

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.

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FAX 302.424.3553

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

201 South Walnut Street

Milford, DE 19963

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

<u>Scenario 1 – Borrow \$15,129,045</u>

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).

<u>Scenario 2 – Borrow</u> \$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.

<u>Recommendation</u>: 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,

Senator David Sokola

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

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

Milford Police Station



1

1	A Contract	B Contractor	C Base Bid	D Base Bid	E
	Contract	Contractor	Dase Diu	Dase Diu	
1 1			Building A1	Maintence Building	Totals
2	-		00.000		
3	Total SF		30,080	4,107	
5	Contract 1				
6	Site work				
7	Sub-Total		\$ 1,035,659.00	\$ 15,000.00	\$ 1,050,659.00
8	oub Total		1,000,000.00	10,000.00	1,000,000.00
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	0 - 11411 - 14				
17	Contract 4				
18	Steel Work		¢ 727.000.40	\$ 264,070,77	¢ 000 005 47
19 20	Sub-Total		\$ 737,862.40	\$ 261,972.77	\$ 999,835.17
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		A 040 000 00		202.070.70
32	Sub-Total		\$ 213,868.80	\$ 7,104.76	\$ 220,973.56
34	Contract 8				
35	Alum. Storefront/Glass				
36	Sub-Total		\$ 436,160.00	\$ 6,858.36	\$ 443,018.36
37	Oub-Total		Ψ Ψου, 100.00	ψ 0,000.00	440,010.00
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	Contract 11				
46 47	Contract 11 Caulking / Painting				
48	Sub-Total		\$ 109,491.20	\$ 19,589.44	\$ 129,080.64
49	Cap Total		100,701.20	10,000.44	120,000.04
50	Contract 12				
51	Casework				
52	Sub-Total		\$ 84,825.60	\$ -	\$ 84,825.60
53					
54	Contract 13				
55	Mechanical		0.700.070.07	070.000	0.015.017.7
56 57	Sub-Total		\$ 2,736,979.20	\$ 273,266.47	\$ 3,010,245.67
57 58	Contract 14				
-	Fire Sprinkler System				
59 60	Sub-Total		\$ 177,171.20	\$ 11,293.70	\$ 188,464.90
61	Gub-10tal		177,171.20	11,233.70	100,404.30
62	Contract 15				
63	Electrical				
64	Sub-Total		\$ 1,808,710.40	\$ 67,926.47	\$ 1,876,636.87
65					
66					

Milford Police Station

Milford Police Station



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80		Desia Duildina Cont	Out Total	*	42 000 005 00	.	077 540 44	*	40 000 005 04
18		Basic Building Cost	Sub-Total	Þ	13,006,295.80	\$	877,510.14		13,883,805.94
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