

TO: Mayor and City Councilmembers
FROM: Adam R. Lincoln, City Supervisor
DATE: 7/11/2017
SUBJECT: 2017 General Election Bond Information

Purpose:

The purpose of this memo is to provide the Mayor and City Council with information about a proposed bond issue to go before the voters for the 2017 General Election. This memo will cover the new capital projects that are outside of the Parks and Recreation Department renewal bond, which consist of the purchase of real property and improvements at the current site of Encounter Ministries (190 SE Crestview St.) and the development of event center and gathering space to be located at Lawson Gardens.

In the past, the City has been approached with opportunities to acquire land that would have been sites for re-locating existing city facilities. It is safe to say that those situations were not fleshed out as much as is the case in this instance. In this case, it seems especially pertinent to consider the purchases mentioned below, with an eye toward the future and to look at what the potential is for such purchases. The City Council has a responsibility to consider the projects carefully, and in this particular case, ultimately allow the voters of Pullman to determine if this is a preferred course of action.

The total of the proposed new bonds to pay for the capital projects would not exceed \$10.5 Million, would be paid over a 20-year timespan and the owner of a \$200,000 home would see an increase of approximately \$88 in property taxes if approved by the voters.

Background of Encounter Ministries Property:

In April of 2016, the City was approached by Encounter Ministries to discuss selling their gym facility. Later in 2016 the City began its due diligence to determine the logistics for this sale. The City and Encounter Ministries then entered into a memorandum of understanding (MOU) for the purchase of the gym property to take place if the voters approved financing the acquisition in a ballot measure in the fall of 2017. The location of this facility is Attachment A.

In 2017, Encounter Ministries asked that City officials make a presentation to the church's board of directors to share how the City would use the property. It was at this meeting that the church leadership made the City aware that they would be interested in selling the entire property to include the church, gym and nearly 6 acres of land. The Church offered to sell the entire property for \$3.5 Million.

In April of 2017 the City Council was made aware in an executive session of the fact that the entire property was now for sale and the price at which it was offered. City staff has been working on determining possible uses for the site and it has been determined that there is a great potential of benefits to the City and residents by acquiring the Encounter Ministries property. The City envisions relocating the Recreation programs currently housed at the Pioneer Center to the gym facility at the Encounter Ministries property. The City also envisions allowing for the ability to expand administrative functions to the church building and allow for the flexibility to the police department to expand services within the existing City Hall facility on Paradise Street.

Background of Lawson Garden Event Center:

The concept of an event center located at Lawson Gardens is one that has been in existence for several years and it has regularly been an adopted Council Goal to build the facility. More recently, the project received over \$700,000 in grant funding to help with completing the estimated \$1.4 Million project. The space would be rented to those interested in gathering or meeting space for their events. The location is one of the most scenic in the Palouse Region. The revenues from rentals would also help to pay off debt services on this project.

What the bond would include:

The City is proposing that the City Council ask the residents of Pullman to vote on the issuance of bonds that would allow for the purchase of property, the improvement of property to include the equipment necessary to allow for City functions, and the additional funding needed to complete an event center at Lawson Gardens.

- Encounter Ministries property - \$3.5 Million (Estimate)
- Remodel of Encounter Ministries property to update the gym and church - \$5.5 Million (Estimate)
- Property acquisition for future Fire Station 3 planning efforts \$500,000 (Estimate)
- Additional funds needed to complete Lawson Gardens event center - \$800,000 (Estimate)
- **New Bond Funding – Not to exceed \$10.5 Million**

Should the bond pass, the Recreation programs, currently located at the Pioneer Center, would locate at this facility along with the senior center. City Hall administrative functions could also locate at this updated facility. The senior center would have access to a commercial kitchen that is a part of the gym facility. The gym facility includes a full size gym, 7-9 classrooms, large garage area, large storage areas, shower facilities, an elevator, walkway connectivity between the two buildings, and large amounts of parking.

The bonds would be payable for a 20-year time span and estimates show that the owner of a \$200,000 home would see an annual increase in property taxes of approximately \$88. For this measure to pass, 60% of the voters voting in the election would need to approve the issuance of the bonds with at least 40% of the turnout from the previous general election.

What are the Potential Benefits/Costs:

The City would be able to upgrade and add to the already in-need facilities. The cost of deferred maintenance, aging infrastructure, and emerging community needs have led to the City looking for opportunities that are both cost-effective and sound investments.

Benefits of the projects:

- Increased Space – at 6 acres and a combined 51,000 square feet, the amount of usable space for the City would nearly double compared to the existing City Hall and the Pioneer Center.
- Economic benefits – If the City ever sells the City Hall property, it would be a prime downtown location for developers who are taking advantage of the Downtown growth that is taking place. In the meantime, it's an obvious location for the Police Department to be able to use for additional space on an as needed basis.
- Expandable space – ability to add space to the existing church property and to add more buildings within the parking lot should future needs arise. Including enough space to site a future Police Department facility if and when the need arises.

- Parking concerns – Moving City Hall personnel from the immediate downtown core would open more and much needed parking spaces in the area that is developing.
- Cost of building new – When looking at the cost of similar square foot structures nationwide, the cost to build what is currently on the Encounter Ministries property could cost \$10-\$12 Million. The value that comes with a remodel of this property is far more cost-effective than building a new City Hall. Many City Halls run closer to \$25 Million to \$50 Million.
- Public safety - The City is growing at more than 1% per year. The City currently has two locations of fire stations. With growth occurring as it is, it will be necessary in the future to develop a third fire station. To accommodate this need in a cost-effective manner, it is pertinent to start the planning process now. The (not to exceed) \$10.5 million from this bond will be used in part to complete an analysis to determine an ideal location within the City of Pullman and make a purchase of the property.
- Lawson Garden Event Center Fills a Need – Other existing event centers fill the need for large gathering spaces, but there remains a need for a slightly smaller venue that can host meetings, retreats, weddings, parties, etc... Moreover, the setting at Lawson Garden is ideal for a setting that allows people to feel like they have gotten away from the City.

Current City Hall:

The current City Hall was completed in 1970 and is now 47 years old. City Hall has about 16,000 square feet of usable space and remaining space cannot be used based on the design of outdoor areas. Recent maintenance costs have included:

- City Hall Plaza rebuild (2008) - \$232,000
- Stucco repairs (2014) - \$124,000
- Masonry repairs (2017) – \$113,000
- Boiler replacement (later-2017) - \$188,000 (estimate)
- Roof replacement (2018) - \$264,000 (estimate)
- HVAC Replacement (Beyond 2018) - \$500,000 - \$750,000

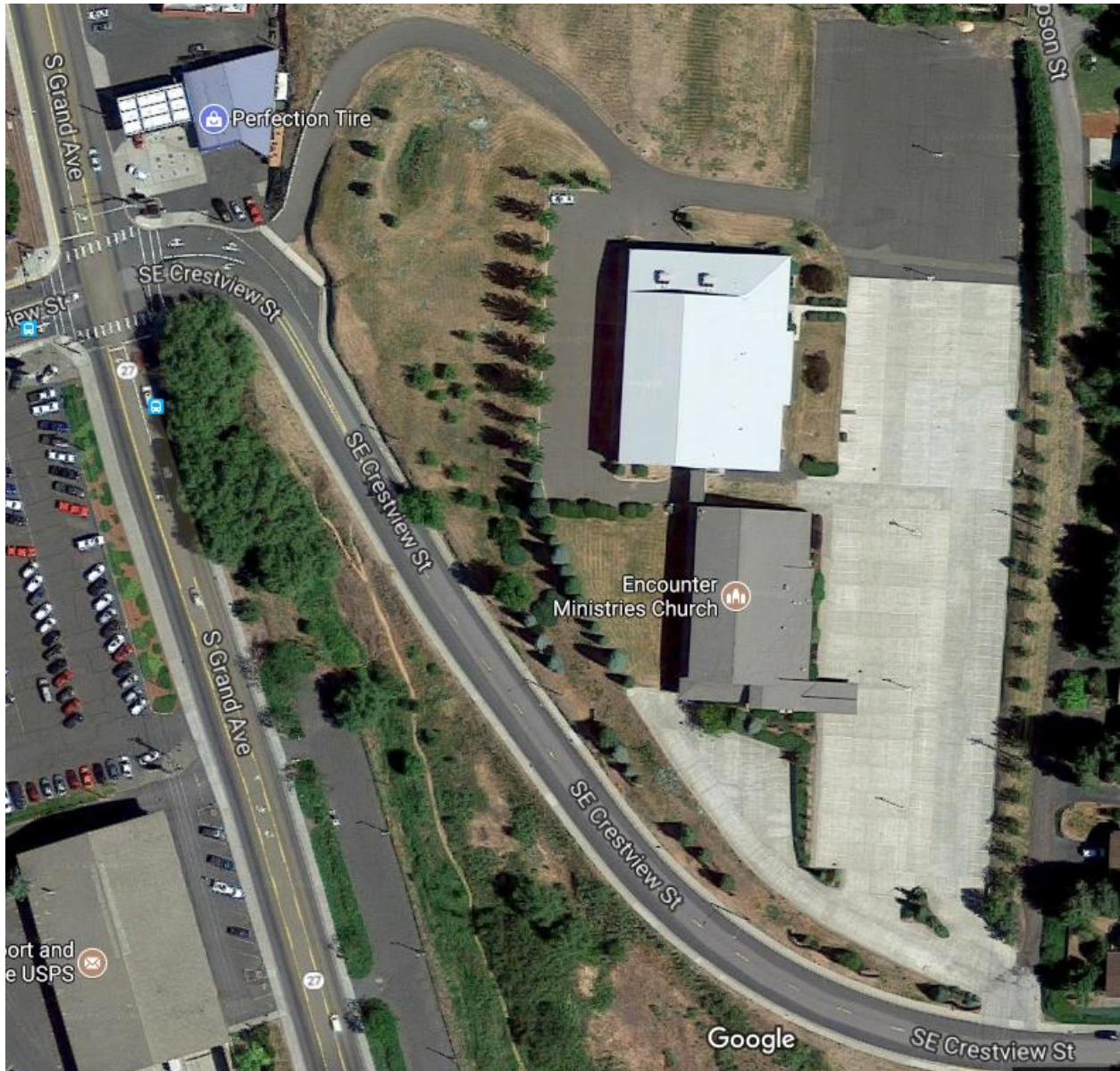
Beyond the cost of maintenance in the current City Hall, there are additional concerns with the current space. City Hall is at capacity for housing employees and storage. The City is required to maintain specific records in a specific manner and the building has reached its capacity for holding on to such documents in a safe and secure manner. In addition, there are no more places to house additional employees should the need arise.

The employees of City Hall do not have an alternative site to locate should a City Council ever decide to build a new building in the current location. If a future City Council chose to start over at the current location it would be a major challenge to re-locate City Hall employees to an alternative location while construction is taking place. The existing City Hall will eventually reach an end of its useful life and an alternative site, even a temporary one, would be necessary during that construction time. Acquiring two new buildings would make that necessity, moot.

Recommendation:

It is recommended at this time that the City Council make appropriate edits to the draft resolution and provide their input on proceeding with finalizing the ordinance. The final ordinance will then be submitted to the City Council for approval at the 7/18/2017 meeting for final adoption. At that point the resolution will be submitted to Whitman County for inclusion into the 2017 General Election ballot.

Attachment A: Encounter Ministries Location



Attachment B: Encounter Ministries Property Pictures



