

# Middletown Municipal Complex

## FAQ

December 2018

**Q: Why does Middletown need a new municipal complex?**

**A:** Currently, Middletown's municipal offices are divided into six different locations: two buildings at 1 Kings Highway, one at 3 Penelope Lane, one at Poricy Park, one at 52 Kanans Lane, and one at 180 Main Street in Port Monmouth. This situation has occurred over many years due to the inadequacy of the current Town Hall main buildings. In addition, until the Johnson Gill Annex was opened in 1983, the Township leased office space in two other locations along Kings Highway.

The main Town Hall building, which includes the Police Department, Municipal Court, and Administration opened its doors in 1961. The Johnson Gill Annex was opened in 1983 and a small addition for Police Administration was done in the early 1990's. None of these buildings meet today's standards for space, efficiency, safety and security, or full ADA compliance. Also, having municipal services spread throughout town results in great inefficiency and forces residents and other customers to visit multiple locations for different services, which is very inconvenient.

**Q: What are some of the key drivers causing the need for this project now?**

**A:** A key driver is the inadequacy of the current facilities. For example, when the current Town Hall was built almost 60 years ago, Middletown had a 28 member Police Department and no female police officers. As of 2018, Middletown has a 126-member police Department, including 12 female officers and 12 Special Officers, and that number is growing each year. Currently the facilities for female officers, particularly the locker room and shower facilities, are inadequate even for the number we have now. This is a change that must be made.

There are substantial portions of both Main Town Hall and the Johnson Gill Annex that are below grade, thus creating a poor-quality working environment and one that can become more problematic over time relative to air quality and mold. The lower level of the main Town Hall building floods regularly with any large rainstorm event. This requires untold man hours to resolve each time.

Another key driver is the lack of environmental consideration in our existing buildings. Our buildings to date are extremely energy inefficient, resulting in a great waste of money, especially for natural gas and electricity. Repairs and upgrades to the existing buildings, largely due to their age, are merely band aids and not the best use of money over time. The new building will include the latest in efficient design and construction and will benefit township residents and taxpayers for generations to come.

**Q: Why build a brand new building instead of renovating what we have?**

**A:** Due to the age of the buildings on site, renovation is not a viable option. A major renovation to the current main Town Hall building would mean that the Police, Court, and Administration would have to move to temporary facilities since their functions cannot cease or shut down. Finding space that could accommodate municipal court and police operations and meet their very unique requirements would be very difficult to do. This would mean a substantial cost to lease such space for approximately two years. In many cases, renovating and trying to retrofit old buildings and bringing them into compliance with

today's standards for safety security, efficiency, and ADA compliance is more expensive than building something brand new.

**Q: What about doing an addition to the existing Town Hall?**

**A:** At a minimum an addition to the existing Town Hall would need to be about 23,000 sq. ft. and cost approximately \$11 million. This would only be enough to bring workers out from the basement level and address some of the Police Department's inadequacies. It would not allow us to consolidate all offices and departments, address the issues relative to the Municipal Court, or address the very costly functional issues with the existing buildings. Such a project would result in annual debt of about \$660,000 per year on top of our current annual operating costs of more than \$300,000 per year going forward.

**Q: Why use a sale leaseback arrangement rather than conventional municipal financing?**

**A:** There is a growing trend nationwide, even worldwide, to do public projects in this fashion. Another term used for this approach is PPP projects or P-3 projects. (You can Google these terms and find many examples.) The idea is that private development companies can usually build public projects more efficiently than the public sector can. This is largely due to the fact that most public agencies are not generally in the "development business" on a day-to-day basis. A key feature that PPP projects usually have is what is known as a GMP or Guaranteed Maximum Price. This means that once a price is quoted by the developer/builder, that amount is set. There can be no cost overruns or change orders, increasing the costs during construction. The risk for any cost overruns are borne by the builder not the public. By making annual lease payments we avoid borrowing and adding municipal debt.

**Q: Are there other communities or public entities in New Jersey or nearby states using this approach?**

**A:** Yes, there are examples of sale leaseback in many locations, including New Brunswick, Jersey City, Union County, and Gloucester County.

**Q: Why are we developing pad sites for commercial use?**

**A:** Middletown is fortunate to have our main municipal complex located on a major highway. Because of this, we can take advantage of our location by either selling or leasing two locations for commercial, highway-oriented uses. This can be done in a way that will result in more parking on site than is currently available, as well as provide adequate parking for commercial uses. The vast majority of the area is already improved with either buildings or parking lots, so there is very little disturbance of open space or vegetation.

Through developing pad sites, the Township can offset the costs of the new municipal construction with the revenue from either the sale or a lease, not to mention the annual property taxes that will be paid by each to the Township.