

**VILLAGE OF PORT CHESTER
BOARD OF TRUSTEES
Meeting, Monday September 8, 2014
Regular Meeting: 6:00 P.M.
VILLAGE HALL CONFERENCE ROOM
222 Grace Church Street
Port Chester, New York
*AGENDA***

TIME: 6:00 P.M.

I	WORKSHOP	ACTION
1	Workshop with National Development Council (NDC) regarding Municipal Center project.	

WORKSHOP

National Development Council

NDC is the oldest national non-profit community development organization in the U.S. We have evolved a lot since our founding in 1969, but our mission -- increasing the flow of capital to underserved urban and rural areas for job creation and community development -- remains the same.



We offer our community partners development assistance and professional training as well as small business financing and debt and equity for residential, commercial, public and non-profit facilities projects.



NATIONAL DEVELOPMENT COUNCIL

Partners in Community Development Since 1969

National Development Council

NDC has worked with hundreds of communities in every one of the 50 states and Puerto Rico, providing:

- technical assistance
- professional training
- investment in affordable housing
- small business financing
- direct developer services

Our work has taken many forms, but we have kept pace with the needs of our client communities, adding new programs and services or updating old ones.



NATIONAL DEVELOPMENT COUNCIL

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National Development Council Component Divisions

- **NDC Economic Development Consulting Services**
- **NDC Grow America Fund**
- **NDC HEDC New Markets**
- **NDC Corporate Equity Fund**
- **NDC HEDC Public Facilities Division (P3)**
- **NDC Training Division**



NATIONAL DEVELOPMENT COUNCIL

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NDC, through its Public-Private Partnerships has developed projects such as:

- municipal office space
- parking garages
- laboratory space
- student housing
- libraries
- biomedical research facilities



More Projects at:

Ndcppp.org



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Standard Public Development Process

- Advantages
 - Tax-exempt financing
 - 100% financing
- Disadvantages
 - Deliberative process -- often time consuming and expensive
 - Prone to costly change orders and time delays
 - Lowest bid is often not lowest cost
 - Typical costs exceed equivalent private projects by 20%-30% on average



Private/Public Development Process (Public Perspective)

- Advantages
 - Efficient delivery
 - Saves time and money
 - Privatization of risk
 - Extensive development experience
- Disadvantages
 - Taxable debt
 - Required market return on equity



NDC's Public-Private Partnerships: A Public-First Model

- Familiarly, “not-for-profit”
- Not public: not part of government
- Not private: publicly-designated and publicly accountable because of tax-exemption and declared public purpose
- A Public Private development partner combines public mission and access to public financing tools with private sector knowledge and skills



NDC's Public-Private Partnerships

- Participants or Partners must have
 - A specific and relevant mission
 - Experience and measurable achievements
 - Knowledge of public sector requirements
 - Knowledge of private sector processes including development and asset management
 - Understanding of bond compliance
 - Commitment to return benefit back to public sector
 - Commitment to accountability and transparency
 - Structure: single-asset, bankruptcy-remote entity



Public-Private Partnerships & Tax-Exempt Financing

- 63-20 Bond: Revenue Ruling 63-20 allows a Not-for-Profit Corporation to issue debt to finance a facility for a tax-exempt purpose IF
 - A local government endorses the financing
 - The facility will be occupied by a tax-exempt entity
 - The facility reverts to the ownership of the endorsing local government at the retirement of the debt
- 501(c)(3) Bond: Recipient of bonds issued through a conduit issuer with a lease to the municipality/not-for-profit



501(c)(3) Bond for Public Facilities

- Not-for-profit / tax-exempt debt
- Requires conduit issuer
- Development using a private development process
- Governmental control through long-term lease
- No mandated reversion / can negotiate a contractual reversion at retirement of debt



The NDC HEDC 501(c)(3) Bonds for Municipal Facilities

- Advantages of using 501(c)(3) bonds to finance municipal facilities
 - Tax-exempt debt
 - Private development process (Greater knowledge and efficiency = Lower development costs)
 - Risk transfer to the private partner
 - 100% financing
- Disadvantages of using 501(c)(3) Bonds to finance municipal facilities
 - Slightly greater up-front cost (e.g. design process)
 - Slightly higher interest rate (4 to 10 basis points)



The NDC HEDC 501(c)(3) Bonds for Municipal Facilities

- When Does it Make Sense?
 - When a public development process is likely to be more costly because of time delay or pricing than a privatized approach
 - When conventional general obligation bonds are not a good alternative
 - When the local government does not possess the necessary development skills



The NDC HEDC Not-for-Profit - 501(c)(3) Finance Structure

Not your Typical Not-for-Profit

- Must be a single asset entity that has bankruptcy remote characteristics
- Strength and substance: There should be qualities about the not-for-profit that suggest it will be in existence for the next 30 years (or the length of the term of the bonds)
- Must have the correct public purpose
- Must understand real estate development including long-term asset management
- Must understand the requirements of bond compliance



Not-for-Profit Development Entity's Responsibilities

- **Negotiate** and enter into development contracts: architect agreement, development agreement, lease agreements and bond documents
- **Issue bonds**
- **Review** construction progress and process construction draws
- **Asset management**
 - Oversee property manager
 - Process lease payments
 - Review and approve annual budgets
- **Bond compliance**
 - Annual audits
 - Annual certification and reporting



The NDC HEDC Development Team

- **Developer** – Works for the not-for-profit and oversees the development
 - Must be willing and able to guarantee completion and price
 - Must be experienced in the type of project
 - Developer is a subsidiary
- **Architect**
 - Works for the not-for-profit and under the direction of the developer
- **Contractor**
 - Works for the not-for-profit and under the direction of the developer

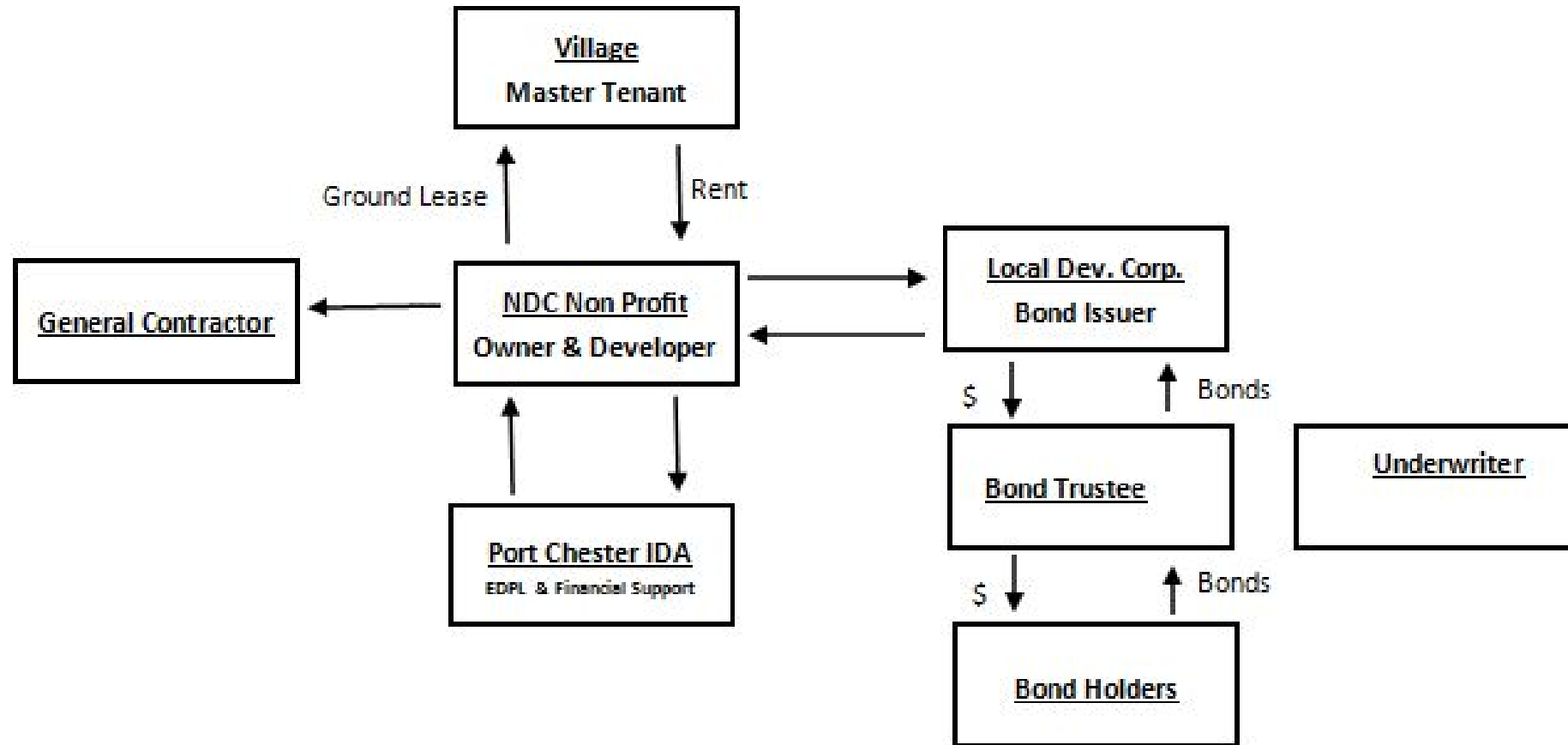


Steps and Key Players in NDC's Public Facility Development Process:

- Issuer Local Development Corp.
- PC IDA: EDPL Support & Financial Assistance
- NDC HEDC Single Purpose Not-for-profit Entity
- Developer
- Architect
- Building contractor
- Bond counsel
- Real estate / contracts counsel
- Bond trustee and trustee's counsel
- Underwriter and underwriter's counsel



Flow Chart of NDC's Public Facility Development Process:



Advantages of NDC Projects vs. Traditional Government Projects

NDC Structure:

- Project debt belongs to NDC no recourse to Village
- Significant Cost Savings over Government Projects
- Fixed Cost Project – no liability for cost overruns
- Risk is borne by NDC not Village
- 25-30% Cost Savings over Government Projects
- Experienced Developer with over \$3 billion in projects
- Estimated project price \$35 million

Traditional General Obligation Structure:

- Project Debt goes on Village Balance Sheet
- Significantly Higher Development Costs - Wicks
- No Fixed Cost Project – full liability for cost overruns
- Project Risk assumed by Village
- 25-30% Higher Project Cost
- Inexperienced Developer
- Estimated project price \$48-52 million
 - Note: Police Station only projected at \$28 million



Where are we now in the process for the Municipal Building Study?

- Task One – Start-up Space Utilization Investigation and Facility Conceptualization Analysis- **Completed**
- Task Two – Architectural and Operational Program & Investigation – **Completed Summer 2014**
- Task Three – Facility Cost Feasibility Analysis Study – **September- December 2014**
- Task Four – Construction Documents Development – **January –February 2015**
- Task Five – Formal Design and Construction - **Spring 2015- Fall 2016**





NATIONAL DEVELOPMENT COUNCIL

Date: September 2, 2014
To: Port Chester Board of Trustees
From: Michael Cucchiara, Director, National Development Council
Re: Municipal Building Study Task Three Investigation Proposal

The purpose of this memo is to provide the Board of Trustees with an update related to the ongoing Municipal Building Feasibility Study undertaken by NDC. To date NDC has undertaken and completed Task 1 and Task 2 of the Municipal Building Feasibility Study outlined in the Agreement between the Village of Port Chester and the National Development Council dated March 28, 2014. That Agreement outlined the parameters of the Municipal Building Feasibility Study sought by the Board of Trustees. The Municipal Building Study contemplated under the Agreement is comprised of the following three discrete investigation tasks. These Tasks are as follows:

Task One – Start-up Space Utilization Investigation and Facility Conceptualization Analysis
Task Two – Architectural and Operational Program & Investigation
Task Three – Facility Cost Feasibility Analysis Study

As mentioned above the studies involved in Task One and Task Two have been completed to date. A recap of the activities undertaken under Task One and Task Two are outlined below:

Task 1: Start-up Phase: NDC will develop with professional assistance and based upon input provided by NDC and the Board of Trustees, the following items:

- (1) conceptual cost estimate schematics based upon a preliminary design scheme from January 17, 2014,
- (2) development of blocking and costs studies for three alternative development strategies, and
- (3) convene at least three meetings with the Port Chester Municipal Building stakeholders

Task 2: Architectural and Operational Program & Investigation: NDC engaged an architect to undertake a four component study to be comprised of the following:

- (1) Architectural Investigation and Operational Program,
- (2) Site Investigation,
- (3) Hazardous Materials Investigation Recommendations, and
- (4) Creation of a Geotechnical Investigation strategy.

To date NDC has completed the studies outlined in Task One and Task Two and have presented those findings to the Board of Trustees in a formal public meeting. In order to continue with the Municipal Building Study NDC is requesting that the Board of Trustees endorse NDC's recommendation that the

more extensive investigation contemplated in Task Three be undertaken in order to provide NDC with the resources necessary to undertake a costing analysis based upon the programming study previously completed in Task Two.

As part of the study undertaken in Task Three, NDC will engage its architectural and construction management team to develop an accurate facility cost based upon more substantial design and site investigation studies. The purpose of Task Three will be to deliver to the Village a cost analysis that accurately reflects the full development costs associated with undertaking a Municipal Building facility. This will allow NDC to provide the Village Board of Trustees with a formal cost estimate of the Municipal Building so that the Board may determine whether such a facility is feasible.

In order to undertake the next phase of its Municipal Building Study, NDC would request that the Village enter into a contract extender with NDC to cover study costs associated with Task Three. Once completed the Municipal Building Feasibility Study Costing Phase encapsulated in Task Three, NDC will be able to provide the Village with a full picture of the project costs, at which time the Village can make an informed decision related to feasibility.

The Municipal Building Feasibility Study Task Three budget will be comprised of the following activities and costs associated with each element of the study:

- Environmental Site Investigation – Phase I.....\$11,000**
 - **Federal, state & local records review of enviro. database**
 - **Evaluation of adjacent parcels and historical usage**
 - **Preparation of written report on site investigation**
 - **Phase I ESA report according ASTM-1527 Standard**
 - **Identify any environmental concerns for Phase 2 review**
- Environmental Site Investigation – Phase II\$35,000**
 - **Geophysical investigation of underground concerns**
 - **Soil sampling, groundwater testing**
 - **Order of Magnitude Projections**
 - **Local subsurface soils sampling & testing**
- Site Geotech Investigation\$69,000**
 - **Drilling of Borehole for subsurface analysis**
 - **Perform Field Permeability testing in borehole**
 - **Sieve analysis**
 - **Organic Content ASTM Method C Review**
 - **Dry Unit Weight Rock Cores**
 - **Modeling of subsurface**
- Architect ACMEP (design).....\$295,000**
 - **Abatement plan – allowance for demolition plan**
 - **Foundations footing sizes, depths and layout with standard details**
 - **Steel framing plan and column scale – including member sizes; including force protection at police station;**
 - **Skin/Glazing schedule elevations**
 - **Drywall and Carpentry – partition layouts**
 - **Elevator size capacity, general type**
 - **MEP/ HVAC design, general type**

- Architectural drawings using REVIT
 - Site Plan
 - Roof Plan – drainage, minimum insulation thickness; system type;
 - Floor Plan- layouts, general type; finish schedule;
 - Elevations – street level & floors
 - Typical Overhead Section (2-3)
 - Finish Schedule REVIT standard
- Site Survey.....\$14,000
- Boundary/Topographic Site Parcels
 - Structure/Improvements Review
 - Utility Mapping
 - NYS Board for Engineering & Land Surveying Report
- Constructability Review.....\$75,000
- Identification of building materials & pricing
 - Costing of steel quotes;
 - Site prep work estimate
 - Foundation pricing
 - Labor hours schedule
 - Subcontractor pricing schedules
 - Finish Schedule by general type
 - Construction period schedule & 12 month pricing

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Total Cost Phase Analysis	\$500,000
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It is proposed by NDC that the above scope of work be presented to the Village Board of Trustees in September for their approval. NDC’s ability to provide a full cost analysis study for the Municipal Building is contingent on the activities outlined above. It is therefore, NDC’s proposal that Board enter into a contract extender to cover Task Three study activities as contemplated in the Agreement of March 28, 2014.