



PROVO MUNICIPAL COUNCIL

Work Meeting Minutes

4:00 PM, Monday, August 06, 2018

Room 310, City Conference Room

351 West Center Street, Provo, UT 84601

Roll Call (0:00:00)

The following elected officials were present:

Council Chair Gary Winterton, conducting
Council Vice-chair David Harding, arrived 4:03 PM
Councilor George Handley
Councilor George Stewart
Councilor David Sewell
Councilor David Knecht, arrived 4:03 PM
Councilor Kay Van Buren, arrived 4:15 PM
Mayor Michelle Kaufusi

Prayer

The prayer was given by Bryce Mumford, Council Policy Analyst.

Business (0:00:58)

Council Chair Gary Winterton introduced the discussion. Councilors and staff inquired of Eric Hunter of Chapman & Cutler, the City's bond counsel, whether deferring a decision until the August 21, 2018 Council Meeting would leave sufficient time to submit the resolution to the Lieutenant Governor's office and whether a shortened timeline would present any legal issues. Mr. Hunter said that more time was preferred, but if the Council needed the time to decide, Chapman & Cutler could still complete their work.

Councilor David Harding hoped to discuss two distinct decision points: which of the three options should be selected, and what should be the bond amount and ballot language.

1. City Center Presentations
 - o Review of Options (0:05:25)
 - o Updated Space Analysis (0:11:45)
 - o Report on Public Input (1:05:44)
 - o Additional Information (throughout)

Review of Options (0:05:25)

Wayne Parker, CAO, updated the Council on the public outreach process that the Administration has done through facilities tours, open houses, and social media outreach. Mr. Parker briefly outlined the three options before the Council at this time for consideration:

- Option 1: Acquire and pay for remodel of the Sears building at Provo Towne Centre for relocating city offices, public safety headquarters, and dispatch center, then vacate the current city center blocks for redevelopment/sale/public-private partnership opportunity.
- Option 2: Build new police, fire, and emergency services dispatch center (including Fire Station #1) and perform a basic remodel and structural strengthening of the City Hall complex.

- Option 3: Build new public safety center (police, fire, emergency dispatch, and Fire Station #1), build new city hall complex, demolish remainder of the block except Covey Center, use reclaimed space for surface parking.

Councilors and the Administration heard from the public at the open houses a desire for the City to think more long-term if a new construction project was to be pursued—building additional space that would not be needed immediately could lengthen the time horizon of the use of the buildings to meet future growth projections. Mr. Parker noted that options 2 and 3 included additional square footage beyond what would be available at the mall site. The mall site provided a lot of acreage on which additional facilities could be constructed, without the spatial constraints of the existing city center block. Mr. Parker introduced Peter Moyes of Architectural Nexus, who could answer questions if needed during the meeting.

Updated Space Analysis (0:11:45)

John Borget, Administrative Services Director, shared details of the updated space needs analysis (updated from the 2013 space needs study based on additional feedback/consultation). Mr. Borget and Dick Blackham, Facilities Division Director, have met with each department director to ensure that the space in the new structure would meet the City’s needs today and for projected growth. Initially, the square footage was the same for each option for comparability, but they have added square footage to options 2 and 3 based on the collaborative work with Architectural Nexus, working with Directors, and the updated space needs analysis.

Mr. Borget highlighted the space needs and cost estimates for each option, noting some assumptions:

- The cost estimates have accounted for construction inflation.
- Each option includes a 10% contingency.
- Moving costs have been included in option 1.
- Options 2 and 3 have not factored in the costs for a temporary location during construction.
- Maintenance costs have been assumed to be similar to historic maintenance costs due to the increased efficiency of a newer and more energy-efficient building [even of a larger size].

Mr. Borget responded to Councilors’ questions with additional clarifications and gave an overview of the analysis and high-level estimates. Mr. Borget had worked with Architectural Nexus on the model for determining costs of each option and highlighted the updated bond figures:

- Option 1 \$44.5 million
- Option 2 \$50.5 million
- Option 3 \$68.6 million.

Mr. Borget outlined the costs associated with the bond, as well as the projected annual and monthly costs to the average homeowner or business. Mr. Borget noted several additional assumptions stated in the document, which were important considerations within the context of the financial figures.

Mr. Borget explained that adding the Justice Court to the city center complex (including 10% contingency and issuance costs) would require an additional \$6.5 million. The impact of this figure to the median household would be about \$7.24 annually and \$24.83 annually to a business valued at \$500,000. Judge Rick Romney and Reannun Newton, Justice Court Administrator, had expressed that the current space was meeting their needs and the current lease offered several options to extend.

Councilor David Sewell expressed a desire to see a best estimate Net Present Value comparison over 50 years, as he felt that would better demonstrate the true cost differences at stake. Councilor George Stewart asked about the relocation of staff during construction. Mr. Parker and Mr. Borget responded to this and other Councilors’ questions, noting that the assumption for option 3 was that the new building would be

constructed on the west side or a section of the city center block that was currently unoccupied. All options and estimates have included the costs of building a new Fire Station #2.

Councilors asked questions and clarifications of various information presented, with responses and explanations provided by staff. Councilors also shared comments:

- Councilor David Harding did not want to compromise the long-term implications of the building location by the desire to facilitate construction in option 3; the best location should be chosen.
- Option 3 would provide 165,000 square feet, with approximately 17,400 in unfinished area.
- The square footage presented in each option was no longer equal, reflecting the difference between a 20-year solution (of Provo Towne Centre) and a 30+ year solution of building new.
- The current City Center block, including Fire Station #1 and the Covey Center, is approximately 9 acres (two blocks with the street running between).
- The City has an AA+ bond rating, which is excellent for a municipality of this size at one step below the AAA rating. John Borget, Administrative Services Director, explained that they were not concerned about having two general obligation bonds issued at one time; they were more concerned about the net result and whether it was something that residents could afford and were willing to do. Mr. Borget said the City has seen about 2% rates on prior bond issuances, but the rate has raised to 3% in many instances.
- Councilor David Knecht pointed out concerns regarding future expansion and parking.

Fire Chief Jim Miguel clarified that Fire Station #1 responds to every structure fire in the city, provides ambulance support for a certain area of the City, and is home to the Fire Commander for the entire City; there are important and critical services that originate from Fire Station #1 for emergency responses.

Regarding the Police Department and Provo Towne Centre mall, Mr. Strachan indicated that the architect still had some concerns, but that many could be satisfactorily resolved through the design. The mall ownership should recognize that there may be certain uses at the mall that would be incompatible with the Police Department being located there, and that there would be additional seismic upgrades in order to meet the requirements for a public safety facility. Mr. Strachan clarified that the City would own the Sears building and property and could make the necessary upgrades. Mr. Strachan highlighted an example of the Oceanside, California Police Department which was located in a strip mall. Oceanside has a population of 175,000 and their police department was a significant portion of the strip mall complex. Police Captain John Geyerman stated that Police Chief Rich Ferguson's opinion had not changed. Captain Geyerman shared considerations which should be examined when examining the Oceanside Police Department. Mr. Strachan acknowledged that these concerns were legitimate, but that the Administration had tried to assess whether the proper design of layout, entrances, and other factors could be resolved in going forward with the mall option.

Report on Public Input (1:05:44)

Cliff Strachan, Council Executive Director, and Karen Tapahe, Community Relations Coordinator, presented on the results from public input about the city center options. Mr. Strachan emphasized that the results from Open City Hall reflected the opinions from self-selected users who participated, rather than a scientific study or statistical sample. Comments received during the City's series of open houses showed 11 comments in favor of doing something to address the City's needs.

Ms. Tapahe outlined results on Open City Hall from registered users (210 Provo residents and 6 non-residents), noting trends, demographics, and geography among participants and responses. Mr. Strachan explained that the process of educating the public would be critical in getting the word out prior to the distribution of mail-in ballots in mid-October. Councilors shared comments on the results.

2. Council Discussion, including Questions and Answers ([1:20:44](#))

Councilors shared comments and questions regarding the timing of a bond during the 2018 municipal election. Considerations included the timing of Provo School District property tax increases and a potential school district bond the following year, the risks involved, the public education process, and other City needs such as a new sewer treatment plant. Some comments included:

- Wayne Parker, CAO, indicated that the Administration had been open to examining other downtown locations and had done so throughout this process; a land trade or exploration of other downtown properties was certainly part of the exploration process. Mr. Parker reviewed past consideration of other properties in the City, including an area in the Riverwoods, the mall, and many downtown buildings and areas.
- Mr. Parker explained that the timing of the current decision timeframe was largely a result of a quicker expiration on the Sears building option at Provo Towne Centre mall.
- Councilors and the Administration discussed the economic conditions and construction environment that made the timing of the Recreation Center particularly advantageous—there had been great construction prices and interest rates due to the economic downturn. While the timing and economic climate was not ideal in 2018 for a new city center, conditions did not appear to be trending in a positive direction.
- The construction timeline would depend on the option selected; new construction would likely begin in fall 2019, but the construction at the mall could likely be completed in less than a year. The process would require designing the building and the requisite civil and architectural engineering processes, with the new construction bidding process likely beginning summer 2019.
- Councilors wondered whether the longevity of option 3 was greater than the 30+ years stated; clarification was given clarifying that the number was based on the space needs forecast, rather than the intended age of the structure itself.
- A modest contingency has been built into the estimates—it was not intended to change the nature or amount of the bond drastically, but meant to account for fluctuation in raw building costs. Peter Moyes, Architectural Nexus consultant, explained that 50 years was the typical minimum that they worked toward with civic design work.
- Option 3 included approximately 17,000 square feet in the buildout for future expansion; Mr. Parker explained that was a reasonable amount for a spatial contingency. A capital expenditure would still be needed to finish building out that roughly built space, but the Administration felt it was a reasonable number that anticipated an important need to move into that space.
- Mr. Parker indicated that the Administration would work on bringing a comparison on total operating costs and square footage for the August 7, 2018 Work and Council Meetings.

Regarding the timeline for a decision, Mr. Strachan explained that the Council would gain some time on a very tight timeframe by making a decision at the August 7, 2018 Council Meeting. Mr. Strachan suggested that the Council first select between options 1, 2, and 3, then specify the amount of the bond. Mr. Strachan and the Administration advised creating bond language that would provide specific terms without being overly constraining—there would be a delicate balance between being specific enough to assure voters while still allowing some degree of flexibility to facilitate the best decision-making possible.

Throughout the discussion, Mayor Michelle Kaufusi shared thoughts on the bonding process; placing a bond on the ballot requires difficult decision-making and weighing of options, but she felt it was critical in order to address the critical needs of the City. She expressed that as elected officials, she and the Council were who the public has selected and chosen to make the hard decisions—the Council needed to not shy away from it. Mayor Kaufusi recalled the process the City officials would have faced in 1968 for the bond to build the City Center in the 1970s—50 years ago, City officials were having the same

discussion. They really pushed the envelope and the City has gotten great value from the buildings; now the City officials face a similar decision that will impact future generations.

Mr. Winterton expressed gratitude for the many partners and players who have helped the City reach this point. Mr. Strachan invited Councilors to direct any further questions to him via email.

Closed Meeting

3. The Municipal Council or the Governing Board of the Redevelopment Agency will consider a motion to close the meeting for the purposes of holding a strategy session to discuss pending or reasonably imminent litigation, and/or to discuss the purchase, sale, exchange, or lease of real property, and/or the character, professional competence, or physical or mental health of an individual in conformance with § 52-4-204 and 52-4-205 et. seq., Utah Code. *None held.*

Adjournment

Adjourned by unanimous consent.