

Sandy Recovery: Rebuilding Our Public Facilities

(Updated 9/9/2016)

Nearly four years after Superstorm Sandy, the Borough has finalized plans to move forward on rebuilding public facilities. This important step in the town's long-term plan for a resilient community follows the stated goals of *Sea Bright 2020*, previous facilities planning documents and the results of Town Hall meetings on the subject. During this time, borough officials have been closely working with NJ State OEM and FEMA on Project Worksheets (PW's) that define the projects and obligate Federal Sandy Funding. Sea Bright is operating under a time extension granted by FEMA, set to expire on October 30, 2016.

Municipal Facilities Master Plan: Overview

The current plan is to build two separate buildings that consolidate Borough Functions previously contained in six separate buildings:

1. **A Community Center** between the parking lot and the new seawall, in line with River St., that will include Beach operations and amenities, public library, and meeting/rental space with oceanfront deck. *Replaces former Beach operations building and Library; adds community/event space as well as equipment storage, relieving the need for rented garages.*
2. **A Municipal Building** on the old Firehouse/Police station footprint that will include the firehouse, first aid, police station and municipal offices. *Replaces former firehouse and police/first aid building; adds borough office component, restoring use of the Recreation Center (gym and meeting room) to the community.*

Community Center (8,609 SF)



- Approximately 3,000 sq ft of storage for beach, DPW, FD and PD equipment
- Showers, bathrooms, changing area and offices for the Beach
- Modern Library/Community Center
- Rentable space for conferences, meetings and parties
- Meeting room for Borough Council & Planning Board

Municipal Building (14,187 SF)



- Six bays for Fire Rescue and First Aid
- One bay for equipment
- Fire Dept. storage, kitchen, locker rooms and meeting space
- Police Dept. including Sally Port, interview rooms, evidence & records storage, prisoner processing, locker rooms, and office space
- Borough Administration (all departments) and 1,000 sq. ft. of records storage

Projected Construction Costs and Financing

The costs of the buildings are based on architect’s estimates and will be offset by funding from FEMA, insurance proceeds, and beach access funds reserved for public beach improvements. The true costs of construction will not be known until the project is put out to bid.

	Projected Cost (Estimate)	FEMA & Insurance Proceeds	Net Cost to Borough
Community Center	\$4,875,248	\$3,388,648	\$1,486,600
Municipal Complex	\$7,851,721	\$4,091,127	\$3,760,594
Totals	\$12,726,969	\$7,479,775	\$5,247,194

During the construction phase, the Borough would finance the project through short term, interest only loans, insurance proceeds and FEMA reimbursements. After the projects are completed, bonds would be secured through Monmouth County to get the best possible interest rates (calculations assume 3.5%). The term of the bonds is 20 years, although the buildings would be used for many years after the bonds are paid off. The Maximum authorized borrowing (Bonds) is approximately \$500,000 higher than the projected costs to cover any contingencies.

On June 1, 2016, the Borough Council authorized bonding to cover the borough’s share of construction, through three separate bond issuances:

- Bond ordinance 15-2016 Appropriating \$1,400,000 for construction of the Community Center* and authorizing \$332,500 in bonds.
- Bond ordinance 16-2016 Appropriating \$7,900,000 for construction of the Municipal Complex and authorizing \$3,942,500 in bonds.
- Bond ordinance 17-2016 Appropriating \$3,600,000 for construction of the Building for the Beach Utility* and authorizing \$1,486,750 in bonds.

*Because the Community Center has dual functions, the cost of the building will be split 50/50 with the Beach Utility, which requires its own bond and does not impact taxes.

A referendum (special election) will be held on **September 27, 2016** for popular vote on these bond ordinances. An affirmative vote will allow the Borough to proceed on the current plan for rebuilding the Municipal Facilities.

Property Tax Impact

	Annual Payment		Monthly Payment	
	Annual Revenue Offset		Annual Revenue Offset	
	\$125,000	\$225,000	\$125,000	\$225,000
Bond Council Estimate	\$127	\$43.33	\$10.56	\$3.61
Original Estimate	\$172	\$89.17	\$14.32	\$7.43

- All Figures based on average Borough Assessment of \$500,000.
- Bond Council Estimate dated 8/22/16
- Actual 2016 Offsetting Revenue as of 8/30/16 = \$250,000

Rebuilding Our Municipal Facilities: Questions & Answers

How Are We Managing Without Facilities?

The borough is using the former gym for many administrative functions and is currently operating out of the following temporary, rented facilities:

- Beach Facility; Beach Bathroom Trailer (Main Parking Lot)\$30,720 / yr
 - Police Dep't Trailers (Main Parking Lot)\$39,060 / yr
 - Fire Dep't / 1st Aid (River St.)\$54,000 /yr
 - Library \$12,000 / yr
 - DPW Garage \$20,000 / yr
- Total annual cost = \$155,780**

Why are Construction Costs so High?

Compared to the cost of rebuilding a residential home or commercial building, the costs seem high. The increase is partially due to state and federal building codes and procurement rules. "Prevailing Wages" is a requirement for all contractors to use union labor rates, generally 2-3 times higher than non-union, which has a significant impact on the total cost. PEOSHA, Dep't of Corrections and other Agencies impose their requirements as well.

The estimated cost per square foot are in line with recently completed similar public buildings – The Ortley Beach lifeguard facility was just completed at a cost of \$1.1m for 1,600 sf; which equates to **\$687/sf**. (<http://www.app.com/story/news/local/ocean-county/sandy-recovery/2016/06/24/rebuilt-block-house-opens-ortley-beach/86353026/>)

Our projected total costs include everything related to completing the projects: Architect, Engineering & Permitting Fees; Furniture, Security & Specialized Systems for Police, Fire & 1st Aid; Fire Suppression Systems; Commercial Grade Elevators (\$70k each), Landscaping; and Contingency Fees. These are costs that are not included when you build a residence. These additional costs add \$150-200 per square foot. See Table 1 for details.

Doesn't FEMA pay 90%?

FEMA reimburses up to 90% of **eligible** costs. Eligible costs are defined as replacement "in-kind" of pre-storm buildings, plus code compliance - ADA, Elevation, etc..

FEMA's 90% contribution is based on their cost estimate for the basic replacement. The Borough has worked with FEMA, the State OEM Office and our Architect to ensure that we have received a fair contribution for these projects. FEMA does *not* pay for steel construction when the original building was wood or any upgrades that will make our future construction more sustainable, such as hard-plank siding that requires no maintenance, or a roof with a 50- year life span. Because the facilities we are replacing were older, for the most part, the amount we are receiving is reasonable given the pre-storm condition of each building.

Due to the amount of time since Sandy, the Borough has requested and been granted a time extension to complete FEMA's Project Worksheets for the new buildings. This time extension expires in October 2016.

What Facilities Existed Pre-Storm?

Name	Functions	Sq Ft	Status
Borough Hall	Admin, Council Room, Recreation	7,000	Rec. space converted to Administration
DPW	Office, vehicle and equip storage	3,264	Unchanged
DPW	Garage	2,000	Rental
Beach Building	Lifeguard station, bathrooms, showers	3,728	Destroyed
Fire House	FD	4,345	Demolished
Police / 1 st Aid	PD, 1 st Aid	3,728	Demolished
Library	Library, Community room	3,000	Demolished
	Total SF	27,065	

What is the Schedule?

If the Referendum is approved the major milestones are:

Authorize Design	9/30/2016
Design Complete	12/30/2016
Bid	1/30/2017
Award	4/15/2017
Project Complete	10/30/2018

What Happens if the Projects are Delayed?

- Construction costs go up approximately 4% per year, so delay will increase the cost without any off-setting increase in funding.
- The Borough goes back to the beginning of the process with FEMA and will incur new professional costs associated with alternative facility design and additional months for permitting and public stakeholder meetings.
- FEMA funds these projects through PWs that will expire on October 30, 2016. Without clearly defined projects that have firm dates associated with them, FEMA could deny an extension and de-obligate the funds for these projects.
- The Borough would have to pay the costs of all the rental facilities going forward, and could be liable for previous payments that had been partially paid by FEMA.

Table 1 Estimated Cost Breakdowns

Cost Element	Beach / Community Center	Municipal Complex	Totals
Net Construction	\$3,484,875 (\$405/sf)	\$5,487,385 (((\$385/sf)	\$8,972,260
Professional Fees	\$358,738	\$625,262	\$984,000
Furniture	\$215,000	\$210,000	\$435,000
Contingency, Escalation, etc.	\$816,635	\$1,529,074	\$2,345,709
Totals	\$4,875,248	\$7,851,721	\$12,726,969
FEMA / Insurance	\$3,329,680	\$4,091,127	\$7,479,775
Net Costs	\$1,545,568	\$3,760,594	\$5,247,194

Table 2 Funding Sources and Bond Amounts

Project	Total Cost	Insurance & Beach	FEMA	Municipal Share	Max. Bonded Amount *
Library	\$4,875,248	\$166,071	\$2,350,000	\$1,545,568	\$332,500
Beach		\$813,609			\$1,486,750**
Muni Center	\$7,851,721	\$1,032,742	\$2,782,000	\$3,760,644	\$3,942,500
		Total Maximum Bonds			\$5,761,750
		Total Bonds to be repaid by taxes **			\$4,275,000

* Maximum Authorized Bonded Amount is a not to exceed amount, and provides for contingencies at a conservatively high amount.

** Beach Utility Bonds paid through beach user fees, and will *not* impact property tax rates.

Table 3 –Estimated Property Tax Impact *

Borough Assessed Valuation	Impact w/ \$225k Revenue	Impact w/o \$225k Revenue **
\$500,000	\$3.61 / Month \$43.33 / Year	\$19.24 / Month \$231 / Year

* Debt Service repaid over 20 years.

** Actual Parking Revenue for calendar year 2016 is \$222,000 as of 9/6/2016; Cell Tower Revenue is \$34,000 per year, per contract with Verizon. Chart above uses conservative \$225,000 annual revenue.