

TONOPAH TOWN BOARD
SPECIAL MEETING MINUTES

MARCH 07, 2012

Town Board Chairman Jon Zane called the workshop to order at 6:32 p.m. Also present was Horace Carlyle, Javier Gonzalez, and Duane Downing. Glenn Hatch was present via telephone. There were seven other people in attendance.

1. Discussion and Possible Decision on Convention Center Project

Susan Dudley explained that the costs for the project have increased and the revised costs for the Belvada are now \$1,169,680. The revised costs for the Convention Center is now \$409,000. This is \$396,000 over the budget approved in June for the Belvada and \$72,000 over the budget approved in June for the Convention Center. The total overage amount is \$396,633. She explained that another option was to just do the revision downward on the Convention Center or the Belvada. This would be a cost of \$173,000 over.

Susan Dudley explained that when the Town applied to CDBG, they would not allow town offices or governmental activities into the building. They have changed their position.

Susan Dudley explained that the cost of the Belvada is \$1,169,680, of which \$250,000 is the CDBG portion. That CDBG portion is 21% of the Belvada cost. The Town can put town offices and governmental activities in 79% of the building. She explained that the total square footage of the first floor is 4,544 square feet. Within the 1,608 square feet that was the pre-function area, the Town can fit two offices and four workstations. There is another workstation off to the right as you come into the building.

James Eason explained that since the activity has decreased with the business licenses as a result of the streamlining process, the Deputy Town Clerk can be placed back in the pre-function area. He explained that the utilities for the restrooms will be on a common wall. Two penetration areas have been removed and there will be another cubicle space by the conference room so someone can greet those attending conferences and direct them into the conference room. Susan Dudley explained that this took care of the first floor and looked at combining TPU, Town Offices and TDC/Chamber of Commerce into the Belvada. This reduces utility costs for the Old Firehouse and the Town and TPU Offices. Those utility costs can be anywhere between \$12,000-\$27,000 dollars.

Susan Dudley explained that it is not yet determined what is going to be up on the second floor but to make the scenario work, the full second floor square footage of 4,995 square feet had to be combined with the first floor footage. Of that the Town will only utilize about 365 square feet. Sara Rind explained that this would be either an equipment room or light storage. Susan Dudley explained that the Town can combine the square footages of the first and second floors and the Town offices and storage would be 13.9% of the square footage. She explained that the funders are in agreement with this. She noted that CDBG pointed out that in taking and using those funds

the Town knows it needs to agree that in no time in the future will its use for governmental activities exceed 79% of the floor space of the basement, first floor, or second floor.

James Eason explained that the bar will need to be removed from the pre-function area. The Town has asked Aptus to look at moving it to the conference room if it does not significantly impact the functionality of the room. If that is not an option, it will go into the basement for a later time or up to the Mining Park for events up there. He explained that the platform in the conference room will be against either side wall. Aptus will provide a configuration of how many people the room can seat. He noted that there were previously partitions in the room. They were removed as they made the room too small. He explained that the door in the back of the conference room will only be to the fire riser. The emergency exits will be out the other two doors. The front of the conference room is a glass area that goes back to the original. Duane Downing noted that the current cinderblocks will be removed.

Susan Dudley explained that USDA's biggest requirement is that the building has to be ADA compliant, which it is. The Town needs to give CDBG a color-coded map of where the office is showing what percentage of the square footage is being used for governmental activities.

Susan Dudley explained that the original budget for the project approved on June 22, 2012 indicated taking \$800,000 of the original \$1,453,000 loan from USDA. If the Board decides to go with all five work areas in the Belvada and going with the roof, the electrical, and the HVAC for the Convention Center, the total cost of the project is \$1,579,236. This means the Town would have to take an additional \$396,633 more for the loan. She noted that this would take the debt payments from \$50,000 to \$76,000 per year. The utility costs would be reduced by eliminating the use of other buildings. The utility savings could help offset the increase in the debt payments. The \$1,579,236 total includes a 10% construction contingency and a 2.5% design contingency. She explained that not having to use the contingency would reduce the costs. This is why the Town will not close on the revenue bond with USDA until the end of the project. The Town will then know the real costs and will close on the loan for that amount.

Susan Dudley explained that during the last budget year, the Board put aside \$98,000 that could be put in debt and debt reserve. On July 1, 2012 the Town will start a new budget year and if it budgets \$76,000 and put that in the debt reserve, the Town will have two and a half years of debt saved before the project even starts. She noted that she confirmed with USDA that even though the debt amount went up, the Town does not have to go out for interim financing as long as the Town is still able to contribute the \$725,000 loan from the ending fund balance. This would be a savings of around \$50,000.

Susan Dudley explained that if the Board transfers the \$98,000 into debt and debt reserve before June 30, 2012 it becomes a restricted amount. If something happens and the Town needs more funding than what is available from USDA and CDBG, the Town can contribute the \$98,000 and USDA will write a letter to cover the auditor's requirements. James Eason explained that if the bids come in higher than the extra contingency, the Board can stop the project. If the bids come in under budget, the Town will have the option of adding things that were pulled out. The contractors will bid on different sections or line items of the project.

Jon Zane wanted to know what the chance is that the Town will get hit with more issues. Brandon Sprague explained that one of the mistakes Aptus made is that their first estimate was not as accurate as it could have been. He explained that they feel more comfortable now that a lot of the unknowns are known. They have done a good job of analyzing the building. He noted that they have to come up again to look at the building but they are as comfortable as they can be relative to the scope and the existing conditions.

Horace Carlyle asked if Aptus felt that the cost estimates will meet all of the standards required for public health, safety, and welfare. Brandon Sprague assured the Board that they feel it will.

Horace Carlyle made a motion to do the project as revised, increase the loan application to USDA for the amount of \$1,196,633 to cover the revised cost of the project submitted by the Aptus Architectural Firm. Glenn Hatch seconded. Motion passed 4-1 (Duane Downing – no).

Horace Carlyle wanted to know if a resolution needed to be made to secure the additional funds from USDA. Susan Dudley explained that USDA granted the Town a loan amount of \$1,453,000. The Board chose to decrease that amount to \$800,000. The Board can go up to \$1,453,000 in loan. The Town does not have to do anything further except notify USDA in the morning. She explained that at budget time the Board will make the decision to transfer the \$725,000 from the ending fund balance into the construction account. The Town will do a notice in the paper that it will give itself a loan. It will do a resolution to do the loan which will set out the terms of the loan. When the Town gets through that loan, the Town has engaged Swendseid & Stern who will close on the revenue bond. When the Town closes on the revenue bond, it has to be published in the paper. The revenue bond spells out what the Town is pledging. It has to pledge something that is a guarantee and room tax and ad valorem tax are a guaranteed source of revenue. The Town will pledge the Special Capital Projects fund, which is ad valorem, and up to \$0.03 of room tax.

Duane Downing explained that he is really concerned about costs getting out of control. He supports the decision of the Board and feels this is a good project but he is concerned about how much money it will cost during construction.

2. Public Comment

No action taken by the Board.

3. Adjourn

Workshop was adjourned at 7:07 pm.

Tonopah Town Board Special Meeting

March 07, 2012

4

Minutes transcribed by:

Mariah Rivero

Approved:

Jon Zane, Chairman

Horace Carlyle, Vice Chairman

Javier Gonzalez, Clerk

Glenn Hatch, Member

Duane Downing, Member