



## Attachment #1



### PERMANENT COMMUNITY IMPACT BOARD



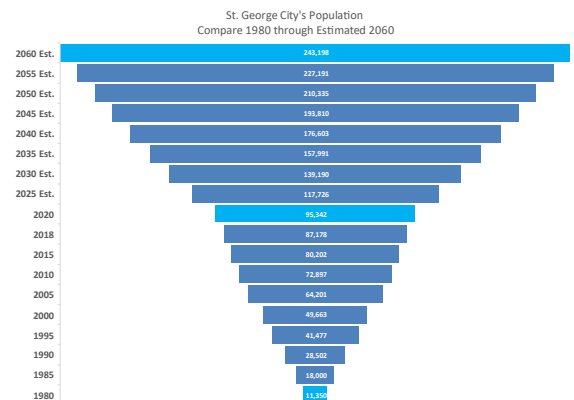
### CITY HALL & PARKING STRUCTURE PROJECT

February 1, 2023



## GENERAL PROJECT DESCRIPTION AND BACKGROUND

St. George City Hall was built 42 years ago in 1980. At that time, the City's population was approximately 11,350 and the City Hall housed nearly every city service provided to our community. St. George has grown rapidly over the past 40+ years and the City's population is now 99,958 which is a 781% increase since 1980. St. George's high growth was recently highlighted by the U.S. Census, where between July 2020 and July 2021, St. George was not only the fastest growing city in the state, but in the entire United States. Demands for City services have grown correspondingly, to the point we have outgrown our current City Hall.



In 2018, the City hired Galloway & Company (formerly JRCA), an architect and engineering firm to perform a needs analysis for City Hall and our St. George Police Department (SGPD) Headquarters. The study concluded that additional space is needed at both facilities to accommodate needs for the next 30 years.

The City decided to expand the current City Hall, construct a parking structure, and renovate and expand the SGPD Headquarters. The City applied for, and was awarded, a CIB loan in June 2019 for \$15 million and was two weeks away from commencing the first phases of the City Hall expansion project in early 2020 when the COVID pandemic surfaced. Due to economic uncertainty surrounding the pandemic, the City prudently pressed pause on the project indefinitely; and ultimately withdrew its CIB loan application.

Over the next couple of years, the City further evaluated its needs and determined a longer-term solution was needed to address organizational growth and improve delivery of services to residents. After reviewing a number of expansion options and scenarios, the City Council arrived at a solution which is both financially responsible; and provides the highest and best approach: to construct a new City Hall.

The primary reasons for pursuing this option over the previous plans are:

- ☀️ Renovation costs are often close to the costs of a new-build and expansion is inherently limited by the existing structure, infrastructure, property bounds, etc.
- ☀️ The new City Hall will have a useful life of 30+ years, thereby extending the original expansion project's expected life of 20 years by 10+ more years
- ☀️ The new City Hall will be approximately 69,500 square feet, which is almost double the size the former expansion of the existing City Hall would have provided
- ☀️ Upon vacating the existing City Hall, various divisions from SGPD – primarily Police Administration, Records Technicians, and Investigations, will then occupy the old City Hall,



instantly providing the Police department with 34,000 more square feet. SGPD will also utilize the existing Council Chambers as an expanded briefing and training area whereby the current SGPD meeting facility can only accommodate 35-45 officers, they'll now be able to accommodate and train 150 officers. Other SGPD divisions will then be able to expand into vacated portions of their Headquarters; which improves our overall ability to better serve our citizens. We do anticipate incurring some costs to renovate both the existing City Hall and SGPD Headquarters to accommodate their needs; however the costs will be less than originally contemplated in our 2019 project.

A downtown location was selected for the future site of City Hall, and the City recently purchased the property from Wells Fargo Bank. The new City Hall will be located on approximately 2.6 acres at 61 South Main Street. The location is a prime location, and as any City Hall should be, it's nestled in the heart of our downtown, across from the City's iconic Town Square; the City's historic Community Arts Building (the first site of Dixie College "Dixie Academy" built in 1911); the historic St. George Tabernacle (built in 1876); and amongst several downtown businesses, restaurants, single-family homes, and multi-family apartment units.



Design is underway and during a work meeting on December 8, 2022, preliminary plans were reviewed with the City Council to discuss the plans and solicit their input. A full-day design charrette was further performed with the City Council, the Planning Commission, and our Historic Preservation Commission. Based upon the collective guidance received, our plans now achieve our Project Objectives.

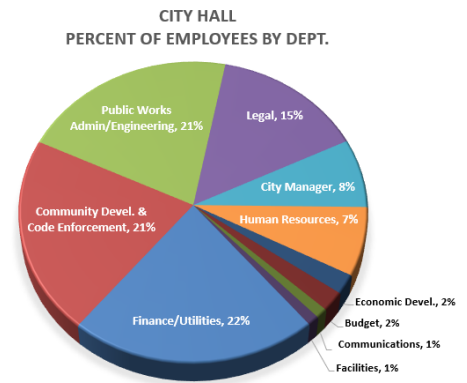
## PROJECT OBJECTIVES

### Current Issues

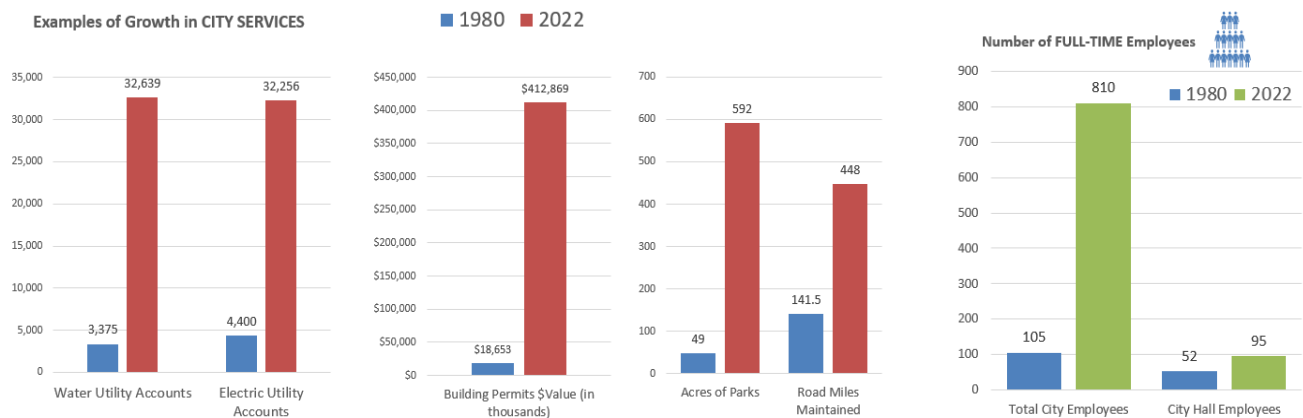
City Hall is the main meeting center and primary place of business for the citizens of St. George. The current City Hall houses many of the primary public-facing services which citizens interact and use daily. It is also home to several departments which provide services to other City departments. These departments are shown in the list and graph below.



- ☀ City Manager and Mayor & City Council
- ☀ Communications & Marketing
- ☀ Budget & Financial Planning
- ☀ Utility Billing, New Accounts, Utility Payments, Collections
- ☀ Finance, Purchasing, Accounts Payable, Accounts Receivable
- ☀ Legal, Civil Attorneys, Prosecuting Attorneys, Risk Mgt.
- ☀ Support Services Director, Special Events, and GIS
- ☀ City Treasurer and City Recorder
- ☀ Human Resources
- ☀ Business Licensing
- ☀ Development Services, Building Permits, Code Enforcement
- ☀ Public Works Admin. and Engineering
- ☀ Economic Development & Housing



Over the past 42 years, due to significant growth in the demands of City services, multiple departments once part of City Hall, such as Police, 911 Dispatch, Water & Power Administration, Technology Services, and others have been moved to other buildings or satellite locations. Despite these relocations, the number of employees located within City Hall increased from 52 to 100. The City is bursting at the seams despite undergoing multiple renovations including converting conference rooms, copier rooms, and storage rooms into offices. Even the overflow of our Council Chambers has been converted to cubicles which often displaces citizens into the lobby area during highly-attended council meetings.



The City feels it's important to keep the remaining departments together for the synergy, collaboration, and efficiencies they provide; however, it is now at a point that it is difficult to hire additional employees needed in order to keep pace with the growth and demands of the City, and yet also provide a safe and healthy environment for our employees. The City also feels it's important to provide citizens with a central location in which they can transact the majority of their business with the City and believes further fragmenting services among multiple locations as a disservice to the community.





## RECAP OF REASONS FOR CONSTRUCTING A NEW CITY HALL

- ☀ Citizen and employee safety
- ☀ We can no longer add new employees at the City Offices
- ☀ Expand the Council Chambers and make space available for other public meetings and gatherings
- ☀ Add Conference Rooms: conference rooms have been converted to office space
- ☀ Add space for future 311 operations
- ☀ Increase and improve public restrooms
- ☀ Allow for anticipated growth over the next 30+ years

## Scope of Work / End State

The new City Hall will be three levels with a total of approximately 69,500 square feet; and will also include the City Council Chambers/Community Room. The Parking Structure will consist of four levels and includes 308 parking space. Efficiency, productivity, necessity, transparency, and functionality have been major drivers in its design. A few “at a glance” specs about the proposed City Hall complex are as follows:

- ☀ 308 stall public parking structure with four levels and two egress/ingress to service entire block
- ☀ 69,500 sq ft City Hall on Main Street
- ☀ Utility customer service center on first level for most public engagement
- ☀ 300-person capacity city council chambers/community room (150 capacity in old chambers)
- ☀ High efficiency building design
- ☀ Server room with backup emergency generation
- ☀ Solar panels on roof and parking structure awnings for energy generation
- ☀ 15,000 sq ft plaza with stage, planters and trees suitable for smaller gatherings (300< people) or food truck court
- ☀ Street trees along Main Street and 100 South
- ☀ Xeriscape landscape
- ☀ Lots of opportunities for public art installations





## Public Benefits

City Hall will be occupied by departments which primarily serve our community: Utilities, Business Licensing, Development Services, Public Works Admin./Engineering, and Economic Development. It will also house departments which provide support to all City departments: Administration, Human Resources, Legal, City Manager, Finance, Technology Services, and others; and will also include the City Council Chambers/Community Room. Currently the number of employees in these departments totals approximately 100; upon full capacity of the programmed office space, the estimated maximum capacity of employees is 225 at full build-out.

The Parking Structure will be a public facility which, during regular business hours, will be used by City employees and citizens transacting business with the City and the public. The Parking Structure will also be fully available to the community during after-hours and weekends as they visit the downtown area and attend area businesses and community events.

## Local / Regional Economy

The development community and workforce has been fortunate to benefit not only from strong residential growth, but also from several significant non-residential projects, for example a \$300 million St. George Regional Hospital expansion completed in 2018; the new Red Cliffs Utah Temple; existing St. George Temple renovation project; the Washington County Administration building and parking structure; and several new facilities on Utah Tech University's campus. However, many of these projects are winding down and will be completed in the next 1 to 2 years. Residential building is also beginning to slow in the area due to rising housing prices and borrowing rates. The new City Hall project estimated at approximately \$43.14 million will extend the available large-size projects further, supporting our local construction community and area economy.

The City is pursuing utilizing a Construction Management General Contractor (CMGC) approach and commits that it will strongly encourage that subcontractors and suppliers be local whenever feasible.

**In addition, due to the ongoing planning which has occurred over the past several years, this project is shovel-ready.** Construction is expected to commence in August 2023 and finish in approximately two (2) years.

## Local Infrastructure

The City Hall will be located on property which has preexisting infrastructure of road, power, water, and sewer. Although some upsizing may be needed, most of the infrastructure is already in place which enables the City to save significant costs on infrastructure.



## Community and Environment

The City is excited about the downtown location of the new City Hall. One of the primary goals of the new facility is to become a hub of our downtown as a community center and a gathering space located in the central path of several community events which occur year-round. It will be located directly across from Town Square which hosts the annual Arts Festival, Ironman, Christmas lighting event, festivals, and many other events.

In addition, the Council Chambers is designed to be easily converted to a community room, a training center, and space for public forums. The parking structure will be open to all citizens during and after business hours, and on the weekends. The City Hall will also have an outdoor plaza and a ground-level indoor area designated to be programmed for civic events providing opportunities for public art installations and informative exhibits. Employees will enjoy the walkability to Town Square, and to area businesses and restaurants where our nearest restaurant to the current City Hall is blocks away. Area businesses have expressed excitement about the new location as it will attract more people to the downtown area and infuse over 100+ employees within a short walkable distance. Overall, the location fosters a positive environment and community spirit.

Internally, the building space is designed with citizen convenience at the forefront. Customer-facing services will be located on the first and second levels with easy access to the parking structure; while administrative (non-public facing) services will be located on higher levels. Additional space will be programmed for our Utilities area to also expand and eventually develop complementing services of a 311 center.







## SOURCES AND USES OF FUNDS

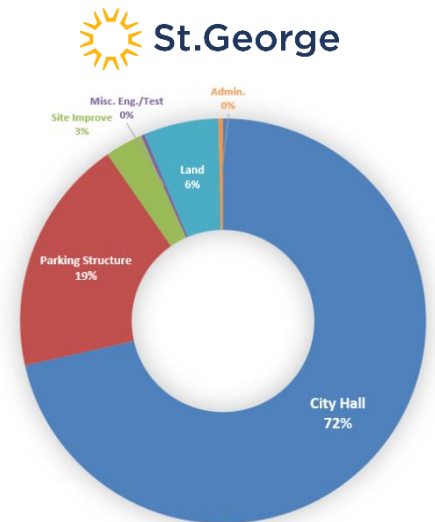
USES OF FUNDS	AMOUNT	PERCENT	FUNDED BY
City Hall <sup>(1)</sup> and FF&E <sup>(3)</sup>	\$32,786,348	72%	City & CIB
Parking Structure <sup>(2)</sup>	\$8,662,500	19%	City
On-site and Off-site Improvements <sup>(1)</sup>	\$1,387,380	3%	City
Special Engineering and Testing	\$135,827	0%	City & CIB
Land Purchase and Appraisal	\$2,732,972	6%	City
Admin. (Legal, Bonding, Title, Financial)	\$165,000	0%	City & CIB
<b>TOTAL USES</b>	<b>\$45,870,027</b>	<b>100%</b>	

<sup>(1)</sup> Includes 7.50% Contingency and 6.00% for A&E and Construction Management

<sup>(2)</sup> Includes 7.50% Contingency and 5.00% for A&E and Construction Management

<sup>(3)</sup> Furniture, Fixtures & Equipment (FF&E) includes 8.00% Design Fees

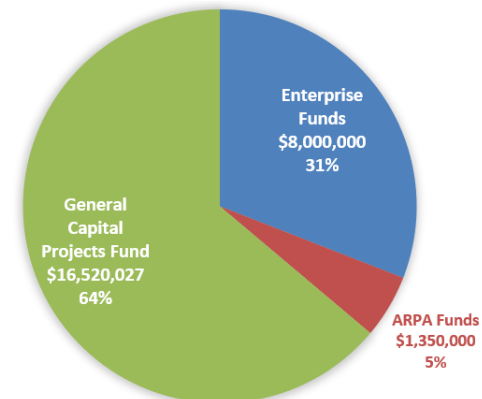
SOURCES OF FUNDS	AMOUNT	PERCENT
City (Applicant Cash)	\$25,870,027	56%
CIB Loan	\$20,000,000	44%
<b>TOTAL SOURCES</b>	<b>\$45,870,027</b>	<b>100%</b>



### Funding Source (City's Cash of \$25,870,027)

The City's funding source of Applicant Cash in the amount of \$25,870,027 for the new City Hall and Parking Structure will be primarily comprised of one-time funds from three sources:

- (1) the City's fund balance reserves within our General Capital Projects Fund;
- (2) America Rescue Plan Act (ARPA) funds;
- (3) and from Fund Balance Reserves within our Enterprise Utility Funds consisting of the City's four primary utility funds of Energy, Water, Wastewater Collection, and Regional Wastewater Treatment Plant.



Enterprise Funds are assisting with funding the new City Hall and Parking Structure project because departments located within City Hall provide the Enterprise Funds with all of their Administrative and Overhead services, such as Utility Customer Service (new applications, billing, and collection); Human Resources (hiring, payroll, benefits); Finance (financial reports, purchasing, accounts payable and receivables, budgeting); Legal (contract review), Technology Services (network, database, cyber security); Development Services (building permits); and Leadership (City Manager and Council); and various forms of other support. The Enterprise Funds will also assist with the annual Debt Service payments towards the CIB Loan, which is discussed further within the Debt Service section.

ARPA funds will be used to help facilitate a safe environment for employees and citizens through funding a higher-efficiency HVAC system and touchless amenities (faucets, restrooms, doors, etc.)





## Alternative Funding Considerations to Debt Financing

The City considered alternative funding options in lieu of utilizing debt financing of \$20 million towards the project. Other than using a portion of the Enterprise Fund's reserves as explained previously, the majority of other City funds do not have nexus, or are restricted to purpose, and/or do not have available reserves.

Fortunately due to the past couple of years of unexpected growth in the City's sales tax revenues, at the end of our Fiscal Year 2021-22 (June 30, 2022) the City has above-normal unrestricted reserves in its General Capital Projects Fund of approximately \$44.2 million. The City also has unexpended ARPA funds of approximately \$14.5 million. As reflected on the previous page, both of these funding sources are contributing to the City Hall and Parking Structure; however, the City has additional commitments to construct several facilities for the Fire and Police departments which will absorb most of the balances remaining in both the General Capital Projects Fund and ARPA over the next two to three years. For example, from the General Capital Projects Fund we have programmed \$13 million to build a replacement Fire Station Headquarter and \$8.9 million towards Police facility renovations and vehicles. ARPA funds will provide approximately \$10 million (net of impact fees) to help with building three (3) new Fire Stations and also provide new apparatus for the facilities, \$1.1 million towards P25 compliant radios for Police and Fire personnel, and approximately \$1 million towards a substantial, and much-needed water reuse project.

In addition, in utilizing debt financing towards a portion of the new City Hall and Parking Structure, it facilitates incremental uses of cash and promotes generational fairness in that future users of the facilities and the services provided over the next 30 years will also help pay for their costs.

## CIB LOAN DEBT SERVICE

**\$20,000,000 CIB**

The City's **Municipal Building Authority (MBA)** will be utilized for the funding mechanism for the City through a lease-purchase option.

### Debt Financing Options Considered

Based upon the large amount and term of the loan, the City is requesting the CIB approve a 2.00% interest rate; however, understanding the PCIFB benchmark rate is currently 2.50%, the City's Financial Advisor, LYRB, prepared an analysis of three financing options based upon a 2.50% CIB rate over a 30-year term and the True Interest Cost (TIC) are:

- ☀ 2.3156% CIB Loan
- ☀ 4.1832% Sales Tax Revenue Bonds
- ☀ 4.3177% MBA Lease Revenue Bonds

REQUESTED TERMS					
Loan: 100%	\$	20,000,000	Yr	2.0%	2.5%
Grant: 0%	\$	-	10	2,226,531	2,285,175
			15	1,556,509	1,615,329
			20	1,223,134	1,282,943
Annual Payment as Requested:			25	1,024,409	1,085,518
			30	892,998	955,553

### Term Considerations

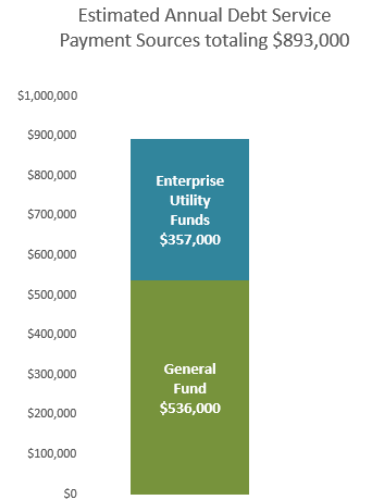
The City Considered the following financing terms:

- ☀ 15-year
- ☀ 20-year
- ☀ 25-year
- ☀ 30-year: The 30-year term is preferred in order to mirror the anticipated useful life of the project.



### Sources for \$893,000 Annual Payments (based on a 2.00% rate)

- ☀ Enterprise Utility Funds: Departments located within City Hall collectively provide approximately 40% of their services to the City's Water, Electric, Wastewater Collection, and Regional Wastewater Treatment Utilities (Enterprise Funds) and therefore these four departments will contribute towards 40% of the debt service payments, which is approximately \$357,000 annually. The combined Utility Sales Annual Revenue for the City's Water, Electric, and Wastewater services are budgeted at \$108.97 million, of which the annual portion of Debt Service represents only 0.33% of this Annual Revenue amount.
- ☀ City's General Fund will fund the remaining portion of annual debt service, estimated at \$536,000. The primary General Fund revenue sources which will be used to pay the General Fund's portion of the Debt Service are Sales Tax revenues and Property Tax revenues which are currently budgeted at \$44.78 million combined; and of which, the annual portion of Debt Service represents 1.20% of these combined Annual Revenue sources.



### Other Considerations

A Debt Service Reserve of 125% of the annual debt service will be funded by the City's Capital Projects Fund over the first six years of the loan.