

City of Milford



CITY COUNCIL AGENDA Tuesday, February 18, 2020

Joseph Ronnie Rogers Council Chambers
Milford City Hall, 201 South Walnut Street, Milford, Delaware

Original Agenda posted on February 10, 2020 at 6:33 p.m.

5:30 P.M. WORKSHOP SESSION

Proposed New Police Department Facility Funding

All items on the Council Meeting Agenda are subject to a potential vote.

**SUPPORTING DOCUMENTS MUST BE SUBMITTED TO THE CITY CLERK IN ELECTRONIC FORMAT
NO LATER THAN ONE WEEK PRIOR TO MEETING; NO PAPER DOCUMENTS WILL BE ACCEPTED OR DISTRIBUTED
AFTER PACKET HAS BEEN POSTED ON THE CITY OF MILFORD WEBSITE.**

© *Public Comment, up to three minutes per person, will be accepted.*

021020

In accordance with 29 Del.C. §10004(e)(2), this Agenda was posted on February 10, 2020 at 6:33 p.m. and at least seven (7) days in advance of the meeting.



MARK A. WHITFIELD, INTERIM CITY MANAGER
201 South Walnut Street
Milford, DE 19963

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FAX 302.424.3553
www.cityofmilford.com

To: Finance and Public Works Committee
From: Mark Whitfield, Interim City Manager/Public Works Director
Jeffery Portmann, Finance Director
Subject: Bond Issuance for Police Station
Date: February 14, 2020

Several decisions need to be made with regard to the financing of the new police station.

Referendum

A General City Election will be held on Saturday April 25, 2020. If Council chooses to place a Bond Referendum on the ballot, the City Clerk needs two months for advertising and completing all the necessary preparation work for the Referendum. Therefore, a decision on the bond amounts need to be made no later than the February 24, 2020 Council Meeting.

Police Station Project Cost

The total estimated cost for the police station project is \$18,429,045. The City has a commitment of funding through the state bond bill of \$300,000. Therefore, \$18,129,045 is the required amount needed by the City to fund the project.

Bond Issuance

Council must decide on the amount of the bond issue. There are two scenarios: 1) an issue of \$15.129 million or 2) an issue of \$18.129 million. Given the historic low interest rate, Council may want to take advantage of borrowing the full amount for the Police Station. The \$15.129 million would necessitate using \$3 million of fund balance operating cash from Electric. The fund balance has accumulated over the past two years in the Electric Fund.

In order to obtain the lowest interest rates, the bonds will need to be sold over two years as bank qualified bonds, therefore each issue needs to be below \$10 million. It is proposed there would be an issue in June 2020 and a second issue in January 2021.

Effect on Budget and Tax Increase

The two scenarios would be a borrowing for 30 years with an average interest rate of 2.41%. A \$0.01 tax increase results in \$89,000 in revenue. Each \$0.01 tax increase equals \$20/year to a home owner with an assessed property value of \$200,000

Scenario 1 – Borrow \$15,129,045

The \$15,129,045 would require \$768,000 per year in debt payments resulting in a 9cent tax increase, or a \$15 per month increase on an average property owner (or \$180 year).

Scenario 2 – Borrow \$18,129,045

\$18,129,045 would require \$918,000 per year in debt payments, resulting in a 10cent real estate tax increase, or in a \$16.67 month increase to an average property owner (or \$200 per year).

Discussion

Additional funds for the project have been verbally committed for the sidewalks and parking lot area for the project, however, because there are no firm commitments or cost estimates, those funds cannot be included in the funding options at this time. Should the funds become available, it may result in borrowing less money for the second bond issuance (January 2021).

Using funds (\$3 million) from the Electric Fund carries some challenge risks, since the five major rate payers are large businesses who comprise of over 60% of the electric usage. Additionally, there are numerous electric customers who live outside the City, who will not receive a benefit with the new police station. For these reasons, Council may want to consider a decrease in electric charges rather than using the profits from electric for the new police station. Lastly, given the historic low interest rate, Council may find it more prudent to borrow the entire amount needed.

Recommendation: Staff recommends Council authorize staff to draft a resolution for a bond referendum in the amount of \$18,129,045 for action at the February 24, 2020 Council Meeting to fund the new police station.



**STATE OF DELAWARE
JOINT LEGISLATIVE COMMITTEE ON THE CAPITAL IMPROVEMENT PROGRAM
LEGISLATIVE HALL
DOVER, DELAWARE 19901**

July 5, 2019

Eric Norenberg
City Manager
City of Milford
201 S. Walnut Street
Milford, DE 19963

Dear Mr. Norenberg:

The Fiscal Year 2020 Bond and Capital Improvements Act (Senate Bill 180) appropriated \$300,000 for the City of Milford for a police station. As per Section 28 of Senate Bill 180, this funding is provided through the Municipal Infrastructure Fund as one-time assistance for the City of Milford and does not require a local match.

Prior to disbursement of funds, the following documents should be provided to Ruth Ann Jones, Senior Legislative Analyst at the Office of the Controller General:

- Proof of applicable project expenses, including contracts, invoices, receipts, etc.

Upon receipt of these documents, the Office of the Controller General will coordinate with the Office of Management and Budget for final approval and distribution of funds.

If you have any questions, please contact Ruth Ann Jones at (302) 744-4200 or via e-mail at RuthA.Jones@state.de.us.

Sincerely,

Handwritten signature of David Sokola.

Senator David Sokola
Co-Chair of the Joint Legislative Committee
on the Capital Improvement Program

Handwritten signature of Debra Heffernan.

Representative Debra Heffernan
Co-Chair of the Joint Legislative Committee
on the Capital Improvement Program

cc: Michael Morton, Controller General
Michael Jackson, Director, Office of Management and Budget
Ruth Ann Jones, Office of the Controller General
Chris Hudson, Office of Management and Budget



	A	B	C	D	E
1	Contract	Contractor	Base Bid	Base Bid	
2			Building A1	Maintence Building	Totals
3	Total SF		30,080	4,107	
4					
5	Contract 1				
6	Site work				
7	Sub-Total		\$ 1,035,659.00	\$ 15,000.00	\$ 1,050,659.00
8					
9	Contract 2				
10	Concrete Work				
11	Sub-Total		\$ 450,899.20	\$ 61,560.93	\$ 512,460.13
12					
13	Contract 3				
14	Masonry				
15	Sub-Total		\$ 875,328.00	\$ 68,419.29	\$ 943,747.29
16					
17	Contract 4				
18	Steel Work				
19	Sub-Total		\$ 737,862.40	\$ 261,972.77	\$ 999,835.17
20					
21	Contract 5				
22	Carpentry and General Work				
23	Sub-Total		\$ 360,960.00	\$ 31,047.41	\$ 392,007.41
24					
25	Contract 6				
26	Roofing				
27	Sub-Total		\$ 1,091,904.00	\$ -	\$ 1,091,904.00
28					
29	Contract 7				
30	Furnish Hollow Metal/Doors				
31	Hardware				
32	Sub-Total		\$ 213,868.80	\$ 7,104.76	\$ 220,973.56
33					
34	Contract 8				
35	Alum. Storefront/Glass				
36	Sub-Total		\$ 436,160.00	\$ 6,858.36	\$ 443,018.36
37					
38	Contract 9				
39	Drywall / Acoustical				
40	Sub-Total		\$ 1,790,361.60	\$ 9,486.71	\$ 1,799,848.31
41					
42	Contract 10				
43	Floor Coverings				
44	Sub-Total		\$ 408,486.40	\$ 33,511.49	\$ 441,997.89
45					
46	Contract 11				
47	Caulking / Painting				
48	Sub-Total		\$ 109,491.20	\$ 19,589.44	\$ 129,080.64
49					
50	Contract 12				
51	Casework				
52	Sub-Total		\$ 84,825.60	\$ -	\$ 84,825.60
53					
54	Contract 13				
55	Mechanical				
56	Sub-Total		\$ 2,736,979.20	\$ 273,266.47	\$ 3,010,245.67
57					
58	Contract 14				
59	Fire Sprinkler System				
60	Sub-Total		\$ 177,171.20	\$ 11,293.70	\$ 188,464.90
61					
62	Contract 15				
63	Electrical				
64	Sub-Total		\$ 1,808,710.40	\$ 67,926.47	\$ 1,876,636.87
65					
66					



Milford Police Station

7/18/2019

	A	B	C	D	E
1	Contract	Contractor	Base Bid	Base Bid	
2			Building A1	Maintence Building	Totals
67	Security				
68	Access control System				
69	CCTV				
70	Intrusion detection				
71	Sub-Total		\$ 552,268.80	\$ 10,472.34	\$ 562,741.14
72					
73	Structured Cabling				
74	Data Cabling		\$ -	\$ -	
75	Communications Network Equipment				
76	Sub-Total		\$ 135,360.00	\$ -	\$ 135,360.00
77					
78					
79	Basic Building Cost	Sub-Total	\$ 13,006,295.80	\$ 877,510.14	\$ 13,883,805.94
80					
81					
82	Design Fees				
83	Architect / Engineer Fees	6%	\$ 939,288.00		
84	Civil Fees	By Others	\$ -	\$ -	
85					
86	Design Fees	Grand Total	\$ 939,288.00	\$ -	
87					
88	FF&E/IT Fees				
89	FFE Budget		\$ 650,000.00		
90	IT/DATA/Technology		\$ 300,000.00	\$ -	
91	Phones		\$ 75,000.00	\$ -	
92					
93	FF&E/IT Fees	Grand Total	\$ 1,025,000.00	\$ -	
94					
95					
96	Management Fees				
97	Construction Manager Fees	Richard Y. Johnson & Son			
98	CM Pre-Construction Fees		\$ 10,000.00	\$ -	
99	CM Fees	\$ 0.05	\$ 650,314.79	\$ 43,875.51	
100	Sub-Total		\$ 660,314.79	\$ 43,875.51	
101					
102	CM General Conditions	14 Months			
103	Temp Heat		\$ 10,000.00	\$ -	
104	Temp Phone		\$ 2,100.00	\$ 150.00	
105	Temp Toilets		\$ 2,100.00	\$ 150.00	
106	Temp Fence		\$ 10,000.00	\$ -	
107	Temp Closures		\$ 7,500.00	\$ -	
108	Temp Field Office		\$ 2,100.00	\$ 150.00	
109	Temp Electric		\$ 2,100.00	\$ 150.00	
110	Temp Water		\$ 4,000.00	\$ -	
111	Project Sign		\$ 1,000.00	\$ -	
112	Document Costs		\$ 10,000.00	\$ -	
113	Testing		\$ 10,000.00	\$ 1,000.00	
114	Clean Up		\$ 13,200.00	\$ 880.00	
115	Insurance		\$ 30,000.00	\$ 200.00	
116	Dump Fees		\$ 20,000.00	\$ 2,011.00	
117	Final Clean Up		\$ 7,000.00	\$ 200.00	
118	On Site Supervisor		\$ 156,000.00	\$ 11,200.00	
119	Postage		\$ 6,000.00	\$ 500.00	
120	Sub-Total		\$ 293,100.00	\$ 16,591.00	
121					
122	Management Fees	Grand Total	\$ 953,414.79	\$ 60,466.51	\$ 1,013,881.30
123					
124					
125					
126	Project Grand Total	Base Bid	\$ 15,923,998.59	\$ 937,976.64	\$ 16,861,975.23
127	Cost Per Square Foot w/o site		\$ 529.39	\$ 228.40	
128					
129	Contingency	4%	\$ 520,251.83	\$ 35,100.41	\$ 555,352.24
130	Bond Cost	1%	\$ 159,239.99	\$ 9,379.77	\$ 168,619.75
131	Owners Contingency	5%	\$ 796,199.93	\$ 46,898.83	\$ 843,098.76
132					
133	Project Grand Total with Contingency & Bond Cost	Base Bid	\$ 17,399,690.34	\$ 1,029,355.65	\$ 18,429,045.98
134					
135					
136					
137					