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THE

# CITY of PELLA

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## STAFF MEMO TO COUNCIL

ITEM NO: I-1  
 SUBJECT: Long-Term Facilities Plan Update  
 DATE: October 3, 2023

**BACKGROUND:**

The purpose of this Policy and Planning item is to provide an update on the City's long-term facilities plan. In addition, staff will be seeking Council direction on proceeding with the next phase of engineering services for each of the projects.

Listed below, and on the following pages, is an update on the long-term facilities plan:

**Community Center**

*April 2022 Facilities Plan Estimated Cost: \$5.5 million*

*Current Estimated Cost: \$5.5 million*

*Proposed Funding Source: Local Option Bond/Private Pledges/City Contributions*

*Current Timeline: Construction to start in the winter of 2024/2025*

Staff expects to receive revised cost estimates from our engineers by mid-November. As a result, the estimated cost of the project references the original \$5.5 million budget. In addition, staff would like for Council to be aware of the following items:

*Community Center Renovation*

The planned Community Center renovation is expected to start in late 2024 and anticipated to last for approximately one year. During this time, the facility will likely need to be closed to the public. Staff has been in communication with the entities who currently utilize the Community Center regarding the plans to close the building during construction.

*Fundraising Partnership Agreement*

The Friends of the Community Center would like to enter into a partnership agreement with the City, which would allow them to obtain naming rights for various components of the facility. Naming rights are a key component which could allow the Friends of the Community Center to raise funds for the project. Staff anticipates reviewing the proposed partnership agreement with the City Council once we receive updated project cost estimates from our engineer.

**University Street/Baseline Drive Extensions and Associated Infrastructure**

*April 2022 Facilities Plan Estimated Cost:* \$6.0 million  
*Current Estimated Cost:* \$7.6 million  
*Proposed Funding Source:* Essential Corporate Purpose Bond  
*Current Timeline:* Phase 1 construction scheduled for 2024

It is also important to note that the current estimated cost contains approximately a 10% contingency, which is necessary at this point in the engineering design process. Typically, the City budgets contingency amounts in the range of 3% to 5% depending on the risk associated with the project. Furthermore, the extension of University Street has additional benefits beyond serving as secondary access to the Pella Sports Park. Specifically, the extension of University Street has been shown in the Comprehensive Plan since 2007 and could facilitate future growth on the eastern side of our community. This project also includes a new 12-inch water main which will increase fireflows on the southeast portion of the City.

*Potential University Street Extension Construction Phases*

The City is currently in the process of securing the necessary right-of-way for this project. If the City is not able to secure all the necessary right-of-way for the project by the spring of 2024, the project may need to be built in phases. A map of the potential first phase of the project is included as a memo attachment and would likely involve the following:

- Construction of a new 12-inch water main
- Associated sanitary sewer infrastructure
- Extension of Baseline Drive
- Construction of University Street from 250<sup>th</sup> Ave west through the Pella Sports Park

*University Street Extension Funding Source*

The proposed funding source for the University Street extension project is a General Obligation Essential Corporate Purpose Bond issued by the City of Pella. The City’s Financial Advisor, Michael Maloney, will be in attendance during the meeting to discuss this proposed bond issue.

**Indoor Recreation Center**

*April 2022 Facilities Plan Estimated Cost:* \$31 million  
*Current Estimated Cost for Full Build:* \$42.8 million  
*Current Base Plan Estimated Cost:* \$34.4 million  
*Proposed Funding Source:* Local Option Bond/Private Pledges/City Contributions  
*Current Timeline:* Construction to start the summer of 2024

During this meeting, staff will be discussing proceeding with the next phase of the engineering process for the Indoor Recreation Center which is the construction documents/bid phase. The estimated cost of this phase is approximately \$1.2 million and would allow the project to receive construction bids by March of 2024. If Council approves a construction bid in the spring of 2024, the tentative completion date for the Indoor Recreation Center is tentatively scheduled for late 2025/early 2026. It is also important to note that these estimated project costs contain approximately a 10% contingency amount. In comparison, the City typically budgets 3% to 5% for contingencies.

Staff would also like to mention that the use of bid alternates are being proposed for this project. By utilizing alternates, the City will be able to receive construction bids for the full project; however, items listed as alternates will be constructed only if financing is available.

Listed below is a summary of the base plan and proposed alternates for this project.

Base Bid – estimated cost: \$34.4 million

- Two full size gymnasiums
- Competition swimming pool
- Indoor turf field
- All other items previously discussed with Council for the components of the Indoor Rec. Center

Alternate Bid Items – estimated cost: \$8.4 million

- Indoor recreation pool
- South parking and NE parking lots
- Two gymnasiums

Staff would also like to mention that the decision to list the indoor recreation pool as an alternate bid item may trigger an engineering change order due to the extra design necessary for a turf field in the base bid. It is important to note, if Council accepts an alternate construction bid for the indoor recreation pool, then the turf field would not be built. According to our engineer, Shive-Hattery, this proposed alternative requires additional engineering, and they may seek compensation for it. If an engineering change order is requested by Shive-Hattery, it will need to be approved by the Pella City Council.

### **Financial Summary**

During this meeting, the City's Financial Advisor, Michael Maloney, will be in attendance to discuss the financing plan for the previously referenced projects. It is important to note that the financing plan is fluid and likely won't be finalized until construction bids are received. Listed below, and on the following page, is a summary of the financing sources for the facilities plan:

#### *Local Option Sales Tax Bond - \$15.7 million to \$20 million*

The proposed funding source for the facilities plan includes issuance of a local option bond secured by future local option sales tax revenues. The projected proceeds from the bond are dependent upon Council approval but could range from \$15.7 million up to \$20 million. The \$15.7 million estimate is based on projected distributions to the City of Pella under the State of Iowa's local option distribution formula. Likewise, the \$20 million estimate is based on receiving a redistribution agreement of local option revenues with Marion County, which the City is currently negotiating.

#### *Private Pledges/Other Government Support - \$15.2 million*

To date, approximately \$15.2 million has been raised for the City's long-term facilities plan. Furthermore, fundraising activities are expected to continue, and it is likely this funding source will be greater than \$15.2 million by the time construction bids are received. Staff would also like to mention that most of these funds are pledged over a five-year period. In comparison, the facilities plan projects are proposed to be constructed over a two-year period. This means the City could have to provide interim financing for the facilities plan until the pledges are fulfilled.

*Essential Corporate Purpose Bond - \$7.6 million*

The proceeds of this bond issue are intended to fund the following items:

- University Street extension
- Baseline Drive extension
- New 12-inch water main
- Associated sanitary sewer infrastructure

*City of Pella Cash Contributions - \$5 million*

Staff believes the City is capable of contributing \$5 million in cash on hand to these projects; however, these transfers will require separate approval by the Pella City Council.

**Current Financial Summary**

Listed below is a summary of current revenue estimates and estimated project costs for the facility plan:

**Funding Sources**

Local Option Sales Tax Bond	\$15,700,000
General Obligation Bond	7,600,000
Private Pledges	15,200,000
City Cash Contributions	<u>5,000,000</u>

**Total Funding Sources** **\$43,500,000**

**Estimated Costs**

Indoor Recreation Center Base Bid	\$34,800,000
Community Center Renovation	5,500,000
University Street Extension	<u>7,600,000</u>

**Total Estimated Cost** **\$47,900,000**

**Current Funding Deficit** **\$(4,400,000)**

In considering the current funding deficit of \$4.4 million, it is important to realize the estimated project costs contain \$4.5 million in contingency funds. This is approximately 9% of the overall project costs, which is greater than the typical 3-5%. Secondly, fundraising efforts are still ongoing, and it is possible that projected revenue sources will be greater in the spring of 2024 than the current \$43.5 million.

**Summary**

The decision needed by Council is whether to proceed with engineering as outlined above for each of the projects. Specifically, staff is seeking direction/approval for the following:

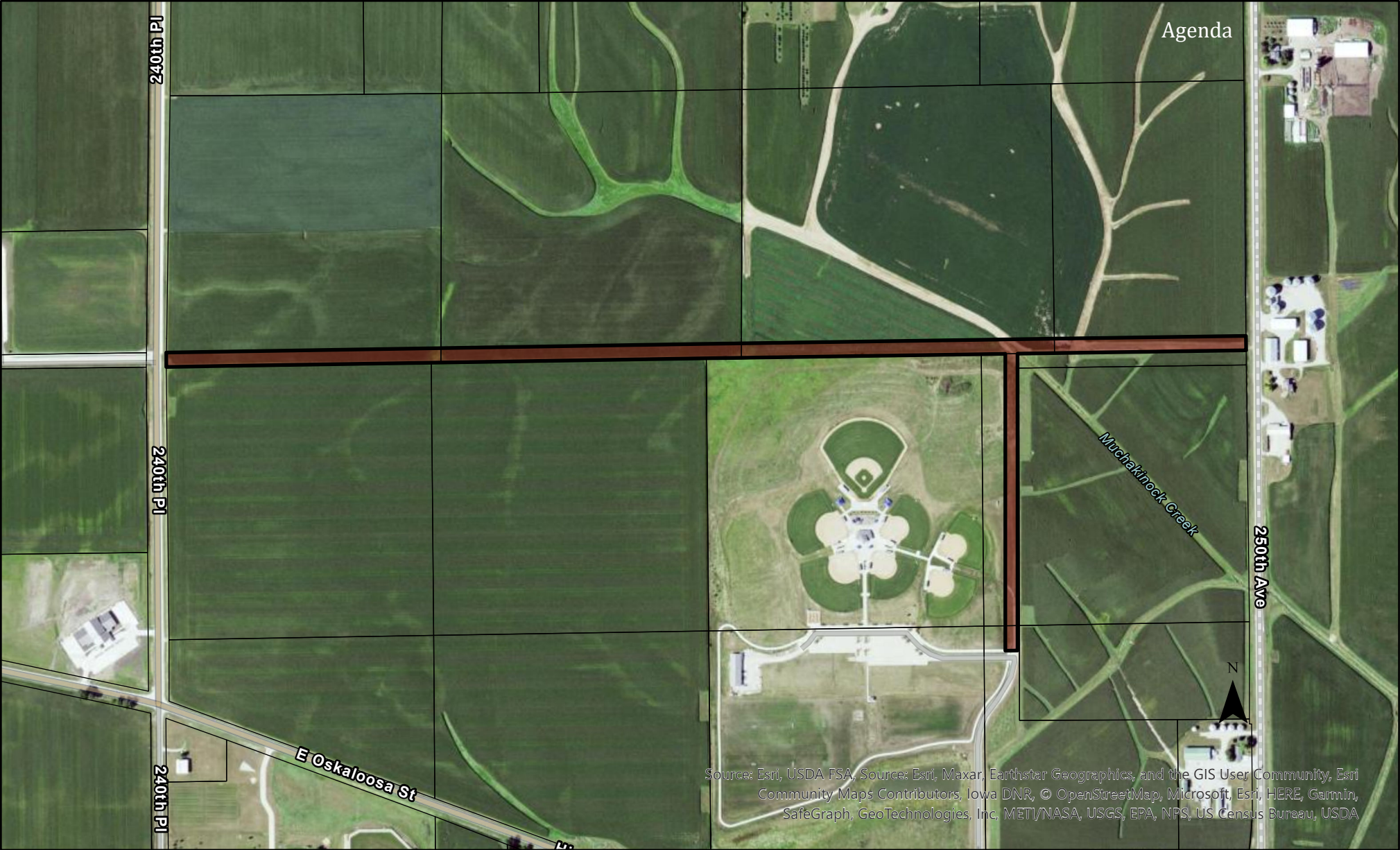
1. Approval of the timeline for the Community Center, which has a tentative construction schedule from December 2024 to December 2025.
2. Staff would like to know if Council has any concerns regarding issuing General Obligation debt for the extension of University Street.
3. Staff would like to know if Council has any concerns by potentially phasing the extension project for University Street.
4. Staff is seeking approval for the proposed base bid plan for the Indoor Recreation Center.
5. Staff is seeking approval to proceed with the construction document/bid engineering phase of the Indoor Recreation Center. The estimated engineering fees for this phase total \$1.2 million.

ATTACHMENTS: University Street Extension Project Map  
Phase I of the University Street Extension Project  
Indoor Recreation Center Concept Plan  
Indoor Recreation Center Base Plan

REPORT PREPARED BY: City Administration

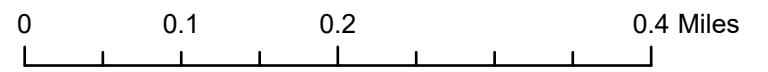
REVIEWED BY: City Administrator, Finance Director, Public Works Director,  
Community Services Director, City Clerk

RECOMMENDATION: Seeking Council direction



# Proposed University Street Extension: Full Extent

- Marion County Parcel
- Proposed University Street Extension



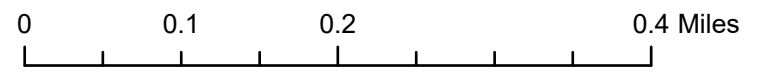
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# Proposed University Street Extension: Phase One

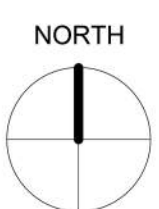
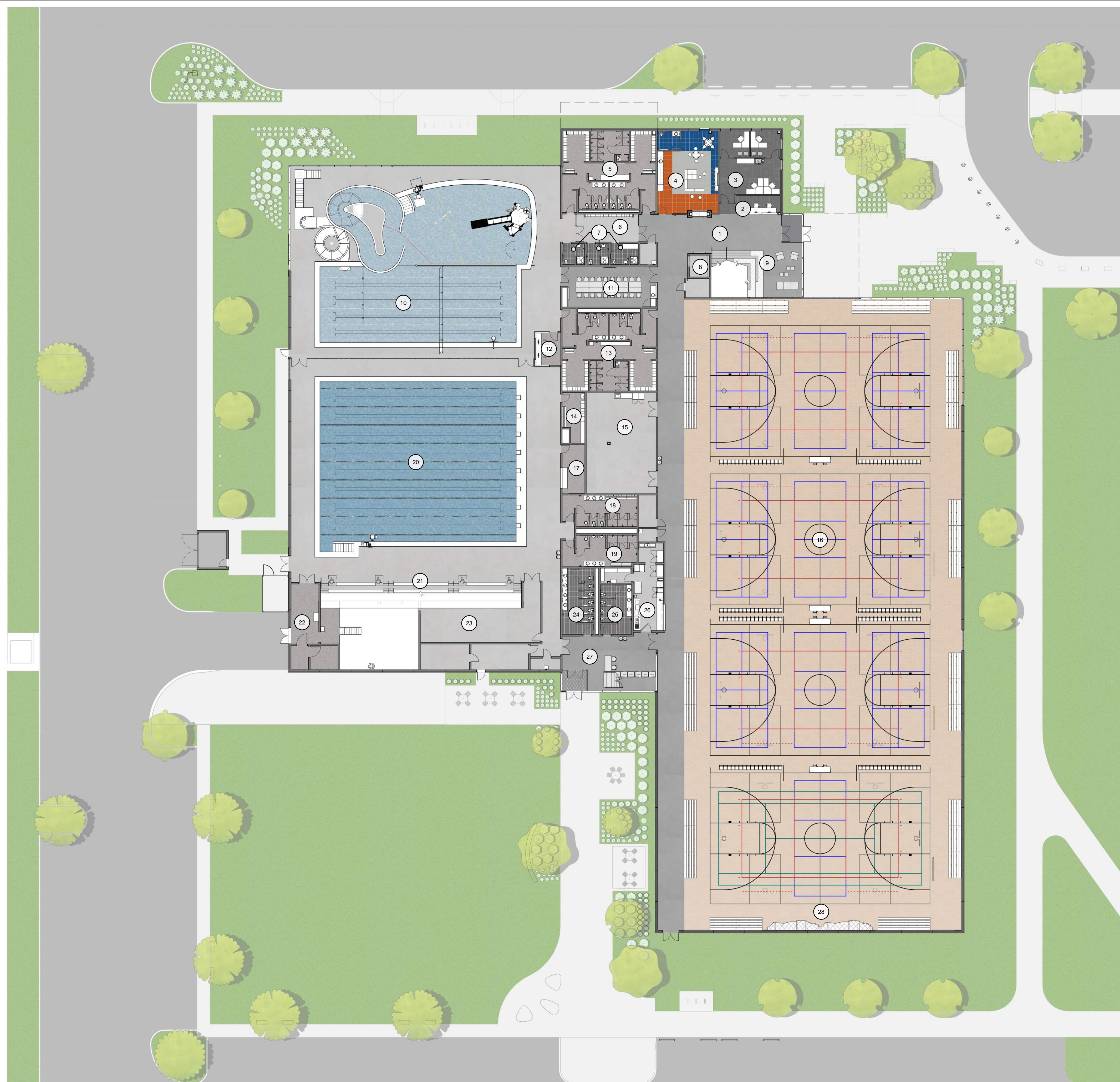
- Marion County Parcel
- Proposed University Street Extension: Phase One



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## ROOM LEGEND

- ① LOBBY
- ② CHECK IN DESK
- ③ OFFICE
- ④ CHILD CARE
- ⑤ WOMENS LOCKER ROOM
- ⑥ DAY LOCKERS
- ⑦ FAMILY LOCKERS
- ⑧ ELEVATOR
- ⑨ LEARNING STAIR
- ⑩ RECREATION POOL- 4 LANES
- ⑪ PARTY ROOM
- ⑫ POOL MANAGER
- ⑬ MENS LOCKER ROOM
- ⑭ GUARD LOCKER ROOM
- ⑮ GYM STORAGE
- ⑯ 4 COURT GYMNASIUM
- ⑰ POOL ANNOUNCER
- ⑱ MENS COMPETITION LOCKER ROOM
- ⑲ WOMENS COMPETITION LOCKER ROOM
- ⑳ 25 YARD COMPETITION POOL- 8 LANES
- ㉑ COMPETITION SEATING
- ㉒ POOL EQUIPMENT ROOM
- ㉓ POOL STORAGE
- ㉔ WOMENS RESTROOM
- ㉕ MENS RESTROOM
- ㉖ CONCESSION STAND
- ㉗ COMPETITION LOBBY
- ㉘ BOULDERING WALL

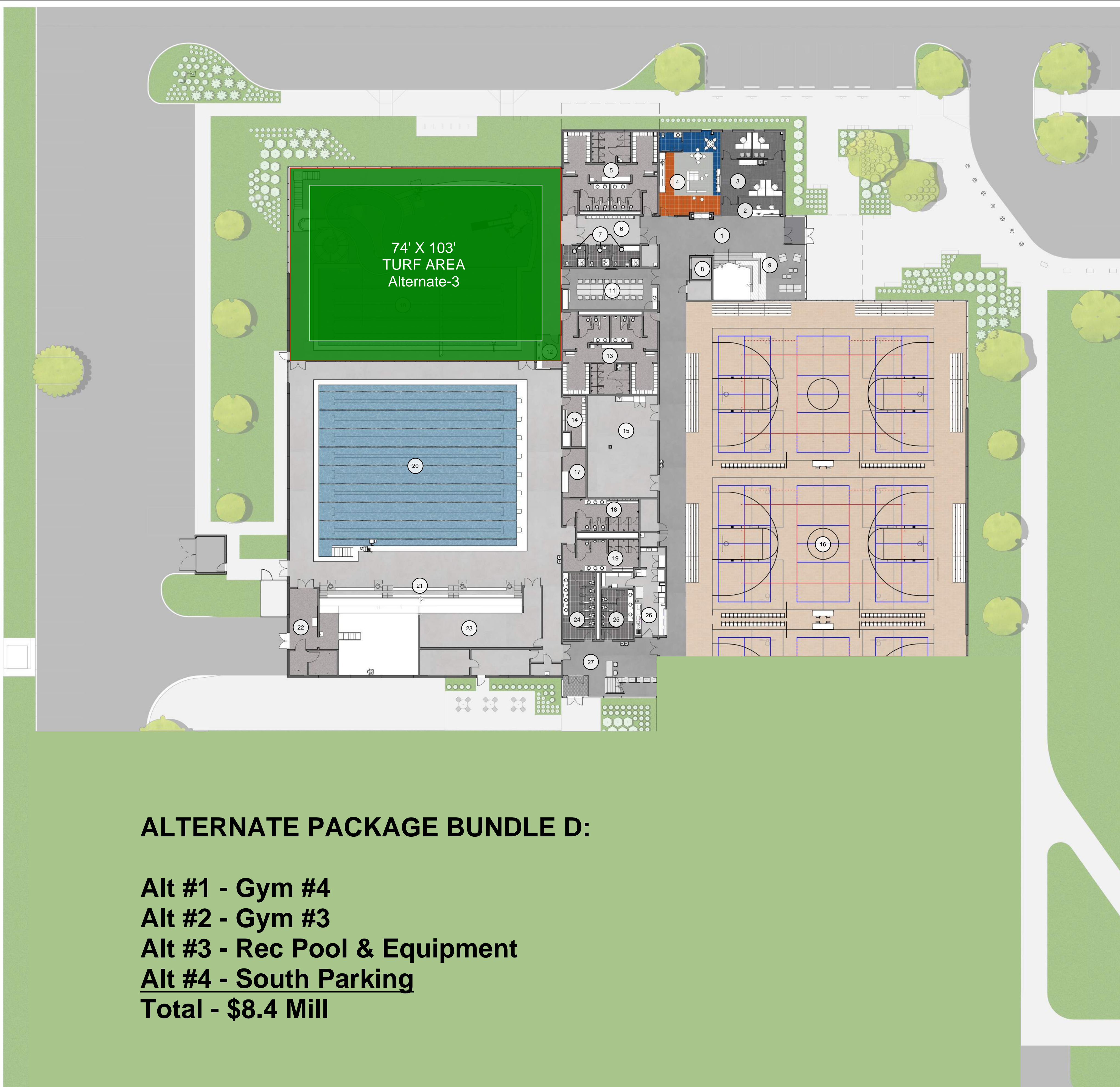


① FIRST FLOOR PLAN  
1" = 20'-0" 0" 30"



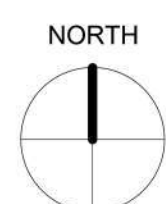
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### ALTERNATE PACKAGE BUNDLE D:

- Alt #1 - Gym #4
- Alt #2 - Gym #3
- Alt #3 - Rec Pool & Equipment
- Alt #4 - South Parking
- Total - \$8.4 Mill



① FIRST FLOOR PLAN  
1" = 20'-0" 0" 30"