

REQUEST FOR COUNCIL ACTION

Date: September 12, 2011
Item No.: 12 . a

Department Approval

City Manager Approval

Timothy O'Neill

W. J. Mahinen

Item Description: Consider Funding Options for New Fire Station Project

BACKGROUND

On March 21, 2011 the Fire Department Building Facility Needs Committee presented the following recommendations to the City Council regarding direction for future fire stations.

After an extensive evaluation of fire department operations, services offered, current building conditions and shortcomings, station locations, and future shared services the committee made a recommendation that the fire department move to a single new fire station on the grounds of the current Fire Station #1 at 2701 Lexington Ave. This recommendation would consolidate the departments' current three station out-dated model into a centrally located station that would better serve the community both today and into the future.

The Fire Department currently has been approved to award contract for construction management services, and is in the process of evaluating requests for proposals for architectural services. As the new fire station project continues to advance we believe this would be an appropriate time to discuss funding options for the project.

The Fire Department would like for City Council to consider using "Capital Improvement Bonds" as the funding mechanism for the new fire station. Minnesota Statue 475.521 allows for municipalities the use of "Capital Improvement Bonds" for betterment of public safety facilities with the expected useful life of five years or more.

At this time the Fire Department does not have an exact amount for the fire station project but are estimating the cost to be between \$7,000,000 and \$8,000,000. For sake of budgeting purposes we will use \$8,000,000 as our bonding amount.

Using a bonding amount of \$8,000,000 and bond interest rate of 4.25% over 15 years the annual debt service amount would be \$732,163 or about \$36 dollar annual impact on the median value Roseville home.

32 **FINANCIAL IMPACTS**

33 In the history of the Fire Department there has never been a need to use bonding or tax levy to
34 support the building of a fire station. Fire station #1, originally utilized as a car dealership was
35 remodeled using Federal grant funds. Fire station #2 was constructed using funds generated by
36 selling one of the Cities municipal liquor stores. Fire Station #3 was again constructed using
37 federal grant funds.

38 Therefore this will be the first time in the 67 year history of the Fire Department that the
39 community will be impacted by the building of a new fire station.

40 **STAFF RECOMMENDATION**

41 After extensive review of fire station options, conditions of existing stations, and committee
42 dialogue the Fire Department recommends the City Council authorize the City/Fire Department
43 to begin the process of issuing “Capital Improvement Bonds” for the purpose of building a new
44 fire station.

45 **REQUESTED COUNCIL ACTION**

46 Motion to authorize the City/Fire Department to begin the process of issuing “Capital
47 Improvement Bonds” for the purpose of building a new fire station.
48 Direct staff to set a public hearing and public notice in accordance with requirements pertaining
49 to the issuance of “Capital Improvement Bonds”.
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52 **Prepared by: Timothy O’Neill, Fire Chief**