



FISCAL IMPACT NOTE

Ordinance: O-40-19

Title: Capital Budget and Capital Improvement Program – Maintenance Facilities

Date: January 10, 2020

This ordinance changes the description of the Maintenance Facilities capital project to allow the City to construct the maintenance facilities at 39 Hudson Street. The City has submitted a \$2.2 million contract offer to the seller, contingent upon the City Council changing the project description.

The cost estimates for Hudson Street shown in the staff report are based on the current project design for Spa Road, and staff will seek an additional appropriation of approximately \$6.23 million in the FY2021 capital budget, which is below our debt affordability ceiling. The Director of Public Works anticipates the construction costs will be reduced once design revisions that simplify the building exterior and complexity of the prior design are completed, which may allow the Council to reduce the FY2021 budget appropriations before the budget is adopted in June.

Once the Department of Public Works operations are relocated to Hudson Street, the City could dispose of its Spa Road properties. We cannot estimate the future value of the Spa Road properties at this time. The parcels could be sold separately or together at public auction or, if approved by ordinance of the City Council, in a private sale.

The west side of Spa Road (3.73 acres) appraised for \$900,000 and \$935,000 in two independent appraisals obtained in 2018. The east side of Spa Road (8.24 acres) appraised for \$3,300,000 and \$4,675,000 in two independent appraisals in 2018; however, both appraisals included Weems-Whelan field and assumed there was no environmental contamination. We have not obtained appraisals of the 5.64 acres on the east side exclusive of Weems-Whelan field as any appraisals we obtained now would be outdated by the time the properties were available for disposition upon completion of the Hudson Street facility.

Prepared by Jodee Dickinson, Finance Director