



REQUEST FOR COUNCIL ACTION

Date: June 16, 2014

Item No.: 7.d

Department Approval

City Manager Approval

Item Description: New Fire Station Project Closeout Presentation and Discussion

BACKGROUND

On August 13, 2012 Council approved the new fire station project and necessary funding in the amount of \$9,013,908.

Construction on the new fire station project began a few weeks following Council approval. Shortly into the project during site preparation and digging of the building foundation, excavation crews discovered the presence of asbestos contamination in areas of the soil. With few options available the decision was made to remove the contaminated soil and replace with clean soil. The soil mitigation efforts took a few weeks to complete and had a cost of \$236, 504.

The project progressed forward and was completed on time, with an official operational date of October 12, 2013.

The City Council approved bonding for the fire station project in the amount of 8 million, and a total project cost of \$9,013,908. The additional \$1,013,908 cost was due to the addition of a geothermal heating option and delay costs due to litigation from a community group.

Below is a summary of the Council approved project costs:

Construction costs:	\$8,000,000
Additional bond costs due to litigation:	\$131,500*
Legal costs due to litigation:	\$63,735*
Construction delay costs:	\$425,072
Geothermal heating loop costs:	\$393,600
Total Council Approved project costs:	\$9,013,908

**reflect half of the total cost*

Below is a summary of project unexpected costs:

Contaminated soil mitigation costs:	\$236,504
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The combination of the approved project of \$9,013,908 and the unexpected project cost associated with contaminated soil mitigation was \$9,250,411.

The Fire Department is pleased to report that the final project cost including both approved costs and unexpected costs are \$8,935,971

The final cost reflects a lower total project cost of \$77,937 from the Council approved project budget. These cost not only reflect an overall approved project savings but include the makeup of the \$236,504 of unexpected costs.

As the final project cost of \$8,935,971 is more than the bond amount of \$8,000,000 additional funding sources have been identified and outlined in the financial impacts section below.

FINANCIAL IMPACTS

As noted above, the City issued \$8 million in bonds to finance the construction of the new Fire Station. Through interest earnings on the bond proceeds and energy rebates, total financing sources amounted to \$8,202,332; leaving a funding gap of \$733,639.

Over the past year, there have been a number of discussions surrounding the eventual sale of the Fire Station #3 (Dale Street) property and using those monies to partially alleviate the funding gap. If, for example, the sale price of the property is established at \$300,000, the funding gap would decline to \$433,639. The City Council would then need to identify a funding source for the remaining gap.

Staff suggests the Council consider using the Building Replacement Fund to bridge the final gap. This Fund was specifically established to pay for general building repairs and renovations including the Fire Station(s). It has a current balance of \$808,000.

STAFF RECOMMENDATION

Staff recommends the Council accept the final Fire Station cost projections noted above and identify the funding sources necessary to complete the financing package.

REQUESTED COUNCIL ACTION

Motion to approve the final Fire Station construction costs and authorize the use of the proceeds from the sale of Fire Station #2 property and the Building Replacement Fund to complete the financing package.

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