



City of Ketchum

Vote May 17
City of Ketchum
Police, City Operations/Emergency Network Communications and Fire
New Facilities General Obligation Bond Q&A

What is the general obligation bond for?

The vote on May 17 is to authorize the city to borrow funds for new essential services facilities. The bond is for a maximum amount of \$23.1 million, which is a not-to-exceed estimate for two secure buildings and soft costs. "Soft" costs are typically a third of total constructions costs, and the proposed Ketchum project follows this formula. The budget line items represent an estimate of costs for 2016.

- Construction Cost of Police and City Operations/Emergency Network Communications Building \$10,185,000
(possible location at current City Hall site – approx. \$261/square foot)
- Construction Cost of Fire Station \$6,540,000
(possible location on city-owned property on Lewis Street – approx. \$358/square foot)
- Demolition \$250,000
Demolition costs could be higher if hazardous materials are found.
- Relocation and Temporary Facilities \$963,000
The required level of temporary facilities would be evaluated in the proposal process.
- Soft Costs
 - Surveying and utilities connections \$172,000
 - Architectural, engineering and legal fees \$1,307,000
 - Signage, furniture, fixtures, equipment and technology systems \$840,000
 - Builder’s Risk Insurance \$322,000
 - Bidding Contingency \$1,728,000
 - Construction Cost Contingency \$864,000

How would it be paid?

Because there are no funds available to pay for this project, the city needs to seek authorization from voters to borrow the funds. This is done through a voter-approved property tax levy that would support a general obligation bond. The project is estimated to take approximately three years. The maximum limit on the amount to be borrowed through the bond would be \$23.1 million. The actual project costs could be less as a result of value engineering, design, proposals and the bidding process for architecture and construction.

In order to keep the costs down, the city's approach is to pay project costs incrementally by issuing bond anticipation notes (BANs). A bond anticipation note is a short-term loan issued by a municipality to borrow against a voter-approved bond. BANs, like construction loans, would be issued as project costs were incurred and for amounts needed for specific elements of the project. **No tax assessment is levied until the final construction is complete and all costs are known.** The general obligation bond would then be issued in the amount outstanding for the BANs and other costs incurred for the project, which could be several years after the vote approving the general obligation bond. This approach allows costs to be managed throughout the project and ensures **only the actual costs are levied on properties.**

The anticipated annual cost to taxpayers for each \$100,000 of property value for the \$23.1 million bond could be as follows:

- \$47.81 per \$100,000 over a 30-year period,
- \$51.77 per \$100,000 over a 25-year period, or
- \$59.17 per \$100,000 over a 20-year period

What is the project timeline?

Discussion of a new city hall started in 2001. A revised space study was performed in 2015. The space study analyzes operational needs now and with some future growth. The next step is to ask the community to give the city the authority to borrow funds for the project. (This is the same process for other city initiatives: staff analysis and presentation to Council for a decision.)

Once the bond is approved, the city would begin the next step by issuing a request for qualifications for an architectural firm. A citizen committee would be formed to arrange a series of public workshops for the community to choose one of the architectural firms. The committee would then recommend one of the firms to City Council. Once the contract is approved, the committee and city would facilitate community meetings with the firm to gain input on location options, design elements and drawings. (This process could take place prior to the May 17 vote, without public supported funds, but it would be funded by reducing city services.) With each phase; architect selection, design, bidding and construction, there will be community review of budgets and costs. All contracts will be reviewed and approved by the City Council in public meetings.

Why Are New Facilities Needed?

The existing building, built over 40 years ago, was not designed to be an essential services facility. The building is too small for today's city operations, does not accommodate the needs of the entire community because of its inaccessibility to people with mobility issues and has substandard working conditions.

- **The building is inaccessible to people with mobility issues.** The doors are not wide enough for wheelchairs, there is no elevator to access the second floor and the building cannot be retrofitted to meet the requirements of the Americans with Disabilities Act.
- **Working areas in the police department are the worst in the building.** The police department is housed in cramped, deteriorating, windowless areas. Nine male and three female police officers share a small locker room and bathroom. The current records, evidence and weapons storage space is substandard, as are the interview and work areas. The compromising health environment and unacceptable working conditions impact daily operations, and recruitment and retention of staff.
- **Fire department facilities are substandard.** Obsolete facilities impact basic readiness and response time. In addition, 37 male and 12 female firefighters and volunteers share outdated living quarters. During a four-person shift, one firefighter must sleep on a Murphy bed in the middle of a small, multi-purpose office/kitchen/living room area.

- **Safety and structural problems.** Police, city operations/emergency network communications and fire facilities are essential and must be able to operate during a major emergency or catastrophic event. The existing building houses the most important functions of the city yet the building is likely to incur major unrepairable damage in the event of a storm, earthquake or other disaster.

What is an essential services facility?

Ketchum's essential services facilities are; police; city operations, inclusive of emergency network communications; and fire. They are defined in the 2015 International Building Code as buildings or other structures that are intended to remain operational in the event of extreme environmental loading from flood, wind, snow or earthquakes.

Essential facilities, or critical facilities, as identified by Federal Emergency Management Agency (https://www.fema.gov/media-library-data/20130726-1557-20490-2839/fema543_chapter1.pdf), commonly include all public and private facilities that a community considers essential for the delivery of vital services and for the protection of the community. They usually include emergency response facilities (fire stations, police stations, rescue squads and emergency operations centers), emergency shelters, communications facilities and any other assets determined by the community to be of critical importance for the protection of the health and safety of the population. The adverse effects of damaged critical facilities can extend far beyond direct physical damage. Disruption of health care, fire and police services can impair search and rescue, emergency medical care and even access to damaged areas.

What is a general obligation bond?

A general obligation bond is a debt instrument issued by states and local governments to raise funds for public projects. What makes general obligation bonds unique is that they are backed by the full faith and credit of the issuing municipality using legally available resources, including tax revenues, to repay bondholders.

How long have new police, city operations/emergency network communications and fire facilities been evaluated?

The city determined there was a need for new facilities in 2001. Studies were prepared in 2001, 2002, 2003, 2005 and 2016. All concluded that the existing building is substandard and becoming structurally unsafe for police, city operations/emergency network communications and fire. These new facilities have been a priority for City Council since 2014. In the FY2014/15 budget, the Ketchum Urban Renewal Agency provided the city funding to conduct a new space study. Since 2001, the conditions have worsened and the cost has nearly doubled.

What is a space study?

A space study determines the size, configuration and cost for new buildings. This study was performed primarily to determine the size and configuration of new police, city operations/emergency network communications and fire facilities that will be adequate for 50 to 70 years and obtain a cost estimate. This information is necessary to determine the best way to proceed with new facilities. Most important was to obtain an accurate cost estimate. The study did not address the design of the building and was not intended to do so.

Where is the building design?

There are no-designs. Funding for the designs is an estimated \$1.3 million and is included in the overall cost analysis of the space study.

When would the public be able to participate in the design and location of the buildings?

After the funding is secured the public will be asked to provide input on the location and design of the buildings.

Who is ZGA Architects and Planners?

The city identified and interviewed several design firms throughout Idaho with experience in performing space studies and constructing police, city operations/emergency network communications and fire facilities. These are not typical design and construction projects; they are specialty projects that require specific design expertise. ZGA Architects and Planners is a team experienced with government facilities, as well as architecture, planning, construction and cost estimating. It is an Idaho firm and could deliver the project within our time frame and budget.

If we secure funding for the proposed projects, the next step will be to issue a request for qualifications or request for proposals for architectural services.

Have other financing options been explored?

The city does not have the financial capability to lease, purchase or construct new facilities. The following funding options were considered:

- **General Obligation Bond**

A general obligation bond is a debt instrument, issued by states and local governments to raise funds for public projects. What makes a general obligation bond unique is that it is backed by the full faith and credit of the issuing municipality using legally available resources, including tax revenues, to repay bondholders. A general obligation bond finances projects that do not produce income but provide services for the entire community.

- **Revenue Bond**

Revenue bonds are secured by a designated revenue stream. They finance income-producing projects. The income generated by these projects pays bondholders their interest and principal. Projects funded by revenue bonds serve only those in the community who pay for their services. Examples would be toll roads or water and wastewater utilities. Essential services facilities do not qualify.

- **Local Improvement District (LID)**

A local improvement district is a method of financing capital improvements that provide a benefit only to the properties within the boundary of the district. Essential services facilities do not qualify.

- **Urban Renewal Agency Financing**

The Ketchum Urban Renewal Agency (KURA) is a separate agency and must vote and agree to all funding commitments. Urban renewal agency funding for city hall facilities has been a controversial issue in Idaho for several years. Currently, urban renewal agencies in Idaho are allowed to fund “public buildings,” which include city halls. Urban renewal agencies are also permitted to fund studies, plans and infrastructure for public facilities. The KURA has funded the space study for this proposed project. Further funding is discouraged by the agency’s attorney as he anticipates impending legislative action may disqualify city halls from urban renewal agency funding.

- **Lease to Own**

The city can legally enter into a contract for a duration no more than one year if sufficient appropriations exist to pay for the contract term in a twelve-month period; unless, for a long-term lease, voter-approval is acquired to authorize borrowing funds to meet the long-term lease obligation. Also, the approval of a long-term lease is not feasible because there is no revenue stream to support it.

- **Local Option Tax (LOT)**

The local option sales tax ordinance does not allow use of those funds for this public works project. In addition, there are not sufficient funds to spend on capital projects.

- **Two-Year Override Levy**

A temporary two-year override levy could provide a total of \$6,470,250, with an estimated yearly impact of \$258.81 per \$100,000 of taxable value on Ketchum property owners. The amount is less than is needed for the essential services facilities. However, the city could propose an override levy, exceeding the maximum levy allowance of .004, or a permanent property tax increase, both of which must be approved by voters.

Could we remodel the existing building?

No, the building is over 40 years old and is substandard. The available space cannot accommodate the current needs of all city operations. Money has been spent remodeling the building over the past several years and another remodel will not correct the issues, some of which are listed below:

- Building cannot be retrofitted to meet the requirements of the Americans with Disabilities Act as it could not accommodate an elevator
- There is no structural capacity to add a third floor
- The building footprint does not maximize the space of the property
- Plumbing, electric and other mechanical systems would need to be replaced

Could offices be moved to another building in town?

Police, city operations and the emergency network operations center could move to another location, however, there are specific requirements that must be met. For security reasons identified by the Federal Emergency Management Agency, (https://www.fema.gov/media-library-data/20130726-1557-20490-2839/fema543_chapter1.pdf), parking adjacent to or under an essential services facility must be restricted and the proximity and type of tenants that share a building must be controlled. Also, best management practices advocate co-locating staff, which improves communication and increases productivity. Finally, shared space avoids the need to provide duplicate systems, saving taxpayer dollars. These factors make it difficult to convert an existing building to an essential services facility.

Why were city properties assumed for the new facility locations?

The 2016 space study considers demolishing the existing building and constructing a new building for police and city operations/emergency communications at the current site at East Avenue and Fifth Street. The study (as did the 2001 study) identifies a city-owned property in the light industrial district for the fire department. These two city-owned properties were considered for two reasons: 1) to achieve the lowest cost estimate, and 2) until the city has funding, there is no ability to enter into discussion or consideration of other properties.

Is it important for police and city operations/emergency network communications to be downtown?

As shown in the Ketchum 2014 Comprehensive Plan, citizens overwhelmingly identified downtown as the center for employment, cultural, commercial and civic uses. Ketchum is one of the city's largest employers, bringing a year-round workforce that supports the city's economy. An average of 75 people per day visit the police department, city clerk, planning and building department and administrative offices.

Police Chief Dave Kassner emphasizes the importance of the police department being located downtown. Officers practice community policing, are approachable walking and biking through town, visit the schools and conduct safety programs for children.

Would the new fire station location slow response time since it's not in the downtown?

The Fire Chief has conducted an analysis and determined that the proposed location will not impact response times within the community. The new fire station will be state of the art and better support the city's firefighting services now and in the future.

Would the public be able to use the facilities for meetings and events?

Yes, the lobby, chambers and conference space would be flexible public space. This type of centrally located space also would provide opportunities for meetings that existing facilities cannot accommodate.

What is the size and use of the current Council chambers?

The current Council chambers seats 50 and is out of compliance with the Americans with Disabilities Act. Several times throughout the year, the city must rent space elsewhere to accommodate a larger capacity, adding costs to taxpayers. The room is used by a variety of organizations. Some are listed below:

- Blaine County Housing Authority
- City Council
- City meetings and workshops
- Emergency Operations Center*
- Fire Department training
- Idaho Mountain Express Pizza and Politics
- Inter-Agency Emergency Communications Training
- Ketchum Arts Commission
- Ketchum Energy Advisory Committee
- Ketchum Urban Renewal Agency
- Mountain Rides
- Planning and Zoning Commission
- Public Educational Meetings
- Sun Valley Air Service Board
- Town Hall Meetings with Federal Representatives and State Legislators
- Webinars

*Council chambers was used as the Emergency Operations Center during the Castle Rock fire. The Bureau of Land Management, U.S. Forest Service, Homeland Security, Law Enforcement and County officials gathered to provide support to incident command. The Castle Rock fire burned for 20 days across 48,520 acres of Smoky Mountain backcountry.

Where would city offices be while the buildings are constructed?

This would be determined once there is funding. The space study considered relocating all city functions to a city-owned lot for the purposes of estimating costs. Modular offices/trailers could house administrative offices. Examples of those types of building can be seen on the following link.

<http://www.buyerzone.com/industrial/portable-buildings/rfqz/?marketingId=db2d6c7fd3df4032af6a5b242ce63af3&gclid=CJHTmIqi5MoCFeESfgodAO0FLw&gclid=ds>

The police and fire department vehicles and equipment could be stored in a modular or tent-type temporary facility. The link below shows these types of structures. Emergency services response times would remain the same and potentially improve.

<http://industrial-tent.com/industries/temporary-firehouse/>

Is staging or phasing the project an option?

Phasing construction of the police, city operations/emergency network communications and fire facilities has been suggested as a way to reduce the project cost. At this time, it is premature to say if phasing will save money. The answer will come when the project is put forth to contractors for a proposal. Contractors will be asked to provide alternate proposals; one to phase construction of the projects, and one to proceed with both at the same time. This process will provide a definitive answer if phasing will reduce projects costs.

Who is eligible to vote?

All Ketchum registered voters are eligible to vote.

There is a serious need for this project but it is entirely up to you to decide. Please vote.

We invite you to tour the facilities. To schedule a tour, call 726-7803 or email participate@ketchumidaho.org. The 2015/16 Ketchum Essential Services Facilities space study can be found at ketchumidaho.org/ESF along with more questions and answers.