POLICE STATION BUILDING TASK FORCE
491 E. PIONEER AVENUE
HOMER, ALASKA
www.cityofhomer-ak.gov

REGULAR MEETING
TUESDAY, 4:00 P.M.
MAY 23, 2017
CITY HALL COWLES COUNCIL CHAMBERS

REGULAR MEETING
MEETING AGENDA

1. **CALL TO ORDER, 4:00 P.M.**
2. **AGENDA APPROVAL**
3. **PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA** *(Three Minute Time Limit)*
4. **VISITORS**
5. **APPROVAL OF THE MINUTES**
   A. Meeting Minutes for May 16, 2017 **Page 3**

6. **REPORTS**
7. **PUBLIC HEARINGS**
8. **PENDING BUSINESS**
   A. Construction Options – Conceptual Cost Estimates for Sites **Page 13**
      1. Remodel/Renovation/Addition to Existing Facility
      2. New Construction on Waddell Property
      3. Use Both Existing & Build a New Facility
      4. Additional Facility/Maintenance Costs to Overall City Budget

   B. Funding Mechanisms & Repayment Methods **Page 15**
      1. Memorandum from the City Manager dated May 18, 2017

   C. Memorandum to City Council: Recommendations or Request for Extension

9. **NEW BUSINESS**
   A. Memorandum to Establish Additional Meeting Dates if Required **Page 17**

10. **INFORMATIONAL MATERIALS**
11. **COMMENTS OF THE AUDIENCE**
12. **COMMENTS OF STAFF/CONSULTANTS**
13. **COMMENTS OF THE TASK FORCE MEMBERS**
14. **ADJOURNMENT**
    TENTATIVE Next Regular Meeting is **MONDAY, JUNE 5, 2017 at 4:00 p.m.** All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

Session 17-03, a Regular Meeting of the Police Station Building Task Force was called to order by Chair Garvey at 4:04 p.m. on May 16, 2017 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: WALKER, LOWNEY, GARVEY, WEATHERLY, LOWE

STAFF: CITY MANAGER KOESTER
POLICE CHIEF ROBL
PUBLIC WORKS DIRECTOR MEYER
DEPUTY CITY CLERK KRAUSE

APPROVAL OF THE AGENDA

Chair Garvey requested a motion to approve the agenda.

LOWNEY/WALKER - MOVED TO APPROVE THE AGENDA.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA

Larry Slone, city resident, provided written comment.

Heath Smith, city resident, commented that he was concerned on what was presented as laydowns tonight since neither one of the cost estimates hit the mark of $6 million or $9 million; referencing the space needs that Chief Robl provided, Mr. Smith stated that there is no conceptual floor plan to provide a visual rendering of what was proposed in the laydowns and he did not recall any 16,000 square foot footprint discussed in the last meeting only 8,000 and 12,000 square foot and he is not understanding what has been presented to them. Mr. Smith stated that he hopes they can get traction on what they asked for going forward and in the future they give very pointed requests and everything is clearly stated so that those that are tasked with it do not come back with something that does not hit the marks.

Mr. Meyer took this time to introduce Giovanna Gambardella, Senior Architect and Project Manager with Stantec and Jo Jolly, President of Cornerstone Construction. Mr. Jolly and Ms. Gambardella provided a brief understanding on the information they were to provide to the Task Force.

VISITORS

APPROVAL OF MINUTES
A. Meeting Minutes for May 1, 2017

Chair Garvey called for a motion to approve the minutes.

LOWNEY/WEATHERLY – MOVED TO APPROVE THE MINUTES.

Discussion ensued on the motion made by Ms. Lowney and Chair Garvey, page 15 of the minutes, last line, she did not recall making the motion referring to the incomplete motion, a statement called out by Mr. Smith from the audience was inaudible and she moved to support that. Deputy City Clerk explained that she was unable to capture what Mr. Smith said from the audience and was hoping some clarification could be made by him.
Mr. Smith came forward and stated that he did not recall what he said but believed that, referring to the context of the discussion prior to the motion, it was regarding a decision made by Council of the proposed seasonal sales tax for the previous bond issue on the last ballot. He believed he said that it would be a reduced seasonal sales tax of .5 or less.
Ms. Lowney and Chair Garvey supported that option and would still support it. Chair Garvey noted that the Task Force approved the motion.
Chair Garvey then referred to page 6 of the minutes, bottom of the page, in the last bullet point "The Mayor has questionable thoughts on the use of the location" he did not recall making that statement or the Mayor issuing this comment to him or publically or if it was from the current Mayor or a past Mayor. He requested input from the Clerk on the proper procedure to strike this from the record.
Deputy City Clerk Krause responded that normally statements are not stricken from the record unless in error. His opposition to the statement will be noted in the minutes for this meeting for the record.[1]

VOTE. YES. LOWE, WEATHERLY, GARVEY, LOWNEY, WALKER

Motion carried.

REPORTS

Mr. Meyer provided laydowns reflecting the placement of a proposed building footprint that contained the Essential and Urgent Space Needs identified by Chief Robl. He related his understanding of the request from the Task Force at the last meeting. He noted that the space identified by the Chief did not account for the hallways, HVAC, mechanical spaces, etc. The number was increased by 15% which represents a standard figure that overall can be refined as the project progresses.
Mr. Meyer noted that the Waddell site was large enough to accommodate the needs and allows for a separation of the public and secured entrances, multiple access points and for future growth.
He then noted that the existing lot offers only half the buildable area and that they could use this building for uses such as storage and gun range which is dependent on not causing any code compliance issues. Mr. Meyer did state that the existing lot only provides access from two sides of the building and there would not be room to expand the facility in the future.
He reviewed and used information from the recently completed Harbormaster Office in his summary. He continued to explain that the costs went over the $6M and $9 M that were authorized by Council, but that is how expensive things are, he pointed out that there are necessary items that are not part of the construction costs such as 1% for Art, furnishings and contingency and that the actual construction costs estimate is close to the amounts designated by Council.
He explained the existing contract between the Design Team, Stantec/Cornerstone and the City of Homer still had $40,000 remaining. He further added that Stantec has in house engineers to cover the geo,

[1] Clerk reviewed recording of 05/01/17 PSBTF meeting, the minutes were corrected to reflect verbatim statement of Chair Garvey and noted that audio recording picked up commentary from the audience which reflected in the misstated comment.

structural, electrical and mechanical and Cornerstone has the construction experience in all variety of methods such as steel, block or stick, prefab or modular.

Ms. Lowney appreciated their efforts and questioned Chief Robl if the uses described under the space needs categories could be divided among the new building and the existing building to save on costs.

Chief Robl responded that he believed that there are some items that could be separate such as the long term evidence and evidence processing.
Mr. Meyer interjected that the existing site could be sold and funds used towards the project and that the Waddell site does not come free since the funds used to purchase the land came from the HART fund and the city was to sell the unused portion to replace funds taken from the HART Fund.
Ms. Lowney commented that she did not feel that selling the existing lot was in the best interests since the Fire Station could expand onto that lot in the future if it is not used for the Police Department in some aspect.

Mr. Meyer also reminded the Task Force that this cost estimate was a rough order of magnitude estimate and there are still a lot of variables and if they went to a bond this amount would cover it.

Ms. Walker expressed confusion since reading the minutes the Task Force requested two conceptual designs for an 8000 sf and 12000sf project, she expressed that they wanted to be able to compare the two.

Mr. Meyer stated he did not recall the request for two sizes but to show on each lot the relation to essential and urgent space needs footprint..

Chair Garvey provided clarifications on the final request, represented on page 17, was one design with essential space needs at 10,000 square feet and one design with essential and urgent space needs at 12000 square feet. He further expressed disappointment that the numbers have come in so high and doesn't give them much to work with today other than they will not be able to accommodate all of the essential and urgent needs that the Chief wants and still meet the budget that Council has asked the Task Force to meet with the two possible solutions.

Ms. Lowney cautioned saying that they cannot accommodate those needs since modifications are necessary and they may very well bring those figures down while providing the space.
Chair Garvey acknowledged that may be possible but since they do not know how extensive those modifications would be but right now they are quite over those dollar limits and there is a lot they will be required to do.

Ms. Lowe addressing Mr. Meyer and referencing Mr. Smith's statement charging the Task Force with making sure they communicate effectively with Staff so they can do the job that the Task Force wants done; questioned if there was a better way that the Task Force can communicate or forms that can be filled out so there is an easier reference.

Mr. Meyer responded that he just needed to listen a little closer and further stated he was not expecting to bring something back to fit the template to make a decision at this meeting. However, the lesson they learned by the efforts presented tonight is that the existing site will probably not accommodate or absorb all three of the space needs now or in the future. The Waddell site is the place to go. If the decision of the Task Force is that they cannot afford 16,000 square feet and needs to be reduced to 12000 square feet, the work product can be adjusted in an hour to accommodate that reduced square footage. He went on to provide an example using the Harbormaster Office project which that task force met every two weeks and how they worked on the project until coming up with the final design and acceptable budget.

Mr. Meyer informed the Task Force that if they only provided the essential space needs it would result in a 12,000 square foot building and would be 1/3 the costs shown and an 8000 square foot would be ½ the costs shown but that doesn't provide the essential space needs requested by the Chief. He mentioned not having a budget until now on the project and have always based it on the Space Needs required.
Mr. Meyer explained what and how contingency line item is used for and on a project and the standard amounts on projects and that this is to cover unanticipated costs or unknown costs of a project.

Joe Jolley, Cornerstone Construction, commented that this type of contract methodology allows the project to move forward with construction with a lower contingency amount than is standard.

Mr. Meyer noted that ultimately Cornerstone will be providing a Guaranteed Maximum Price for the project and currently they do not have any geotechnical or surveys, and there are a lot of questions that are unanswered. It is still too early to know what the costs are to establish a price. The best they can do is to evaluate what they do have to come up with the best estimate of costs.

Ms. Lowney stated she would like to entertain the use of the existing building for some of the items and not sure how that would affect the operations side or the costs since there would be construction costs at both sites. She is very uncomfortable removing any of the essential and urgent and even some of the important space needs. She would like to have a discussion on that possibility.

Mr. Jolley commented on the back of house activities such as storage could be done and may reduce new construction costs, he was not sure that they could accomplish a hazardous material study of the existing building and code study but wasn't sure it could be done in two weeks.

Chair Garvey stated that he did not want to make assumptions on the knowledge of the staff or consultants but they are on a tight deadline and he would like to get to that end as Council directed. Deputy City Clerk Krause reiterated that a recommendation or request must be completed by next Tuesday.
Chair Garvey did not want to waste any additional time they can only present a $6M and $9M options as requested, the right site and how to fund that. He did not want to have anything come back and wasting time and money. He does not want to be critical but does not want to disappoint Council by not providing what they want.

Mr. Jolley restated the Task Force request to have a $6M and $9M on each site resulting in a total of 4 options. If they can put a per dollar amount to the square foot they could produce a spreadsheet options but not drawings, reports, etc. Chair Garvey agreed that having the spreadsheets to review.

Additional discussion ensued on the capability to produce those spreadsheets and numbers for those options of $6M and $9M and whether the Police Department can operate out of that square footage is still to be answered because they are not going to be able to provide the square footage that Chief Robl is going to need. There is still the unknowns to consider and if they come up with the budget go to bond it passes then they find out they have some of those issues and have to figure out what they are going to do about it. There is going to be level of certainty that the Task Force will have to present the options to Council.
Further comment on the conceptual budget, too short of timeframe and that they could take the time in the next couple of weeks to come up with the best possible project and then the time between the bond

propositions and now to educate and inform the public along with refining the project. There is time to fill some of those voids from the end of May, there is a process to reach 10%, 35%, 65% to reach the final cost.

Chair Garvey stated he would like to see a $6M option for each site and $9M on both sites. Ms. Walker concurred and added that it was to be under those amounts not over. She also requested confirmation on the dollars that Mr. Meyer keeps referring to.
Mr. Meyer explained that there is a contract with approximately $40, 000, they contracted with the design team for less than the money that was authorized for the project and there is money remaining in that contract outside the funds appropriated in the amount of $110,000.

Ms. Lowe thanked Mr. Meyer for all his help but wanted to recognize that he is taking Chief's desires into account but they have to recognize that they were charged with the underlying assumption that this is something our community can live with so in addition at looking at the lower dollar amounts she is challenging the Chief to look at the square footage such as the gym is 12% and consider that if the Fire Hall has a gym can they share that facility.

Chair Garvey is proposing getting the four different options and then request the Chief to choose.

Ms. Walker reminded Chair Garvey regarding the additional costs to relocate Dispatch.

Chair Garvey inquired about making a motion from the Clerk as he wanted to be very specific.

GARVEY/LOWNEY - MOVE TO HAVE STAFF AND THE CONTRACTORS PREPARE A $6M AND $9M DOLLAR OPTION FOR EACH SITE.

Brief discussion on the deliverables to be spreadsheets only not drawings.

GARVEY/LOWNEY - AMEND THE MOTION TO INCLUDE MOVE TO HAVE STAFF AND CONSULTANTS PROVIDE AND PREPARE A SPREADSHEET SHOWING A $6M AND $9M OPTION FOR THE EXISTING SITE AND THE WADDELL SITE AND TO INCLUDE THE OPERATING COSTS FOR THOSE OPTIONS.

Discussion ensued on keeping the old one and building the new one too and this can be discussed when they receive the information. The operation and maintenance is approximately $160,000 annually.

VOTE. (Amendment) YES. WALKER, LOWNEY, WEATHERLY, LOWE, GARVEY

Chair Garvey requested the Clerk to read the motion as amended. He called for the vote.

VOTE. MAIN. YES. LOWE, WEATHERLY, GARVEY, LOWNEY, WALKER.

PUBLIC HEARING

PENDING BUSINESS
A. Comparison Information on Comparable Cities
1. Municipality & Borough of Petersburg, Alaska
2. Additional Alaska Cities Comparable to Homer

Chair Garvey read the title into the record and opened for discussion.

A brief discussion ensued on the information provided including the discrepancies in size, case load and that Homer's Police has the highest case load in the state and that needs to be taken into to account. The statistics provided is the reality and they should not be ignored. That sometimes competing needs make it difficult to balance the choices. Advocating for proper design of 8000 square feet with minimal waste for hallways, etc. will make it seem much larger.

Further comments on details in construction, design and the future expansion of the building ensued.

B. Construction Options –

1. Remodel/Renovation/Addition
   a. Dispatch Connectivity

Chair Garvey introduced the item and invited Mr. Poolos, IT Manager to respond to a couple of concerns he had regarding the Dispatch operation if they choose to renovate the existing building.

Mr. Poolos explained that it is hard to throw a dollar amount until they are at 65% design.

Chair Garvey questioned the alternatives to circumvent expending half a million dollars on additional equipment and if renovation is cost prohibitive.

Mr. Poolos provided explanation on how the existing building is constructed prohibits and makes for laying cables and equipment very difficult and that three sides of the building currently houses the cabling for the dispatch and radio, another issue is the current status of the Homeland Security grant to put a new console system. Chief Robl was brought forward to offer input on that grant.

Chair Garvey asked Chief Robl his input on having to install a new system in the old building and then having to purchase additional system to put into the new building if they find that the old building is not usable. He did not believe that the cost would be half a million. Additional explanation on the costs were explained that since they do not have any details and once they have a temporary transition plan they will have a better feel on the costs. One option provided by Chief Robl was that the City could borrow a mobile dispatch unit from the borough.

Mr. Poolos also stated that evidence storage requires a direct connection and if the old building is used that will present an annual cost of $40,000. They do not have that requirement now since everything is onsite. It is just another expense to factor in when considering using the offsite storage.

Ms. Lowney requested clarification on these costs are if they use the existing building. Mr. Poolos replied in the affirmative and that if they placed the gym facility or another uses then it would not be required. He further added that coming in with higher figures they can reduce the figure when it is determined exactly what they are doing and how it is being done.

Mr. Meyer wanted to remind the Task Force about keeping the Architect and Contractor on the line and suggested that if there were no further questions for the architect they could let Ms. Gambardella go for the evening and keep Mr. Jolley for just a bit more as he may be helpful in answering some questions regarding the letter and construction methods. He will contact Ms. Gambardella in the morning regarding what they will need for the next meeting.

Ms. Walker asked if they could afford the choice of radiant heating system.

Mr. Meyer stated that Mr. Jolley could provide an answer on that and released the architect from the meeting.

Mr. Jolley proceeded to explain that a radiant heat system in the standard in most all public buildings and there are many forms of radiant heating and HVAC systems. This also comes in many forms and can be floor, wall or ceiling.

C. Funding Mechanisms & Repayment Methods
   a. Lease/Build to Suit – Letter from Cornerstone

Chair Garvey read the title into the record. Ms. Lowney requested they address the items involving Mr. Jolley and there was consensus.

Discussion ensued on the following:

- There was no penalty after 5 years of payments
- Cornerstone reached out to different developers for input on the numbers
    - Started with the total project costs
    - Determine how much equity is required to build that similar to a down payment which is typically 30%
    - Balance at rough assumption costs 5% for 25-30 years
    - Reasonable return on the 30% equity investment
        - On a $9 M project initial equity contribution of $2.5M to secure the financing
        - Interim financing during the construction process
    - General Lease amount is the sum of these figures

These numbers are a bit round and if they want more clearer figures he can work on that and provide a spreadsheet for them.
Chair Garvey stated he has spoken to several people and contractors regarding a declining purchase option and would like Mr. Jolley to provide a recommendation on how this would be done over a 5, 7, or 10 year mark on an option to purchase. Mr. Jolley responded that he was sure it could be negotiated. He clarified the question. Chair Garvey stated that in the case in the free market that there are people out there that would bid out a declining option based on depreciation instead of appreciation of the building.

Mr. Jolley stated that he would have to discuss this with his developer partners as he is not as knowledgeable as they are and bring that information back if they would like. There was no response from the Task Force.

Chair Garvey they asked if there were any additional questions for Mr. Jolley.

Mr. Weatherly inquired about the cost per square foot based on the construction method they were using when comparing stick built, steel, modular and block from the least expensive and longest lasting building materials for a 40 year project.

Mr. Jolley restated his question and then proceeded to list the construction methods from cheapest up as follows:

- Stick Build – wood frame
- Modular, which is still wood frame
- Pre-engineered which is steel but this is optimized and does not lend itself to future modification
- Steel Framed building

For this project the wood frame doesn't work, modular on some aspects such as the jail cells which they used on the Juneau project and pre-engineered would not work since it could not be expanded.

So that leaves the steel frame with block. Mr. Jolley then provided some details on constructing the building and accounting for the weather such as snow and the materials used to a certain point. He noted that depending on the foundation but provided a detailed description of the building process, materials and processes that could be employed in constructing the project.

Mr. Jolley departed the meeting at 5:52 p.m.

Chair Garvey then requested if City Manager Koester had time to respond to a few questions and asked if there was any way that her staff can help the Task Force understand what a Lease Build to Suit process would look like. They have received responses to really good idea, smart thing to do, and another way to get around the voters and not bind the project. Is there any way to model, research, project out, what something may reasonably look like in terms of Lease Options, payment per month and buy back potential and be able to compare that to building and paying for it themselves.
He would like to be able to see the differences in bonding a project with interest and payback and costs compared to the Lease Build to Suit and those costs.

City Manager Koester stated that she would be speaking with Mr. Jolley and Cornerstone to get that information and based on the letter the city could bond for a building twice the size at this price. She provided some additional details that in general apply with bonding the project based on figures from 2016. She will be able to provide more information but will be leaning on Cornerstone and depending on the figures maybe an additional source.

Chair Garvey agreed if these were the numbers that were represented in the Cornerstone's letter and based on conversations with others saying that the private sector should be able to provide better prices and if this letter reflects the actuals then he would be prepared to strike the Lease Build option from the list but would prefer some additional information to clarify this option better so they feel that they have done their due diligence. City Manager Koester stated that she will provide information for the next meeting but could not promise all the information will be available.

Chair Garvey inquired if there were any additional questions for the City Manager.

Ms. Walker inquired if a decision was made on paying off the Library loan yet? City Manager Koester responded that she did not make that decision and City Council has not taken any action and there is to be an item on the agenda for the next Council meeting.

Mr. Weatherly inquired if the City can bond or sell bonds? City manager Koester explained how the bonding process works through the Municipal Bond Bank. Mr. Weatherly then inquired about ownership of those bonds? Ms. Koester stated that in issuing binds the city is pledging to pay those back no matter what. Mr. Weatherly provided some personal involvement with buying bonds since it would be an opportunity for local residents to invest in their own community and receive a return buying their own bonds.

D. Additional Facility/Maintenance Costs to Overall City Budget

Chair Garvey stated that they requested additional costs from Mr. Meyer based on square footage and Chair Garvey was needing the depreciation, personnel, supplies, utilities, etc. and requested City Manager Koester if her staff could provide these costs for them.

City Manager Koester responded that she will work on getting those numbers and that they would probably need 1-11/2 extra personnel, she added that as far as depreciation that in itself is something that the City has been unable to budget for and if they did they would not be having the difficulties they are now.

NEW BUSINESS

A. Draft Recommendation to Council

1. Site Location
2. Construction Method
3. Funding Options

Discussion ensued on not yet prepared to make recommendations at this time and wanting to make sure that they have all the information and their due diligence completed since they would prefer to submit the recommendations to Council as requested by the deadline of May 30th. Deputy City Clerk Krause explained that the recommendations were needed next Tuesday due to packet deadlines. So in essence Council will make a decision or have it for the meeting on May 30th; the Task Force does not have until May 30th actually.

LOWNEY/WEATHERLY – MOVED TO TABLE THE DRAFT RECOMMENDATION TO COUNCIL UNTIL MAY 23RD MEETING.

GARVEY/WEATHERLY – MOVED TO AMEND THE MOTION TO POSTPONE UNTIL THE MAY 23RD MEETING.

There was no discussion.

VOTE. (Amendment) YES. NON-OBEJCTION. UNANIMOUS CONSENT.

Motion carried.

VOTE. (Main) YES. WEATHERLY, LOWNEY, GARVEY, WALKER.

Motion carried.

INFORMATIONAL ITEMS
A. A. Project Summary submitted to Star Building Systems and Information on Exterior Materials Used in Constructing Buildings from Star Building Systems by Task Force member Walker

Ms. Walker provided commentary on the informational materials she provided.

COMMENTS OF THE AUDIENCE

Joe Singleton, city resident, offered assistance on research the remodel studies.

COMMENTS OF STAFF OR CONSULTANTS

COMMENTS OF THE TASK FORCE

Ms. Walker thanked everyone for the assistance and the information and hoped that they receive the information they requested for the next meeting.

Ms. Lowney had no comments.

Mr. Weatherly thanked everyone for attending.

Mr. Garvey appreciated everyone's efforts, staff assistance and Mr. Smith's comments.

ADJOURN
There being no further business to come before the Task Force Chair Garvey adjourned the meeting at 6:13 p.m. The next regular meeting is scheduled for Tuesday, May 23, 2017 at 4:00 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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RENEE KRAUSE, CMC, DEPUTY CITY CLERK

Approved:_____________________________________

Conceptual Cost Estimate - New Homer Police Station - Four Alternatives

Option 1A Comments

Advantages:
1) Low construction cost.
2) Use of existing square footage cheaper than new construction.
3 Property owned by City – no new land costs

Disadvantages:
1) No room for future needs. New building not large enough to accomodate "essential" uses.
2) Need for bringing existing building up to code or cost to modify not known.
3) Presence of asbestos, lead based paint, and other safety/environmental issues unknown.
4) Off-site improvements needed (drainage corrections).

Operational Costs:

Current costs per square foot = $81,170 or $15/SF
New costs per square foot = 6,500 SF x $15/SF = **$97,500**.

Plus additional 1/2 janitorial/bldg maintenance personnel = **$56,575**

Total Annual Addn Operational Costs = **$108,075**

Depreciation: (30 yr/3%) addn cost = **$126,120**

OPTION 1A - EXISTING SITE - $6,000,000 Budget

Total SF = 12,000 **6,500 SF New/5,500 SF Existing**

Assumptions: 1) Non-essential uses can be accommodated in the existing building with limited code compliance work; 2) uses in existing and new buildings can be arranged to function effectively with adjacent uses.

	Quantity	Units	Unit Price	Cost
New Building Construction	6500	SF	435	$ 2,827,500.00
Existing Building Modifications	5500	SF	150	$ 825,000.00
Civil Site Improvements	LS	1	-	$ 450,000.00
Accessory Structures	LS	1	0	$ 425,000.00
Total Construction				$ 4,527,500.00
Design				$ 407,475.00
Inspection				$ 158,462.50
1% for Art				$ 45,275.00
Furnishings				$ 110,000.00
Communications				$ 185,000.00
City Administration				$ 67,912.50
Contingency				$ 452,750.00
Total Project				**$ 5,954,375.00**

OPTION 1B - EXISTING SITE - $9,000,000 Budget

Total SF = 17,500 **12000 SF New/5,500 SF Existing**

Assumptions: 1) Non-essential uses can be accommodated in the existing building with limited code compliance work; 2) uses in existing and new buildings can be arranged to function effectively with adjacent uses.

	Quantity	Units	Unit Price	Cost
New Building Construction	12000	SF	435	$ 5,220,000.00
Existing Building Modifications	5500	SF	150	$ 825,000.00
Civil Site Improvements	LS	1	-	$ 450,000.00
Accessory Structures	LS	1	0	$ 425,000.00
Total Construction				$ 6,920,000.00
Design				$ 622,800.00
Inspection				$ 242,200.00
1% for Art				$ 69,200.00
Furnishings				$ 110,000.00
Communications				$ 185,000.00
City Administration				$ 103,800.00
Contingency				$ 692,000.00
Total Project				**$ 8,945,000.00**

Option 1B Comments

Advantages:
1) Use of existing square footage cheaper than new construction.
2) Property owned by City – no land acquisition costs.

Disadvantages:
1) higher construction cost.
2) No room for future needs. Site not large enough to accomodate accessory structures/circulation.
3) Need for bringing existing building up to code or cost to modify not known.
4) Presence of asbestos, lead based paint, and other safety/environmental issues unknown.
5) Off-site improvements needed (drainage corrections).

Operational Costs:

Current costs per square foot = $81,170 or $15/SF
Proposed costs per square foot = 12,000 SF x $15/SF = **$108,000**.

Plus additional 1/2 janitorial/bldg maintenance personnel = **$56,575**

Total Annual Addn Operational Costs = **$164,575**

Depreciation: (30 yr/3%) addn cost = **$189,180**

Option 2A Comments

Advantages:
1) All new facility
2) Room for expansion
3) No off-site improvements needed.

Disadvantages:
1) low construction cost.
2) New building cannot accomodate "essential" uses defined by Police Chief.

Operational Costs:

Current costs per square foot = $81,170 or $15/SF
Proposed costs per square foot = 8,400 SF x $15/SF = $126,000. Difference = **$44,830**

Plus additional 1/2 janitorial/bldg maintenance personnel = **$56,575** Total Annual Addn

Operational Costs = **$101,405**

Depreciation: (30 yr/3%) addn cost = **$126,120**

OPTION 2A - WADDELL PROPERTY - $6,000,000 Budget

Total SF = 8,400

Assumptions: 1) Subsurface conditions are as expected (no deep organics); 2) CUP can be obtained.

	Quantity	Units	Unit Price	Cost
New Building Construction	8400	SF	435	$ 3,654,000.00
Civil Site Improvements	LS	1	-	$ 450,000.00
Accessory Structures	LS	1	-	$ 425,000.00
Total Construction				$ 4,529,000.00
Design				$ 407,610.00
Inspection				$ 158,515.00
1% for Art				$ 45,290.00
Furnishings				$ 110,000.00
Communications				$ 205,000.00
City Administration				$ 67,935.00
Contingency				$ 452,900.00
Total Project				**$ 5,976,250.00**

OPTION 2B - WADDELL PROPERTY - $9,000,000 Budget

Total SF = 13,900

Assumptions: 1) Subsurface conditions are as expected (no deep organics); 2) CUP can be obtained.

	Quantity	Units	Unit Price	Cost
New Building Construction	13900	SF	435	$ 6,046,500.00
Civil Site Improvements	LS	1	-	$ 450,000.00
Accessory Structures	LS	1	-	$ 425,000.00
Total Construction				$ 6,921,500.00
Design				$ 622,935.00
Inspection				$ 242,252.50
1% for Art				$ 69,215.00
Furnishings				$ 110,000.00
Communications				$ 205,000.00
City Administration				$ 103,822.50
Contingency				$ 692,150.00
Total Project				**$ 8,966,875.00**

Option 1B Comments

Advantages:
1) All new facility
2) Room for expansion
3) No off-site impovements needed.
4) New building can accommodate "essential and urgent" uses as defined by Police Chief.

Disadvantages:
1) higher construction cost.

Operational Costs:

Current costs per square foot = $81,170 or $15/SF
Proposed costs per square foot = 13,900 SF x $15/SF = $208,500. Difference = **$127,330**

Plus additional 1/2 janitorial/bldg maintenance personnel = **$56,575** Total Annual Addn

Operational Costs = **$183,905**

Depreciation: (30 yr/3%) addn cost = **$189,180**

City of Homer
www.cityofhomer-ak.gov

Office of the City Manager
491 East Pioneer Avenue
Homer, Alaska 99603
citymanager@cityofhomer-ak.gov
(p) 907-235-8121 x2222
(f) 907-235-3148

Memorandum

TO: Police Station Building Task Force

FROM: Katie Koester, City Manager

DATE: May 18, 2017

SUBJECT: RESPONSE TO QUESTIONS FROM MAY 16, 2017 MEETING

The purpose of this memo is to respond to questions the Task Force had for Administration at their May 16 meeting.

1) Who holds the bonds that the Alaska Bond Bank sells on behalf of municipalities?

Alaska Municipal Bond Bank Authority (AMBBA) is a public corporation established to aid authorized Alaskan borrowers in financing capital improvement projects such as schools, water and sewer systems, public buildings, harbors, and docks.
AMBBA generates funding by selling bonds on the national market, and using the proceeds to purchase bonds from authorized borrowers within the State.
The bond bank is able to reduce costs to borrowers by taking advantage of the excellent credit rating of the State of Alaska and bundling many smaller bonds as part of one bond issuance. Purchasers of the bonds include bond mutual funds, institutional investors, insurance companies, and private individual investors. In 2016 when I contacted the AMBBA about a potential bond sale, rates ranged from 3.5% to 3.85% for a 30-year loan. Keep in mind interest rates have increased since then and the actual interest rate the City of Homer would be charged would not be locked in until issuance of the bond.

2) The Task Force saw a proposal from Cornerstone for a lease purchase option. What other forms could a Public-Private Partnership look like? What are some advantages of that option?

The lease option proposal from Cornerstone is not in the best interest of the City. Cornerstone would essentially be making 12% off the City. Furthermore, their proposal does not include maintenance of the building beyond items under warranty. In my mind, this would be one of the most significant advantages of a leased facility.

Former Public Safety Building Committee Chair, Ken Castner, who has extensive experience in both construction and financial markets, was gracious enough to spend some time talking with me about the myriad of Public-Private Partnership options available. It is a complicated topic that requires outside the box thinking, creativity, and time to put deals together.

A potential partnership could range from just financing - organizing private local investors to invest in the project - to leasing a privately owned facility along with an operational company or component to be in charge of maintenance and operations of the facility.
Each one of these options is non-standard (for the City of Homer, but more common in larger markets with infrastructure projects) and has many pros, cons and possibilities. A private firm is able to take advantage of depreciation and tax deductions that the City of Homer cannot. On the other hand, the City of Homer is able to sell tax-exempt bonds as a public entity. However, it cannot be assumed that a private builder would not have to pay prevailing wages. The Department of Labor has established a test for determining prevailing wage requirements and even with private ownership of the facility, the project could meet a number of items on the list that trigger Davis-Bacon wages.

If the Task Force and the Council decide to pursue a Public-Private Partnership, the city would need to hire a firm with experience in putting together financial partnerships to help develop a Request for Proposal and negotiate an agreement.
In Mr. Castner's opinion, the going rate for such a partnership should be no more than 5%. The table below reflects a few different interest rate scenarios for the Task Force. Please keep in mind, the interest rates and variables used to calculate potential payments are for conceptual purposes only at this point.

Amount Borrowed	**Term**	**Interest Rate**	**Annual Payment**
$6M	30 years	3.5%	$367,500
$6M	30 years	3.85%	$383,676
$6M	30 years	5.0%	$439,332
$9M	30 years	3.5%	$551,244
$9M	30 years	3.85%	$575,508
$9M	30 years	5.0%	$659,004

3) What is the long-term impact of operations and maintenance of the facility to the operating budget of the City of Homer, including increase in personnel? (Resolution 16-128(S)(A) line 48 "-impact to the operating budget of ongoing maintenance costs")

Public Works Director Meyer has included estimates in his spreadsheet for each option the Task Force is considering that range from $108,075-$183,905 with a half time position in building maintenance/janitorial.

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(f) 907-235-3143

Memorandum

TO: POLICE STATION BUILDING TASK FORCE

FROM: RENEE KRAUSE, CMC, DEPUTY CITY CLERK I

DATE: MAY 11, 2017

SUBJECT: Draft Recommendation to Council

This item is on the agenda for the Task Force to start work drafting their recommendations to City Council.
Recommendations are to be made in the form of a motion and will be forwarded to Council by the Clerk's Office in the packet. The city Manager will be copied on the memorandum also.

Motions required will be needed for the following:
1. Method of constructing the project such as phased construction, remodel or renovating and new construction
2. Site selection
3. Public Private Partnerships (P3)
4. Funding Mechanism for repayment and the additional costs to the budget for a larger facility

Copies of the minutes of the Task Force will also be provided as backup to support the recommendations made by the Task Force and to display the processes the Task Force employed to reach their recommendations to City Council.

If it is determined that the Task Force would like to request an extension to perform their due diligence on the project then a motion will be needed.

Recommendation
Motion that the Police Station Building Task Force recommends construction be accomplished by _________method and that it be no larger than _________square feet and further recommends the ________site and the following funding mechanisms be used_____________________________.

Move to request City Council extend the due date for recommendations on the Police Station Building Project to allow the Task Force to complete its due diligence no later than June 20, 2017 for the June 26, 2017 City Council meeting.

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Office of the City Clerk
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Memorandum 17-XXX

TO: MAYOR ZAK AND CITY COUNCIL

FROM: POLICE STATION BUILDING TASK FORCE

THRU: RENEE KRAUSE, CMC, DEPUTY CITY CLERK I

DATE: MAY 23, 2017

SUBJECT: RECOMMENDATIONS FOR THE POLICE STATION PROJECT

Through Resolution 16-128(S)(A) the City Council established the Police Station Building Task Force to build on the extensive work completed by the Public Safety Building Review Committee to assist the city to move forward on a separate Police Station Building Project.

The Task Force was directed to analyze and report back to Council on the following:

- Two Proposed Not To Exceed Budgets - $6 Million and $9 Million
- Site Selection
- Possibility of Public Private Partnerships
- The feasibility of remodeling the Homer Educational Recreation Center (HERC)
- Impact of Operations & Maintenance costs of the new facility to the Annual Operating Budget
- Funding mechanism and repayment method that also covers the additional Capital and Operational Expenses

Recommendation on Budget:

Recommendation on Site Selection:

Recommendation on Public Private Partnerships:

Recommendation on the Feasibility of Remodeling the HERC:

Recommendation on Operations & Maintenance Costs on the Annual Operating Budget:

Recommendation on the Funding Mechanism and Repayment Method to Cover Capital & Operational Expenses:

Following are the minutes of the meetings regarding the discussion and recommendations by the Task Force: