



Children's Library Expansion Project Budget & Design Discussion

June 18, 2024

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Objectives

- Consensus on Design & Budget
- Approval of Funding Strategy
- Set priorities so that design, bidding and construction can proceed without delay



History

- Library built in 2007 with a 2,700 square foot children's section.
- A planned Phase 2 expansion was contingent on available funding.
- California State Library's Building Forward Grant awarded to Murrieta Public Library in 2023.
 - \$1,505,625 in grant funds
 - \$752,813 in City matching funds



Project Goals

- Ensure compliance with grant to expend funds by March 2026.
- Maximize building program for likely final expansion of the Library.
- Financial stewardship.
- Make certain project budget is realistic & closely monitored.
- Balance funding of this project with other City capital project funding needs.



Progress So Far...

June 2023	Design contract for SVA Architects
July – August 2023	Stakeholder design visioning workshops
September – November 2023	Refine preliminary design and budget
January 2024	Council confirms project priority & sets \$6 - 6.5 million budget
April 2024	SVA completes schematic design & cost estimate
May 2024	SVA produces value engineering options



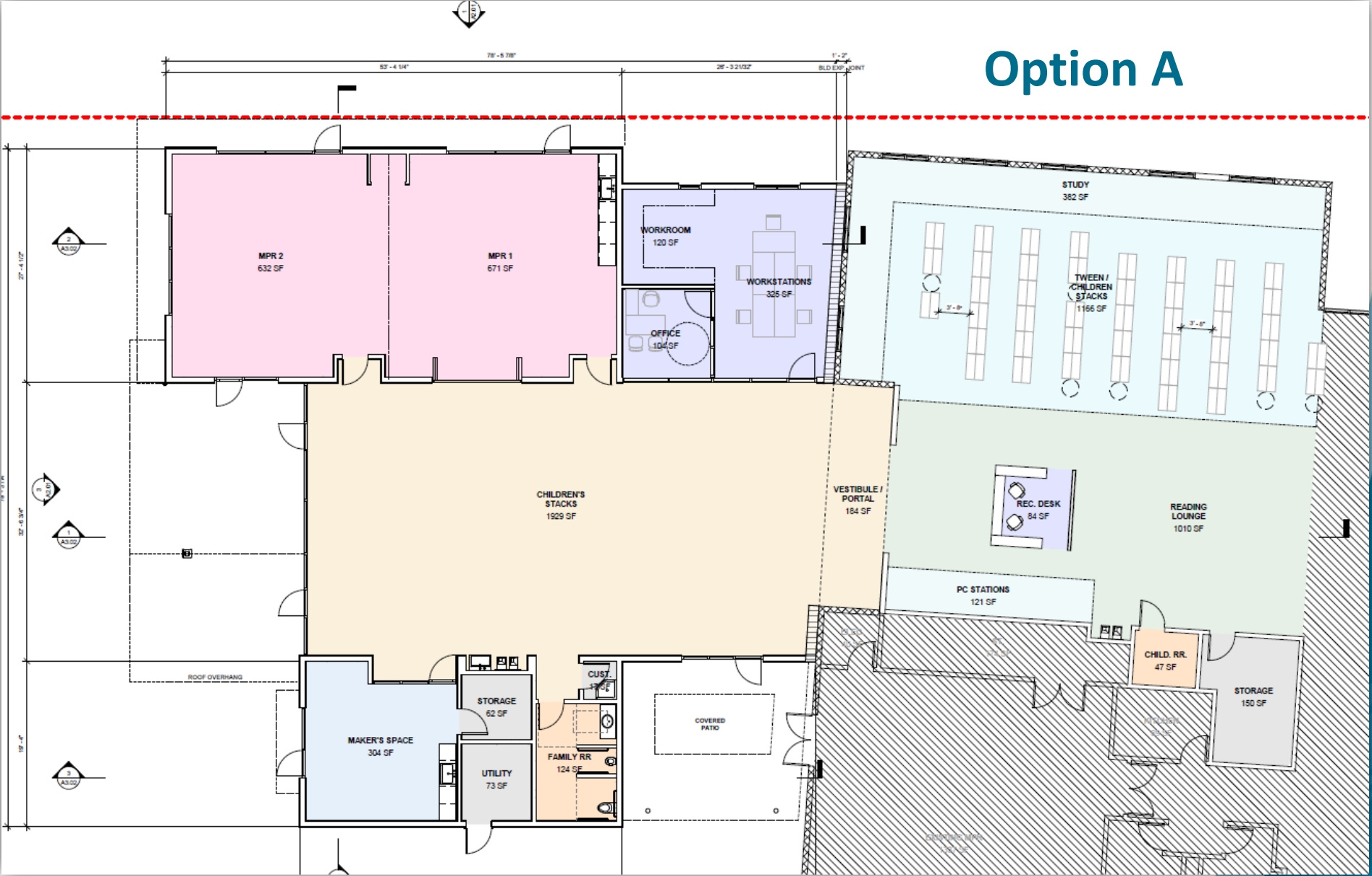
Option A

5,000 sf

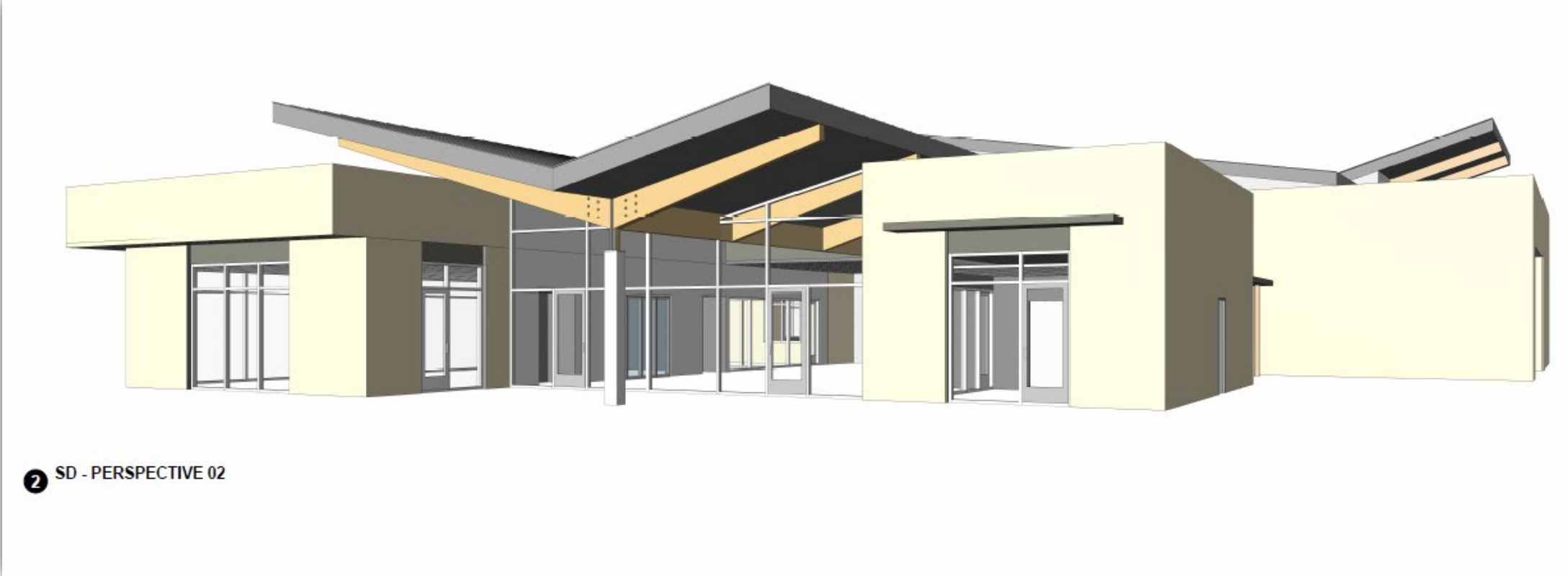
\$8.44 – 9.86 Million



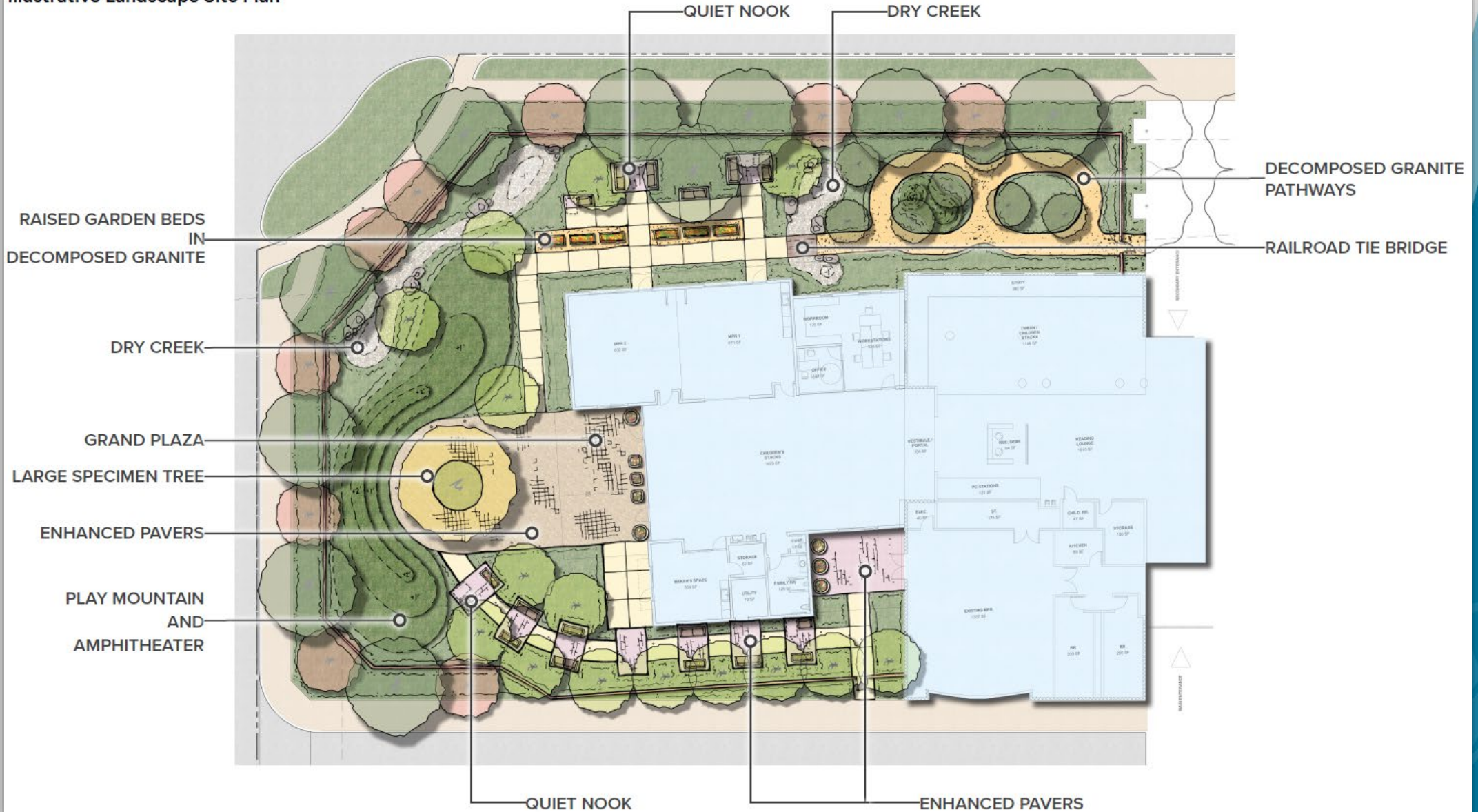
Option A



Option A



Illustrative Landscape Site Plan



Option B

4,500 sf
\$7.05 Million

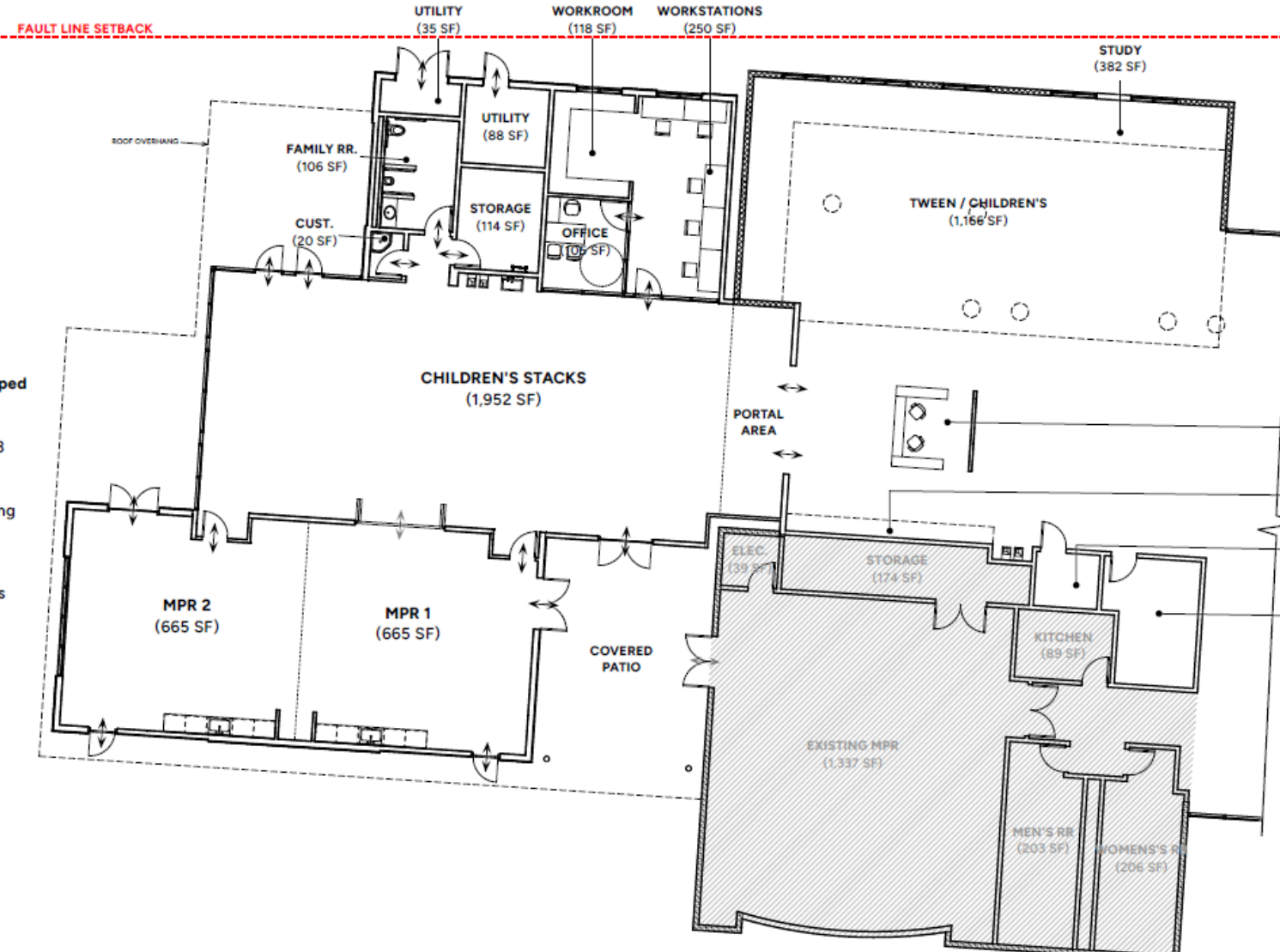
(Recommended Option)



Option B



KEYPLAN

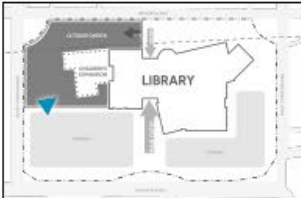


4,500 GROSS BLD S.F.
5,833 GROSS ROOF S.F.

NOTES:

- MPR & Restroom / Storage areas flipped
- Removal of Maker Space
- Workroom area similar to VE Opt. 3
- Workstations area similar to VE Opt. 3
- Increased stacks area
- Increased Storage room
- Enhanced connection between Existing MPR & new MPR.
- Admin visibility into MPR
- Efficient roof structure
- Roof high point centered at Children's Stacks





KEYPLAN

Option B





Option B



KEYPLAN

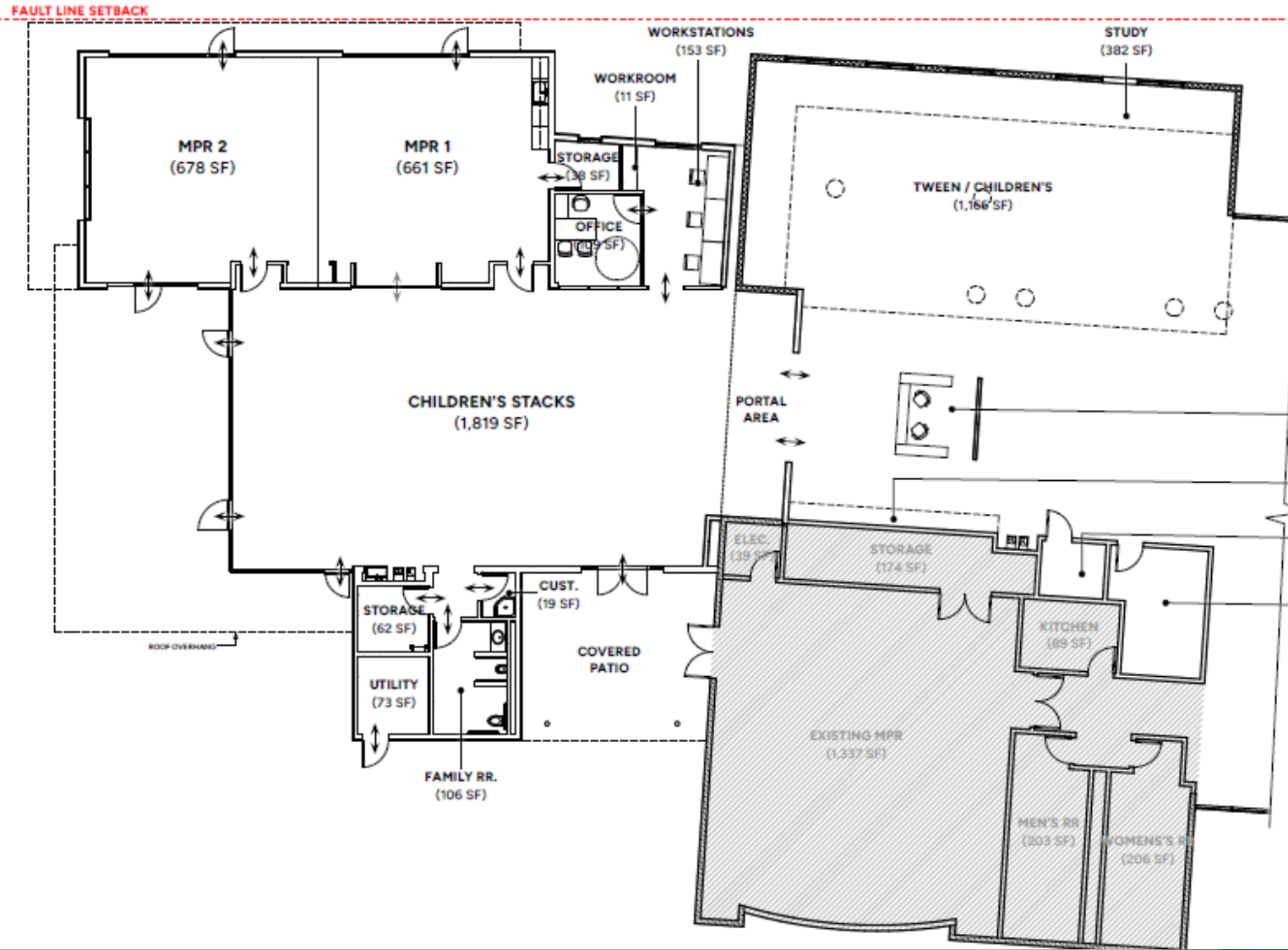
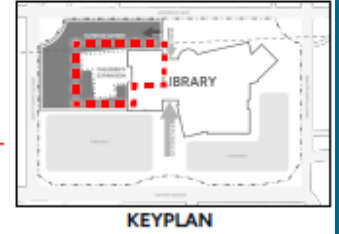


Option C

4,200 – 4,300 sf
\$6.51 Million



Option C



4,304 GROSS BLD S.F.
6,042 GROSS ROOF S.F.

- NOTES:
- Removal of Maker Space
 - Reduction of Stacks by 150 S.F.
 - Reduction of Admin Area by 150 S.F.



Project Budget (Option B)

Item	Note	Amount*
Bid Day Hard Construction Cost/Low Bid	Includes 8% Annual Escalator	\$ 4,465,000
Construction Contingency	15% of Construction	670,000
Design Cost	11% of Construction	491,000
Project/Construction Management	~10% of Construction	465,000
Fixtures, Furnishings & Equipment/Technology		560,000
Existing Space Remodel		250,000
Permitting & Inspection Fees		150,000
	Total	\$ 7,051,000
*Rounded		



Project Funding

Funding Source	Amount
Building Forward Infrastructure Grant	\$ 1,505,625
Grant Matching Funds (Library DIF)	752,813
Library DIF (Developer Impact Fees)	752,469
Interfund Loan	3,500,000
Private Fundraising Donations	550,000
Total	\$ 7,060,907



Project Financing

- Development Impact Fee Study
 - Library DIF - Acceptable Funding Source
 - Library Building Expansion
 - Project realization
 - 100% fee collection
 - \$100k - \$130k annual revenue source
 - Approximately 10 years



Project Financing

- Funding Sources
 - Grant
 - Development Impact Fees
 - Private Fundraisers/Donations
 - Interfund Loan

Project Option B		
Estimated Cost		7,051,000
Funding Source		
Grant	1,505,625	Secured
Library DIF (Grant Match)	752,813	Secured
Library DIF	752,469	Secured
Private Donations	550,000	In Progress
	<hr/>	3,560,907
Interfund Loan (recommended)	3,490,093	In Progress



Project Financing

- Bond vs Internal Interfund Loan

- Public Sales Lease Revenue Bond
 - Advantages: Minimum impact on cash flow or reserves
 - Disadvantages: Debt capacity, cost of issuance, bond covenants
 - Repayment Source: Library DIF Revenue

Terms: 30 years

Rate: 4.63%¹

Payment: \$218,355²

¹ Current Bond Market Rate

² Annual payment > DIF Annual Revenue



Scenario: Proportional DS - 30 Years	
Sources	
Principal	3,610,000
Net Premium/Discount	95,428
	3,705,428
Uses	
Project Fund	3,500,000
Costs of Issuance	150,000
Underwriter's Discount at 1.5%	54,150
	3,704,150
	<i>rounding</i> 1,278
	3,705,428
Debt Service	
Principal	3,610,000
Interest	2,940,650
	Total 6,550,650
Average Annual Debt Service	218,355

Project Financing

- Bond vs Internal Interfund Loan
 - Internal Interfund Loan
 - Advantages: Cost-effective borrowing, lower cost, no cost of issuance
 - Disadvantages: Impact on cash flow or reserve
 - Repayment Source: Library DIF Revenue

Terms: 30 years
 Rate: 1.0%¹
 Payment: \$130,000² (avg \$136,515)

¹Long-term Investment yield
²Annual payment = DIF Annual Revenue



Scenario: Proportional DS - 30 Years	
Sources	
Principal	3,500,000
Net Premium/Discount	0
	3,500,000
Uses	
Project Fund	3,500,000
Issuance Expenses	0
	3,500,000
Debt Service	
Principal	3,500,000
Interest	595,435
Total	4,095,435
Average Annual Debt Service	136,515

Project Financing

- Recap
 - Various Funding Sources
 - Advantage of external financial sources
 - Grant
 - Sponsorships/Donations
 - Earmarked financial resources
 - Library DIF (match component + debt service payment)
 - Internal Interfund Loan
 - Cost-effective borrowing, most advantageous



Fundraising

- Led by both the Murrieta Public Library Foundation and Friends of the Murrieta Library.
- Fund raising events being planned.
- Staff to approach private donors for large contributions.
- Goal is \$550,000, or more.
- Excess funds can used towards construction of fully designed exterior space.
- Donations must be committed by February 2025.



Next Steps

Target Completion Date	Project Milestone
June 18, 2024	City Council direction to proceed with the recommended design concept
July 2024 to February 2025	Development of construction and bid documents
February 2025	Final City Council project design review before the bid process
February to May 2025	Construction bid process
June 2025	City Council award of construction
July 2025	Estimated construction start date
March 2026	Grant funds expended on initial construction costs
August 2026	Completion of construction



Recommendation

- Approve moving forward to next phase of project design for design Option B.
- Approve recommended project financing strategy, including use of inter-fund loan.
- Authorize change order for SVA Architects.
- Approve purchase order for RWBID Construction Management.
- Authorize \$500k of FY 2024/25 CIP Project Budget to be eligible for use effective immediately.



QUESTIONS & COMMENTS



Project Financing

- Recap
 - Various Funding Sources
 - Advantage of external financial sources
 - Grant
 - Sponsorships/Donations
 - Earmarked financial resources
 - Library DIF (match component + debt service payment)
 - Internal Interfund Loan
 - Cost-effective borrowing, most advantageous

Opportunity Cost Analysis

Investments	
Principal	3,500,000
Interest	1.01%
Expected Inv Earnings	1,231,503.63
Bond Interest Exp	2,940,650
Inter-Fund Loan Interest Exp	595,435
Interest Savings	2,345,215
Int Savings > Inv Earnings	1,113,711.07

