

MEETING MINUTES

Issue Date2/14/18
ToLee Kelly, County Coordinator
Alan Wilczek, Facilities Services Director
BKV Group Project Team

AuthorBruce Schwartzman, BKV Group
LocationConference Room 118
Wright County Government Center
10 2nd Street NW, Buffalo, MN

Subject:**Wright County Facility Study Update**
Meeting Date.....1/25/18
Meeting Time10:00 AM
Agenda.....Review Draft Study Data and next steps

Attendees

WRIGHT COUNTY TEAM

Alan Wilczek, Facilities Service Director
Lee Kelly, County Coordinator
Wright Co. Department Leaders
Commissioner Darek Vetsch
Commissioner Michael Potter
Commissioner Mark Daleiden

BKV GROUP

Bruce Schwartzman

Ehlers

Bruce Kimmel
Chris Mickelson

The following represents the author's understanding of the discussions and a complete and accurate record of the decisions and agreements made. Amendments to this record shall be submitted in writing to the author within 5- working days of the issue date of this memorandum.

ITEMS DISCUSSED

1. BKV presented an overview of the items and goals of the study based on the RFP, which cover:
 - a. Space needs analysis for the County departments over the next 20 years based on 5-year increments to 2037
 - b. Examine operational efficiencies of department adjacencies

- c. Possible ways to improve community access
 - d. Facility accessibility issues
 - e. Space planning options to address the short and long-term requirements
 - f. Estimated cost of the short and long-term planning option
 - g. As well as other issues such as possible changes in service delivery and facility security.
2. The handout shows 4 primary planning options:
- a. **Option A** – leave the majority of the departments where they currently are in the government center and remodel vacated justice spaces for Human Services and the Licensing Center to move in as well as address other departments space shortages.
 - b. **Option B** – shows moving IT and Administration to the 4th floor of the annex and moving the departments with higher public interaction to the 1st floor, which are:
 - i. Licensing Center
 - ii. Auditor / Treasure
 - iii. Recorder
 - iv. Assessor
 - v. Planning & Zoning

This option also locates areas of Human Services on the 1st floor and 3rd floor of the annex but places the majority of Human Services on the 2nd floor in vacated justice space
 - c. **Option C** – is very similar to option B with the main difference being that the departments with high public access and adjacency requirements are moved to the 2nd level vacated justice area. This would create a better service window approach based on the wider hallway, the departments in that area would be:
 - i. Auditor / Treasure
 - ii. Recorder
 - iii. Assessor
 - iv. Planning & Zoning
 - d. **Option D** – this option shows the possibility of a new government services building being built as a County campus with the current LEC and new justice center which is adjacent to the new Public Works facility. The summary of the 20-year space program for that option is:

New Government Center Total SF:

Department Areas	84,129
Support Areas	22,135
Mechanical	3,188
Building Factor (10%)	10,945
Total GSF =	120,397

- e. **Option D2/D3** was added for this review – in this option a plan was developed that showed addressing the 5-year space needs as a minimal option for remodeling the government center. The chart below is an assessment of the 5-year increased space needs.

5 Year projected Space Needs:

Department	Total Area	Remodeled Area
Admin	4,154	4,154
Assessor	4,343	1,000
IT	5,787	1,560
Recorder	4,872	1,968
Human Services (Unit)	4,000	4,000
License Center	4,067	4,067
Total Remodeled Area		16,749

- i. The plan shows the following changes:
 - 1. 1st floor - additional space for assessor and IT, and moving the licensing center back to the government center
 - 2. 2nd floor – additional space for administration and recorder and moving a group from Human Services into the vacated justice space to free up area in the existing human services building at 1004 Commercial Drive.
 - 3. All other areas and departments remain as they currently area.
- 3. If all departments are located in the existing government center it will omit some existing meeting areas. To address the in options A, B and C the old jail out door rec area is being remodeled into conference space.
- 4. The cost projections shown in the hand out assume possible values the County might see from selling the existing government center and human services building. The \$4,500,000 for the government center is based on estimated property value not for reuse but for development of that site and the parking lot to the west. The human services building which was previously Palmita is appraised around \$500,000. This was a revision to the handout which noted \$890,000.
- 5. The total project cost summary for the different options shown in the handout without deducting possible property sale values is:
 - a. **Option A** - \$18,305,182 (this assumes not demolishing the old non-used jail)
 - b. **Option B** - \$21,134,271
 - c. **Option C** - \$20,315,658
 - d. **Option D.1** - \$49,959,390 (built in 2021)
 - e. **Option D.2** - \$65,466,085 (this assumes the minimal remodeling of the government center in 2020 and then building the new government center campus in 2024)
 - f. **Option D.3** - \$81,444,601 (this assumes the minimal remodeling of the government center in 2020 and then building the new government center campus in 2029)

6. It was noted that the main reason for the cost increases anticipated in option D is estimated cost inflation. The State of Minnesota uses 6% for yearly inflation when projecting project cost, however a slightly less conservative assumption could be made for this project of 4.5 to 5% based on historic and projected cost changes in the construction industry. The County has seen this type of impact on past projects such as the law enforcement center / jail when the final project cost almost doubled.
7. Bruce Kimmel with Ehlers presenting possible funding scenarios, Ehlers is an independent municipal financial advisory company that has served public sector clients since 1955 and has assisted the County with many financial planning efforts.
8. The County has a very strong financial structure with a AA+ bond rating and currently available debt capacity of roughly \$400 million under state law.
9. The items presented by Ehlers are:
 - a. The first profile shows the County's existing debt plus \$51.41 million in 2018 for the proposed Justice Center (level debt service, 20 years).
 - b. The second profile is the same as the first, plus the addition of a 2020 issuance of \$48.39 million to finance a new Government Center (wrapped debt service, 20 years) – the first option in scenario D.1.
 - c. The third profile is the same is the first, plus the addition of a 2020 issuance of \$8.61 million to finance a Government Center remodel (level debt service, 10 years), as well as a 2029 issuance of \$71.565 million to finance a new Government Center (level debt service, 20 years) – the third option in scenario D.3.
10. The summary of each options structure was:

Scenario 1 – Justice Center:

- GO Bonds, Series 2018A
- Dated 6/1/18
- Level Debt Service
- Principal 12/1/19 – 12/1/38
- Project Funds = \$51,000,000
- Non-BQ, AA+ rated, current market rates

Scenario 2 – County Government Center:

- GO Bonds, Series 2020
- Dated 6/1/20
- Wrap for County's debt service drop offs in 2030 and 2036
- Principal 12/1/21 – 12/1/40
- Project Funds = \$48,000,000
- Non-BQ, AA+ rated, current market rates

Scenario 3 – County Government Center Remodel:

- GO Bonds, Series 2020
- Dated 6/1/20
- Level Debt Service
- Principal 12/1/21 – 12/1/40
- Project Funds = \$8,500,000
- BQ, AA+ rated, current market rates

Scenario 4 – County Government Center:

- GO Bonds, Series 2029
- Dated 6/1/29
- Level Debt Service
- Principal 12/1/30 – 12/1/49
- Project Funds = \$71,000,000
- Non-BQ, AA+ rated

11. The County Board requested that Ehlers look at funding impacts based on a 25-year debt structure.
12. BKV will follow up with the City of Buffalo to review possible parking requirements if either options A, B or C are selected.

End of Meeting Minutes

Attachments: Hand Out