



City of Homer

www.cityofhomer-ak.gov

Administration

491 East Pioneer Avenue
Homer, Alaska 99603

(p) 907-235-8121 x2222

(f) 907-235-3148

Memorandum

TO: Homer City Council and Mayor Bryan Zak
FROM: Katie Koester, City Manager
DATE: February 21, 2018
SUBJECT: New Police Station Worksession

The purpose of this memo is to organize the relevant documents for the February 26th worksession on the Police Station. This worksession follows up on the successes of last month's extended worksession to reach consensus on two remaining items which would allow forward movement on the Police Station project.

1. Method for Moving Ahead with Design and Construction
2. How to Pay For It

Please review the information in the packet and begin to think about the italicized questions presented in the table of contents on the next page.

Given the time limitations of this worksession, if more work is needed to come to consensus on the second topic, a future worksession can be scheduled for March 26th.

Following the direction Council provided in Resolution 18-013, Carey Meyer and Chief Robl have been working with Stantec to produce a 10% concept design of a \$7.5 million or less facility for the Heath Street and Grubstake location. It is included in the packet for informational purposes.

2/26/2018 Police Station Worksession Table of Contents

Reference Documents

1. Goals of the Worksession

Per Resolution 18-013(A), the goal for this worksession is to gain City Council consensus on how to move forward with final design and construction and how to pay for the new police station.

Page 3-4

2. Moving Forward with Design and Construction

- Benefit and Risks of a General Contractor / Construction Management Project Delivery Method
- Possible Schedules for Police Station Construction Depending on Project Delivery Method
- RFP Scoring Form from Public Safety Building Project

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Taking timeline and the risks/benefits of different project delivery methods into account, is it in the City's best interest to maintain the current design-build contract, re-bid for new design-build contract proposals, or separate design and construction bidding.

3. How to Pay For It

- Revenue Options for Police Station
- Interest Rate Scenarios for Police Station Funding

Page 10-11

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Can we come to consensus on a funding mechanism?

Informational Item

1. 10% Concept Design for \$7.5 million Police Station

Page 13-17

- 39 a. Partial or full daylight basement to allow at least for heated vehicle evidence
- 40 processing and evidence storage space;
- 41 b. Sally port;
- 42

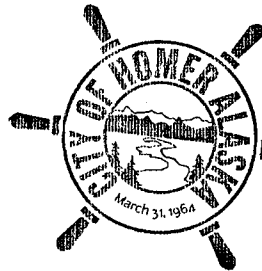
43 Additional spaces, in order of priority as budget allows:

- 44
- 45 c. Additional cell for female prisoners;
- 46 d. Heated police vehicle garage;
- 47 e. Square footage for emergency operations center; and
- 48

49 BE IT FURTHER RESOLVED that the City Council of Homer Alaska will seek further consensus
50 on how to pay for the new police station and how to move forward with final design and
51 construction at the next regularly scheduled worksession, 4:00 pm February 26, 2018.
52

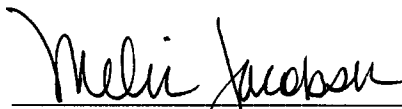
53 PASSED AND ADOPTED by the Homer City Council on this 12 day of February, 2018.
54

55 CITY OF HOMER



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57
58
59 DONNA ADERHOLD, MAYOR PRO TEMPORE

60
61 ATTEST:

62 
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64 MELISSA JACOBSEN, MMC, CITY CLERK

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66
67 Fiscal Note: Police Station Building Project Account #0156-0376 - \$4,000 (Ordinance 17-12)



City of Homer

www.cityofhomer-ak.gov

Public Works

3575 Heath Street
Homer, AK 99603

publicworks@cityofhomer-ak.gov

(p) 907-235-3170

(f) 907-235-3145

Memorandum

TO: Katie Koester, City Manager

FROM: Carey S. Meyer, Public Works Director

DATE: February 20, 2018

SUBJECT: **Design/Construction Delivery Method
New Police Station**

Attached is a brief discussion of the benefits/risks associated with a General Contractor/Construction Management (GC/CM) delivery method versus the traditional Design/Bid/Construct method. These benefits and risks were taken from documents prepared by the City of Seattle, Washington, based on their experience. Also attached is a schedule that highlights how each method might affect the construction of the new police station.

The City of Homer is currently under a GC/CM type contract with Cornerstone/Stantec. This team/delivery system was used to complete the preliminary design of the Public Safety Building, the conceptual design of the Police Station, and the recently completed Fire Hall Rehabilitation Improvements project. This contract can be terminated with seven days' notice at owner's convenience.

The relationship the City of Homer has developed with Cornerstone/Stantec is the direct result of the decision of the City Council that a GC/CM delivery system was beneficial to the City for the reasons stated in the attached benefits/risks explanation and discussion.

Benefits/Risks Associated with a General Contractor/Construction Management (GC/CM) Delivery Method

The GC/CM project delivery method is intended to create a more collaborative relationship between the Owner and the General Contractor that is not found in a “traditional design/bid/build” delivery method.

This method of delivery has become common in recent years, and is utilized by federal, state and local agencies to produce designs and construct projects more quickly and with better budget control than the more traditional delivery method.

Benefits for using the GC/CM process include:

- 1) Early involvement of the general contractor, which allows:
 - Better budget control
 - Constructability reviews
 - Value engineering
 - Team approach -
 - Fewer change orders -Time savings

The Contractor is involved in the project from the inception and cannot resort to adversarial change order demands that can result within a competitively bid delivery method. In a GC/CM project, the Contractor can't say during construction “I didn't know you wanted that” or “I wasn't aware of that”.

- 2) Balances and mitigates risk between owner, designer and contractor. The GC/CM team has every incentive to reduce risks during design, find solutions to problems within the established budget, without the threat of litigation.
- 3) Can increase the use of local subcontractors by making it a requirement of the contract. In a competitively bid project, the City has limited control over the use of subcontractors and has little control over who the superintendent will be.
- 4) Can potentially save money by allowing a chance to change design and scope, and to select materials and approaches that are cost effective to meet project budget before Maximum Allowable Construction Cost (MACC) is negotiated.

Risks include:

- 1) GC/CM is difficult and complex, particularly for City staff without past GC/CM experience.

- 2) A project team with less experience is the greatest risk in project success, and one of the most common reasons for failure. There can be a significant learning curve for Owner and staff.
- 3) Negotiating a MACC requires experienced staff.
- 4) An owner may see increased cost for the work that is self- performed by GC/CM because there is a lack of competition, although this can be mitigated by the owner reviewing and approving the GC/CM subcontract package plan that will be developed during pre-construction.

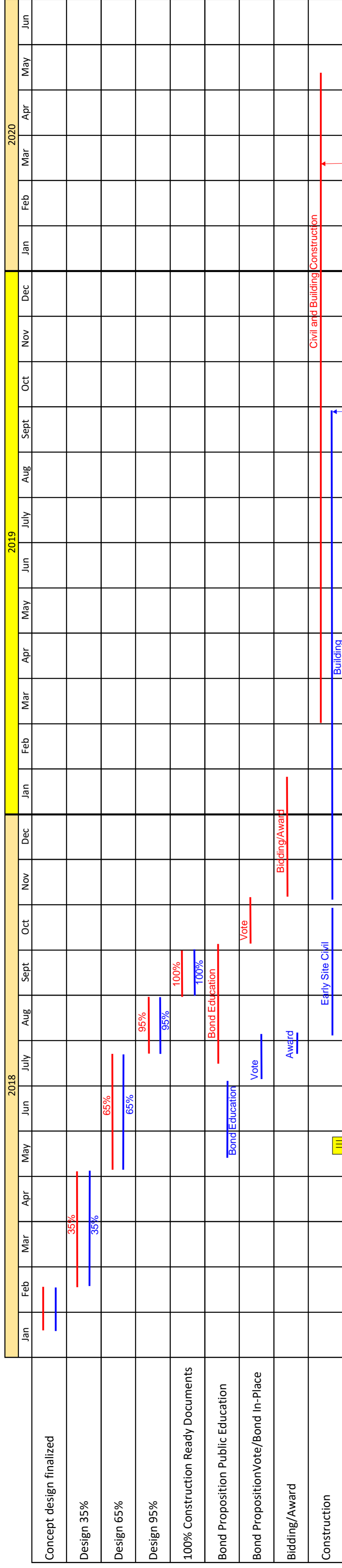
Building costs being negotiated can be independently evaluated or confirmed by experienced third party individuals or firms during construction review to assure that they are reasonable and appropriate, but this adds a cost to the project.

Discussion – City of Homer Experience with the GC/CM delivery model with the Fire Station Improvement Project

City staff has completed several projects utilizing the GC/CM delivery method. One example is the Fire Hall. The collaborative relationship developed in a GC/CM environment produced a project under budget, with almost no change orders. The Fire Hall Renovation project had a budget of \$850,000; the actual project cost was \$764,252.57. All work was completed by local sub-contractors (a requirement of our contract); even the construction superintendent was local. The end user was very satisfied with the quality of work and the effective use of the budget.

Schedule - New Homer Police Station

January 2018



LEGEND

— possible schedule based on **traditional design/bid/construct** approach

— possible schedule based on **GC/CM** approach

RFP Scoring Form Public Safety Building Project

	#1	#2	#3	#4	#5	#6
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Blazy Construction
36130 Kenai Spur Hwy
Soldotna, Alaska 99669

	Score	Score	Score	Score	Score	Score	TOTALS	AVG	
1) Ability of Professional Personnel and Qualifications of the Firm	10 points	7	7	10	8	0	9	41	
2) Past Performance on GC/CM projects	4 points	1	3	4	9	0	3	20	
3) Past performance of the firm in completing similar projects	4 points	2	3	3	9	0	3	20	
4) Ability of the Firm to meet time and budget requirements	4 points	2	4	4	6	0	0	16	
5) Location	3 points	3	2	2	8	0	3	18	
6) Recent, Current and projected workload and capacity of the firm including financial stability	5 points	3	4	5	5	0	2.5	19.5	
7) Concept of the Proposal	5 points	4	4	5	5	0	2.5	20.5	
8) Accident Prevention Program	5 points	3	5	5	6	0	1	20	
9) Preconstruction services	5 points	3		5	7	0	3	18	
10) Quality Control	5 points	3	5	5	10	0	5	28	
		31	37	48	73	0	32	221	44.2

Dawson Construction, Inc.
405 32nd Street, Suite 110
Bellingham, WA 98225

	Score	Score	Score	Score	Score	Score	TOTALS	AVG	
1) Ability of Professional Personnel and Qualifications of the Firm	10 points	8	8	10	4	0	3	33	
2) Past Performance on GC/CM projects	4 points	5	3	4	8	0	3	23	
3) Past performance of the firm in completing similar projects	4 points	3	4	4	8	0	2	21	
4) Ability of the Firm to meet time and budget requirements	4 points	4	4	3	5	0	2	18	
5) Location	3 points	4	0	2	5	0	1.5	12.5	
6) Recent, Current and projected workload and capacity of the firm including financial stability	5 points	4	5	5	6	0	1	21	
7) Concept of the Proposal	5 points	4	3	4	8	0	3	22	
8) Accident Prevention Program	5 points	3	5	5	10	0	5	28	
9) Preconstruction services	5 points	4		5	9	0	4	22	
10) Quality Control	5 points	4	5	5	9	0	4	27	
		43	37	47	72	0	28.5	227.5	45.5

Steiner's North Star Construction, Inc.
P.O. Box 1708
Homer, AK 99603

	Score	Score	Score	Score	Score	Score	TOTALS	AVG	
1) Ability of Professional Personnel and Qualifications of the Firm	10 points	7	7	9	7	0	7	37	
2) Past Performance on GC/CM projects	4 points	3	3	3	3	0	1	13	
3) Past performance of the firm in completing similar projects	4 points	2	2	3	3	0	4	14	
4) Ability of the Firm to meet time and budget requirements	4 points	4	4	3	9	0	3	23	
5) Location	3 points	5	3	3	10	0	3	24	
6) Recent, Current and projected workload and capacity of the firm including financial stability	5 points	4	4	3	4	0	1	16	
7) Concept of the Proposal	5 points	4	5	3	10	0	5	27	
8) Accident Prevention Program	5 points	3	5	4	5	0	2.5	19.5	
9) Preconstruction services	5 points	4		5	5	0	2.5	16.5	
10) Quality Control	5 points	4	5	5	6	0	1	21	
		40	38	41	62	0	30	211	42.2

RFP Scoring Form Public Safety Building Project

	#1	#2	#3	#4	#5	#6
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Jay-Brant General Contractors, LLC
460 Grubstake Avenue
Homer, AK 99603

	Score	Score	Score	Score	Score	Score	totals	AVG	
1) Ability of Professional Personnel and Qualifications of the Firm	10 points	7	7	10	6	0	6	36	
2) Past Performance on GC/CM projects	4 points	4	3	3	7	0	2	19	
3) Past performance of the firm in completing similar projects	4 points	2	2	3	7	0	2	16	
4) Ability of the Firm to meet time and budget requirements	4 points	4	4	4	7	0	2	21	
5) Location	3 points	5	3	3	9	0	2	22	
6) Recent, Current and projected workload and capacity of the firm including financial stability	5 points	4	5	4	8	0	3	24	
7) Concept of the Proposal	5 points	4	5	4	4	0	3	20	
8) Accident Prevention Program	5 points	3	5	4	4	0	3	19	
9) Preconstruction services	5 points	4		5	4	0	3	16	
10) Quality Control	5 points	4	5	5	7	0	3	24	
		41	39	45	63	0	29	217	43.4

Cornerstone General Contractor
5050 Cordova Street
Anchorage, AK 99503

	Score	Score	Score	Score	Score	Score	totals	AVG	
1) Ability of Professional Personnel and Qualifications of the Firm	10 points	8	9	10	10	0	10	47	
2) Past Performance on GC/CM projects	4 points	5	5	4	6	0	3	23	
3) Past performance of the firm in completing similar projects	4 points	3	3	4	6	0	1.5	17.5	
4) Ability of the Firm to meet time and budget requirements	4 points	4	5	4	10	0	4	27	
5) Location	3 points	4	3	2	7	0	1.5	17.5	
6) Recent, Current and projected workload and capacity of the firm including financial stability	5 points	5	5	5	10	0	5	30	
7) Concept of the Proposal	5 points	4	5	5	6	0	3	23	
8) Accident Prevention Program	5 points	2	3	5	7	0	3	20	
9) Preconstruction services	5 points	4		5	8	0	2.5	19.5	
10) Quality Control	5 points	4	5	5	5	0	2.5	21.5	
		43	43	49	75	0	36	246	49.2

Watterson Construction Company
6500 Interstate Circle
Anchorage, AK 99518

	Score	Score	Score	Score	Score	Score	total	AVG	
1) Ability of Professional Personnel and Qualifications of the Firm	10 points	7	8	10	5	0	5	35	
2) Past Performance on GC/CM projects	4 points	4	4	4	10	0	4	26	
3) Past performance of the firm in completing similar projects	4 points	2	4	4	10	0	4	24	
4) Ability of the Firm to meet time and budget requirements	4 points	4	4	3	8	0	3	22	
5) Location	3 points	4	2	2	6	0	1	15	
6) Recent, Current and projected workload and capacity of the firm including financial stability	5 points	5	5	5	9	0	4	28	
7) Concept of the Proposal	5 points	4	5	5	7	0	3	24	
8) Accident Prevention Program	5 points	3	5	5	9	0	4	26	
9) Preconstruction services	5 points	4		5	10	0	5	24	
10) Quality Control	5 points	4	5	5	4	0	3	21	
		41	42	48	78	0	36	245	49

RFP Scoring Form Public Safety Building Project

	#1	#2	#3	#4	#5	#6
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UIC Construction, LLC
6700 Arctic Spur Road
Anchorage, AK 99518

	Score	Score	Score	Score	Score	Score	total	AVG	
1) Ability of Professional Personnel and Qualifications of the Firm	10 points	7	8	9	7	0	7	38	
2) Past Performance on GC/CM projects	4 points	3	4	3	4	0	3	17	
3) Past performance of the firm in completing similar projects	4 points	2	3	3	4	0	1	13	
4) Ability of the Firm to meet time and budget requirements	4 points	4	4	3	4	0	1	16	
5) Location	3 points	4	2	2	4	0	1	13	
6) Recent, Current and projected workload and capacity of the firm including financial stability	5 points	4	5	5	6	0	3	23	
7) Concept of the Proposal	5 points	5	4	4	9	0	4	26	
8) Accident Prevention Program	5 points	3	5	4	8	0	3	23	
9) Preconstruction services	5 points	4		4	6	0	3	17	
10) Quality Control	5 points	4	5	4	8	0	4	25	
		40	40	41	60	0	30	211	42.2

How to Pay for it - Options for Police Station

1/18/2018

REVENUE	ANNUAL EST VALUE	PRO	CON	BARRIER	HOW WOULD BECOME EFFECTIVE	NOTES
BOROUGH ACTION REQUIRED						
Raise Sales Tax Cap from \$500-\$1000	\$358,000 after residential rent exempted	Instituted Borough wide	Burden on businesses, especially those that sell large items.	Voters have spoken NO on this twice	Ordinance by Borough and vote (note, it can be implemented w/o a vote, but the last proposal put a vote to Borough residents).	Estimate provided by KPB in 2017.
Bed Tax	4% = \$500,000-\$580,000	Captures revenue from visitors	Targets one industry. Argument revenue should be dedicated to economic development. Not significant revenue unless very high.	Requires Borough action. Has been attempted recently to put on ballot and did not pass Assembly	Borough would allow COH to institute a tax OR pass one themselves. Then would need a vote of City residents. If Borough allowed City to collect tax, we would have to get in the business of tax collection.	Estimate provided by KPB in July of 2017.
COUNCIL ACTION REQUIRED						
Eliminate COH \$20,000 Property Tax Exemption for Primary Residence	\$101,026	Can be implemented by Council.	Burden is on year round City of Homer residents. Does not raise much revenue.		Requires Council action only.	Based on 2017 certified values. The City cannot exempt more than \$50,000 on primary residence. Currently we exempt the first \$20,000, but could exempt less.
Raise Property Tax 1 Mill	\$755,687 per mill based on 2017 valuation	Can be implemented by Council.	Increases taxes on residents when many of the services City provides are to entire Homer area.		Council pass a resolution by July 1, 2017 increasing the mill rate.	Currently COH taxpayers pay 4.5 COH, 4.5 KPB and 2.3 SPH (total 11.3). According to HCC if property taxes increase to 6 mills, sales tax is eliminated. Estimate includes oil and personal property.

How to Pay for it - Options for Police Station

REVENUE	ANNUAL EST VALUE	PRO	CON	BARRIER	HOW WOULD BECOME EFFECTIVE	NOTES
VOTER ACTION REQUIRED						
Raise Sales Tax .5%	\$871,264	Easily adjustable to raise sufficient funds. Taxes non-residents who use City services.	Places burden on local business. Makes rents more expensive.	Need a vote of City residents.	Council would pass an ordinance to increase the sales tax before August for consideration at regular election	Current COH sales tax is 4.5% COH and 3% KP.B. (Based on 2016 actual)
1% seasonal sales tax increase (6 months of year)	\$1,166,736	Captures more visitor revenue.	Places burden on local business. Makes rents more expensive.	Need a vote of City residents.	Council would pass an ordinance to increase the sales tax before August for consideration at regular election	Based on 2016 actual

NO NEW TAXES	VALUE	PRO	CON	BARRIER	HOW WOULD BECOME EFFECTIVE	NOTES
Reappropriate General Fund Reserves to Police Station	Just shy of \$2,000,000	Money we already have	Reserves are important for maintenance, vehicle replacement & projects. City spends approx. \$500,000 annually on such projects.		City Council by Ordinance	Based on end of 2017 snapshot
General Fund Fund Balance	Aproximately \$5 million	Money we already have	Fund balance is a savings account. Recommendation is 6 months operating budget (\$6.2m). Needed for cash flow and emergencies. Spending this down would hamper ability to handle any emergency or future project.		City Council by Ordinance	
Implement Budget Cuts to Fund Loan Payment	Depends on how deep the cuts are/ annual bond payment needed	Requires no new revenue/taxes	Would require a reduction in staff and services the City provides. Could be controversial to prioritize a new facility over existing services.		Council would pass an ordinance to authorize bonding by August for consideration at regular election. Annual budget process would have to include reductions in expenditures commensurate to amount needed to make bond payments.	



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Administration

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Homer, Alaska 99603

(p) 907-235-8121 x2222

(f) 907-235-3148

Memorandum

TO: Mayor Zak and Homer City Council
 FROM: Katie Koester, City Manager
 DATE: January 24, 2018
 SUBJECT: Interest rate scenarios for January 29 extended police station worksession

The purpose of this memo is to provide Council with information on potential scenarios for a bond to pay for the police station. Many assumptions have to be made for these numbers including length of term, interest rate and amount of bond.

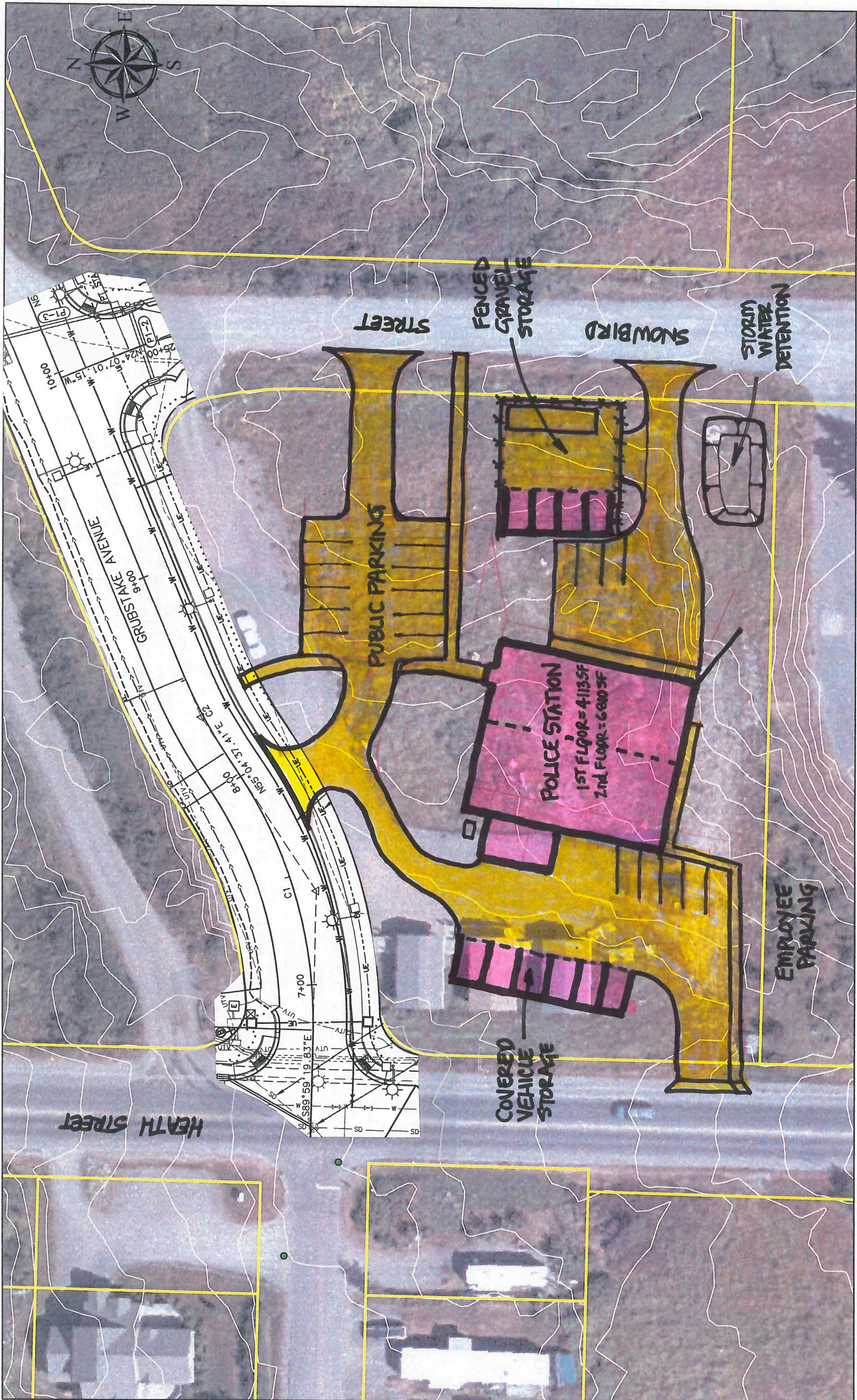
For the purposes of this conversation, I have assumed total project cost scenarios of 6.5m, 7.5m and 8.5m. The total project cost can be reduced by the amount Council has available for the project, \$2.5mⁱ. The Alaska Bond Bank provided terms that they consider reasonable and conservative: a 20 year term with a 4% interest rate. I ran scenarios for the remaining amount the City would need to bond coming up with the annual payments listed below.

Amount Borrowed	Annual Payment	+ 1.25 Debt ratio	+ Increased O&M*
\$4m	\$312,660	\$390,825	\$490,825
\$5m	\$390,660	\$488,325	\$613,325
\$6m	\$468,660	\$585,825	\$735,825
*Assumption: \$100,000, \$125,000 & \$150,000 in increased operations and maintenance			

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Balance from Public Safety Building Project	\$73,500
Liquidation of Permanent Fund	\$1,173,864
Mid-year transfer Ordinance 17-34(A)	\$448,422
FY2018 budget transfer from Health Insurance Fund	\$669,212
FY 2019 Community Assistance (not accepted)	\$149,000
TOTAL	\$2,513,998

10% Conceptual Site Plan, Floor Plan and Cost Estimate for
\$7.5M Police Station



Proposed Police Station

1 inch = 40 feet



City of Homer

www.cityofhomer-ak.gov

Public Works

3575 Heath Street
Homer, AK 99603

publicworks@cityofhomer-ak.gov

(p) 907- 235-3170

(f) 907-235-3145

MEMORANDUM

TO: Mary K. Koester, City Manager
FROM: Carey Meyer, Public Works Director
DATE: February 21, 2018
SUBJECT: **Police Station Concept Design
\$7.5M Option**

The design team (Chief Robl, the Public Works Director Meyer and the Stantec architect) has completed a conceptual design for a two-story \$7,500,000 new police station project sited at the Waddell property.

Attached is a cost estimate, a site plan, and a floor plan. This concept plan provides for all of the items prioritized by the Council at the last work session and that the Chief found wanting in the previous design.

The team has downsized the previously developed \$8.1M design rather than up-sizing the previous \$6.3M design. The idea of constructing empty daylight basement square footage for future expansion made less sense to us than utilizing the new basement square footage to meet current needs.

When the time comes, the existence of a daylight basement will provide for the ability to expand horizontally and/or vertically – in a cost effective manner.

The answer to the question “Chief – how long will this building meet your needs before it needs expansion?” is now 20-30 years.

**Conceptual Cost Estimate
10,924 SF - Two-Story w/Daylight Basement
Waddell Site - \$7.5M Option**

New Building Construction	SF	Unit Price	Cost
Building Construction	10,924	\$415	\$4,533,460
Sally Port	600	\$210	\$126,000
Civil Site Improvements			\$565,000
Accessory Buildings			\$350,000
Design			\$473,829
Inspection			\$139,362
1% for Art			\$45,335
Furnishings			\$145,000
Communications			\$205,000
Contingency (10%)			\$658,299
Repay HART for property			\$258,000
Total Project			\$7,499,284

