

## **Preservation of Closson Property: Frequently Asked Questions**

**Q:** *What would be the annual cost to the average homeowner and for how many years?*

**A:** The estimated total cost to the average homeowner for acquiring and preserving the Closson property and studying two options for a future home for the police department is \$15.65 for the life of the project (between 2020-2051). This amounts to about \$0.63 each year in allocated cost of the average homeowner's current tax bill.

The total number includes all three projects since the City is considering bonding for all three together because it is administratively less expensive to bond once rather than three separate times. This model assumes that the City will use open space tax funds to only pay for the down payments on the property and the bonding for the project. It also assumes a 4% interest rate on a bond for all three projects, which could be as high as \$3.75M based on our current draft finance plan. For reference, \$100,000 dollars of new debt costs the average assessed home \$0.423 over the life of a 30-year bond. Each \$1M borrowed at 4% interest costs the City approximately \$70,000 annually in debt service payments over a 30-year period. Therefore, the annual cost of a \$3.75M project would be approximately \$260,750 a year, beginning in 2025 through 2051 [(3,750,000/1,000,000) x 70,000].

Even with this annual cost, there will be no direct tax increase as a result of this project because of the City's current debt schedule – the City's payments on existing debt will begin to decrease after 2024 by approximately \$625,785.00.

**Q:** *Why is the City moving quickly to secure a contract with the Clossons prior to conducting the various studies outlined in the draft finance plan?*

**A:** The Closson property is on the open market and has already received multiple letters of interest. The contract being proposed by the City would take the property off the market while the necessary studies are conducted between December 2020 and March 2021. The contract would include several protective measures by which the City and/or the Clossons could end the agreement prior to closing on the property.

**Q:** *Is the building on the Closson property a viable option for the police department?*

**A:** The City has reviewed initial recommendations for the police site based on a needs assessment done in 2019 and feedback from Lt. Brown on what the department will need in the next 10 years. The City has also reviewed floor plans for the New Hope police station, which has a similarly-sized department, as well as information about the Delaware Township police station, which was also an adaptive reuse of a former home. City personnel have toured the current Closson home with Lt. Brown and an architect and an facilities manager. Lt. Brown reviewed the department's needs, statutory requirements for the department's facilities, and where improvements to the current facilities should be considered. Based on this initial round of due diligence, the City is

reasonably confident that it is possible to meet those needs by redeveloping the Closson's property and that further study of the option is warranted. We will continue to engage experts and Lt. Brown throughout the process.

**Q:** *Would moving the police station here disqualify this as an open space preservation project?*

**A:** The existing home (which is the building being considered for adaptive reuse as the potential future police site), market, barns, and historic Washington's Headquarters would be included in an exception area. This exception area would allow for continued use of the existing structures for non-recreation, historic preservation, or open space purposes.

**Q:** *Is the City considering this site for a consolidated municipal complex?*

**A:** The primary goal and priority for acquiring and preserving the Closson property is to maintain the viewshed as it is in perpetuity and to not build additional structures. The proposed plan is to study the viability of relocating the police department to the Closson site through adaptive reuse of an existing structure in addition to other potential options for the police outside of the Closson property. Moving forward with this plan assumes the police would not be part of any future municipal facilities conversation.

**Q:** *Is the City considering the purchase and preservation of the Closson property regardless of whether the police department is relocated to it? How would it impact the finances of the project if the police department is relocated to a different site?*

**A:** The City is proposing to move forward on preservation of this property regardless of whether the police department can be or is moved there. The future home of the police department would not change the financing structure of preserving the Closson property as laid out in the draft financial plan.

**Q:** *How will we maintain this new open space, given that we are having trouble maintaining our current open space?*

**A:** The current proposal for this project assumes that the majority of future open space tax funds receipts of approximately \$77,000 per year would be spent on maintenance of existing open space areas, including Cherry St. Park, Ely Field (non-sports recreation areas), and the hill and nature trail above Ely Field. If the City purchases the Closson property, it would also be included in this maintenance plan. The maintenance would include mowing, tree trimming and removal, and leaf and brush pick up, all done under a contract with a private company. This work would be outside of the scope of the public works department.

**Q:** *The city now owns six structures, all of which need work. This project would add several structures. How will we manage these buildings?*

**A:** The City's goal will be to responsibly outsource as much maintenance as possible. This could include building partnerships with nonprofits, historic preservation organizations, citizen groups, and/or potential tenants. We will not be able to finalize this until we have completed our due diligence and carefully reviewed it with the Council in 2021.

**Q:** *Do we have the financial bandwidth to do this purchase?*

**A:** Yes, the City's capacity for new debt is \$14,686,900, according to our Financial Advisor and Bond Counsel and the estimated total bond for the acquisition of the property and the necessary studies for the police department relocation is approximately \$3.75 million.

**Q:** *What is the tax impact of preserving the Closson property and foregoing potential future tax revenue from development?*

**A:** The Clossons currently pay \$23,916 in annual taxes, \$4,113 of which is paid to the City\*. The underlying zoning is R-L, which allows for single family detached units at 1.3 units per acre, which would allow for up to 12 units to be built without requiring a variance or change in zoning. With an estimated property tax of about \$14,000 if the units are generously assessed at about \$650,000, the City would receive approximately \$29,753 in annual taxes. These income estimates do not reflect the costs to the City to support 11 new homes. These estimates also do not reflect the possibility that a developer may request a variance from the City to build more units.

*\*Municipal property taxes are allocated as follows: the City receives 17.71%, the County receives 16.39%, the School District receives 61.96%, and the Fire Commission receives 3.92%.*