

Norman County Public Meetings November 9, 15, and 17 2021



Highway Building Discussion

November 2021

- Deficiencies with Existing Building
- Funding Options under Consideration for a new building
- Building Features
- Schedule of Upcoming Activities

Existing building is too small for equipment

- The building is too small to store the equipment.
- Little room for maintenance and repair activities.
- There is nowhere to wash equipment
- The space need is about 40,000 square feet.
- The existing building is less than 10,000 square feet.





Deteriorated condition and advanced age

- The existing building is a metal panel building manufactured in the 1970's and was never designed to have a life of 50 or more years.
- The building is too low so water drains into the building instead of away from it.
- There are no floor drains in the shop
- The building is rusted completely through the wall and roof panels in spots resulting in structural concerns and water leaks.
- Years of leaking has caused damage and mold concerns.
- The mechanical and electrical systems are substandard and at the end of their economic life.
- Poorly insulated building envelope makes it inefficient and uncomfortable
- County has been cited by OSHA for safety violations due to poor exhaust and ventilation



Rusted interior wall at bottom inside main shop



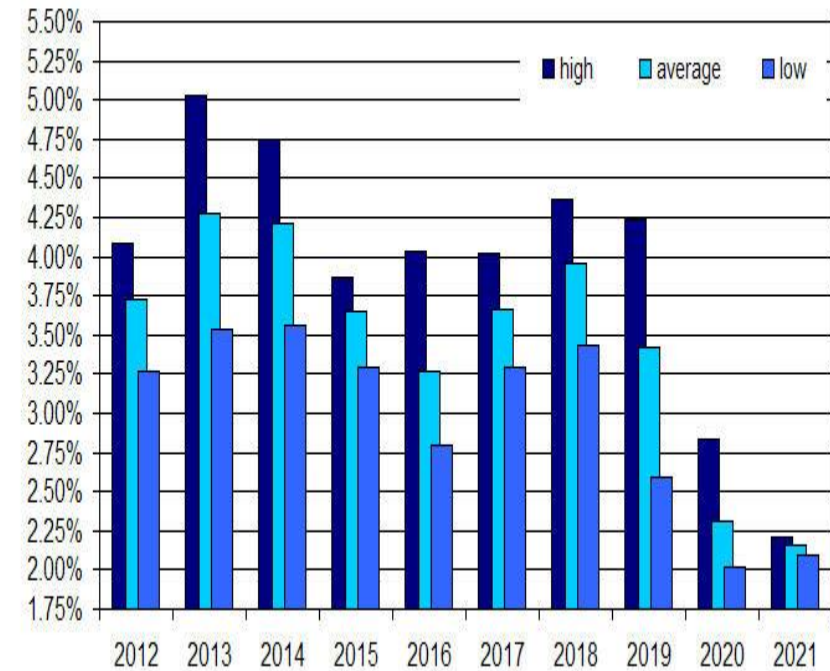




Why build now?

- Given the advanced deteriorated state of the existing building it would not be practical to remodel or add on to it.
- Interest rates are at record lows. Any future increase in interest would result in higher payment costs. Moving quickly will allow the County to take advantage of today's low rates.
- Building cost continue to increase. There is no expectation that inflation will level off.

THE 20-BOND INDEX
2012-2021



* Rate as of February 11, 2021 is 2.10%

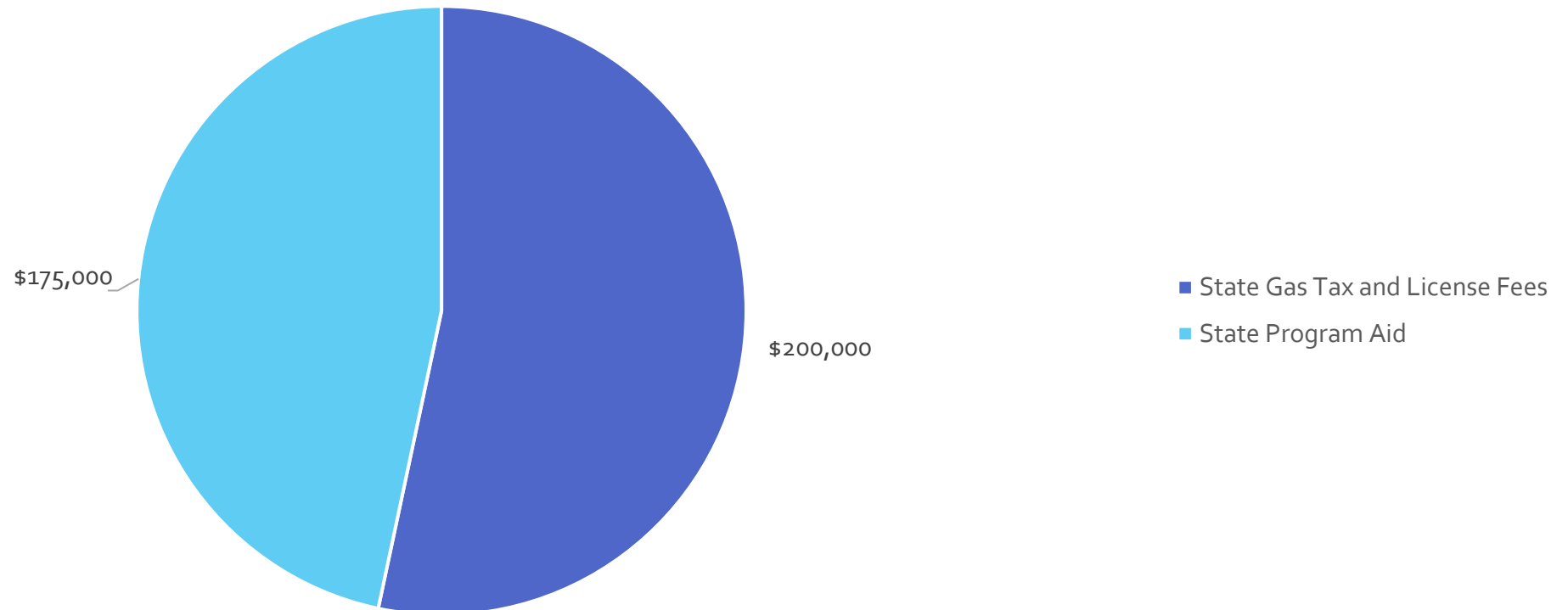


Funding Options

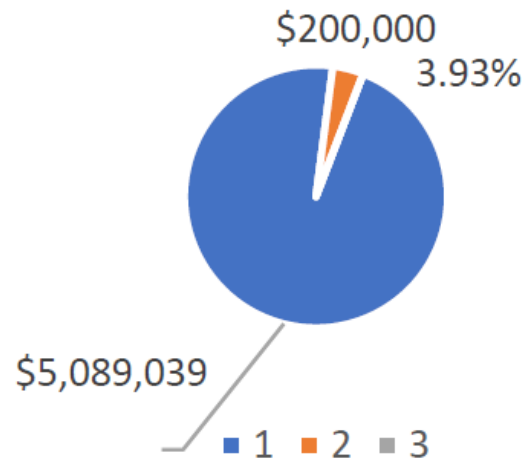
- The County has been putting some money into a building fund in recent years by taking some of the State Program Aid money received each year.
- The County has also received funds from the American Rescue Plan.
- Between these two sources the County could pay \$2 million in cash.
- If the balance is funded with bond funds over 30 years, the annual payment is estimated to be around \$375,000 per year.
- The options for paying the dept service are using a combination of State Aid Highway funds, State Program Aid, or property taxes.

Example of how a new building could be funded

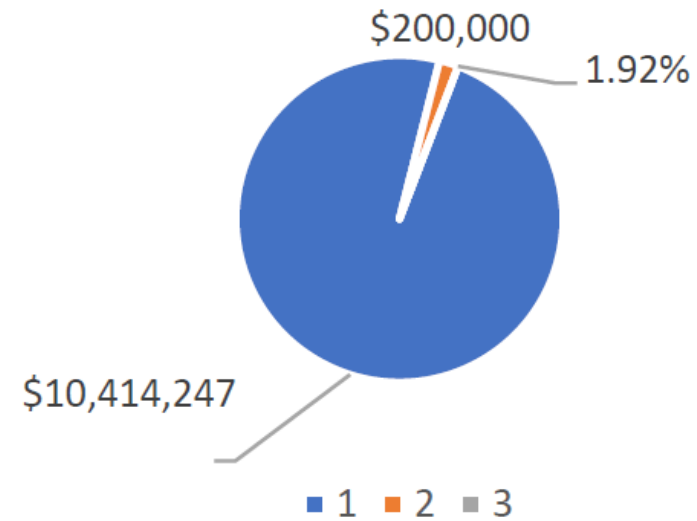
Annual Payment of \$375,000



\$200,000 Bond Payment in 2023



\$200,000 Bond Payment in 2052

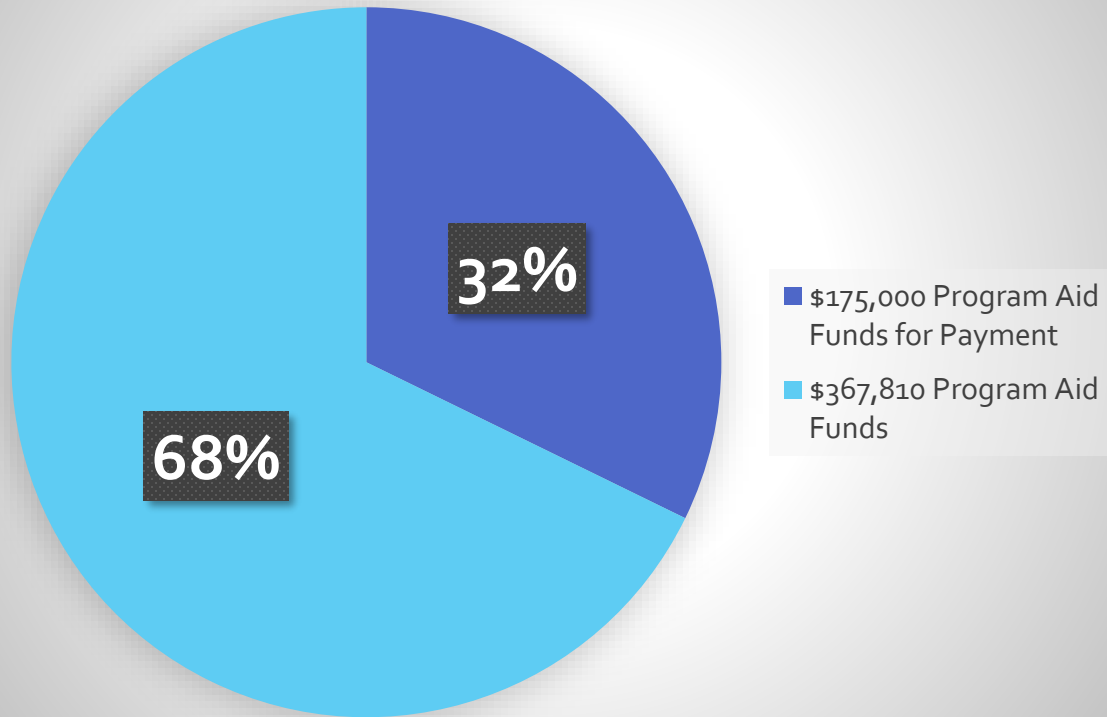


Comparison of \$200,000 per year bond payment as a % of State Aid Assuming a 2.5% growth rate.

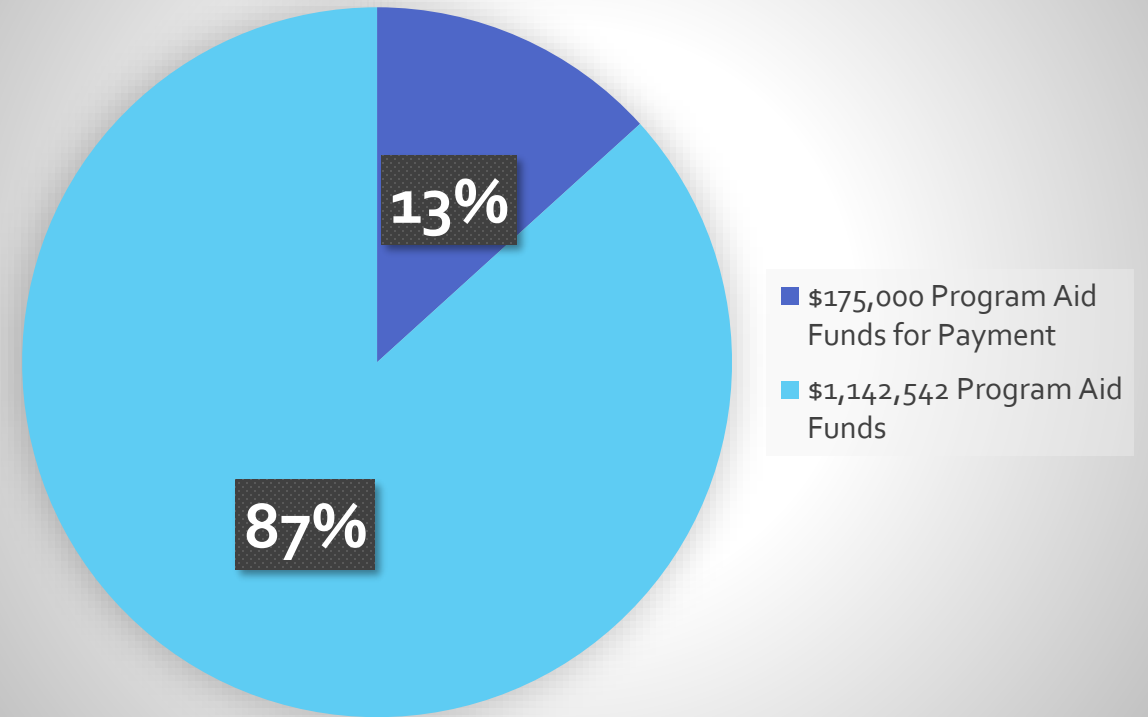
How to fund a new building

Assumes a 2.5% annual growth in the fund

2023 Program Aid Funds



2052 Program Aid Funds



Additional Funding Options

- The previous funding example used a combination of State Highway (gas tax and license fees) and State Program Aid.
- If property taxes were going to be used instead of the above methods, options include:
- Could use property tax for entire \$375,000 per year payment
- Another option would be to use \$200,000 per year in State Highway funds and \$175,000 in property taxes

Property Tax Funding Comparisons

\$218,500 House in Ada

	Current Tax	If entire building was funded with property tax	Increase	% Increase
County Tax	\$ 826	\$ 873	\$ 47	5.70%
City Tax	\$ 1,356	\$ 1,356	\$ -	
School Tax	\$ 755	\$ 755	\$ -	
Watershed	\$ 102	\$ 102	\$ -	
Special Assessment	\$ 148	\$ 148	\$ -	
Total Property Tax	\$ 3,187	\$ 3,234	\$ 47	1.48%

\$218,500 House in Ada

	Current Tax	If \$175,000 per year was funded with property tax	Increase	% Increase
County Tax	\$ 826	\$ 848	\$ 22	2.70%
City Tax	\$ 1,356	\$ 1,356	\$ -	
School Tax	\$ 755	\$ 755	\$ -	
Watershed	\$ 102	\$ 102	\$ -	
Special Assessment	\$ 148	\$ 148	\$ -	
Total Property Tax	\$ 3,187	\$ 3,209	\$ 22	0.70%

1/4 Section of Farmland

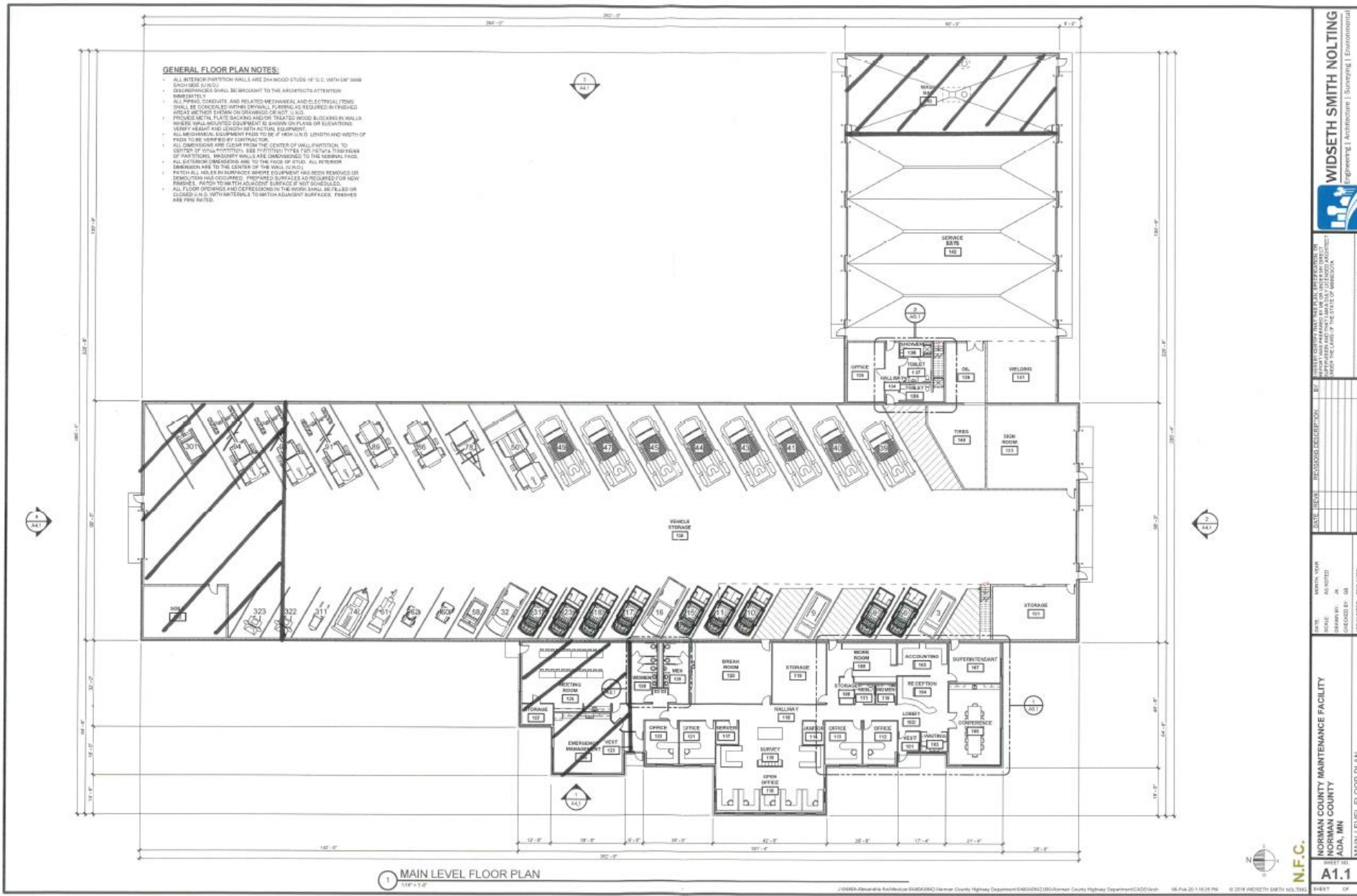
	Current Tax	If entire building was funded with property tax	Increase	% Increase
County Tax	\$ 1,279	\$ 1,352	\$ 73	5.70%
Township Tax	\$ 110	\$ 110	\$ -	
School Tax	\$ 385	\$ 385	\$ -	
Watershed	\$ 153	\$ 153	\$ -	
Special Assessment			\$ -	
Total Property Tax	\$ 1,927	\$ 2,000	\$ 73	3.78%

1/4 Section of Farmland

	Current Tax	If \$175,000 per year was funded with property tax	Increase	% Increase
County Tax	\$ 1,279	\$ 1,313.53	\$ 35	2.70%
City Tax	\$ 110	\$ 110	\$ -	
School Tax	\$ 385	\$ 385	\$ -	
Watershed	\$ 153	\$ 153	\$ -	
Special Assessment			\$ -	
Total Property Tax	\$ 1,927	\$ 1,962	\$ 35	1.79%

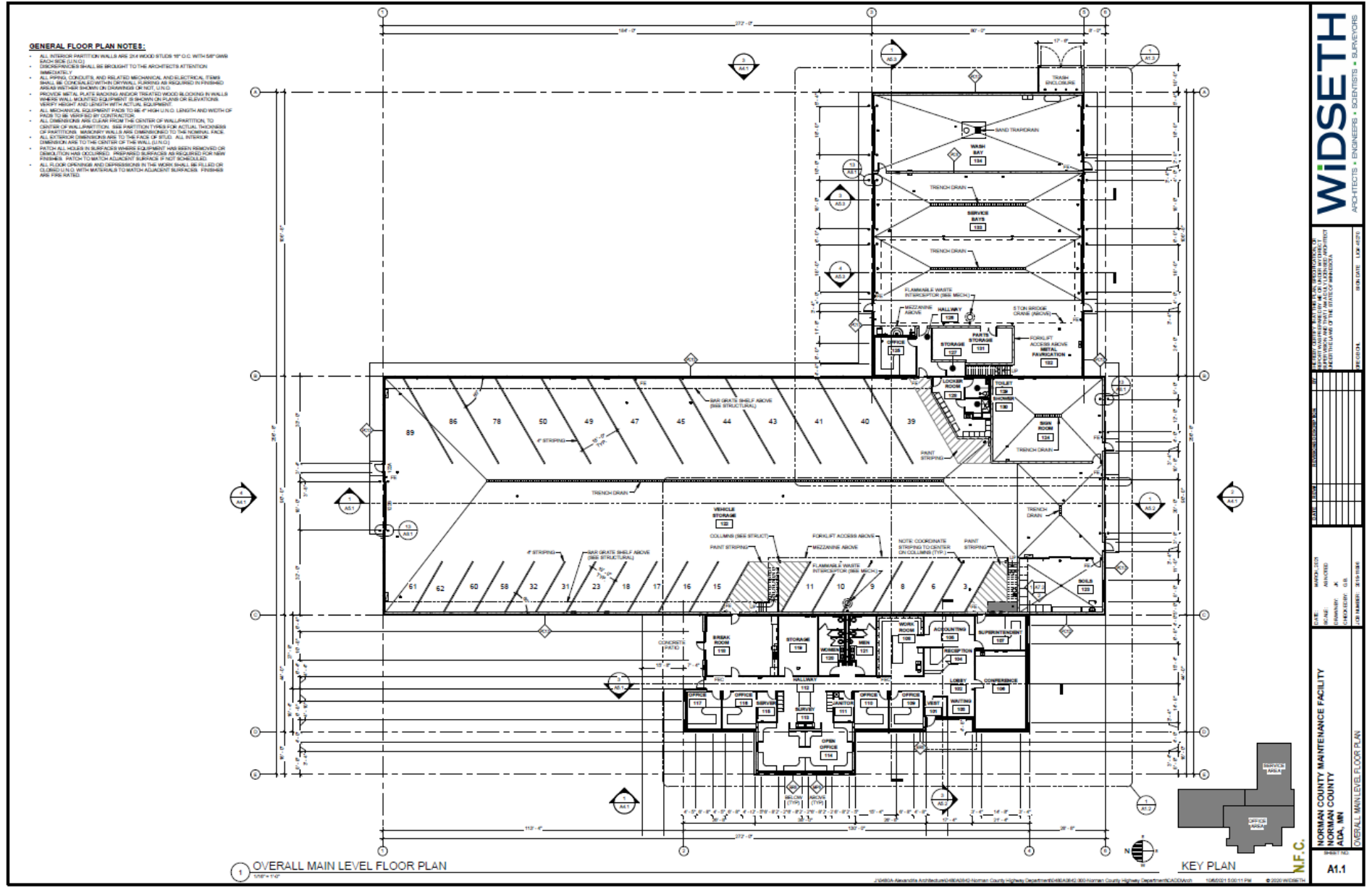
9/22/2022 HIGHWAY BUILDING COST ESTIMATE

Cost Item			Cost
Building			\$ 7,300,000
Pile Foundations			\$ 500,000
Earthwork			\$ 400,000
Subtotal			\$ 8,200,000
Contingency	22-Sep-21	7%	\$ 574,000
Demolition			\$ 50,000
Total Building Construction			\$ 8,824,000
Other Costs Paid with Cash			
Architect - Engineer Fees	\$ 470,000	Paid 246,000 of this as of 9/22/21	
Furniture and Shop Equipment	\$ 320,000	This will be a 2023 expense	
Grand Total	\$ 9,614,000		



The original design Concept was reduced by about 10,000 square feet to reduce cost.

Floor Plan



WIDSETH
ARCHITECTS • ENGINEERS • SURVEYORS

NORMAN COUNTY MAINTENANCE FACILITY
NORMAN COUNTY
ADA, MN

OVERALL MAIN LEVEL FLOOR PLAN

A1.1

Building Features

- Building has about 39,000 square feet.
- The majority of the building is constructed with precast insulated concrete panels.
- Building will have natural gas heat.
- Building will have vehicle storage space, 2 mechanical bays, 1 wash bay, and office space.
- The building will be built up about 2 feet higher than the current building.
- The site layout will separate equipment operations area from employee and visitor parking areas.
- The existing building will remain occupied during construction and then be removed after completion of the new building.

Schedule of Activities

- November 9, 2021 Ada Public meeting
- November 15, 2021 Twin Valley Public meeting
- November 17, 2021 Hendrum Public meeting
- December 3, 2021 County Board adopts resolution calling for a Public Hearing on the issuance of Capital Bonds and on the Capital Improvement Plan
- January 4, 2022 County Board holds hearing on Bonds and Improvement Plan
- February 3, 2022 Reverse referendum period ends
- February 8, 2022 Construction Bid Opening