



MENIFEE

City Facilities Planning Workshop

June 7, 2023



Workshop Overview

- Introductions
 - Urban Futures, Inc.
- City of Menifee Facilities
 - Existing/Proposed Facilities
 - Pre-Design Cost Estimates
- Project Feasibility/Readiness
 - Committed Funds
 - Opportunity Cost
 - Construction Cost Index
- Project Sequencing
- Next Steps



Introductions



City of Menifee Municipal Advisory Team

- Two senior level Municipal Advisors assigned as Co-Engagement Managers
 - The Team also includes an experienced budget forecast consultant
 - Depending upon the needs of the assignment, the team will include specialists from UFI's other professional divisions as needed

Michael Busch, President

- Over 26 years of public finance experience including:
 - Local Government
 - Municipal Advisory Services
- Manages UFI's day-to-day municipal operations
- Completed over \$4 billion of municipal debt offerings
- Experience with unique transaction types including the Advanced Capital Planning and inaugural public financing programs

Branden Kfoury, Director

- Nearly 10 years of public finance experience including:
 - Investment Banking and Bond Insurance
 - Municipal Advisory Services
- Supports firm's City and special district clients
- Analytical support for over \$1 billion of municipal financings
- Experience with lease revenue bonds, enterprise revenue bonds, assessment district and CFD bonds



UFI Offers a Breadth and Depth of Services



Established in 1972
Registered as IRMA
with SEC and MSRB

Municipal Advisory Services

- Transactions span full spectrum of issuance size and credit types
- Innovative financing structures and alternatives
- #1 Municipal Advisor in California as measured by number of transactions over past 5 years

Financial Consulting Services

- All analysis & services directly provided by public finance experts with 20+ years experience
- Forecast and financial modeling used by cities throughout California
- Clients span the full spectrum of fiscal health

Analytics and Compliance Group

- Provide comprehensive continuing disclosure services to over 200 public agencies in California
- Integration of our Municipal Advisors ensures clients' disclosure and compliance issues are properly and fully addressed



UFI Among the Most Active MA Firms in California

- Top-ranked municipal advisory practice combined with a financial consulting practice
- Structured to deliver public finance services that are integrated, mutually reinforcing, and tailored to meet the Agency's objectives
- Seasoned staff with diverse public finance and executive-level local government experience

Top Municipal Advisors for CA Municipal Bonds
(January 1, 2017 - Present)

Rank	Firm	No. of Issues
1	Urban Futures Inc	831
2	Fieldman Rolapp & Associates	552
3	KNN Public Finance	439
4	PFM Financial Advisors LLC	411
5	Public Resources Advisory Group	252

Source: SDC Platinum (Thomson Reuters)



Executive Management



Investment Bankers



Finance Directors



Rating Agency Analysts



Public Law Attorneys



Municipal Advisors



UFI's Public Facility Experience in Riverside County



Beaumont¹

- Financial Planning for Police Facility Project and municipal advisor on potential bond issuance
- Financial Forecast²



San Jacinto¹

- Financial planning for new City Hall
- Evaluating Lease-Leaseback, Progressive Design Build and traditional Design Bid Build delivery methods
- Financial Forecast²



Desert Hot Springs

- MA for \$16 million 2022 Lease Revenue Bonds
- Proceeds used to finance expansion of 12,000 square-foot City Hall and police facility
- Financial Forecast²



Eastvale¹

- Financial Planning for various facilities including City Hall and Police station
- Evaluating delivery methods



Lake Elsinore

- MA for \$23.7 million 2022 Lease Revenue Bonds
- Financed 35,000 sq. foot City Hall
- 4.57% borrowing cost
- Financial Forecast²



Coachella

- MA for \$12.15 million 2016 Lease Revenue Bonds
- Financed 15,000-square-foot library project, park, outdoor reading space, green screens, and a café
- 2.85% borrowing cost

1. Ongoing engagement
2. Non-Municipal Advisory service



City of Menifee Facilities





Existing Facilities

- **City Hall/Information Technology (IT) Offices**

- City Hall – 10-year lease through March 2029
- IT Facility – 5-year lease through May 2027 (option to renew for five years through May 2032)

- **Police Department (PD) Facilities**

- PD Headquarters Leases – 5-year leases through 2024 (two five-year renewal options through March/June 2034)
- \$2.1 million investment in facility/site Improvements including added parking, security fencing, lighting, and communications equipment required to support police operations
- \$2.2 million allocated for acquisition of Bank of America Building to serve as police substation

- **Public Works Maintenance Operations Center (MOC) Facility**

- City owned facility
- \$632,332 investment in facility/site improvements



Existing Facilities

Facility	Location	Size (Square Feet)	Lease Term (w/Renewal Options)	Current Lease Payment	Projected Maximum Lease Payment
City Hall	29844 Haun Road	25,032	3/14/2029	\$722,424	\$1,471,054
IT	29826 Haun Rd.	1,797	5/31/2032	\$61,457	\$71,681 ¹
Total City Hall/IT		26,829		\$783,881	\$1,542,735
PD Headquarters (HQ)	29714 Haun Road	14,749	3/31/2034	\$372,701	\$500,879
PD HQ Vacant Land/Modular Buildings		5,040	6/30/2034	\$151,022	\$193,723
Police Substation (Former Bank of America Bldg.)	26800 Cherry Hills Blvd	8,898	City Owned	N/A	N/A
Total Police		28,687		\$523,723	\$694,602
Public Works MOC	27860 Bradley Rd	1,200	City Owned	N/A	N/A

1. Calculated through current term ending on 5/31/2027. If renewal option is exercised lease will be set at market rate on 6/1/2027 with annal CPI increase through 5/31/2032.

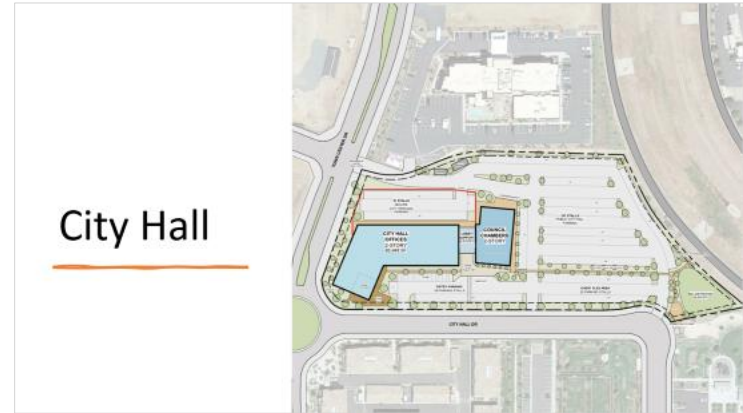


Proposed Facilities

- City owns property in multiple locations to accommodate new permanent buildings needed for City operations
- Space Needs Assessments completed for City Hall, Police Station, and Public Works MOC
- Rough order of magnitude completed by C.W. Driver in Fall 2022

Facility	SF	Cost Estimate*
City Hall	65,948	\$59,685,000
Police Department Headquarters (Police Station)	54,626 (Station)/ 3,000 (Garage)	\$58,199,000
Public Works Maintenance Operation Center	16,253	\$12,630,000
Total		\$130,514,000

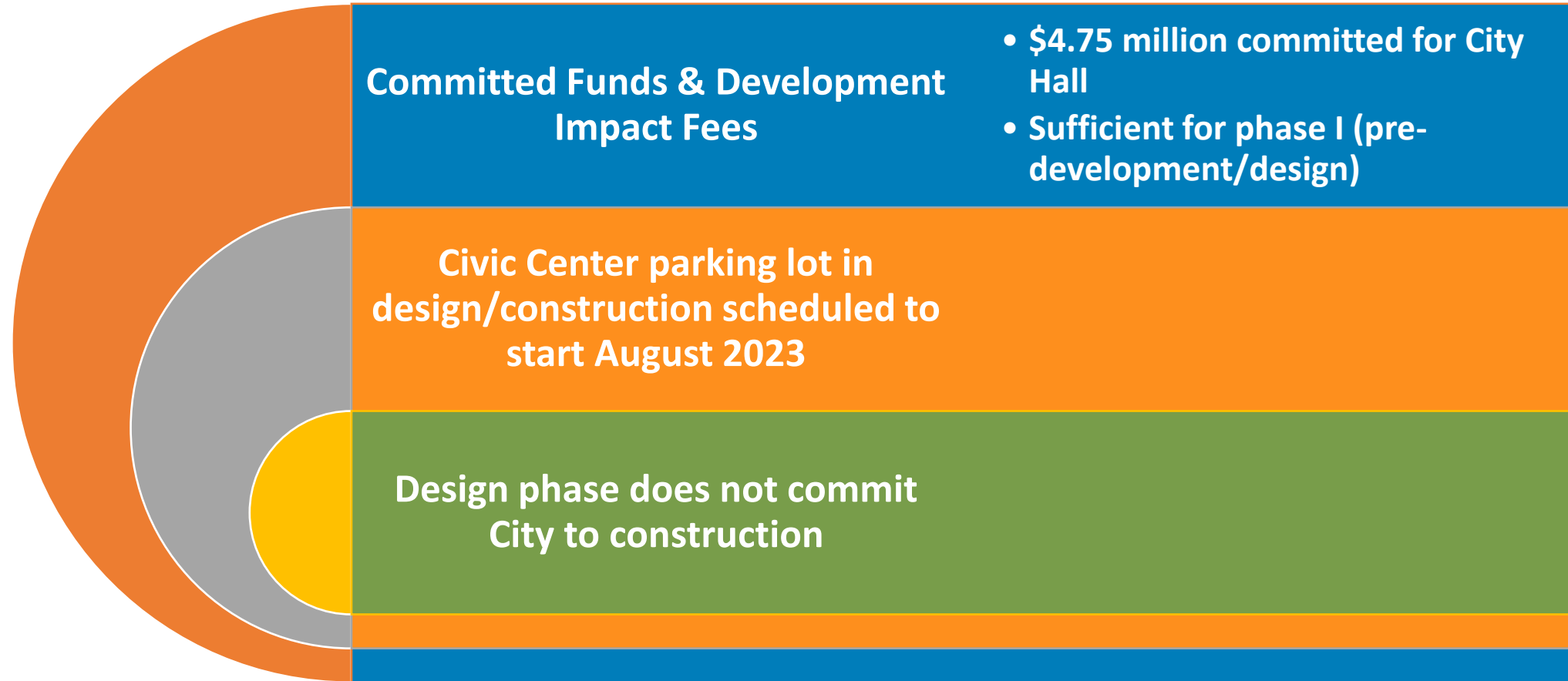
*Preliminary cost estimates



Project Readiness/Feasibility



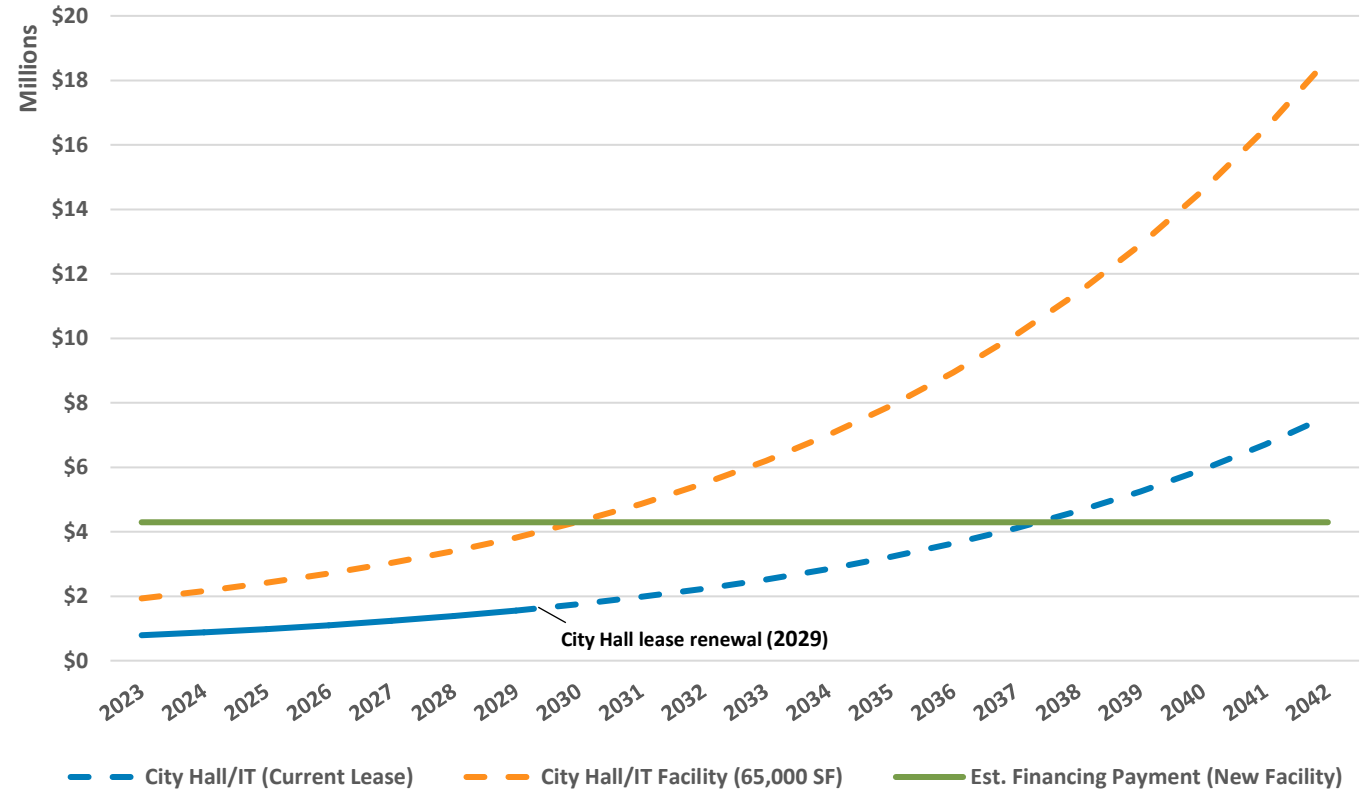
City Hall Project Readiness



Lease Economics/Opportunity Cost

- Opportunity Cost
 - Current City Hall/IT Facilities (26,000 SF)
 - Avg. City Hall annual rent increase 13.27% since 2019
 - \$722,424 current City Hall payment
 - 30-year financing (65,000 SF)
 - \$4.3M est. annual payment¹
 - Breakeven
 - 15 years (current facility)
 - 8 years (65,000 SF Lease)

City Hall/IT Lease Payments vs. Financing Payment¹



1. 30-yr financing of City Hall based on current cost estimate of \$59.685 million/market conditions as of May 2023

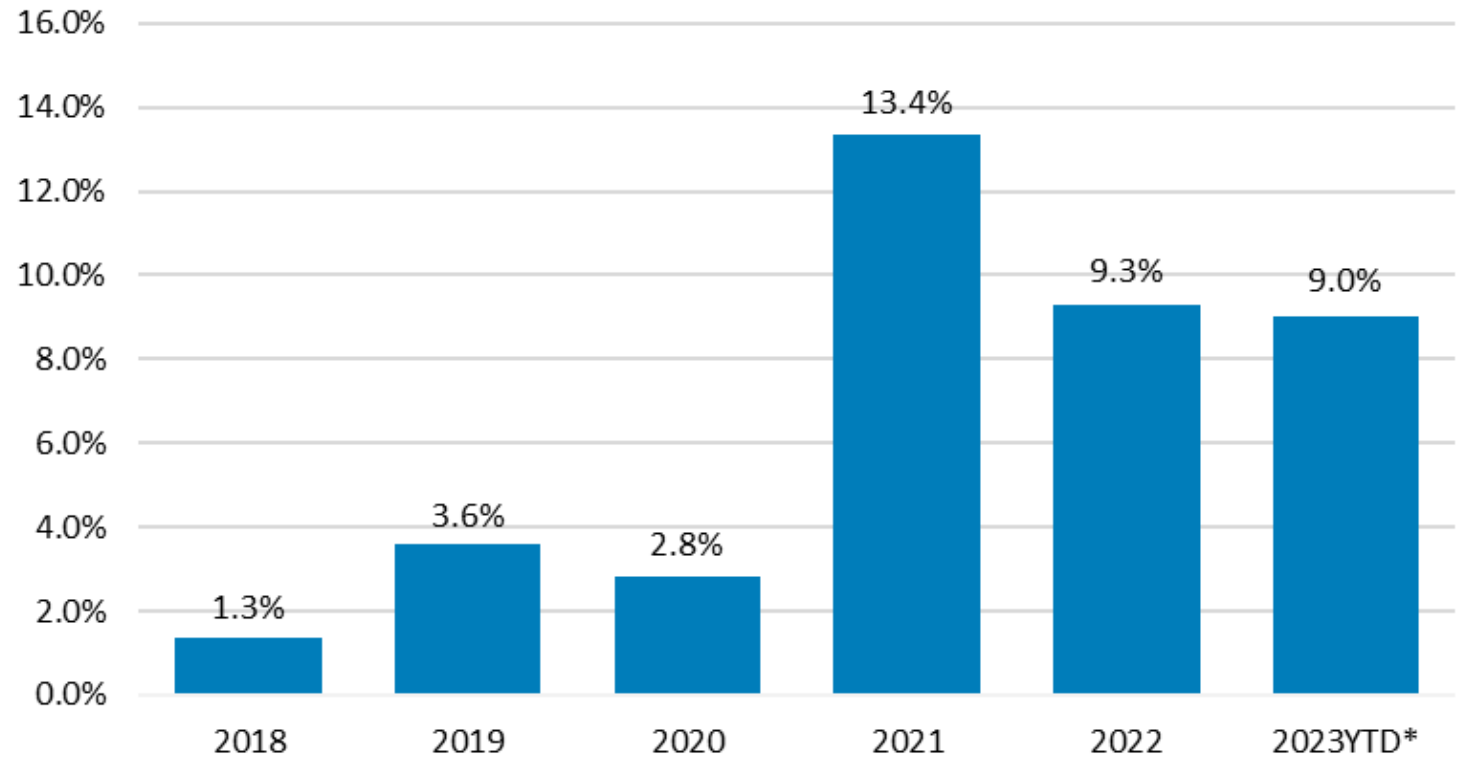


Project Feasibility Building Cost Index

Building Cost Index (BCI)

- Time is not on your side
- YTD 2023* - 9%
- Building Cost Index increased nearly 44% in last 5 years

% Growth in California Building Cost Index (2018 - YTD 2023)



*As of May 2023

Source: Engineering News-Record



Recent Public Facilities Projects

City	Start/ Completion Date	Total Cost (\$ mil.)	Square Feet	Est. Cost per Square Foot
City Hall/Civic Center Facilities				
Murrieta	2005 - 2008	\$14.5	34,000	\$426
Temecula	2008-2010	\$45.8	96,000	\$477
Desert Hot Springs	2017 – N/A	\$10.1	12,000	\$844
South San Francisco	2020-2021	\$76.0	83,000	\$916
Eastvale ¹	Ongoing	\$52.0	50,000	\$1,000
Police Facilities				
Salinas	2018 - 2020	\$52.0	71,000	\$732
South San Francisco	2020-2021	\$53.8	43,300	\$1,242
Beaumont ²	Ongoing	\$50.0	52,000	\$962
Campbell	2020 - Ongoing	\$20.1	32,000	\$625
Eastvale ¹	Ongoing	\$33.6	24,000	\$1,400
Mountain View ³	Ongoing	\$134.0	60,000	\$2,300
Oceanside	Ongoing	\$130.0	N/A	[\$850]
Rialto	Ongoing	\$64.0	70,800	\$904
Riverside	Ongoing	\$44.0	44,000	\$1,000

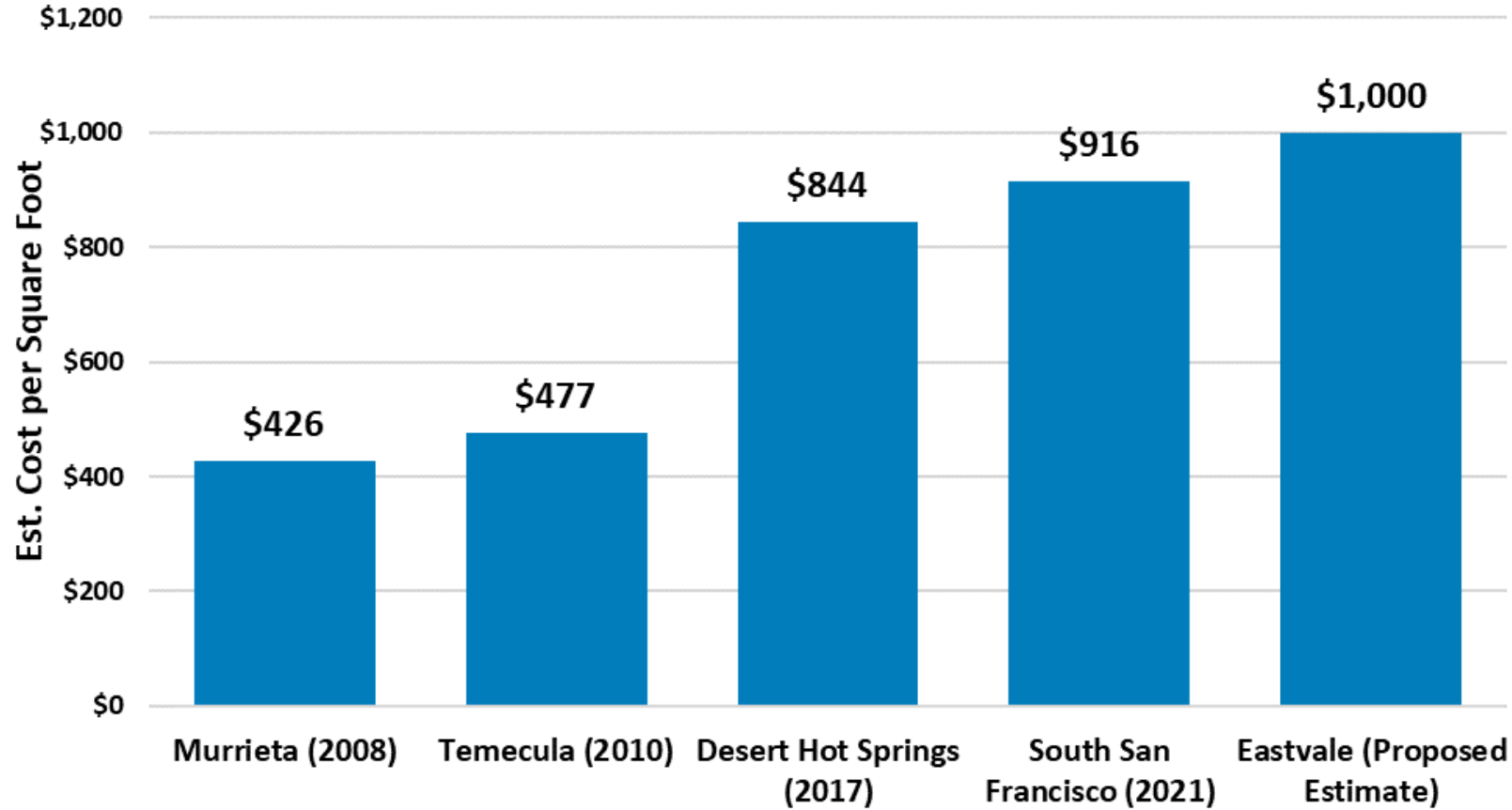
1. Estimate provided by City March 2023

2. Estimate provided by City May 2023

3. October 2021 Estimate

Recent Public Facilities Projects (cont'd)

Recent City Hall Project Construction Costs



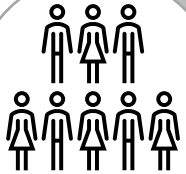
Project Sequencing & Next Steps



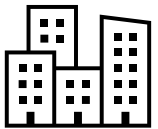
City of Menifee



Population of 150,000 projected by 2045



Staffing increased in all areas to keep pace with growth/serve the needs of the community



Additional operational facility space is needed to serve residents



Proposed Project Sequencing

Begin with City Hall

- Services cannot meet space requirements in existing City Hall facility
- Civic Center parking lot in design/construction scheduled to start August 2023
- Reserve funds designated for project sufficient to initiated phase I (pre-development/design)

Police Department Headquarters (Police Station)

- Favorable lease terms and facility/site improvements made to existing headquarters facility
- Acquisition of Bank of America building (26800 Cherry Hills Blvd) serving as police substation/allows for service expansion

Public Works Maintenance Operations Center (PW MOC)

- City owned
- Facility/site improvements made

Initiate Design for Police Station/PW MOC in Latter Phase of City Hall Construction



Next Steps



Questions/ Discussion



MENIFEE
CALIFORNIA