

Meeting Date: 08/11/2014

Submitted For: Patrick Brama, Administrative Services

By: Patrick Brama, Administrative Services

Information

Title

Authorize Contract for Professional Architectural Services and Adopt Reimbursement Resolution #14-08-156 for Fire Station #2 Project #14-30

Purpose/Background:

PURPOSE

The purpose of this case is to (1) formally authorize a contract for professional services with BKV Group to Provide Architectural Services for the new Fire Station #2, (2) authorize completion of final design and bid documents by BKV Group, and (3) adopt the attached reimbursement resolution for Fire Station #2 project costs.

BACKGROUND (General):

The City of Ramsey's Fire Department currently operates Fire Station #2 from the City's "Old Municipal Center" site. The existing location of Fire Station #2 has been identified as a non-feasible/ineffective long term solution for Fire Station #2; and the City's overall fire protection/public safety needs. As a result, beginning in 2006, the City shifted attention to the property located at 5650 Alpine Drive to become the long-term home for Fire Station #2. Listed below is a detailed outline of the process previously undergone and projected for a new Fire Station #2.

BACKGROUND (Process):

1. Space Needs Analysis - August 2006

The purpose of this step was to answer a number of questions regarding the existing Fire Station #2 site; and to identify Fire Department space needs. For example, does the existing old municipal center site work for Fire Station #2? Can we renovate the old municipal center building? Should we demolish and rebuild a new fire station? Attached is a Fire Station #2 Feasibility Report and Space Needs Analysis for the old municipal center site (existing location of Fire Station #2). This work was completed by BKV Group. In 2006, it was determined, utilizing the existing municipal center site was not a feasible or practical long term solution. At that time, a new Fire Station #2 site was identified and proposed--5650 Alpine Drive NW (just northeast of the old municipal center site).

2. Surplus City Owned Property--Summer 2012

In 2012, the City Council identified the old municipal center site surplus City owned property; and provided Staff with direction to identify opportunities to return this property back to the private sector. As part of that discussion, the current location of Fire Station #2 was identified as a factor in the future development of the old municipal center site. In order to allow for future development of the old municipal center site, a new location for Fire Station #2 would need to be planned/prepared in order to effectively react to future development. NOTE: the process to develop site plans, architectural plans, bid documents, award a bid, and attain government approvals for a new Fire Station #2 could span several months to a year.

RECENT UPDATE: In June of 2014, the City Council provided Staff with direction to market the old municipal center site for a single family residential development. Staff is bringing forward a case to list the old municipal center site on August 11 with CBRE, the City's preferred real estate broker.

3. Preliminary Design Stage--November 2013 (\$19,000)

The purpose of this stage is to develop schematic designs of what Fire Station #2 could look like (often referred to as preliminary design). The outcome of this stage is preliminary architectural designs and preliminary site plan

documents. Additionally, a preliminary project budget is developed. This work was authorized by the Council on November 26, 2013. Attached are results developed by BKV Group. Construction costs were estimated at \$3,230,000 and soft costs are estimated at \$509,500 (\$3,739,500 sub total). If the City bonded for this project, the total bond issue would be estimated just above \$4M (total estimated project costs).

4. Final Design & Specifications--August 2014 (\$128,000)

The purpose of this stage is to develop final site plans, architectural plans, civil plans, landscaping plans, electric/mechanical plans, construction specifications and bid documents. By completing this step, the City would be in position to move forward with constructing Fire Station #2 in a quick and effective manner. Value exists in completing this step now, rather waiting for a development proposal/purchase agreement to be presented to the City Council for the old municipal center site (timing purposes). This work does have a shelf life of approximately five years. This work will need to be completed in order to construct a new Fire Station #2. Unless the Council was not interested in pursuing a new Fire Station #2 in the next 1-5 years altogether, Staff would recommend this step be completed. The purpose of this case is to authorize this step to be completed by BKV Group. Please see staff recommendation for details.

5. Bidding & Bid Award (\$9,000)

The purpose of this stage is to bid and potentially award the proposed construction project to a general contractor. Staff would recommend the City Council have a detailed/formal policy discussion regarding this project before this step is completed. This would entail a detailed review of the project budget and the proposed funding source (bonding). The outcome of said discussion would be consensus support for construction of a new Fire Station #2, or not. Bidding and bid award could be completed this fall/winter (which would allow spring construction and occupancy in the fall of 2015) or it could be done at a later date (for example, when a purchase agreement is signed for the old municipal center site).

6. Construction Administration (\$34,000)

Upon awarding a bid to a general contractor, BKV Group will administer the construction process in conjunction with a general contractor. This stage of the process is execution/construction.

FIRE STATION #1 VS. FIRE STATION #2

At the July 22 Council worksession meeting, Staff was asked to provide a comparison of Fire Station #1 and the proposed Fire Station #2. Attached to this case is a comparison overview. Fire Chief Kapler, Police Chief Way and BKV Group President Schwartzmen will be available to provide details.

Notification:

NA

Observations/Alternatives:

ALTERNATIVES

1. Approve the proposed contract for architectural services and authorize final design.

Please see "Staff Recommendation" section of this case for a details.

2. Don't approve the proposed contract for architectural services and don't authorize final design.

The Council does have the ability to withdraw/delay/amend the proposed project. If the Council wished to significantly amend the proposed process, such action could delay the proposed project to be completed from 2015 to 2016. If a major amendment was suggested, or additional information was needed before moving forward, Staff would recommend this case be brought back for a detailed discussion. Below are potential alternatives:

- Don't move forward with relocating Fire Station #2 altogether
- Wait to complete final design until a later date
- Complete a formal RFP for architectural services
- Consider a new design or location for Fire Station #2
- Request additional information/research

Funding Source:

Funding Source:

Short Term: Facilities Fund (\$182,993 projected balance at year end).

Long Term: This work will be refunded via a reimbursement resolution and wrapped up within bonding for the entire project. A reimbursement resolution for this project is attached to this case.

What about the bigger financial picture?

Considering the bigger picture, the proposed project will have a TOTAL price tag of about \$4M (including all soft costs). Staff estimates the annual debt service to be about \$284,000 for 20 years. As previously discussed with the Council, debt service for Fire Station #1 will be retired after 2016. The City pays about \$140,000 annually for debt service on Fire Station #1. Therefore, if Fire Station #2 was constructed, and Fire Station #1 was paid off, the NET increased annual cost to the City would be about \$144,000. Below are other factors to consider:

- If Fire Station #2 is constructed in 2015, debt service would begin in 2016 (which would overlap with the last year of debt service payments for Fire Station #1). As a result, if this scenario played out, Staff would recommend capitalizing interest in 2016, and beginning bond payments in 2016 for Fire Station #2. Attached is an example \$4M bond run with capitalized interest in year one; and projected capital outlays for the next three years.
- One major unknown is the sale and development of the old municipal center site. Previously, Staff has received direction from the Council to pledge proceeds from the sale of the old municipal center site to Fire Station #2. Staff would estimate the 'Asking Price' for the old municipal center site to be near \$820,000.
- The process to construct a new Fire Station #2 and demolish/clean-up the existing old municipal center site could take well over one year. Marketing the old municipal center site *AS-IS* will make a land sale transaction complicated/less attractive to a developer and will yield a lower than market sale price--due to uncertainties (i.e. Who pays for demolition and site clean-up costs? Is a 'subsidy' required? What happens with the identified environmental concerns? Will a purchase agreement become overly complicated with deadlines/requirements? etc.). The City may want to consider administering the demolition of existing buildings and site clean up. Staff intends to discuss this topic in detail with the City Council either at the completion of final design by BKV Group or within the next two months.

Recommendation:

STAFF RECOMMENDATION (BACKGROUND):

What is the general recommendation?

The City has completed the first three steps of the process identified in the "Purpose/Background" section of this case. The general purpose of this case is to consider step 4--authorize final design. Staff's recommendation is to authorize BKV Group to complete said work.

Why BKV Group?

BKV Group is very familiar with this project and the City of Ramsey. BKV Group provided design services in step 1 and 3 of this process. Additionally, BKV Group has worked with the City in the past (new Ramsey Municipal Center). In summary, Staff believes BKV Group has provided quality service to-date. BKV submitted a proposal to the City of Ramsey for steps 4, 5 and 6 of the process outlined in the "Purpose/Background" section of this case; below are highlights; attached is a detailed proposal.

- Price: \$171,000 total cost. Step 4 \$128,000 (this step), Step 5 \$9,000, Step 6 \$34,000.
- BKV Group did discount their original proposal by \$19,000 to compensate for work previously completed.
- Due to BKV Groups' familiarity with this project, they reduced the proposal price to just below 6% of construction costs (which is competitive by industry standards).

Did Staff check with competitors?

Staff did not conduct a formal RFP process for this project for the following reasons:

- BKV Group has effectively provided professional services for steps 1 and 3 of this process; and is familiar with this project.

- BKV Group discounted their price to compensate for previous work; and has dropped their total asking price due to their familiarity with the project (just below 6%).
- A formal RFP process is not required in this situation (by Statute). A formal RFP process is a lengthy and staff intensive process. Staff did receive rough proposals from two other firms:
 - Tushie & Momntomery: 5.75%, \$185,725
 - Kodet Architectural: 5.85%, \$188,955
 - BKV Group: \$171,00

STAFF RECOMMENDATION:

(1) Authorize contract for professional architectural services with BKV Group for Fire Station 2; contingent upon review and amendments from the City Attorney.

This will provide a working contract with an architect (BKV Group) for the proposed Fire Station #2 project. The City may terminate said contract at anytime. If terminated, the City would be obligated to pay for completed work only.

-and-

(2) Authorize BKV Group to complete final design and bid documents (\$128,000 cost).

This will provide direction for BKV Group to complete final design and bid documents (final site plans, architectural plans, civil plans, landscaping plans, electric/mechanical plans, construction specifications and bid documents).

By completing this step, the City would be in position to move forward with constructing Fire Station #2 in an a quick and effective manner. Value exists in completing this step now, rather waiting for a development proposal/purchase agreement to be presented to the City Council (for timing purposes). This work does have a shelf life of five years. This work will need to be completed in order to construct a new Fire Station #2. Unless the Council was not interested in pursuing a new Fire Station #2 in the next 1-5 years altogether, Staff would recommend this step be completed.

Upon completion of this step, the City Council will have an opportunity to review final plans and specs; final estimated project budget; final proposed funding mechanisms; proposed action-plan for the old municipal center site; and proposed impact to the City's budget. After review of the items mentioned, Staff will ask for direction from the City Council on whether or not to move forward with the proposed project (and if so, when).

-and-

(3) Approve the attached Reimbursement Resolution 14-08-156 for Fire Station #2 design and construction costs.

Adopting a reimbursement resolution will provide a mechanism to pay-back the City's "Facilities Fund" with future bonds. This will allow the City to wrap all costs associated with the proposed project into a single funding mechanism. This resolution does NOT obligate the City to pay for the proposed design costs with bonds (or any other portion of the proposed project). This resolution simply ALLOWS the City to reimburse itself--should the Council decide to, at a later date.

NOTE: The approvals proposed by Staff do NOT obligate the City to construct a new Fire Station #2.

Action:

Authorize contract for professional architectural services with BKV Group for Fire Station 2; contingent upon review and amendments from the City Attorney.

-and-

Authorize BKV Group to complete final design and bid documents.

-and-

Approve the attached Reimbursement Resolution 14-08-156 for Fire Station #2 design and construction costs.

Attachments

Professional Services Contract (purpose of case)

Reimbursement Resolution (purpose of case)

Ref Map 5650 Alpine

Preliminary Site Plan

Comparison Overview

BKV Group Proposal

BKV Group Preliminary Budget

Mock Bond Run

Debt Scenarios

10082013 CCWS Case

10082013 CCWS Minutes

11262013 CCRS Consent Case

Form Review

| Inbox | Reviewed By | Date |
|---------------------------------|--------------------|---------------------------------|
| Bruce Westby | Bruce Westby | 08/07/2014 07:49 AM |
| Diana Lund | Diana Lund | 08/07/2014 07:53 AM |
| Dean Kapler | Jo Thieling | 08/07/2014 08:51 AM |
| Patrick Brama | Patrick Brama | 08/07/2014 01:16 PM |
| Dean Kapler | Dean Kapler | 08/07/2014 01:29 PM |
| Kurt Ulrich | Kurt Ulrich | 08/07/2014 05:12 PM |
| Form Started By: Patrick Brama | | Started On: 07/31/2014 04:18 PM |
| Final Approval Date: 08/07/2014 | | |