

CITY COUNCIL COMMUNICATION FORM

FROM: Tom Leeson, Deputy City Manager
THROUGH: Gary Suiter, City Manager
DATE: September 14, 2021
ITEM: Analysis of 10th Street Fire Station Site

DIRECTION
 INFORMATION
 ORDINANCE
 MOTION
 RESOLUTION
 PROCLAMATION

I REQUEST/ISSUE & BACKGROUND INFORMATION:

On May 11, 2021, Staff presented City Council with two options for a new fire station, including 840 Yampa Street (existing downtown fire station) and 10th Street at the site of the existing City Hall. City Council gave direction to further evaluate the 10th Street site with particular focus on floodplain, City Hall options, parking, updated fire station programming, and funding options.

Floodplain:

Currently, the 10th Street site (existing City Hall) is outside the FEMA 100-year floodplain as shown on the City's Flood Insurance Rate Maps (FIRM). City Engineering has been conducting flood analysis as part of the Soda Creek bridges assessment project and is updating the flood information for all the Soda Creek drainage. This updated information is showing a potential increase in the flood extent for the area around the 10th Street City Hall site.

In an effort to further evaluate this information, Engineering staff has been working with a hydrologist consultant to complete a preliminary floodplain assessment associated with siting a central fire station at the 10th & Oak property.

The current models suggest that in a 100-year storm event there is a higher risk of flooding around the property. Flood depths are expected to be greatest along Oak Street and in the area of the existing parking lot to the west of the building.

Based on preliminary assessment, it appears that risk can be mitigated with site design and building orientation. Mitigation measures could include grading of the property to set the lower levels 1-foot above the expected 100-year flood elevation, construction of flood walls, building floodproofing, and strategic placement of non-critical functions within the building layout. These mitigation considerations will marginally increase project costs and may lead to site design elements such as ADA access ramps or flood walls needing to be incorporated into final design layout. If Council gives direction to proceed, these floodproofing measures will need to be further evaluated.

It appears that the most feasible site layout to maintain ingress and egress to the fire station during a flood event is to locate the apparatus bay doors from the alleyway and as far to the east as possible. This will serve to offset risk that apparatus may be unable to safely enter and exit the station in a 100-year storm.

Additional analysis and site design will be necessary to further refine the anticipated flooding in this area and to inform fire station site planning needs.

City Hall Options:

In 2017, the city conducted a space needs assessment for the city’s administrative departments, which are housed in three buildings on half of a city block campus: City Hall, Centennial Hall, and Elkins House (See Attachment 2). Given industry standards for domestic government organizations, the projected growth would necessitate adding about 1,000 SF of “assignable” office space. No space for expansion exists within City Hall, Centennial Hall, and Elkins House. The assignable space does not include additional support space.

The existing City Hall on 10th Street is 8,332 square feet and houses 36 employees. Based on the current number of employees and projected growth, it is estimated that the minimum size for a new City Hall would be 10,000 square feet. City staff conducted a similar projected growth study as was conducted in 2017 and determined that between City Hall, Centennial Hall, and Elkins House, the number of employees could reach as high as 70 employees. The table below shows the number of employees currently in the three facilities, as well as the projected growth.

	2007	2008	2021	3-5 Projected Growth	Year
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City Attorney	3	3	3	0
Planning & Community Development	10	11	8	+3 = 11 Total
Financial Services	12	14	13	+1 = 14 Total
Public Works	4	7	11	+2 = 13 Total
General Services	6	8	0	
Deputy City Manager			21	+4 = 25 Total
City Clerk	3	3	0	0
City Manager	2	4	2	0
Conference Rooms				
General Support Spaces				
Total	40	50	58	69
<i>2007 and 2008 staff levels are both included since City employment peaked in 2008 before the recession</i>				

If the City Council chooses to move forward with a new fire station at the 10th Street site, the existing City Hall would need to be demolished and a decision would need to be made about how to accommodate the existing employees in City Hall.

The options include:

1. Build a new City Hall on the corner of 10th & Lincoln. The city could construct a new City Hall on the corner of 10th Street and Lincoln Avenue. Based on the space needs assessment, the minimum size of a new City Hall should be 10,000 square feet, which, if programmed efficiently could accommodate the existing City employees and projected growth (See Attachment 3).

Sequencing of the two projects would need to be addressed. The most efficient sequence would be to construct a new City Hall prior to demolishing the existing City Hall, and once completed move all the employees into the new facility. However, staff is acutely aware that the fire station is a much higher priority, so would not recommend this sequence.

An alternative would be to move the City Hall employees into a temporary location while either a) both facilities are constructed simultaneously, or b) the fire station is constructed first and then a new City Hall is constructed. Sequencing the two projects in this manner would add cost as the cost of leasing a temporary location for the City Hall employees will need to be factored in to the total project costs. It should also be noted that constructing both facilities simultaneously could be very disruptive to the immediate area, as opposed to constructing one facility at a time; however, doing so would significantly reduce the construction timeline.

Staff has had conversations with Calcon Construction to get a rough estimate of construction costs for a modest office building in downtown and they estimated about \$500-550 per square foot.

2. Lease Space for City Hall Employees. If the City Council chose to move forward with the 10th Street fire station but not construct a new City Hall, the city could attempt to lease space for the City Hall employees. Given the space needs, the city would need to locate roughly 8,000 square feet of leasable space. Lease rates in town for office space range from \$20-30 per square foot, plus the costs of a tenant finish. Staff has had preliminary conversations with commercial brokers in town and have been told that leasable office space is very limited and while we may be able to find smaller spaces, it will be difficult to find one space to accommodate all employees.

While some employees could work remotely to reduce the space needs, this would only be tenable for a temporary period of time due to employee morale, customer service needs, and lack of needed collaboration.

Parking:

The fire station site plan 2A generated by OZ Architecture (See Attachment 3) shows 16 parking spaces to the west of the fire station. The Community Development Code requires 1 parking space for every 300 "Net" square feet of Public Safety Facility space in the Commercial Old Town Zone District. It should be noted that this parking requirement is a significantly higher parking standard than office use, which is 1/900 in the downtown area and is likely due because the Public Safety Facility use does not provide a reduction for the downtown location (proximity to public transit and multi-mode facilities) like office does. This results in a much greater parking requirement than the facility needs. Staff recommends a parking study to better assess the actual need for this facility in the downtown location.

The existing fire station at 840 Yampa Street provides a total of eight (8) parking spaces (five (5) at 840 Yampa and three (3) at the ambulance barn. The Mountain Fire Station provides a total of 13 parking spaces.

The City Hall plan 2A generated by OZ Architecture shows 34 parking spaces to the west and north of the of the City Hall. The Community Development Code requires 1 parking space for every 900 square feet of office space in the Commercial Old Town Zone District. The conceptual plan for the City Hall includes 10,000 square feet, which would require 12 parking spaces.

Required Parking	
Fire Station	Unknown - Study Needed
City Hall	11 Spaces

Total Required	Unknown - Study Needed
Proposed Parking Provided	
Fire Station	16 Spaces
City Hall	34 Spaces
Total Provided	50 Spaces

It should be noted that the existing City Hall is 8,332 square feet and includes 26 parking spaces, and the existing parking lot on the corner of 10th and Lincoln contains 38 parking spaces.

Cost Estimates:

OZ Architecture provided the city with conceptual drawings and site plans for two potential sites at 1125 Lincoln and 401 Lincoln and provided some preliminary cost estimates that showed construction costs around \$730/SF. City staff provided those cost estimates and drawings to Calcon Constructors recently, the general contractor the City utilized for the Combined Law Enforcement Facility. Calcon reviewed the plans and based on their analysis, indicated the cost per square foot would be closer to \$600-650, which significantly reduces the overall estimated cost of the fire station.

When asked why the cost estimate from OZ Architecture was so much higher, it was explained that the design of the fire station provided by OZ Architecture included high-cost details including large overhangs, costly exterior materials, and high-cost windows. If a simpler, more modest facility was constructed, the cost per square foot could be greatly reduced.

It should also be noted that the cost estimates are based on a 17,500 square foot facility (See Attachment 4). Staff reviewed the fire station programming with the Fire Chief and determined that the 17,500 square foot program, is the minimum need for an adequate downtown fire station. This program was reduced from the original proposal of roughly 21,000 square feet. While the overall program could be reduced slightly in certain areas, the reductions would be minimal.

In order to be conservative and not underestimate the cost of the fire station, Staff has estimated a total project cost of \$18,726,978 which utilizes the original OZ Architecture price per square foot of \$728. The cost breakdown is as follows:

Construction Costs	Sq/Ft Costs	Square Feet	Total
Fire Station	\$728	17,500	\$12,755,825
Traffic Signal Allowance			\$150,000
Solar Project			\$200,000

Living Space	\$500	5,000	\$2,500,000
Design			\$1,560,581
Contingency			\$1,560,581
Total Estimated Construction/Design Cost			\$18,726,978

The cost estimates for a new City Hall provided by Calcon for a modest office building in downtown are roughly \$500-550 a square foot. For purposes of this exercise, staff will take a conservative approach and use a \$600 per square foot estimate, which equates to \$6 million for a 10,000 square foot facility.

Funding:

Funding for the fire station include the following identified funding sources:

Revenue Source	Total
Mill Levy	\$4,000,000
SSAFPD	\$5,404,402*
Solar Grant Funds	\$100,000
Housing Grant Funds	\$0
DOLA Grant Funds	\$1,200,000
Sale of 840 Yampa	\$3,000,000
Total Outside Revenue	\$13,704,402

*This does not include the district's 33% contribution towards the value of the land.

With the revenue sources equaling \$13,704,402, this leaves the city obligation at **\$5,022,576**.

The funding options for the city obligation include the following:

1. Utilize General Fund Unassigned Reserves: The projected General Fund Unassigned Reserves as of December 31, 2021 are roughly \$12 million. This assumes a conservative \$5M increase to overall fund balance for 2021, and assumes actual sales tax collections through June plus 10% over 2020 July – December, which is conservative.

	2016	2017	2018	2019	2020	2021 Projected
General Fund Restricted & Non-	1,713,311	\$1,781,236	\$1,933,227	\$2,017,201	\$2,022,668	\$2,048,702

Spendable						
General Fund Committed	\$167,141	\$166,753	\$179,206	\$191,976	\$251,311	\$275,000
General Fund Assigned	\$122,250	\$586,682	\$397,977	\$821,388	\$385,179	\$400,000
Budget Stabilization Reserve	\$7,243,069	\$7,671,471	\$8,004,119	\$9,151,396	\$9,063,879	\$10,876,655
General Fund Unassigned	\$5,010,649	\$6,390,880	\$4,700,252	\$5,161,627	\$9,322,161	\$12,444,842
	\$14,256,420	\$16,597,022	\$15,214,781	\$17,343,588	\$21,045,198	\$26,045,198

2. Utilize Certificates of Participation (COP): Certificate of Participation is a financing mechanism that is secured by lease payments. The lease payments are made from existing General Fund revenue sources. The City has utilized this financing mechanism several times in the past, and the current properties that are currently pledged as part of a COP include:

- Transit/Public Works Campus – Downtown Improvements COP (matures 2036)
- Centennial Hall – Combined Law Enforcement Facility COPs (matures 2037)
- Elkins House – Combined Law Enforcement Facility COPs (matures 2037)
- Community Center – Combined Law Enforcement Facility COPs (matures 2037)

The City properties not currently pledged (with the current insured values) include:

- Parks & Recreation Office = \$4,425,000
- Depot = \$1,588,500
- Mountain Fire Station = \$2,110,500
- Tennis Center = \$3,985,800
- Airport Terminal = \$3,880,500
- Stockbridge Transit Center = \$374,000
- Rodeo Grounds ~ \$2M
- Rehder Building – \$2.8M (Can only be utilized as an art gallery and may not be seen as a critical municipal facility by investors)
- Various Parks & Recreation Property – Unlikely to be seen as a critical municipal facility by investors
- Current City Hall – COPs mature 12/31/2021, but not enough life/value in the building left to enter into new COPs
- Combined Law Enforcement Facility – Would need Routt County's approval due to long term lease with the county (unlikely)

3. Issue General Obligation Bonds: The City could issue general obligation bonds, which would require voter approval to issue the debt. The City would also need corresponding voter approval for an additional property tax to fund (~0.5 Mill), or officially pledge a portion of the existing 2 Mill Fire/EMS property tax for the debt service by election.
4. Issue Sales Tax Revenue Bonds: The City could issue sales tax revenue bonds, which would require voter approval to issue the debt. The City would also need corresponding voter approval for an additional sale tax to fund (~0.10%), or pledge a portion of our existing sales tax to secure the bonds.

The funding options for a new City Hall include the following:

1. Issue Certificates of Participation with City Hall as the leased asset (collateral): The 2010 COPs are maturing in 2021 with a current annual payment amount of \$431K from the General Fund. \$431K annual payment equates to ~\$5.5M - \$6M lease proceeds with 20-year COPs.
2. Issue General Obligation Bonds: The City could issue general obligation bonds, which would require voter approval to issue the debt. The City would also need corresponding voter approval for an additional property tax to fund (~0.5 Mill).
3. Issue Sales Tax Revenue Bonds: The City could issue sales tax revenue bonds, which would require voter approval to issue the debt. The City would also need corresponding voter approval for an additional sale tax to fund (~0.10%).
4. Utilize General Fund Reserves to Cash Fund: The City could utilize general fund reserves to fund the City Hall and not issue debt.

II. SUMMARY AND ALTERNATIVES:

The following are the alternatives relative to constructing a new downtown fire station:

1. Status Quo: The City Council could choose to not proceed with construction of a new fire station at this time and continue to explore opportunities in the downtown area.
2. New Fire Station, Lease City Hall: The City Council could choose to proceed with construction of a new fire station at the 10th Street site as described

above and find leasable office space for the existing City Hall employees until such a time that constructing a new City Hall is warranted.

3. New Fire Station, New City Hall: The City Council could choose to proceed with construction of a new fire station at the 10th Street site as described above and construct a new City Hall. The sequencing of the two construction projects will need to be addressed. Either New City Hall first, and then the fire station; construct both simultaneously; or construct fire station first, and then a new City Hall.

III. STAFF RECOMMENDATION:

Given the critical need to build a new fire station in the downtown area and given the cost savings of constructing on city owned property, staff recommends moving forward with constructing a new fire station on the 10th Street site and building a new City Hall on the corner of 10th Street and Lincoln Avenue.

Staff recommends constructing the fire station and City Hall simultaneously in order to reduce the amount of time City Hall employees are in a temporary location and to reduce to overall cost as a result of the lease payments for a temporary City Hall. While a large construction project on a half block of downtown would be impactful to the community, building both simultaneously would significantly reduce the construction timeline.

Staff recommends utilizing the General Fund Unassigned Reserves to fund the City obligation of the fire station, and to utilize Certificates of Participation with City Hall as the leased asset to fund the construction of the new City Hall.

IV. FISCAL IMPACT:

Fiscal impacts are described above and will be fully evaluated once a preferred direction is provided.

V. LEGAL ISSUES:

None identified.

VI. CONFLICTS OR ENVIRONMENTAL ISSUES:

Other than the floodplain issues, which are described above, there are not environmental issues or conflicts identified.

VII. CONSISTENCY WITH COUNCIL GOALS AND POLICIES:

Locating a preferred site for a new downtown fire station has been a City Council goal for the last couple years.

ATTACHMENTS:

Attachment 1: Staff Presentation

Attachment 2: 2017 Space Needs Assessment

Attachment 3: 10th Street Site Plan

Attachment 4: Fire Station Programming

Attachment 5: Fire District Letter of Support