

Update: July 23, 2021

- **Construction of building in planned location:** As previously communicated, the Mayor and Council earlier this year solicited bids for the construction of a new municipal building on the site of the old Ambulance Corps building as well as the two structures in front of it (facing Fort Lee Rd.). When the bids were received, the Mayor and Council rejected all of them, as they were approximately 40% (or more) higher than the originally planned price. The reason for this is because the price of steel and lumber has increased exponentially during and after the COVID-19 pandemic – and thus, the costs became prohibitive. Constructing a building at this price was not in the best interest of Leonia taxpayers – so we decided to go “back to the drawing board.”
- **Revised Plan and new opportunities:** As we were beginning the evaluation of potential alternatives, the Mayor was approached by the Leonia Board of Education President, who advised him that the Board of Education was interested in the potential acquisition of the building at 2 Christie Heights St. This building, vacant for over a year, would be utilized for new science labs, vocational and business classrooms, special education programming, administrative offices, and other functions, replacing the need for new construction as the school district would have required due to expanding enrollment. After a tour of the building with the Board President and Superintendent of Schools, the Mayor and Board President agreed to further explore the possibility of a shared services agreement with the Borough, so that the Borough could locate its municipal operations and municipal court in a portion of the new building, while still allowing the Board of Education to utilize the remaining portion for their planned purposes. The Board indicated their interest in this plan, as did the Council.

Once this became a possibility, the Mayor and Council quickly worked to determine how best to proceed, and arrived at the conclusion that the best course of action would be to build a new police station on the Fort Lee Rd. site originally planned for the new municipal building, with the remaining Borough operations relocated to the new building at 2 Christie Heights St. An analysis of this approach resulted in an estimate that by proceeding in this manner, the Mayor and Council would be able to save the taxpayers \$1 million - \$2 million vs. the original planned cost for the new municipal building, because the plan eliminated the need for a significant portion of the planned new construction. In addition, the new building would provide adequate parking both for the municipal and school uses, and the economies of scale realized by partnering with the Leonia Board of Education would result in additional overall tax savings.

- **Board of Education uses:** The Board of Education is, by state statute, a separate elected entity from the Mayor and Council; the Board is finalizing its detailed plan for use of their portion of the building (approximately 75% of the total building) and will provide those details to the public as soon as they deem it appropriate to do so.
- **Benefits of the new plan:** As indicated earlier, this plan has a number of benefits to all Leonians:
 - **Municipal Building project savings:** It is anticipated that this plan will result in a savings of between \$1 and \$2 million from the original projected cost of the new municipal building:
 - **Shared Services:** Sharing a facility with the Board of Education will allow both the Board and the municipal government to realize savings from the use of a joint

facility, as well as other administrative savings. Even though we are two separate entities, we are both funded through local taxes – so these savings benefit all Leonia taxpayers.

- **Additional classrooms and educational programs:** The Board has indicated that acquiring this building will allow it to provide additional classroom space for its current educational offerings, as well as add new, revenue-generating educational programs in areas like special education, transitional planning, and others. The Board will provide these details as soon as they are finalized.
 - **Reduction in public administrative footprint:** The acquisition of the building will allow the sale of current municipal and Board administrative facilities, returning these to the property tax rolls.
 - **Project execution efficiency:** Utilizing an existing building (especially one that is in good condition, like the one at 2 Christie Heights St.) will allow the project to move more quickly, and at a reduced cost, vs. new construction, both for the municipal government and for the Board of Education.
- **Building condition:** Before the final decision was made to proceed, the Borough and the Board, working together, had detailed inspections completed by Borough professionals, ensuring that the building is either already or can be brought up to the standards required for such facilities. There will be no surprises, but just to be safe, our acquisition offer includes a due diligence provision that will allow us to even more fully identify issues (if any) that need to be addressed prior to purchase.
 - **Building cost:** We are in the process of negotiating with the building owner, a large company that has offers from other potential buyers; therefore, we are unable to release additional details, as doing so would negatively impact our negotiating position. However, as we continue this process, we are doing so in a manner that prioritizes acquiring the building for the lowest possible price, in order to maximize tax savings.
 - **What's next:** We will continue to provide updates via the Borough website, as appropriate and to the extent that we are able to do so, given that contractual negotiations are not permitted to be matters of public record, until they are complete. This doesn't mean that we don't want to share this information; as is always the case...we do! However, there are times when we are not permitted to provide full disclosure of information, and this is one of those times.

If we are able to reach an agreement with the current owner on the commercial terms, we will of course provide more detail regarding the purchase price, conditions, etc. We are also planning on holding a joint Town Hall meeting, with the Board of Education, in order to review, in detail, the plans for the new building, costs, buildout plan, etc. We will do this as soon as possible, depending upon how the current negotiations are resolved.