

The Hiawatha City Council met in a work session in Conference Room on the upper level of City Hall on February 26, 2020. Mayor Bill Bennett called the meeting to order at 4:30 P.M. Council members present: Dick Olson, Aime Wichtendahl, Rob Archibald and Steve Dodson. Jerry Mohwinkle was absent. Staff present: City Administrator Kim Downs, Finance Director Cindy Kudrna, Fire Chief Mike Nesslage, Police Chief Dennis Marks, Community Development Director Pat Parsley and Deputy Fire Chief Matt Powers. Guests: Alexander McGrath and Matt Rueff of Thomas P. Miller & Associates and Al Buck of Solum Lang Architects.

Wichtendahl moved the approval of the agenda, seconded by Dodson. Motion carried.

**Essential Housing Study Final Report Presentation – Alexander McGrath and Matt Rueff of Thomas P. Miller & Associates**

Alexander McGrath and Matt Rueff of Thomas P. Miller & Associates presented the Essential Housing Study.

- Household Profile between 2019-2024 median household income is expected to grow by 15.6% to \$65,905.
- The most expected growth in owner-occupied units is for homes in the \$250,000-300,000 range (2.6% in 5 years) and \$300,000-400,000 range (1.6%).
- Projected Housing Demand for Hiawatha: need for additional 387 units by 2024
  - Based on owner/renter distribution, 182 of those single-family
  - Need for additional 437 units by 2029
- Key Housing Factors:
  - Aging multi-family housing
  - Lack of “Downtown” or traditional Main Street
  - Ease of access to nearby municipalities
  - Upcoming Interchange
  - Workforce Housing and Affordable Options
- Key Areas for Development
  - Hiawatha draws on a large market that included a diverse range of household preferences
  - Incentives and strategies can enable Hiawatha to capture larger segments of the local market
  - Mix of low, medium density developments that utilize mixed-use, single-family, and multi-family elements for key areas

The Essential Housing Study Key Takeaways consist of:

- Hiawatha and surrounding region is experiencing growth.
- Market segments that are growing include a broad range of incomes and household profiles.
- City has capacity to attract growing household groups in Linn County through additional for-sale and rental options.
- City incentives and actions now are capable of generating significant long-range benefit to overall growth and sense of place.
- City will drive next steps to encourage development.

Council member Wichtendahl asked if the study was based on a two-bedroom house.

Alexander McGrath answered it is standardized one- and two-bedroom house.

Mayor Bennett asked if they take into consideration the age of rentals.

McGrath said it is quite old, but the price increase is because of lack of competition.

Council member Archibald asked if the 387 units is between now and 2024.

McGrath said you guys have a pretty healthy growth rate and are only second to Des Moines.

Wichtendahl asked if the price point can be maintained and built up over time or will we sustain the market and alleviate pressure? McGrath said, “We will meet the need as it is projected”.

Council member Olson commented this is great news to local developers.

Archibald commented we need to find more land.

Council member Dodson asked if there was a need for any housing under \$250,000.

McGrath answered, "Yes there is a need for housing under \$250,000." Downs, stated our gap housing is in the range of \$100,000-\$200,000.

Olson asked if they would have to change TIF or other funding sources.

City Administrator Downs said we'd have to look at the funding sources and remember we have the urban revitalization in specific areas of preferred development such as the Village Center land.

Wichtendahl commented if someone is looking for a place today, they wouldn't be able to afford the \$890.

Olson asked if those are current dollars and if we are looking at a bump.

McGrath answered, "Yes those are current dollars."

Wichtendahl asked if the trailer park would be considered a brownfield area.

McGrath answered they don't think it would be. Mostly, because they area is now green space.

Wichtendahl asked, "If you redevelop that area, you are getting rid of low-income housing, are we making up for this type of housing elsewhere?"

McGrath said it is a fixed rate with an affordable range, would go a long way to replace those mobile home units and would be gaining more attractive stock.

Olson said need to take in consideration for the mobile homes and creating walkability; it really is important, and we have been driving that.

Council and Mayor Bennett agreed this is a positive report. Downs stated, "This study confirms our thoughts and the direction the city wants to go with development, especially with multifamily housing and single family housing that hits our gap housing price point."

### **Hotel Study Final Report Presentation – Core Distinction Group Jessica Junker**

Jessica Junker of Core Distinction Group presented the Hotel Study.

The property segment recommended for the potential development of a hotel is an Upper Midscale hotel. This type of hotel would allow the property to be positioned at the subject site area as noted in the report. It is anticipated that a new hotel would capture displaced lodging demands currently staying in markets surrounding Hiawatha.

Additionally, the newness of the hotel should be well received in the marketplace. Its location will be ideal to serve Hiawatha and regional markets. This type of hotel would also be capable of adjusting rates to best fit the demand in the market and the seasonality of the area. Hiawatha's market would see hotel registration percentages higher during the week then on weekends due to meeting the needs of the commercial businesses located in Hiawatha.

The property size recommendation of a newly developed hotel was researched to be between 60-80 guestrooms. This would position it to be comparable to the average room of 79 noted by the competitive set surveyed. The size would assist the property in achieving the occupancy projections.

The rate competition will be dictated by both the immediate market and regional market demand. With proper rate positioning the hotel should achieve a yield to the regional market hotels at 100% or greater peak and low season.

The recommended sleeping room configurations should be compatible with the overall market segmentation of the area. The property should offer a comparable selection of both single occupancy king bedded rooms to double occupancy double queen bedded guestrooms due to the mix of business being primarily weekday corporate and weekend transient group.

The property features, amenities, and services of the hotel should satisfy the market it is attempting to attract. Standard features and amenities required for a proposed hotel in this market should include: complimentary breakfast, WiFi, Fitness Center, Business Center, Meeting Room, Pool, Guest Laundry, Bar, and Dining. Stakeholders respondents showed the need for the following amenities greater than 50%+- complimentary breakfast, WiFi, Fitness Center, meeting room, bar and dining. The consultant suggested even though the stakeholders did rank a pool as a high priority it would only be conducive to add the pool.

Economic Impact Potential: There are multiple economic impacts of building and developing a new hotel in a community. Some direct impact drivers include projected hotel revenue including all rooms revenues, meeting room revenue, as well as vending/bar revenue. On average, this size property will create 15-25 full time jobs, part-time employment varies by hotel need and hiring practices. Additional economic development will include taxes, which include all sales taxes collected on hotel revenue, as well as payroll related taxes collected from full-time hotel employees and temporary construction workers. Local governments will also collect new property taxes from the operation of the hotel.

**First Year Ramp Up Projections of 66 Guestrooms Lodging Options:**

OCC%	ADR:	REVPAR:	Room Revenue:
62.9%	\$96.15	\$60.43	\$1,455,800

**1-5 Year Projections:**

OCC%	ADR:	REVPAR:	Room Revenue:	
72.90%	\$99.05	\$72.16	\$1,738,361	<b>YEAR 1</b>
OCC%	ADR:	REVPAR:	Room Revenue:	
73.60%	\$101.03	\$74.34	\$1,790,860	<b>YEAR 2</b>
OCC%	ADR:	REVPAR:	Room Revenue:	
75.10%	\$103.05	\$77.34	\$1,863,210	<b>YEAR 3</b>
OCC%	ADR:	REVPAR:	Room Revenue:	
77.00%	\$104.08	\$80.15	\$1,930,771	<b>YEAR 4</b>
OCC%	ADR:	REVPAR:	Room Revenue:	
77.00%	\$105.12	\$80.95	\$1,950,078	<b>YEAR 5</b>

The above projections are forecasted for the first full year open. Consideration for a ramp up period at a minimum of 90 to 180 days is typical for new hotel development.

Junker commented they can capitalize on downtown Cedar Rapids events being so close to downtown and the baseball fields in Marion.

Olson said it lends credibility to the sustainability.

Junker showed site locations along Boyson Road and North Center Point Road within an area between Emmons Street and Boyson Road. Junker said the site located in the vicinity of I-380 and Boyson Road Intersections is a favorable site area but not the only conducive site. The recommended site size for proposed property is two to three acres. The proposed should offer frontage or high visibility from Interstate 380.

Junker also said there is a lot of need here for a hotel, Wolf Eye Clinic has a great demand and Crystal Group wants to put people in Hiawatha not in surrounding areas. Looking at location quality and where people are staying when they are staying looked at midscale to upper midscale properties.

<b>Return on Investment (ROI)%:</b>	<b>ROI% (Including Principal Reduction)</b>
YEAR 1: 10.91%	15.11%
YEAR 2: 11.10%	15.54%
YEAR 3: 11.24%	15.92%
YEAR 4: 11.48%	16.43%
YEAR 5: 10.89%	16.12%

Olson asked what the projection is for the hotel/motel tax.

Junker said looking at what the percentage is, state says money from tax needs to be used for attracting more tourism.

Olson said we could probably follow Cedar Rapids or Marion but at least it is a revenue source.

Wichtendahl asked what the turnaround time is in developing.

Junker answered it is up to the developer on the turnaround.

Olson asked what the other location was.

Downs said it was part of Center Point Road.

Dodson asked what the next steps were.

Junker answered need to find a developer and landowner.

Downs commented they have had two companies approach the city already.

### **Public Safety Garage/Training Facility**

Al Buck of Solum Lang Architects presented the renderings, floor plan, estimated project cost and financials.

The proposed building is 7,200 square feet, with half of the building being used for vehicle storage and the other half to be used as the training facility. The training room will hold 50 people with parking on site. The building will provide on site physical hands on training and an AV area to provide other types of training including interdepartmental training. It will be a transitional site and not tower over the residents nearby.

Olson commented it is very complimentary to City Hall.

Buck said there will be a 10-vehicle parking lot, site retainage and landscaping, along with a workout facility inside that will work for the training mats we currently have.

Olson asked why a 50-person training room.

Police Chief Marks said, "They started at 40 people, but it gives them an opportunity to host other trainings and will have some revenue opportunity if hosting the trainings."

Archibald asked if the building would fit all their vehicles both police and community development.

Marks answered, "It fits what we currently have."

Buck commented they laid out the parking both ways, straight and angled.

Archibald asked if you could wash the vehicles inside of the building.

Marks said, "Yes you can wash the vehicles inside of the building."

Buck says the building is a Pre-Engineered Metal Building, steel frame with three different colors to play off City Hall with the burgundy squares.

Dodson asked if it would fit into our comprehensive plan.

Community Development Director Parsley said it doesn't apply to our comprehensive plan.

Downs said, "They will dress it up a little with signage and a variation of colored metal siding." Downs took the opportunity to go through the types of materials that the building will be constructed with. Explained the materials will not be the same as city hall. It would simply be too expensive to building a training facility with the same stone that city hall was built with.

Bennett asked what the heights of the side walls will be.

Buck said, "16 feet, interior walls are 13 feet, 10 feet ceiling in classroom and open ceilings in the rest of the building."

Olson commented the metal building is troubling to some, is there something that can be put over metal to give it a non-metal look.

Buck said yes, insulated metal, flat looking or put masonry over it.

Archibald asked if the metal look was troublesome just because of aesthetics.

Olson commented he would like to understand the cost.

Downs said stone is not going to be an option due to cost.

Olson commented he wants to see how much it costs to dress it up.

Dodson asked how susceptible to wind and hail damage with a metal roof would it be.

Buck said, "Any building has to be designed for wind 110mph and with a metal building it has to do with the thickness of the metal."

Wichtendahl commented she is cringing after designing it after City Hall, there is wasted energy efficiency here.

Buck said design engineers are helping with the energy efficiency and looking at the roof to handle solar panels in the future.

Olson asked Chief Marks how he felt about the building.

Marks said if cost wasn't a factor, he would say make it look like the City Hall building but he has sticker shock after looking at it all.

Archibald said he would rather spend the cost on the inside of the building.

Downs asked Buck further discuss the landscaping and its aesthetics since the building is in a residential area.

Buck said there would be black spruce as a buffer yard, junipers, street trees, and ornamental trees.

Downs asked what the basin will look like.

Buck asked what the city wanted to do with the basin area; dry and mowable or rain garden with tall grass, neither one is maintenance free.

Olson asked if there is landscape consideration for immediately around the building.

Buck said there will be river rock around the building and the sidewalk will be five feet off the building.

**Updated Budget-**

Base Bid Cost:	\$659,592.00
Total Construction Cost:	\$996,822.00

**Contractor Estimates-**

Total Construction Cost:	\$900,000.00 to \$1,100,000.00
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Buck said bids have been coming in higher and material costs have gone up due to wood prices increasing because of the forest fires and lack of laborers.

Downs said the City is already bonded for \$614,000.00 and have called the bond company to see what our options are since the estimated project cost is over \$700,000.

Olson said, "We were looking at \$100 per square foot and now it's \$150 per square foot. Would we want to go smaller?"

Archibald said, "He personally wouldn't want to go any smaller for the building."

Marks said, "The 50-person training room spins off other needs, the cost is the base building essentially \$700,000."

Buck said, "They looked at different cost savings for the building but would not meet the needs of the Police and Community Development Departments."

Olson asked how many people the training room at the fire station holds and if it is a possibility to share with the police.

Fire Chief Nesslage answered their training room holds 70 people and there are logistics issues but is always a possibility to share.

Archibald said he wouldn't want to combine the training rooms.

Dodson said he agrees with Archibald and Marks about the size and wouldn't want to go any smaller and asked if there was a stipend for hosting trainings. Also inquired if the community center was rented would their training room be available for rental for other trainings.

Marks said they could pay for the class and then charge by participants and his preference is that it would not be available for other trainings if the community center was rented.

Bennett asked if there was a cost savings if they built up instead of out.

Buck said no cost savings to build up and just an elevator that is ADA compliant costs \$100,000.

Wichtendahl asked what the cost of paint and outside aesthetics were.

Buck said the cost was included and built into the project costs.

Olson asked if they needed to move forward.

Archibald said it is a beautiful building.

Marks said he agrees with Kim the city administrator on the building.

Dodson said it will look very nice.

Buck said they are trying to get a lot of bang for their buck.

Finance Director Kudrna said they are bonded \$614,000 and have \$86,000 in LOST for construction.

Buck said the timeline for the project is as of right now below:

**Timeline-**

- 3/17 Solum Lang to provide 100% construction document set to City
- 3/18 Council meeting – approve plans and specifications for bid
- 3/19 Advertisement for Bids, construction documents issued for bid
- 3/26 Pre-bid meeting
- 4/9 Bids due (bid letting)
- 4/10 Architect recommendation, publish Notice of Intent to Award
- 4/15 Council meeting – award construction contract
- 4/16 Draw up construction contract and Notice of Award to contractor
- 5/4 Contractor return signed contract, start of construction
- 12/4 Substantial Completion

**New Fire Station Status – Location and Timeline**

Al Buck of Solum Lang Architects presented the site study for the Fire Station with an overview:

Fire Department has outgrown their current facility

- New Fire Station features:
  - 8 drive-thru apparatus bays
  - 10 dorm rooms
  - 25,000 square feet
  - Based on previous plan
- Potential locations:
  - 98 Emmons Street
    - Closest to City Hall
    - Smallest lot size: 1.00 acre
    - Require 2-story building
    - Steep grades on site
  - Center Point Road
    - Triangle lot
    - Middle lot size: 1.99 acres
    - May require 2-story building
    - Access directly onto Center Point Road likely require a stoplight
    - May be difficult to have drive-thru apparatus bays
    - Investigate re-use of existing building (Old P&K Midwest)
  - Parsons Drive
    - Irregular shaped lot
    - Largest lot size: 7.29 acres

- Would divide lot and fire take northern portion, leaving southern portion for development
- May be designed as 1-story building
- Requires connection of Parsons Drive to Northwood Drive
- May require stoplight on Center Point Road at Parsons.

Archibald asked if the Parsons Drive lot has grade issues.

Buck said they do not know yet but have an engineer on board to look at each site location for grading efficiencies.

Wichtendahl asked if the city would have to put in a stoplight depending on site location.

Buck answered he is assuming the city would put the stoplight in to help with access.

Dodson asked if the access would be right onto Center Point Road for each location shown.

Buck said they typically don't want to come out on a main road.

Nesslage said people don't have time to stop if a firetruck or ambulance comes out on a main road.

Olson said there is a significant difference in land acquisition cost.

Nesslage said the eight acres is not right, it only takes around three acres.

Downs said if Ingram's are open to sell it would be to their benefit to sell the city only what we need and negotiate with the hotel later on. Also asked what the timeline was for the rest of the information.

Buck said four weeks, getting all the correct information.

Olson asked what is the response time for all three locations.

Nesslage said there are not as good if we would go across the street.

Archibald said we could bulldoze the current site.

Wichtendahl asked if it were to go next to a hotel would it diminish the value of it.

Downs said, "No it would not diminish the value."

Olson commented the current site there is no parking.

Archibald asked if using the current site on 10<sup>th</sup> was a possibility.

Downs said, "We have looked at the current site. We would have to buy properties around the current site and building up would still not be enough room." "You have to build for the future not just for today."

Wichtendahl asked what they would do with the old building.

Downs said they would sell the old building.

Bennett said the Center Point Road site is one of the properties in the mix and it has the ability to re-use the building and sharing space with a buffer.

Archibald commented the 25,000 square feet sounds like a huge number.

Olson said with the drive-thru apparatus bays it adds up fast.

Nesslage said they may want to come back and add on in the future and does not want to keep it tight or end up in the same situation they are in right now.

Olson commented Nesslage has a good point and 20 years ago he didn't think they would end up where they are now.

Wichtendahl asked if they are looking at additional fundraising.

Archibald said he does not like the idea of additional fundraising because they are already going out for money.

Downs said there is a lot that goes with asking for money. There is a lot of planning, getting stakeholders on board, host a fundraising committee. With just going out for the library in the past two years and if pledge over the next 3-years it could take over five years before you would feel comfortable in asking for money.

Olson said they don't have any costs right now and if it fails, there won't be a third chance.

Wichtendahl asked if we are looking at 2024 or would it be for 2023.

Kudrna said it would be an odd year so 2023.

Downs said we haven't looked at all options and opportunities.

Kudrna said could be option to sell land and pay down debt.

Olson asked if we could fund as a city.

Kudrna said LOSST would be up for re-election in 2023 and we can only bond up to \$700,000.

Wichtendahl said there was a lot of unanswered questions the last time it went through referendum and she thinks it will pass if you dot all the I's and cross all the t's.

#### **Investment Financial Report - Review of Documents**

Finance Director Cindy Kudrna reviewed the Finance Director's report highlighting numbers from the report shown below:

- The items highlighted in green on the first page are from the Property Tax Relief Fund (PTRF)
  - Interest earned and transferred to GF-PTRF at the end of the Fiscal Year.
  - 10% of LOST annual revenue
  - General – PTRF \$314,808.28
  - LOST – PTRF \$80,224.52
- The items highlighted in red on the first page are from the Reserve Fund
  - 30% of General Fund expenses, transferred at year end. FY 20 will be the first year.
  - General – Reserve \$0.00
- 1.76% goes right back into the general fund
- Regular IPAIT earning 1.34%
- Money Market earning 1.33%
- IPAIT/CD earning 1.8% on \$10,000,000.00 – two year – renew quarterly

- Clerks report has only the city account and not water account on it, different format and can see activity a little better
- Report by fund – council will start receiving this report

Kudrna said the Investment Committee will meet next week and will put in a monthly report so you know when they meet and what they talked about.

Archibald said Kudrna did a good job.

Olson commented nice part is that the city has money.

There being no further discussion, Wichtendahl moved to adjourn at 7:35 P.M., second by Archibald. Motion carried.

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Bill Bennett, Mayor

ATTEST:

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Kari Graber, City Clerk