

AGENDA ITEM #7.

CITY COUNCIL COMMUNICATION FORM

FROM: Kim Weber, Finance Director
THROUGH: Gary Suiter, City Manager
DATE: January 23, 2018
ITEM: Ordinance: First Supplemental Budget Appropriation of 2018 – Combined Law Enforcement Facility – first reading.

DIRECTION
 INFORMATION
 ORDINANCE
 MOTION
 RESOLUTION

I. REQUEST/ISSUE & BACKGROUND INFORMATION:

The City of Steamboat Springs and Routt County are currently working together to construct a Combined Law Enforcement Facility (CLEF). Although the location and the specific project has been adjusted over time, funds for a police station/law enforcement facility have been budgeted in the City's budget for several years.

This supplemental budget appropriation is to identify revenue and appropriate expenditures with the information we currently have. It is important to point out that this budget supplemental is based on an estimate that is about 10 months old; however staff felt it was important to bring a substantially correct appropriation to City Council early in the year for approval. We anticipate getting an updated cost estimate from the general contractor prior to second reading of this Ordinance and if in fact staff receives an updated cost estimate, we will adjust the budget appropriation in order to accurately reflect changes. Based on project changes that the CLEF committee have discussed and tentatively approved, it is expected that the revised cost estimate will be higher and it will be necessary to appropriate additional funds in order to move forward with the

project.

The City has applied for \$1M grant funding from the State of Colorado Department of Local Affairs in which the County is a co-applicant. If awarded, the City will be the beneficiary of 60% of the funds and the County will be the beneficiary of 40% of the funds. The grant presentation is scheduled for March and we should know the decision about three weeks following the presentation. If we are awarded the grant, you will see an additional supplemental budget request to recognize the grant revenue and additional corresponding expenditures.

Although this estimate is a substantially comprehensive estimate, there are additional costs that will need to be considered for appropriation such as additional I.T. costs that are specific to the City. There is a current I.T. analysis being done and the amount of the budget request for I.T. is not yet known, but it is expected that it will be greater than \$100,000.

In 2017, City Council directed staff to move forward with the issuance of Certificates of Participation in the amount of \$6M in project funds with the leased assets being the Community Center and Centennial Hall. The issuance costs will be included in the proceeds and the recognition of those proceeds and the expenditures will come to City Council under a separate budget supplemental. The current timeline for this transaction includes a closing date at the end of March. The estimated principal and interest payments for 2018 are included in the 2018 approved budget.

It is proposed in the IGA that the City be the Fiscal Agent for this project; therefore if agreed upon, the City will need to recognize the County's payment to the project and appropriate the related expenditures. That will also come as a separate supplemental budget appropriation. The budget appropriation being presented to you tonight is for only the City's portion of the project.

II. **ALTERNATIVES:**

Option 1. Approve supplemental budget appropriation as presented in order for the CLEF to move forward.

Pros:

- Enable staff to continue with CLEF project

Cons:

- Use of over \$4M in capital fund reserves
- Using a 10-month old estimate to create the budget supplemental

Option 2. Only approve \$700,000 to keep the project moving and direct staff to return with a revised supplemental when general contractor provides revised costs.

Pros:

- Keeps the project moving forward without the full budget supplemental
- Allows execution of contracts with the construction manager/general contractor and architect

Cons:

- Could appear that there isn't complete commitment on behalf of City Council to the project

Option 3. Not approve budget supplemental.

Pros:

- Doesn't commit City to the project and saves reserves

Cons:

- Could appear that there isn't complete commitment on behalf of City Council to the project
- City has currently entered into contracts for this project
- Would preclude City from entering into contracts with the construction manager/general contractor and architect

III. STAFF RECOMMENDATION:

Staff recommends Option 1 with the understanding that there will be additional supplemental budget requests brought to City Council, but this is the substantial portion.

IV. FISCAL IMPACTS:

Revenues:

Certificates of Participation – Project Funds	<u>\$6,000,000</u>
Capital Projects Fund Revenue total	6,000,000

Use of Reserves:

Capital Fund Reserves	<u>4,117,335</u>
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Total Revenue **\$10,117,335**

Expenditures:

Combined Law Enforcement Facility – City portion of March 2017 Estimate:

Design & Consulting	\$ 771,258
Planning Fees	69,032
Utility & Development Costs	56,192
Insurance	107,517
Building Systems Infrastructure/Owner Misc.	164,310
Furniture/Fixtures & Equipment	140,887
Permits, Fees, & Bonds	72,935
Construction Costs	8,839,663
Land Purchase	<u>951,870</u>
Total ORIGINAL estimate	\$11,173,664
Less 2017 City expenses related to the estimate	(456,329)
Less grant related expenditures (will appropriate if awarded)	<u>(600,000)</u>
Total Expenditures	<u>\$10,117,335</u>

Note: These costs are based on an estimate that has increased. When new estimates are provided, staff will bring back an additional supplemental budget appropriation.

V. LEGAL ISSUES:

Supplemental Appropriations allowed per section 9.10 of the Home Rule Charter.

State law prohibits the City from entering into design and construction contracts without a budget appropriation.

VI. CONFLICTS OR ENVIRONMENTAL ISSUES:

None Noted.

VII. APPLICABLE GOALS & POLICIES:

City of Steamboat Springs Financial Policies
City Council Goal – Continue to develop plans and funding for a new law enforcement facility

CITY OF STEAMBOAT SPRINGS, COLORADO

ORDINANCE NO. _____

**FIRST SUPPLEMENTAL BUDGET APPROPRIATION
ORDINANCE OF 2018 – COMBINED LAW ENFORCEMENT
FACILITY.**

WHEREAS, there are expenditures related to the construction of a Combined Law Enforcement Facility (CLEF) that need to be appropriated, and

WHEREAS, a portion of the CLEF will be funded with Certificates of Participation issued by the City of Steamboat Springs, and

WHEREAS, this appropriation is the estimated City portion of expenditures based on an agreed upon cost allocation between the City and Routt County, and

WHEREAS, this appropriation is derived from an original estimate that will be revised, and

WHEREAS, the City Council believes that such appropriation is important to the economic health and welfare of the community.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STEAMBOAT SPRINGS, COLORADO:

The Steamboat Springs Revised Municipal Code shall be amended as follows:

Section 1. Supplemental Appropriation. That pursuant to Section 9.10 (a) of the City of Steamboat Springs Home Rule Charter, the City Council hereby appropriates the following sums of money or that portion necessary for the purposes herein named:

Capital Project Fund	<u>\$ 10,117,335</u>
Total Expenditures to be appropriated	<u>\$ 10,117,335</u>

Section 2. All ordinances heretofore passed and adopted by the City Council of the City of Steamboat Springs, Colorado, are hereby repealed to the extent that said ordinances, or parts thereof, are in conflict herewith.

Section 3. If any section, subsection, clause, phrase or provision of this Ordinance, or the application thereof, to any person or circumstance, shall to any extent, be held by a court of competent jurisdiction to be invalid, void or unconstitutional, the remaining sections, subsections, clauses, phrases and

provisions of this Ordinance, or the application thereof to any person or circumstance, shall remain in full force and shall in no way be affected, impaired or invalidated.

Section 4. The City Council hereby finds, determines and declares that this Ordinance is necessary for the immediate preservation of the public peace, health and safety.

Section 5. This Ordinance shall take effect immediately upon the expiration of five (5) days from and after its publication following final passage, as provided in Section 7.6(h) of the Steamboat Springs Home Rule Charter.

INTRODUCED, READ AND ORDERED PUBLISHED, as provided by law, by the City Council of the City of Steamboat Springs, at its regular meeting held on the 23rd day of January 2018.

Jason Lacy, President
Steamboat Springs City Council

ATTEST:

Julie Franklin, CMC
City Clerk

FINALLY READ, PASSED AND APPROVED this _____ day of _____, 2018.

Jason Lacy, President
Steamboat Springs City Council

ATTEST:

Julie Franklin, CMC
City Clerk