

SUMMARY OF PROPOSAL
For
NEW MUNICIPAL BUILDING
And
PUBLIC WORKS FACILITIES

BOROUGH OF SWISSVALE
March 2019

CURRENT FACILITY

Swissvale Municipal Building

Swissvale currently operates its Administration, Police and Public Works out of the municipal building. The Fire Department had moved its operations from this location in the fall of 2012 when the volunteer fire department constructed the new fire station on Irvine Street.

The Municipal Building was originally built in 1906. Since then, there have been four major additions to the original structure. Additionally, there have been several alterations and reconfigurations of space within the building during this same period.

The current structure is situated on four levels. The elevator travels to three of those levels. The current facility presents numerous issues related to the Borough's operations and there is a large amount of unusable space, including three stairways. The next page illustrates the current building footprint and its additions.

In 2017 a temporary repair was made to a serious structural issue on the upper exterior walls of the council chambers. The brick was pulling away from the building on all three sides. Wall anchors were installed to Roslyn Street and Council Way sides of the building. The rear wall was pulling too far to be able to install these anchors to hold it in place. The structural engineer reported that the only way to fix these walls was to tear them down and rebuild them. The extent of how much needed to be removed could not be determined until the process of removing the brick was initiated. The verbal estimated cost anticipated by the engineer at the time was as little as \$75,000, to an unknown amount (dependent entirely on what was discovered as the layers were peeled back). The roof would also need to be replaced. Based on the current cost of commercial roofing under the 2015 International Building Code, which prescribes new insulation requirements, would cost at least \$15 to \$20 per square foot or more (\$90,000 to \$120,000).

Another relevant issue that arose during this time was that the DPW has no space to store vehicle and equipment out of the weather. This has shortened the expected life cycle of this very expensive equipment.

It was during this time that Council requested the administration to start seeking alternatives for the Municipal Building. This was periodically mentioned at various public meetings beginning in 2016 and also mentioned in the November 2017 newsletter in the Manager's Message.

The current Municipal Building has a total of approximately 17,600 Square feet. This is broken down as follows: Administrative Offices, Council Chambers and Police Department - approximately 12,000 Square feet; Basement and Public Works Garage- approximately 5500 square feet. Less than about 20% of the Publics Works vehicles and equipment can fit inside this current space.

SWISSVALE MUNICIPAL BUILDING FOOTPRINT OVERVIEW



ORIGINAL BUILDING- Outlined in Yellow (1906)

1st Addition – Stairway – Outlined in Red (most likely after 1929 Fire & Panic Act- 1930's)

2nd Addition – Council Chambers, Police, Public Works – Outlined in Orange (most likely late 1930's)

3rd Addition – Public Works Garage – Outlined in Blue (most likely post war 1940's – 1950's)

4th Addition- Elevator – Outlined in Red (late 1990's)

THE OPTIONS

There are basically four options for the current Municipal Building:

1. Renovate the existing structure
2. Build a new structure (possibly at the current site)
3. Locate enough land and build a new structure(s)
4. Locate existing facilities and use them as an adaptive re-use.

The first option presents the most difficult issues. If we were to attempt to renovate the existing facilities, the variables involved could prove to be the most costly. First, it is extremely difficult to anticipate the renovation costs of a building constructed before building codes were adopted. As the layers are peeled back, there often becomes many unforeseen issues that present themselves and are usually quite costly. Because the current building has multiple levels, it will never become an easily accessible, inviting and flowing space. Additionally, we would have to provide for temporary space to operate the Borough's daily affairs, including the Administration, Police Department and Public Works, during the renovations that could be as long as two years. We would need to rent space somewhere to accommodate these needs at an additional cost. Lastly, the current building does not have the garage space needed for the Public Works equipment and would require the construction of an additional 8,000-10,000 square feet of space to accommodate those needs. In the end, this would most likely be more costly than building new.

The second option was evaluated and determined to be too costly. The average cost per square foot for new municipal facilities is about \$400.00 per square foot. Therefore a 20,000 square foot facility would cost about \$8 million. If we built new on the existing site, the structure would need to be 2 stories, with the basement for Public works and the 1st floor for Police and Administration. The Borough could not afford the debt service for this without increasing tax rates.

The third option was to try to find enough land to build new, preferably, a single story building. To find this amount of land is virtually impossible in a community like Swissvale, which is well built upon. In addition to the new construction costs discussed above, we would be faced with the cost of property acquisition, which prices ourselves out of the project entirely.

The fourth and most logical solution was to find a building or buildings that would suit our needs that were logically located and would present the least disruption to our community, including impacts on persons or businesses that would be affected. And to find this solution, without the need for utilizing eminent domain to acquire this type of solution was nearly impossible.

However, after researching these potential opportunities, we were able to find the properties proposed and realized that they would serve the Borough's needs with nominal impacts and at a cost that is suitable for what we can afford without increasing taxes for the solution.

IRVINE STREET PROPERTY

The properties on Irvine Street are comprised of the existing Busch Brother Tire Service Business, located at the corner of Monongahela and Irvine Streets, along with six (6) vacant storefronts on Irvine Street, directly across from the new fire station facility. 7405, 7407, 7409, 7411, 7413 and 7415 Irvine Street have remained mostly vacant for the last decade. Living Spirits Ministries and Al's Hair Salon were the last two operating businesses located here and have been gone now for several years.

Structurally, these building are in good shape. They are constructed of masonry walls, pilasters with steel beams and wood rafter roof systems. The total square footage is about 9800 square feet. As indicated in the Conceptual Drawings, this space would be suitable for the Administration Offices, Council Chambers and Police Department needs.

When the owners of these structures were contacted to see if they would even be interested in selling these store fronts, they said they would be for about \$750,000. Over time they continually called to see if the Borough was still interested and were told the cost was just too much to even consider. Eventually, they approached the Borough and offered to sell the property for \$225,000 if the Borough would use it for the Municipal Offices and Police Station. They felt it would benefit the community and their shopping center by having it there.

However, as a condition of their offer to sell the property, they stated that the Borough would have to be responsible for dealing with Busch Brothers Tire Service and their existing lease, which with the renewal options, runs thru 2036.

When Busch Brothers was originally approached about the potential project and to discuss what solutions may be available, Mr. Marty Busch initially stated that he was not interested in relocating and renewed his lease back in 2016 to ensure that his son would have his business to run after his retirement. This pretty much ended the thought of this idea for Irvine Street.

McCAGUE STREET PROPERTY

Sometime later, the warehouse space on McCague Street became available for lease and was posted on the exterior of the building. Knowing the size of the space from previously inspecting this property, this property appeared to be a great possibility for the Public Works Facility. This building is about 12,500 square feet, is structurally sound, built with 12 inch masonry walls and bar joist roofing system. With 13 feet high ceilings and 63 feet of open span inside, this would be perfect for the large trucks and equipment. The owner, Lou Weiss, was contacted and asked if he was just leasing or was also interested in selling the property. He said he could do either/or, but wanted \$600,000 to sell the property. He was told that this was too much money for the property based on recent sales over the last few years and once again this seemed to be going nowhere.

Mr. Weiss communicated several times over the next several months and on one day, he stated that he has three other partners and he spoke to them and they could not sell the property for less than \$370,000. He was informed that this seemed high, but he was willing to get an appraisal completed and share that with the Borough. He had an appraisal completed in January and forwarded it to the Borough. This appraisal valued the property at \$460,000 and he was still willing to sell it to the Borough for \$370,000 if the Borough was interested.

This building currently has approximately 10,000 square feet of vacant space. Approximately 2500 square feet is leased on a month to month term to two business: K&K Supply who uses it for delivery and storage for their office supply business and it is believed to be sublet to Whip Appeal Car Wash, who conducts a car wash business there. Mr. Weiss stated that they were on a month to month lease and he informed them if he ever sold the building, he would give them six (6) months of notice to vacate.

BRINGING THE TWO POTENTIAL PROJECTS TOGETHER

Mr. Busch was approached again, with the availability of the McCague Street property. He was presented with the idea of relocating and transferring his lease to the McCague Street Property. Although reluctant, after further consideration and reflection, he stated that he thought this would be a great project for the Borough and he would be willing to entertain that idea, as long as it didn't cost him or his business any additional money. More detail regarding the Busch Brothers lease is included later in this document.

All of Council was advised and briefed of these events over the last year or so. When all these things appeared to be coming together, it was discussed again with Council. Council directed the Borough Manager to prepare conceptual plans and cost estimates for their review to be presented and discussed publicly at the February 27th Agenda Meeting. What was presented to Council on February 27th included conceptual drawings, probable cost estimates and financing costs.

PROBABLE COST SUMMARY

The following estimate of probable cost was presented to Council

PROJECT COSTS- PRELIMINARY SUMMARY

MUNICIPAL OFFICES- Irvine Street

Property Acquisition	\$225,000	
Renovation Costs	1,110,000	
Sub Total	\$1,335,000	\$1,335,000

DPW & RENTAL SPACE- McCague Street

Property Acquisition	370,000	
Renovation Costs	585,180	
Sub Total	\$955,180	\$955,180

\$2,290,180

NEW CONSTRUCTION COSTS

\$250-\$400 per square foot \$5,000,000 to \$8,000,000

PROBABLE FINANCING COSTS

The best solution that we have been able to locate is a Tax Free Municipal General Obligation Note (GON) thru First Commonwealth Bank.

The term would be for 20 years fixed at 4.05%

Amount borrowed: \$2,500,000

Payments would be: \$15,215 monthly or \$182,580 annually.

THE CURRENT LEASE SITUATION

BUSCH BROTHER TIRE SERVICE

As stated in the aforementioned paragraphs, Busch Brothers has a lease with renewal options thru 2036. If the Borough acquired this property as part of the overall project, the lease could not necessarily simply be voided. Obviously, the Borough also wants to have as little impact to the community as possible.

If Busch Brothers was relocated and their lease carried over to a new property, this would be a benefit to the Borough financially. Included below are the probable costs of relocation and the income from the lease. This lease is "Triple-Net", meaning that Busch Brothers is responsible for the payment of real estate taxes, insurance and maintenance (up to \$4,000 per occurrence). They are also responsible for utilities.

In summary, if Busch Brothers was relocated, the costs and revenues are as follows:

BUSCH BROTHERS RELOCATION COSTS VERSUS REVENUES

Alterations to Building for Relocation	\$132,000
Borrowing Costs	<u>\$60,805</u>
TOTAL COST	\$192,805
GROSS RENTAL INCOME (thru 2036)	<u>\$446,760</u>
NET INCOME	\$253,955

Net Income equals 7% of overall project debt service.

If lease remains through the end of debt service (6/30/2039), at least an additional \$64,000 in income will be received, increasing net income to \$317,955 or 8.7% of overall project debt service cost. Gross rental income equals 12.23% of the overall project debt service cost.

K&K SUPPLY and WHIP APPEAL CAR WASH

As mentioned previously, these two businesses are on a month to month lease. While there would appear to be no legal obligation to maintain their occupancy of the leased premises, it is recommended that the Borough work to accommodate them to best of our ability, including assisting them in locating other space within the Borough to carry on their businesses, should it be required to relocate Busch Brothers as a result of their current lease.

SUMMARY

It is recommended that Council consider the information presented and move forward with any or all parts of the proposal they deem appropriate.

While this is a complex project with many moving parts, it is recommended that Council seriously consider authorizing further action on the McCague Street property for the use of the Department of Public Works to get all of their equipment under roof.

The following action items should be considered:

- Authorize a second appraisal of this property on behalf of the Borough.
- Authorize the Solicitor to prepare a sales agreement for this property to be considered by the owners.

Upon the results of these items, Council could consider the purchase of this property in the future.

These steps will not result in any immediate impact to the businesses located there.

It is also recommended that Council deliberate on the rest of the proposal to determine if the Administration should move forward with any other parts of this proposal.

APPENDIX 1

SUPPORTING DOCUMENTATION

MUNICIPAL PROJECTS SAMPLING

PROJECT	COST	SQUARE FEET	COST PER SQUARE FOOT
PLUM BOROUGH Public Works Facility 2012-2013	\$8,700,000	21000	\$414.29
BETHEL PARK Fire Station 2015-2016	\$8,200,000	21000	\$390.48
FOREST HILLS Municipal Building 2016-2017	\$5,000,000	12746	\$392.28
BRENTWOOD BOROUGH Municipal Building Currently Underway Expected Costs	\$4,500,000	10,000	\$450.00

This is a sampling of readily accessible costs and sizes from news articles.

AVERAGE COST PER FOOT

\$411.76