

ADMINISTRATIVE/EXECUTIVE JOINT COMMITTEE

September 20, 2016

The Joint Executive/Administrative Committee met on Tuesday, September 20, 2016 at 1:00 p.m. in the Administration Building in Lancaster, WI pursuant to the last meeting of August 9, 2016.

Members present: Administrative Committee Members present Robert Keeney, Mark Stead, Robert Scallon, Roger Guthrie, Mike Lieurance, John Patcle, and Dale Hood. Executive Committee Members present John Patcle, Mark Stead, Robert Keeney, Mike Lieurance, Gary Ranum and John Beinborn; Don Splinter was excused.

The Administrative Committee meeting was called to order by Robert Keeney, County Board Chair at 1:00 p.m.

The Executive Committee meeting was called to order by John Patcle, Chair at 1:00 p.m.

Grant County Clerk, Linda K. Gebhard verified both meetings were in compliance with the open meeting law, posted in two locations, in the Lancaster Herald Independent and on the Grant County web site.

Agenda: Dale Hood, seconded by Mark Stead made a motion to approve the agenda as printed. Motion carried.

Minutes: Roger Guthrie, seconded by Mike Lieurance made a motion to approve the Administrative minutes of the August 9, 2016 meeting. Motion carried.

Jail/Sheriff's Department/Social Services/ADRC Building:

Review of Schematic Design site plan, floor plans and exterior design by Potter Lawson:

Kevin Anderson ran through Potter Lawson's schematic design for the 84,600 square foot facility for Law Enforcement/Jail/Emergency Management/Coroner/Social Services / ADRC. Law Enforcement/Jail/Emergency Management/ Coroner would be 64,700 square feet and Social Services/ADRC 19,500 square feet.

Review cost estimate by the Samuels Group:

Kurt Berner presented a spread sheet of costs to the Committees based on the discussion that has been taking place for square footage and site. He pointed out the allocation cost for the utilities have been broke out from each line item for clarification but the numbers were basically the same as presented to the County Board on August 16, 2016.

	Sheriff/Jail/EM/Coroner	Social Services/ADRC
Square Foot	64,700	19,500
Total Construction Fees	\$19,744,695	\$5,091,309
Architectural/Engineering Fee (5.7%)	\$ 1,125,448	\$ 290,205
Construction Management Fees (3.9%)	\$ 770,043	\$ 198,561

Preliminary Contingency (5%)	\$ 987,235	\$ 254,565
TOTALS	\$22,627,420	\$5,834,640

Orchard Manor Utility Extension Cost \$1,500,000

The utility costs were allocated in the Law Enforcement/Jail costs; if the facilities were separated the utility cost would have to be allocated per each facility separately.

Roger Guthrie asked if Social Services/ADRC were taken out of the design this would add 2% onto the cost because an exterior wall would have to be built and then adding the Social Service/ ADRC facility later.

Robert Keeney brought up the fact DNR has stated the waste water treatment plant at Orchard Manor will have to be replaced by March 2022. The solutions being talked about would be to connect with the City of Lancaster or build a new waste water treatment plant on the Orchard Manor site. The City Engineer has supplied a schematic of the system that would have to be built to include any structures that may be built on the Orchard Manor site. If this was the case, the \$1,500,000 could possibly be divided between the County and the City of Lancaster. A new treatment plant could cost the county up to \$4,000,000.00.

Kurt Berner stated the cost is a total project cost; it covers not only construction costs but also all interior furnishing such as fixtures, office furniture costs, etc.

Review of Development Proposal for Social Services and ADRC by D & D Developers: David Bainbridge

Social Services/ADRC 21,250 square feet

Includes 2500 square foot garage

95 – 106 parking stalls

Cost of Project \$4,100,100.00

Monthly lease rates \$44,831.34 (Total for a year \$537,976.00)

Monthly Breakdown:

Lease	\$ 44,831.34
All Maintenance/Future Maintenance	\$ 10,000.00
All reserve account money stays with the building	\$ 4,151.00
23,750 square feet	
Monthly Total	\$ 58,982.34
Yearly Cost	\$707,788.08
Per square foot price	\$ 29.80

Per square foot to build with sewer and water 23,750 \$ 172.63

Possible Financing by Baird: Bradley D. Viegut, Baird

Brad reiterated the information that had been handed out at the last County Board of Supervisor meeting. He then handed out a spreadsheet of a Buy Verses Lease option.

1. Est Project Costs	\$30,143,715
Description	All Projects Simultaneously
Initial Funding Date	2017
Mill Rate Impact	\$0.34 / \$1,000

Maximum Annual Debt Service	\$ 2,411,738
Total Interest	\$12,237,838

2. Est Project Costs	\$ 5,834,640
Description	Social Services/ADRC
Initial Funding Date	2017
Mill Rate Impact	\$0.45 / \$1,000
Maximum Annual Debt Service	\$ 2,740,883
Total Interest	\$17,259,445
Est Project Costs	\$34,487,143 (includes 6% annual escalator to 2016 project cost estimate)
Description	Sheriff/Jail/EM
Initial Funding Date	2022
Mill Rate Impact	\$0.45 / \$1,000
Maximum Annual Debt Service	\$2,740,883
Total Interest	\$17,259,445

Interest Rate Assumptions:

Year of Financing	2017
Buffer added to current interest rates	+0.25%
<i>(Based on current rates for municipal bonds as of 8/12/16)</i>	

Year of Financing	2018
Buffer added to current interest rates	+0.50%
<i>(Based on current rates for municipal bonds as of 8/12/16)</i>	

Year of Financing	2022
Buffer added to current interest rates	+1.00%
<i>(Based on current rates for municipal bonds as of 8/12/16)</i>	

Year of Financing	2023
Buffer added to current interest rates	+1.00%
<i>(Based on current rates for municipal bonds as of 8/12/16)</i>	

	<u>Monthly</u>	<u>Annual</u>	<u>3 Years</u>	<u>10 Years</u>
Lease Payt *	\$59,073	\$708,875	\$2,126,624	\$7,088,747
Avg Debt Payt **	\$54,658	\$655,890	\$1,967,670	\$6,558,900
Difference	\$ 4,415	\$ 52,985	\$ 158,954	\$ 529,847

10 Year Amortization

	<u>Total Lease Payments</u>	<u>New Debt</u>	<u>Total Debt Service</u>	<u>Total Payments</u>
Cty Owned	\$0	\$5,835,000	\$6,558,900	\$6,558,900
Buy after 1 Yr Lease	\$ 708,875	\$5,205,000	\$5,851,500	\$6,560,375
Buy after 3 Yr Lease	\$2,126,624	\$3,855,000	\$4,434,450	\$6,561,074
		Break Even Purchase Price		

20 Year Amortization

	<u>Total Lease Payments</u>	<u>New Debt</u>	<u>Total Debt Service</u>	<u>Total Payments</u>
Cty Owned	\$0	\$5,835,000	\$7,429,950	\$7,429,950
Buy after 1 Yr Lease	\$708,875	\$5,165,000	\$6,718,200	\$7,427,075
Buy after 3 Yr Lease	\$2,126,624	\$3,845,000	\$5,303,400	\$7,430,024
		Break Even Purchase Price		

**per D&D Developers; 8/16/2016 (excludes maintenance cost/taxes/reserve account/future maintenance)*

***of County Owned Facility; 10 year amortization*

Robert Keeney asked Brad to roughly calculate the cost if \$1,500,000 of the initial project cost was deducted; which would come out at a 5% reduction cost.

Nancy Scott, Finance Director stated the capital improvement fund which we currently have would then be to use debt service instead of an improvement fund.

Robert Keeney asked Brad if Baird had any information regarding interest rates with the Federal Government. Brad stated Baird does not see a rapid increase in interest rates in the next 18 months to 2 years, unless there is rapid economic growth more than 1% or lower un-employment below 3 ½% to 4%. They can't predict what the interest rates will do but Baird economists are looking at a long and straight environment.

Robert Keeney stated Ben Wood, Corporation Counsel did some research; if there is a vote to go to Bonding for this project it will take a ¾ vote to pass.

Department Heads Nate Dreckman, Fred Naatz, Carol Schwartz and Lori Reid were given the opportunity to speak about their respective facilities being considered in this project, all being positive regarding the plans designed by Potter Lawson and confident the projected size was appropriate. Troy Maggied, Southwest Regional Planning was asked to speak on his views as a professional planner for the county; other neighboring counties are in the same processes of building new Law Enforcement Facilities.

The third floor of the Administration Building was discussed as to possible uses. Robert Keeney informed the Board there have been some outside entities asking to look at the space. The parking is still an issue regarding that space.

Communications towers were discussed for the computer access between all buildings. The existing tower is now located at the Law Enforcement Center. A tower cannot be installed within 3 miles of an airport. This would have to be addressed if the Orchard Manor was the site chosen to use.

In discussion there were concerns regarding traffic issues at the Orchard Manor site. Concerns were expressed if elderly citizens would feel comfortable entering a Law Enforcement facility for their services. It was stated in all the facilities Board Members toured they did not feel they were entering a Law Enforcement/Jail facility because the designs were very pleasing to the eye. Locations were discussed; what best fits the needs of the citizens using these facilities. Samuels Group and Potter Lawson have indicated the Lippert site would not be adequate, the FS site would be tight and more land would have to be purchased for access points. If the current site was used, where does the county

move the operations to continue working? The site keeps coming back to the Orchard Manor site were there would be ample room for expansion also. The impact of possible higher property taxes for the citizens of the county; Gary Ranum stated the impact will be different depending on the property owned but the percentage across the board basically comes out to pennies given the whole scope of this project. Nancy Scott, Finance Director handed out some examples of the impact for some of the municipalities regarding the taxes.

Kurt Berner stressed the plans for the new facility placed before the County meets the highest priority needs for the county; they signify the best use of funds and efficiency for a master plan for the future of the county. He reiterated this is the reason why a Master Plan should be in place so things keep going forward and efficiencies are kept even though there are changes in Board Members through the years. He stated for \$37.00 per \$100,000.00 taxes would increase for tax payer at this point; the Board needs to make the decisions that best serves the county. He reiterated the cost to build would not go down in future years, whether the Board decides to build in phases or all at once, the cost today is the cheapest is will be at this time.

Robert Keeney stated Johnson Control had asked if their company could supply the county with a performance contract on the new construction. Their proposal would be if the county wanted to save some dollars on construction cost and future electricity costs there are third party companies involved in tax saving projects like installing solar panels or storage packs that could save one to two million but the adjacency of the two buildings would have to be together or close to each other.

Robert Keeney stated he felt the goal was to find a solution that best fits the county and is efficient into the future for generations to come; that may mean not taking the cheapest solution now.

City Sewer Extension: The Lancaster City Council discussed this issue at their last meeting; they instructed the Public Works Engineer to work with Robert Keeney to move forward connecting Orchard Manor with the city water and sewer. Robert also talked with IIW regarding moving into the plan with DNR by next spring which depends on the direction the county goes in new construction regarding the waste water plant at Orchard Manor.

Roger Guthrie asked how fast could this project move forward, would the city have the sewer lines installed by next year. City Public Works Director John Hauth stated it would take time working with property owner to obtain easements. The design and easements will be the biggest job ensuring it can sustain the added load and will be adequate for future growth. All were optimistic this project could move forward to be ready when all entities were ready.

Recommendation to the County Board: Robert Keeney felt it should be decided first if the committee members felt the project should be separated or kept all together or possible lease option before they went into the design and development phase, asking for their input. Discussion continued regarding if the property would remain on the tax roll; what option would increase or decrease the tax base depending on the "build to buy option" verses "lease option". Committee Members John Beinborn and Gary Ranum voiced their opinions they felt it was in the best interest of the county based on the Baird cost projections to keep the projects together.

Robert Keeney stated the county could sell the property where the Law Enforcement is located at the present time, possibly receiving \$1,000,000 for that property gaining some revenue toward the project.

Approval to proceed to Design Development: On the cost estimates they are figured on a percentage basis, Robert Keeney asked if Potter Lawson and Samuels's Group would be interested in going with a

lump sum payment instead of percentage terms. Kurt Berner stated he felt both companies would be able to agree to that process. Kurt stated the target date to start the Design Development stage would be April of 2017, the numbers are based on 2017 numbers, that process will take at least 8 months so the county is at the time now a decision will have to be made.

Robert Keeney asked Kurt Berner if the County could receive firm numbers for the dollars to be spent before October 4th County Board of Supervisor meeting. Kurt stated he would add any land borings to determine where to build and actual placement of the structure will be included in the Design Develop stage.

Roger Guthrie, seconded by Robert Scallon, made a motion to take the recommendation to the County Board of Supervisors to move forward with the Design Development phase with Potter Lawson and Samuels' Group with one consolidated project of Law Enforcement/Jail/Social Services/ADRC on the Orchard Manor site; and continue to work with the City of Lancaster to connect the water and sewer with them. Motion carried by both the Administrative Committee and Executive Committee with one nay vote.

Robert Keeney asked Nancy Scott, Finance Director and Brad Viegut, Baird regarding the bonding process that will have to be set into place.

Gary Ranum, seconded by John Beinborn, made a motion to forward the authorization for Bonding to the full county board and place a Resolution for Bonding for the building project of the Law Enforcement/Jail/Social Service/ADRC on the October 4, 2016 County Board of Supervisors agenda. Motion carried.

Adjournment: Roger Guthrie, seconded by Mark Stead, made a motion to adjourn the Administrative Committee to the call of the chair. Motion carried.

Robert Keeney, seconded by Mark Stead, made a motion to adjourn the Executive Committee. Motion carried.