

Why We're Moving Ahead with Court/PD Building in This Economic Environment?

- The need for the facility has not changed.
- Our "lease" of court space for the 15th District Court expired December 31, 2008. Washtenaw County, our landlord, has formally asked us to vacate that space by December 31, 2009.
- The building project, as defined, is the most responsible and economical solution to the City's space needs and will provide benefits to the community.
- Major repairs are required to continue safe occupancy in the Larcom building.
- In the absence of major repairs, higher maintenance costs for Larcom are expected over the next several years.
- Just as we spend money to provide services, we must also routinely invest in our infrastructure, including the occasional replacement of building space.
- Council will consider the final guaranteed price contract at their February 2, 2009 meeting.
- The funding for the new building is in place. The bonds carry a favorable interest rate.
- A delay of the project will result in higher project costs later on.
- Money for debt repayment is the same as that which is now budgeted to pay the leases that will be abandoned when we occupy the new and remodeled facilities.
- A significant delay in the project could be problematic for debt repayment if these existing lease payments are not available to pay the debt. In addition, if we extend the terms of our leases, it will likely be at an increased cost (ie. the County has notified City substantial increases in rent for the Courts will occur if the lease is extended).
- If we stop the project, refunding (defeasing) the bonds would cost the City approx. \$6 mil. in additional financing costs.
- Completing the project will employ hundreds of workers and will help the local and regional economies.