



Memorandum

To: Honorable Mayor and Members of the City Council

From: Erika Storlie, Assistant City Manager
Kate Lewis-Lakin, Senior Management Analyst

Subject: Robert Crown Center Project Update

Date: February 16, 2018

Recommended action:

Staff recommends City Council review the funding options presented and provide direction on next steps for the Robert Crown Community Center project.

Summary:

The Robert Crown Community Center project has progressed significantly over the last few months. The next major action to be taken on the project is the approval of a construction manager, scheduled for Council action on February 26. In advance of this step, staff has further developed the project funding plan, which will be presented to City Council on February 19.

Fundraising

As of February 16, 2018, Friends of the Robert Crown Center (FRCC) has raised a total of \$11.1 million in pledges towards a new Crown Community Center. A majority of these gifts are 5-7 year pledge agreements, payable through 2023. FRCC has received \$2.4 million in donations and pledge payments to date.

Project Costs

The current estimated project cost is \$48.5 million dollars. This includes \$1.4 million already spent in 2016 and 2017 for fundraising and architectural/engineering services. The bulk of these costs will be incurred during 2018 and 2019 during the construction of the building, with sports fields and other site work to be completed by through 2020.

This cost has increased from staff's last presentation to Council of \$40-46 million on September 25, 2017. The new estimate is based on final design documents that have been completed by the architects and on estimates received through the construction

manager RFP process. Additionally, subsoil problems were discovered on the site, increasing the cost of necessary infrastructure work.

Project Funding

In order to complete the project at this new level and have the necessary amount of cash flow to fund the project during construction, staff has reexamined the structure and timing of bonds to be issued for the project. The proposed financing mechanism is having the City and Library issue bonds over two years - \$23.75 million in 2018 and \$12.25 million in 2019. The 2018 issue will be on a 25-year repayment schedule. The 2019 issue will be a short-term bond, for which the City will pay interest-only for the first 5 years. The City will continue to receive money from FRCC through 2023 as donations and pledge payments are redeemed and can be put towards paying off the principal of this debt, and any remaining debt will be converted to longer-term bonds.

Impact of Funding Plan

Using this bond structure, the project will be able to carry a cash balance through construction, managing the risk of cost overruns. The structure of the short-term notes issued in 2019 allows for pledges to mature and protects the City's ability to fund the project in the case that not all pledges are received as expected.

The proposed funding structure creates a one-time increase of \$1.5 million to the Debt Service levy. If approved, this will be seen on the 2018 property tax bill, payable in 2019. Adding in expected increases to other portions of the City's levy, including the Pension and Solid Waste funds, staff anticipates a 4.9% increase to the City and Library's overall 2018 tax levy. This projection does not include an increase to the Library levy for the renovation of the main library. The City and Library's combined levy is approximately 15% of the total property tax paid by an Evanston resident.

Per \$100,000 of property value, the levy increase would equal about a \$25 increase to the 2018 tax levy bill (payable 2019) and a \$16 increase on the 2019 bill (payable 2020). For example, on a property valued at \$400,000 the levy increase would equal a \$100 increase in the 2018 levy, payable in 2019 and a \$64 increase on the 2019 levy, payable in 2020.