

## Facilities Committee members:

Consistent with our role as a committee “to develop actionable recommendations for the Governing Body regarding location, scope, cost/financing and construction of a new Leonia municipal building”, we agreed to perform a value analysis--an analysis to determine where the biggest ‘bang for the taxpayer’s buck’ is among the two alternatives we are considering.

This value analysis will compare the costs/benefits of refurbishing and continuing to use the current Borough Hall to the costs/benefits of vacating the current Borough Hall in favor of building one additional floor of 9100 sq feet in a proposed facility for the Police Department and the Municipal Court.

To proceed we agreed to include in our analysis the total cost of refurbishing the current Borough Hall broken down by what it costs to come into compliance with all necessary building/fire codes and all costs to change the facility so it can be used effectively for borough administrative functions.

We would compare these refurbishing costs along with the estimated number of years of usefulness on an equalized basis to costs (principle and debt load) associated with building a floor in the proposed new building.

Just as we look at the financing costs associated with taking on an additional cost of \$1.8 million for a new floor, we must also look at how much money we will obtain either through sales of the current Borough Hall outright, rental of the same, and the anticipated ratable revenues we are likely to receive if the current Borough Hall is sold.

HVAC efficiencies should also be considered both for the old building and any benefits we should reasonably expect from an additional administrative floor in the new building.

Some of the specific numbers we were discussing last night which absolutely need to be validated/confirmed and/or adjusted by our architect, Borough Administrator and other experts include:

--\$500-\$750K to refurbish Borough Hall. This is a number which really needs scrutiny because the level of confidence in its accuracy is currently low

--\$1.8 million for an additional floor to accommodate administrative functions in the new building. We are looking for a number which represents all incremental costs associated with committing and ultimately turn keying an additional floor.

--Proceeds from sale of 312 Broad Avenue previously estimated at \$750k. This should also be updated. Rental income would forego a one time large revenue injection in favor of continuous but lower revenue representing rents but no tax revenue since the Borough of Leonia is the landlord.

--A sale of 312 Broad Avenue would likely increase ratables. Current conservative estimate is \$20K for 20 years.

--The incremental cost of the additional floor (currently estimated at \$1.8 million) should also be broken down by principle payments and debt service.

All of these cost considerations will then be equalized on net present value basis to allow us to have confidence in our value analysis enabling us to act in the best interests of the taxpayer.

Additional considerations include the current Borough Hall is a re-purposed facility which will most likely fall short of being ideal, regardless of monetary investment, for the conduct of Borough business. If we design and build a new facility to our specifications for a highly functioning and efficient administrative space, there are unquestionably benefits to that choice. These intangibles and others including the iconic nature of the current historic building must also be weighed with the numbers to help us be confident we are coming up with the best answer.

What we need from our architect and our Borough Administrator are the raw numbers --the inputs to the value analysis.

If we get these input numbers from our architect and Administrator this can be handed off to a certified financial professional (I know several in my personal network who would be willing to help us out) who can turn around an objective and complete value analysis (based on the numbers only) --in 48 hours or less. Any intangibles will still need to be weighed independently in light of the numbers analysis and will ultimately be a judgment call on the part of each member of the governing body. At least we will all have a clear and objective numbers view on the best choice.

As stewards of the public coffers, we know this analysis is important to ensure we get best value for the dollar from the two options being discussed. To make general assumptions or to not do a thorough/accurate job with this value analysis is to not do our jobs as elected officials on behalf of the taxpaying public.

The next step if we are all in agreement is for our Architect and Borough Administrator to provide the numbers requested so we can proceed expeditiously.

Respectfully submitted,

Bill Ziegler  
Council President  
Facilities Committee

