City does not need the level of financing a bond measure is designed to support. Another deal at a future date, for either the Manley building or another building, would likely mean a higher asking price, and perhaps not include the swap of the current City Hall property.

How would the mortgage be paid? The mortgage/moving expense would largely be paid for with existing department funds that support the existing City buildings. It would be a straight across transfer. The larger building expense would be spread across the existing City Budget funds in the same proportions as those Budget funds currently pay for the existing City Hall occupancy expenses.



For example, the cost of the City's employee work stations and use of buildings and equipment are shared proportionately across multiple funds. (The City has other dedicated funds: Water,

What would be the benefits?

- **Community Center.** This has been part of the community vision since the Coburg Crossroads process (almost 15 years ago). The building would be available for community events during and after business hours. It would have ADA-compliant access and bathrooms, chairs, tables and possibly a kitchenette to accommodate all citizens.
- **Heritage Center.** In addition to the lobby, other heritage displays areas are possible to showcase Coburg history and promote community events; including storage and curating space.
- Required minimum number of public parking spaces per building code
- ADA-compliant lobby for all to access
- Includes informational kiosk with covered bicycle parking
- Would accommodate centralized customer service counters
- Co-location of Police, Public Works, Court and Municipal staff for improved communication and operations
- Upgraded municipal security
- Compliance with emergency evacuation/natural hazard standards

Streets, and Parks. Expenses *not* paid from a dedicated fund are supported by the General Fund).

Non-General Funds can only be used for related and relevant expenses associated with that fund, i.e., 'Restricted Funds'.

Restricted Funds are allowed, however, to help pay for shared expenses related to the tasks associated with those funds. For example, a portion of the cost of City Administrator and Finance Director are allocated to the Wastewater Fund because a significant portion of their time is spent on Wastewater related issues.

During the budgeting process, the estimated cost for each City employee is totaled. These include salary, benefits, a percentage of the utilities, office supplies, etc. The mortgage expense would be apportioned between all the City's employees who would have workspace in the new City Hall (all but the Wastewater Operator).

The second step is to allocate the expenses for each employee across the Funds related to the work they are tasked to do. For example, the Finance Director's time is allocated across multiple funds related to what she is anticipated to be spending her time on. The allocation percentages are recalculated each budget cycle to reflect changes in operations.

What would be the impact to each Fund? The General Fund is the largest fund, with revenues from property taxes, state shared revenues, development fees, court fines and fees, grants and economic development fees collected and expensed.

Fund	Current FTE FY 13-14	Payment Allocation	Annual Payment	Fund Budget	% of Fund Budget
General	6.85	51%	\$ 10,200	\$ 871,582	1.2%
Parks	0.15	1%	\$ 204	\$ 33,622	0.6%
Street	0.95	7%	\$ 1,428	\$ 126,449	1.1%
Water	2.40	18%	\$ 3,672	\$ 245,544	1.5%
Sewer	3.15	23%	\$ 5,100	\$ 394,480	1.3%
	13.50	100%	\$ 20,604	\$ 1,671,677	1.2%

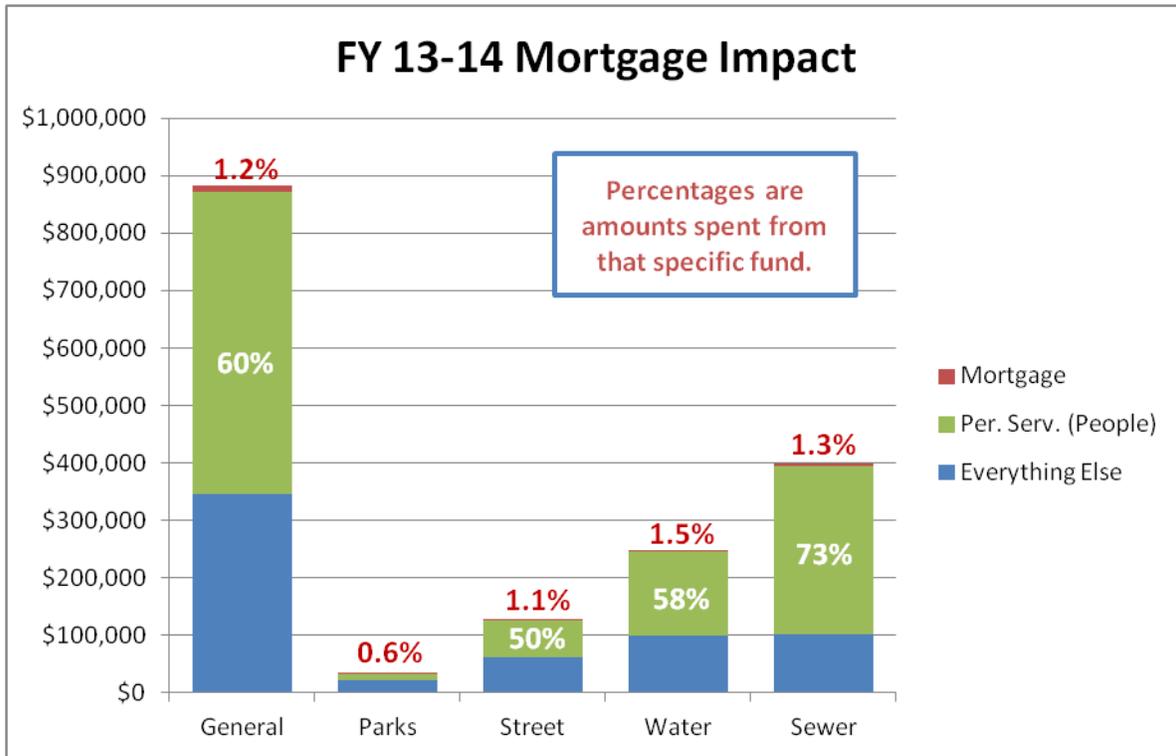
Operating costs for the new building are expected to be about the same as the current City Hall and the Public Works Shop building, which currently houses the offices for the Public Works staff. The improved energy efficiency of the newer building would likely mean similar utility expenses to the current buildings. With a larger facility, renting other building spaces would no longer be necessary.

- **Municipal Court**
 - Private area for the Judge to complete paperwork
 - Secure/sequestered space for jurors
 - Private meeting room for client/attorney privilege
 - Enhanced security for Court staff

- **Police Department:**
 - Separate interview rooms and designated entrances enhance victim and suspect privacy and security
 - Controlled environment for testing, processing and packaging of forensic evidence to aid in successful prosecutions
 - Changing area
 - Adequate office space
 - Secure parking area for police cars and impounded vehicles

- **All staff:**
 - Public restrooms
 - Separate break room (noise, smell)
 - Quiet, productive work space (i.e., not with kitchenette and bathroom)
 - Public Works located with other staff
 - Improved access to printer, mailboxes, etc.

The loan payment illustrated above is based on a \$625,000 loan, amortized at 4% APR for 25 years. This is a conservative (high) projection because the City is anticipating that not all of the \$625,000 will be



needed. A lower loan amount and therefore lower payment will result in a smaller impact.

The total employee count (FTE = Full Time Equivalent Employee) is 13.5 for the current fiscal year (FY 2013-14). Loan payments would be approximately \$20,600 for the second half of the fiscal year and the impact of the mortgage would be about 1.2% of the operating budget.

In the graph above, the mortgage expense is compared with the budgeted Personal Services expense for the current fiscal year as an estimate of the employee expenses allocated to each fund. The impact to fiscal year 2014-2015 won't be fully known until the budget cycle is completed next spring but a preliminary estimate puts the impact at about one percent of each fund's expenses. This impact will decrease as the increase property taxes, franchise fees, and other revenues from the I-5 commercial and industrial corridor become available.

Why do this before making the Police Department whole? The Police officers and clerk are temporarily at .9 FTE. If the Police Department is able to balance their budget over the first two fiscal quarters, the Department should be able to go back to full time by the end of this calendar year. The way the Budget is built, the Police Department funds are separate from potential City Hall funds. City Hall can be financed; staff positions cannot be financed. All City Departments have been consulted and have endorsed the potential move.

Will the wastewater system be paying for the new City Hall, raising rates yet again? A portion of the mortgage will be allocated to the Wastewater Fund because a significant

percentage of the City's employees are involved with operating and managing the Wastewater plant and operations. But this expense will have no impact on wastewater rates. A portion of all utility rates collected by the City are allocated to pay operating expenses in all funds including public works operating funds. These include the Park, Street, Water and Wastewater funds. The Wastewater fund already has allocations for operations including personal services and operations.

Who is representing the City? Ward Beck, Windermere Commercial Real Estate, is the City's agent. As is customary with real estate transactions, if the transaction is completed, Mr. Beck will be compensated for his time at the standard rate of three percent of the transaction.

Why not take this to a public vote? A public vote would be informative, but not legally binding. A vote by City Council would still be required. Also, the current opportunity will no longer be available by the time the City has the next opportunity for a public vote. And developing ballot information costs several thousand dollars.

Why wasn't the public informed of this idea earlier? A year ago, this opportunity didn't exist. City staff did not yet have answers to the questions of feasibility, building values, terms, asking price, etc. Gathering this information takes time. A year ago, there wouldn't have been sufficient substance to warrant having the discussion.

How much has the City spent on this so far? The City spent \$1,500 on a feasibility analysis and \$950 on a City Hall appraisal. Additionally, the City paid \$5,000 in earnest money, which will be refunded if the City does not pass a Supplemental Budget authorizing the mortgage payments.

Why negotiate a purchase price in City Council 'Executive Session'? Negotiating real estate in public typically results in a worse deal for the public. Effective negotiations are critical to obtaining a deal beneficial to the City.

Negotiation is also a complex matter and all transactions are unique. Both sides—buyer and seller—want to feel that the outcome favors them, or at least represents a fair balance of interests and neither party gets everything they want. Negotiating in public would have put the City at a significant disadvantage because there would have been limited leverage for the City.

Why don't we remodel the current

City Hall? Preliminary feedback from the architect has indicated that remodeling the current City Hall to municipal standards would cost at least three times as much as the Manley Building deal. The City has not invested any

resources into detailing that estimate. The reason is, if a building is remodeled more than 50% of its value, it must be built to current building and land use code and standards. This would present numerous challenges for the existing building. Among them, a second story would need to be built (unknown if 2nd story *can* be built on top of the existing cinderblock) and additional property acquired for minimum parking requirements. See *What's wrong with the current City Hall* FAQ below.



Won't the City be losing taxes in the deal? Public buildings do not pay a property tax, so if the City acquired the Manley Building, it would become tax exempt. The current owners of the Manley Building paid \$8,415.14 in 2013. After the property exchange, Manley would begin to pay property taxes on the three City Hall tax lots, but it is unknown what that assessment would be until the transaction is complete.

What are the next steps? If City Council chooses to not move forward with the deal, it will not approve a supplemental budget which is necessary to acquire financing for a move. If there is no financing, then the City walks away from the deal and the earnest money will be returned. Staff would then need to look for solutions regarding a rental space to hold jurors during trials (a budgeted item). Staff is looking for a secure space that would be less than \$8,000 per year.

The current City Hall also needs the roof replaced (which has less than one year of life left). The roof replacement cost is estimated at \$15,000-\$17,000. It is likely that the \$25,000 that would have been used for a Manley Building mortgage in the second half of the current fiscal year would be used for these two immediate purposes.

If the City Council chooses to move forward with the move, a supplemental budget will need to be passed. The supplemental budget would then be submitted to a financing entity. If financing is approved, the City could complete the transaction in approximately six weeks. Further steps would include selecting a contractor, completing construction permits and completing the essential ADA upgrades to the Manley Building - followed by the move. This part of the process would take at least two months.

What's wrong with the current City Hall? The current City Hall was built as a fire station in 1963. Attempts to relocate and remodel have surfaced several times since 1997 with little result.

Municipal Court

- Suboptimal Court security—separation, isolation, etc.—and visual clearance
- No Judge's chambers. The Judge must currently work in the staff kitchenette.
- No public restrooms. City staff must direct the public to the park two blocks away. Court defendants must be escorted to the staff restroom by police officer on duty.
- No meeting room(s) for conferences and no consultation area for attorneys and clients. Court customers must go outside—in all weather conditions—for consultations.
- Nowhere to host jurors. The City must rent another building for trials, which is expensive.

City Council/Municipal Court

- Council Chambers/Court room is too small and has poor visibility throughout the room for elected officials/Municipal Judge and public
- Council Chamber/Court is shared with the Planning Department work station, storage, and copy machine; creating disruption and distraction for the proceedings

City Staff

- Only one unisex restroom inconveniently located immediately adjacent to work stations
- Inadequate emergency exit configuration for most staff
- Loud, distracting, high-traffic work areas
- Smaller than typical workstations; only 24 sq. ft. for lobby and 400 sq. ft. for Police
- Public Works space is separated, isolated from the rest of the City staff and high cost to heat building

City Facilities

- Inadequate records storage space. City currently contracts for secured storage at significant expense. With improved storage this expense would be reduced.
- The heating/cooling system and roof needs to be replaced
- Inadequate parking area for a public building. It does not meet minimum standard.
- No bike parking; a common request and code requirement
- Buildings are highly energy inefficient, resulting in high utility costs
- Building design and construction materials do not meet design standards for the Central Business District
- Lack of community meeting space. Current Council Chambers is too small, has inadequate security and separation from City offices, and lacks public restrooms