

## **Working Title: Facts About the new Council Chamber/Civic Center**

Following are the facts that are prompting us to make an investment in this asset for our community and a description of what we are proposing to do.

**Fact #1: We are staffed very lean compared to other similar cities.** This has proved to be true both in our own comparisons and in the comparisons Ray Associates, Inc. presented at our last council meeting. One simple measure of staffing is to divide the number of residents by the number of city employees. When we looked at this a couple of years ago, the other cities like us averaged about 100 residents per employee with some of them being in the 60 to 70 range. Our staffing level is still lean at about 130 residents per employee.

**Fact #2: We are out of space for employees and have them stacked on top of each other.** As an example, when the mayor was first elected to office, he moved the mayor office out of a large office with an attached conference room and into a small office down the hall. We moved the newly hired City Manager into the larger office and he made good use of the space until staffing growth forced us to convert the conference room into an office for two employees. This change also prevents us from using the former conference room for Executive Sessions in city council meetings. Now, we have to ask all the residents attending to leave the council chambers.

**Fact #3: Even though our employees' responses on an independent survey resulted in our being named one of the top workplaces in the San Antonio area for the second year in a row, we are losing employees at a rate that is not acceptable.** Our annualized turnover rate the last couple of years has ranged between 15% and 37%, which is expensive from the standpoint of recruitment and undesirable from the standpoint of creating a cadre of experienced employees. Additionally, morale tends to suffer when employees are frequently having to cover for vacant positions. Training demands also spike up when you are dealing with relatively high turnover. Pay is the number one reason for our employees leaving but poor working conditions do not help keep experienced employees.

**Fact #4: What we are proposing to construct is an approximately 3,000 square foot, pre-fabricated metal building faced with salvaged stone harvested from the existing building.** This building will cost somewhere around the value of an average residential home in our city (\$500,000 - \$600,000). The proposed building will be functional, but it will not win a beauty contest against the new Boerne City Hall which cost about \$22 million! Just to be clear, the renovations to the current City Hall will cost approximately an additional \$450,000 which we have already reserved (no new tax impact). These renovations will result in a much more accessible customer contact area for our residents as well as increasing office space.

**Fact #5: Converting the current city council chamber into offices is a much less expensive alternative to getting more office space than trying to re-purpose the old police building.** We have gotten professional opinions and bids on several ways to go at this and we believe the plan we are proposing now is the most economical.

**Fact #6: There is a demand for meeting space for civic organizations like Home Owners Associations and for community events like Town Halls and elections that we cannot satisfy adequately with our existing configuration.** Our Town Halls on significant community topics frequently bring out 100 or more residents. Our current council chamber has a maximum capacity of 73. Additionally, this will allow us to continue staging some elections in our city without disrupting ongoing city work. This is a better alternative for our residents than having to drive to San Antonio.

**Fact #7: In addition to fulfilling a demand for meeting space, configuring this building to be suitable for double duty as a Civic/Community Center makes it eligible for a grant from our Municipal Development District (MDD). *This is significant because, with a grant, the structure could end up costing our residents nothing*** in the way of new property taxes. MDD's revenue stream comes from an allocation of one half of one percent of the general sales tax collected in our city and MDD has already accumulated more than enough funds to pay for the building. We think there is a high probability this grant will happen. It is important to understand that MDD's sales tax collection does not impact the total sales tax we pay. It just allows our MDD to capture part of that sales tax for our city's use instead of letting some other taxing entity get the money.

**Fact #8: The demand for our city's "services" does not diminish during a pandemic.** If anything, it increases. Our increased daytime population during the "stay at home" period has already resulted in noticeable increases in our wastewater processing volumes, for example. Our city's "business" is providing basic services to our residents (water, sewage treatment, public safety, fire protection, road maintenance). Even during a medical disaster, our basic services have to continue. This is a very different economic model than a for-profit business such as an oil refinery. When the demand for a refinery's product drops precipitously due to business closures, the need for much of the service they provide goes away and they have to shrink their work force and cut their capital spending.

In contrast, our service demand does not go away, particularly in a bedroom community like ours where we have few ties to commercial activity. Unlike cities that are tied to economic activities such as hotels and convention centers, our service demand stays basically constant. We still need employees to provide services and attracting and retaining employees requires that you provide reasonable working spaces for them. Providing proper working space is just as important to the administrative functions in our city as providing proper tools is to our field work force.

**Fact #9: We are positioned financially to be able to fund this project with minimal impact on our residents, even if we do not get a grant from MDD.** Over the past four years, we have substantially increased our operating reserves which had been lessened by paying for the Municipal Court/Police building and by making a substantial contribution to the TxDOT project at I10 and Fair Oaks Parkway.

We have the capacity to issue debt to fund a project like this and would likely do that given the current low interest rates if we do not get an MDD grant. If we issued debt, the impact on an average household in our city, assuming we borrowed \$600,000 for five years, would be about \$35 per year. As previously stated, we have already reserved the funds for renovating the existing City Hall so that would generate no need for additional taxes.

The conservative financial planning we have done makes it possible to move forward with investments like this building that are essential to providing our services. Our Finance Director has pointed out that, if we need to conserve funds, the more logical place to do that will be on some of the larger capital projects in our Strategic Action Plan, not on core investments like providing work space for our employees. There is no compelling financial reason to defer this project.

### **A few Frequently Asked Questions:**

#### **1. When will the residents know how the council determined the need for a civic center?**

This question has already been discussed in posted meetings open to the public. We have been through several iterations of alternative ways to provide necessary work space and the current proposal, as outlined above, was the most economical alternative.

#### **2. When will the residents know how much this project will cost?**

In council meetings we made the decision to utilize the Construction Manager at Risk (CMAR) delivery model. In this scenario, the architect retained by the city will develop opinions of probable cost as plans are developed. Under the CMAR model, the project will be bid according to state law seeking a guaranteed maximum price (GMP). Accordingly, the city will not know the exact price until bids are received and a GMP is negotiated.

#### **3. When will the residents know if our taxes will be raised to pay for this project?**

The City Council has authorized staff to pursue both an option of issuing about \$600,000 of debt and an option of seeking a grant from the Municipal Development District (MDD) which is an independent governmental entity of our city. Under the CMAR model, we will have to wait until the GMP is determined to develop debt issuance scenarios and to develop a grant application with the MDD. Council will make the final determination. Both of these options have been discussed during posted meetings open to the public.