

STAFF REPORT

City Council Business Item

DATE: August 5, 2024

TO: Honorable Mayor and Council Members

FROM: Brendan Byrd, Public Works Director/City Engineer

THROUGH: Amy Nilsen, Interim City Manager

SUBJECT: **Approve a Supplemental Budget Request for the City Hall Remodel Project**

STAFF RECOMMENDATION:

Authorize a Supplemental Budget Request of \$95,000 for the City Hall Remodel Project

EXECUTIVE SUMMARY:

With the new Police Facility Project coming to completion during the second quarter of 2024, staff began the planning process for how existing staff and departmental functions at City Hall would utilize the additional building space. After drafting some initial building layouts and discussions on the staff level, the proposed direction is for the Community Development Department (Planning and Building) to move their offices and the building counter into the former police department. In addition, the former police briefing room would be changed into a breakroom/seating room available to all City Hall staff, and the two remaining offices in the former police facility would be available as flex-offices, future staff offices, or conference rooms. With Community Development staff vacating the current City Hall area, those offices would be repurposed as additional space for City Administrative staff including a small conference room or closed session room, a dedicated staff onboarding room, and a dedicated personnel records room. Staff have developed a preliminary floor plan showing these changes, which is included as Attachment A.

Although the general direction for this remodel project was identified during the spring of 2024, the project was not developed to a point where specific improvements and associated costs were known. As such, as part of the fiscal year 2024-25 budgeting process staff proposed to include \$20,000 in the General Fund General Government budget, which was a starting point to perform what was thought to be the minimal work required to occupy the building (primarily painting and floor cleaning, and other small incidental items). This budget was not established at that time based on known costs for those items, rather it was an amount that could be allocated within what was presented as a balanced budget.

With the completion of the Police Facility project in late June, Community Development and Public Works staff have been able to spend more time considering in greater detail how to advance the remodel project at City Hall. After a detailed review of the facility, staff have identified and recommend the following improvements:

- Wall patching, priming, and painting off all interior walls
- Remodel of existing transaction counter
- Removal of all security bars
- Remodel of two small bathrooms
- Phone system, security, and computer system reconfiguration
- Clean or replace existing flooring throughout (on former Police Facility side only)
- Partition wall modifications in current Building Official and Community Development Director Offices

While developing this list, it became apparent that some of the initial assumption about the project extents needed to be revisited. The two existing bathrooms in the former police facility are in poor condition, and the flooring throughout is significantly worn, stained and odoriferous. The existing front counter area worked somewhat functionally for police operations, however as a building counter the dimensions and layout would be less than ideal when working with the public on building permits, especially those requiring full-size building plans. With the police no longer occupying the building 24/7, some additional security measures are recommended included a building alarm, and some security cameras. In general, a higher level of improvement would be required, and is recommended, to deliver the project improvements that would make this space functional for the long-term.

With the overall list above, staff began creating a budget estimate based on all work that would be required to deliver the project. In an effort to be cost-effective, staff's proposed project delivery strategy would be to act as the general contractor and to complete the demolition, painting, and framing modifications utilizing the City's General Services crew. Remaining items, such as flooring, electrical and plumbing, countertops, and IT systems would be completed by directly contracting with subcontractors. With the City acting as the 'General Contractor' for the project, staff anticipate to be able to deliver these improvements at an overall reduced-cost to the City, and also to eliminate or minimize the amount of project work that would have to be formally bid. The final draft project scope and budget is included as Attachment C, and including a 10% construction contingency, staff anticipate that the project would cost approximately \$115,000.

Although the updated project budget is significantly higher than the \$20,000 initially budget, staff are recommending that the Council approve a supplemental budget request to provide for full-funding to complete the project as defined in the current project estimate and scope. With that portion of City Hall currently vacated, this presents the best and most unique opportunity for the City to be able to deliver these improvements for the function of City staff, and for use to the public. Additionally, with the facility currently vacated, all staff and contractors could complete their work with an empty building, which significantly reduces potential costs (versus considering improvements like these in the future, once the building is fully staffed in these areas).

Staff have already began to perform some remodel work, including preparing the future Community Development Directors office, and preparing the building for painting. Should the Council approve the supplemental budget request, staff would work to immediately procure contracts for additional contractor services. Staff are hopeful that Community Development staff could begin using the space in late August or September, and that all associated improvements could be completed by the end of the calendar year.

FINANCIAL IMPACT:

As noted above, staff estimate that the remodel project at City Hall will cost approximately \$115,000, which includes a 10% construction contingency. With \$20,000 of that project already having been included in the current fiscal year budget, this would require a supplemental budget request from the General Fund reserves of \$95,000. A draft supplemental budget request has been developed and is included as Attachment D.

As presented in the current budget, the current estimated General Fund reserve balance is \$6,108,341, which includes an unreserved fund balance of approximately \$1,265,000. Approval of this supplemental budget request would not impact the City's operating reserve policy, capital improvement reserve, or economic contingency.

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions with staff
2. Open Public Comment
3. Close Public Comment
4. Motion to Approve a Supplemental Budget Request of \$95,000 for the City Hall Remodel Project. Voice vote.

Attachments:

- Attachment A - Existing and Proposed Floor Plans Showing Staff Use
- Attachment B - Existing Condition Photos
- Attachment C – Project Scope and Estimated Budget
- Attachment D – Draft Supplemental Budget Request