

FIRE STATION 1 COMMITTEE MINUTES TUBAC FIRE DISTRICT MAY 13, 2020

1. **Call to order and Pledge of Allegiance.** The meeting was called to order at 1:30 pm by Candy Clancy. The Pledge of Allegiance was recited.

2. **Roll call of Committee Members. Committee members present telephonically were:** Candy Clancy; Peter Benequista; Dennis Eshleman; Nan Fitzpatrick; Rich Bohman. Also present telephonically were Paul Mickelberg, Gabe Buldra of James Vincent Group, firefighter Charlie Alvarez, Scott Bennett as attorney for the Tubac Fire District, and other call-ins that did not identify themselves.

3. A few changes were asked to be made to the minutes of April 16, 2020. Those changes will be made and approved in the meeting of May 22, 2020.

4. **Review and restate the Committee's objectives:**

It was stated that the focus of the Committee will remain on the remodeling of Station 1. Candy Clancy updated the Committee that the Tubac Fire District Board approved a \$1,500 budget to be used for the reimbursement to WSM and James Vincent Group for consultation time.

5. **Review and affirm this Committee's target date for a report and recommendations.** The Committee will submit recommendations to the Tubac Fire Board on May 27, 2020.

6. **Question and Answer Session with guest Paul Mickelberg of WSM Architects regarding ideas and proposals for remodeling existing Fire Station 1.**

Paul Mickelberg provided two options:

Option A works within the existing building footprint with no additions. It assumes that all firefighter living occurs within the modular building. The cost of Option A is: \$891,924.

Option B provides a new apparatus bay addition that is sized correctly for the four vehicles on site. The old fire station has been remodeled into the rest of the living area, fitness and turnout gear spaces. The cost of Option B is \$2,642,299.

Candy:

Okay, super. I have reviewed briefly, as you heard, what you put in the email. Do you want to just give us an overview in your words of option A and B? If there's flexibility in either one of those as far as a priority between those two projects, whether you have some ideas about how you would prioritize different items, or any other comments before we ask questions?

Paul Mickelberg:

Sure. So, as part of the review process, one of the things that actually I ended up needing to do was to visit the site here on Saturday, because some of our existing documentation of the existing facility was lacking in some areas relative to the construction of the building. It didn't really impact the original report that I had done previously in the suitability of the station for the building to maintain current operations and the challenges. It just helped me understand how it was built a little bit better. So, one of the challenges with option A is, there are some fundamental problems with the

vehicles, the size of the vehicles and the space that's available for them to fit in. So, the solution for option A does not really address any of those shortcomings.

Paul Mickelberg:

For example, I don't know if you have the drawings available, everyone, but the engine, which is about 31 feet long, is about, there's a ladder that extends off the back of it, which is about a foot away from the rear wall. And the firefighters, you have to duck underneath that to get through to access the vehicle, and the door swings into it, and there's just some access issues that what option A is showing doesn't resolve. However, looking at how the building is being used, if the living quarters modular is able to accommodate, and I can't really speak to that not having seen it or know what all is proposed in there, if the living quarters are able to accommodate the sleeping, cooking, restroom, and actually I think med storage as well in that area, if they're able to function similar to what they have now with an upgraded treatment of their turnout, which is the gear that the firefighters wear, currently is stored in the apparatus bays adjacent to the vehicles, which continues their exposure to carcinogens from the diesel exhaust, etc.

Paul Mickelberg:

There's really not a good method to maintain that equipment. So, what is shown here is making the assumption that all the living components take place in the modular, the office actually can stay pretty much as it is with some remodeling. My assumption is, given the age of the building, that the mechanical, the heating and cooling, there are some upgrades needed in that, just general ongoing repairs necessary, that those would be required in the office space. And that area could remain similar to the way it is now in function, the difference being is that the kitchen would be removed and no longer used by the firefighters. They'd use their living quarters, essentially, for that. So, we're creating more of what I believe is an appropriate separation between the administration area for office functions and the firefighter, fire station function, as I would put it.

Paul Mickelberg:

The fitness area, if you go on a tour, you'll see that some of the fitness equipment is being used in the old apparatus bay, not too far from where I'm showing it currently. But needing separation, different air handling system to set up for that. The restrooms, per ADA all bathrooms need to comply with the American Disabilities Act. So, in this scenario those restrooms would be remodeled to men and women. I've removed the shower component because it's really not necessary if the living quarters modular has showers available. Then these would be remodelled and they would serve for firefighter use, but then also for administration use off that common corridor. And the corridor would be treated like an air lock and have its own independent exhaust system and those kinds of things.

Paul Mickelberg:

Other than that, the apparatus bay, I would remove the partial, that wall that's in there, you may not be aware, but where I'm showing the decontamination area, right now there's a wood stud wall that got built and some storage is being used on one side of it, and then separating it from the other, the washer and dryer is where I show that new door coming in on the upper side. But removing that, providing the decontamination area for cleanup, maintenance of gear, maintenance of SCBA equipment. But still not a lot of storage in the building, or practically none, so it hasn't really solved much of those

problems. So that's the option A in a nutshell. It's like, how much can we do without adding a bunch of additions to the building, working within the existing building footprint to solve some of the needs?

Paul Mickelberg:

The most critical need certainly is separation of the, providing the decontamination space, fitness area separate from the apparatus bays. But the challenge of the vehicles' storage component is still not solved. Walking through there, there's only like two foot clear between the vehicle and the structure in some cases, in some spots less. So that problem has not been resolved by this. Any questions on that?

Speaker 1:

I have a question, Paul. I see with the option A that there is a porch to the left, or to the north side of the building, I believe. Could that be used for storage?

Paul Mickelberg:

That's the front door to the building.

Speaker 1:

Oh, okay, I thought it was ... Okay, I didn't understand that because I just saw the word porch. Okay.

Paul Mickelberg:

No, that's an existing covered area that's the front door and the public access to the building.

Speaker 1: Okay.

Paul Mickelberg:

And in showing a small, reconfiguring the med storage in that lobby into some patient treatment, so they do get the infrequent person that comes by and needs help. And fire stations are a great resource for the community, in a time of need rather than driving to the hospital or whatever, if this is close oftentimes people will come here for help. And some of its blood pressure testing and just being a good member of the community, helping out, is a big part of that.

Candy:

Let me ask, Rich, do you have any questions on option A?

Rich:

Yes, first let me preface one thing. I think whatever we recommend or look at, whether it's one of these options or an additional type option, I believe we need to ensure that we come up with something that meets requirements for many years. And that may be 20+ years. Because whatever's going to happen, whether it's a whole brand new station or something of a lesser amount, it's still going to cost a substantial amount of money. When I looked at option A I agreed with what Paul said. It's like everything is too congested. I printed out both of the plans, but I could tell that the scale that I printed them out at, 8.5 X 11, comes nowhere near the 1/8 inch equals a foot. So it's awful hard for me to decide that.

Paul Mickelberg:

Yeah, the drawing on there is actually a 24 X 36-inch sheet.

Rich:

Oh yeah, so that's why.

Paul Mickelberg:

So you're not going to be able to get it printed to a scale unless it's a large format printer.

Rich:

Right. And I assumed that it came from a much larger piece of paper and that's why it seems so much smaller.

Paul Mickelberg: Yeah.

Rich:

Anyway, I won't get to option two yet, but basically the existing building is being changed somewhat to include things that would meet code and do whatever. But I'm trying to look at this from not only a resident and a taxpayer and a person who wants to have the really good operational fire department, but also from the standpoint of, if I was a firefighter, I'd want something that made sense too. And option A looks like it may include all the needed requirements, but it's just too congested. And I could understand the clearance for the trucks being more or less inadequate. So, at this point I'm not a big fan of option A.

Candy:

Okay. And then Pete, do you have any comments on option A?

Pete:

I sort of agree with Rich in the sense that if we're going to do this thing, let's do it right the first time and for the longest period of time that we can get out of it for the money. And so that's why I would agree that option A, well put, it's not there for us as is option B. Option B solves all the issues in the long run and option A does not. But if it came down to a budget issue, then we would have to take that into account. But I do have one question about the remodel, the actual execution of the remodel. It seems to me, Paul, that it makes sense that if we're going to remodel fire station one according to option A, it really should be done all at one time. There's no piecemealing anything here, like one room at a time, type thing. It's got to be done all at once.

Paul Mickelberg:

Well, yes, I would, and for a couple of reasons. One is, you're going to pay less by doing it all at once, have one contractor come in, do the work, be done with it, get out, rather than, let's say we remodel bathrooms first. So, the restrooms are now down, you're using temporary toilets or everybody, the office staff, are now going into the living quarters to use the restrooms there. Then you come back later, now you're remodeling the fitness area. It's just the disruption that goes along with that. So, while yes, you could separate those things a little bit here, a little bit there, there's really challenges relative to ... And some of the issues relate to your electrical service, is a problem. And so, upgrading, like adding the exhaust fans for the apparatus bay size, right-sizing, replacing your HVAC air conditioning equipment, etc., those kinds of things are really one-off type deals. And they become better to do them all together than it is to piecemeal them.

Pete:

Yeah. I want to ask a question relative to the central project budget from that page. And by the way, thanks again for not only this wonderful input but your speedy response to our needs.

Paul Mickelberg: You're welcome.

Pete:

Okay, so on the budget sheet under project development costs there's an item called reimbursables. Can you define that, please?

Paul Mickelberg:

Those are typically costs that get run through the architect's office like our office. So, it would be printing costs, if there's handouts, deliveries, sometimes building permit application costs are run through that.

Pete: Okay.

Paul Mickelberg:

It's just an allowance for miscellaneous costs that get spent on behalf of the project. If there's nothing that gets spent, then there's no cost to it.

Pete: Okay.

Paul Mickelberg:

What I'd like to identify here best possible is to, rather than solely just look at the construction of the project, look at the entire project budget. So, while construction is the big chunk of it, there are other cost components that would be required to complete each of those. Because you obviously need a functioning building at the end of the day. So, some of the things, like permit costs up at the top, there's an allowance for those. Legal and finance, I didn't put anything in there, wasn't sure, those depend on what kind of, if you go with the bond or if you go with any other kind of financing mechanism. Are there expenses associated with that that are not included?

Paul Mickelberg:

Most of them are pretty typical and just placeholders. The cost per square foot regarding the construction of the various areas are based on best practice and recent projects that we've seen. Surprisingly, costs have not been going down during all of this. But we tried to be relatively conservative on these things. And obviously there are big, it's order of magnitude, it's not a detailed tick-off of all the different items, etc. It's a cost per square foot for those components. Furniture and equipment did not include any new furniture, equipment, those kinds of things. House alerting package, that's something that you would typically see. And I'm not exactly sure what you use right now in that station. But no matter what, there'd be some sort of update required for that, which is the interface between the building and the 911 dispatching components.

Paul Mickelberg:

Relocation costs, that'd be temporary if you have to bring a modular rental for storage or any of those kinds of things. So that's how those budgets were developed for that.

Pete:

Okay, one more question relative to the budget in the option A column. In the option A

column, there's \$100,000 allowance for an emergency generator. Is that a permanent fixture or backup while the power's down?

Paul Mickelberg:

No, that'd be a permanent item so that the fire station has backup power when the grid goes down.

Pete: Okay.

Paul Mickelberg:

So you're able to respond.

Pete:

Okay. And my last question on the budget applies to both option A and option B. And it is what we're calling capital and what we're calling expense for budget purposes. I think the very bottom totals at the very bottom of the page, they put both capital and expense items. The actual capital assets are the construction costs, I believe, the number \$633,040 and the \$2 million number. Those are what would appear in a capital budget, would they not?

Paul Mickelberg:

I guess it depends on how you want to categorize those things. The house alerting package would be a capital cost. A lot of the, on the development cost components up at the top, construction materials, testing, special inspections, [inaudible 00:19:20] service upgrades, those kinds of things, those are directly related to the capital project. Whether you choose to pay for them out of capital or operating budget, I guess is a decision that you could make. I've also included an upgrade on option B for relocating the septic field. There's the existing septic system that's right to the east of the existing building. And I don't have any specific data on that to know whether or not it can be, if it's out of the way or if it needs to be relocated, so that's a placeholder assuming that the septic field would need to get modified.

Paul Mickelberg:

But yeah, if you wanted to categorize these things into different capital versus operating expense, you could certainly do that. That would be the most ...

Pete:

Okay, I have a question then. Not to get ahead of you, but on option B, with the addition of the new equipment bays, is there enough driveway space left over to swing these big vehicles around?

Paul Mickelberg: Yes, there would be.

Pete: Okay.

Paul Mickelberg:

It's not shown in the drawings that I sent out, it's the overall site plan. You can see in option B, you see there's a property line along the right-hand side of the page?

Pete: Yeah.

Paul Mickelberg:

That's about, at its narrowest it's about 20-some feet. So, it's enough room for the

vehicles to move through. The storage containers that are out there would need to go away or get relocated to accommodate that drive.

Pete: Okay.

Paul Mickelberg:

And you're also able to drive around the north side of the building, the canopy, that's what they're doing now, actually. They come in and back it around. So, there is room to do that.

Pete:

Very good. That's all I have.

Paul Mickelberg: Okay.

Candy:

Nan, do you have questions or comments?

Nan Fitzpatrick:

Yes, one thing at the moment. Rich made a note of the need to, whatever we decide to do, that we should be thinking in terms of meeting the requirements for many years. And considering what has just happened to our nation, I'm wondering, and this has all of course happened after these plans were drawn up, do we need to think about more distance in the work space areas of this building between people if we're showing following best practices for the future?

Paul Mickelberg:

So if we're referring to the office space ...

Nan: Yeah and living.

Paul Mickelberg:

For the most part ... I'm sorry, what?

Nan:

And the living space.

Paul Mickelberg:

Well, the living space is going to be ... And that's part of what the separation is. So, the current modular that they have, or that's getting replaced, had them sleeping in an open, shared bunk area, shared restrooms, those kinds of things. Best practice, which option B addresses, for better or worse, there's some ... Option B is not the optimum solution. But it addresses most of the needs at least from a planning standpoint. But some operational issues that the firefighters would need to weigh in on. So, what we're showing on option B is that the firefighters each have individual dorm rooms that they share with various shifts. So that's why the three lockers, etc. The restrooms are now unisex, meaning they're used by both male and female, but they're single occupant restrooms. So, the door gets locked when one person is in there. They shower, shave, whatever, and it's not like whole gang showers or gang restrooms.

Nan: Right, got it.

Paul Mickelberg:

Like airports, etc. that's not the situation that we have here.

Nan:

Okay. And the workspace, the daily workspace? Do you think that's ...

Paul Mickelberg:

The office area actually isn't too bad, to be honest. If you wanted to get six-foot separation between some of the workers, the only place that they really get close is the conference room. And then the workstations that are currently back to back, you could reconfigure those, put the assistant chief on one side of the room and the deputy chief on the opposite side. So, I think there's enough room in the admin area to accommodate those separations.

Nan: Okay.

Paul Mickelberg:

The bigger thing, and the firefighters have been dealing with this for years, is you want to leave the contamination components outside of the workspace if you can. So, some of those mechanisms like the ... So, for example, the chairs, the lounge chairs in the day room, they make those specific for fire stations or similar type, ambulance facilities, etc., made of bacterial resistant fabric. So, MRSA resistant fabric. Those kinds of techniques are used already in a lot of best practices to limit that exposure.

Nan:

Mm-hmm (affirmative). And one more question, in your design is there any consideration of solar on the heating and cooling?

Paul Mickelberg: Not at this point.

Nan: Okay. All right.

Paul Mickelberg:

It's something that could be provided, it's an added cost. If it's photovoltaic, which would be the electrical side of it, it could be used for [inaudible 00:26:05], etc., but for that it would be best to work out a deal with a solar company. For example, we're doing a lot of solar canopies over parking for Green Valley Recreation in that area. We've done it for a number of other projects. I would not put it on the rooftop, the solar electric, because it limits your access to repair roof leaks and things. It's better suited for shade covers, etc., over parking or outdoor areas.

Nan:

Okay. Okay, thank you.

Candy:

This is Candy. I had a question or just an update for you, Paul, first of all, as far as the modular. The modular is a three-bedroom, two-bathroom. One [inaudible 00:27:04], I'm sure you shouldn't use this with the modular, but on suite, one bedroom has the bathroom attached. Just to give you an update on that. And, also presently, as the fire chief said, there are two firefighters for an eight-hour shift. Now, they have the ability to add, so there is a third bedroom, but that's the standard.

Paul Mickelberg: Sure.

Candy:

The question that I had concerning use of office space, in the past the chief financial

officer actually had an office at the Pet Canyon station. We had one of our chiefs at Pet Canyon, actually in her old office off site. And if we're going to reconfigure station one, should we simultaneously take a look at some staff members maybe being at a different fire station to open up space? Would that make sense if we're going to change existing one so we reduce the density of office staff?

Paul Mickelberg:

I guess that would be an operational question. Right now, there's a couple of things that could be added to option B, some additional storage for a variety of things that are out in the mini mobiles out back. But the admin, the administration, there is a need for that, and obviously fire station one is a historic center and historic location of all of those components. Not that those things couldn't move.

Essentially, you would still need to add the apparatus bays, just if you're looking for another ... If the office space moved out, what would you be able to do? You would still need the new apparatus bays, just because your current building is too small. You have 10-foot high doors, four-foot wide doors. The current standard is 13-foot high doors, 13-foot wide doors. Trying to reuse the existing apparatus bays is shown in option A. They're doing it now, but it's certainly not something I would look to long term.

Paul Mickelberg:

But yes, if you provided more square footage, then you could move some things around, change the data room location, for example, in option B, and that could become additional storage. And the meds component, some of those other things could be accommodated more easily.

Candy: Okay.

Paul Mickelberg:

One thing just to be aware of, the sleeping rooms per code need to have an exit window in and out. So, they can't just be located on an inside wall. So, they do need to be on the exterior so you can get some windows in.

Candy:

Yeah, we're fully aware of that as a board, because they were put in the fire station without that.

Paul Mickelberg: Yeah.

Candy:

And they had fewer moves.

Paul Mickelberg:

Well, it wasn't the case, it wasn't always the code.

Candy:

I know, I know. But I would say we're painfully aware of it now.

Paul Mickelberg: Yeah.

Candy:

Because it had to be ripped out.

Paul Mickelberg:

Yeah, doing it twice is always a problem.

Candy:

Yeah, that's correct.

Paul Mickelberg:

And option B, I didn't really explain option B to a great extent, but by moving the apparatus bays out into a new addition you're able to right-size the spaces for the vehicles. Now, they're not responding directly out to the front, which is potentially one of the challenges that you currently have. But they're still back in, they're not drive-through bays. So, every vehicle needs to return, they back into the building rather than being one vehicle deep and you drive all the way through. But that being said, we've converted large apparatus bay into the turnout and laundry space, keeping that close to the apparatus, which is really where it belongs, versus the other option A, it's really adjacent to the first truck. So, you've got to move your gear through that space into that area. Not a huge problem, but just one more thing.

Paul Mickelberg:

The kitchen area opens to the day room, etc. The sleeping rooms on the south side, med storage, the restroom expansion, the fitness. So that creates a fully self-sustained fire station under one roof. The admin area, we've added a restroom into that area for that. There's a public restroom as well as a staff restroom that's independent and separate from the sleeping quarters and living area of the firefighters. And so that whole admin area, like in option A, you are able to lock that off in off hours while the fire station continues to operate.

Paul Mickelberg:

Emergency generator, to circle back to that quickly, would really just be used for the fire station, not necessarily for the admin components. It would still need to power up the radio and any server things that are used during an emergency, but it's a placeholder at this point.

Candy:

Paul, I can go back through. Rich, do you have any questions about option B?

Rich:

Yeah, I do, but I think we need to give Dennis a chance.

Candy:

Oh, see? Rich, aren't you glad you're first now? Okay, Dennis, go ahead.

Dennis:

Okay. As the new Rich. Paul, great chatting with you again, and thanks for doing all this. I have two questions that relate to both option A and B. So, the new apparatus bay, if you could characterize what, the benefit of that? How much of it is convenience, how much of it is safety, how much of it is wear and tear on the equipment? How would you just characterize what the benefit of that new bay is?

Paul Mickelberg:

Well, so for example, when I was out there one of the firefighters was gracious enough to walk with me, we were social distancing, obviously, but he explained, for example, right now they have to, if they're going in to the engine, and option A is probably the best one to look at this, they have to go outside of the building to put on their turnout gear because there's not enough room inside the building to get it on as they're responding

to a call. And the gear stays near the vehicles when they're getting ready to respond. So, they come from the sleeping quarters down the ramp, through the hallway, down that sidewalk into the door, then either walk around the door to get to the ambulance, for example. Most cases they leave the door open, the garage door open, to access it. So, there's that, and then he also showed, here's where the truck backing in ran into the side of the wall.

Paul Mickelberg:

Because obviously it's a big truck and it's tight. So, there's damage to the equipment, the vehicles themselves, there's also damage to the building to back it into such a tight space. And then there are just operational challenges. As I mentioned before, I didn't show it, but there's a hose rack currently that sits right between engine and the tender, and it leaves about two foot six inches or so, 30 inches, to get between that and up to the front of the vehicles. So, there's just not enough room in there. The height of the doors is 10 feet, and as I mentioned previously, best practice is 13 feet. So not only does it limit ... Essentially, eventually you'll need to buy new equipment. And in this scenario with option A or even just leaving the status quo, you'll have to pick equipment that will fit in there rather than pick equipment that best serves your service needs.

Paul Mickelberg:

And you're spending half a million to a million dollars on a piece of apparatus. You want to make sure that you're getting the maximum benefit to provide the service out into the community. That's the biggest thing. And fundamentally, the other reason to build the apparatus bay is that you can build that correctly, and the spaces that we're talking about moving into, where the vehicles used to be in option B, 12-foot ceiling and those kinds of things, those are fine for kitchen, day room, living areas, the other functions that we're talking about that would do fine under an eight-foot ceiling. So it's an easy way to repurpose that without having to compromise any of those functionalities. Does that make sense?

Dennis:

Yeah. Yeah, it does. So, the second question I have is, if you were going to profile your conceptual estimate here, what would you say, is it a 50/50 estimate? I think you used the word conservative a few minutes ago. Is it 70/30? How would you characterize where it falls on that spectrum?

Paul Mickelberg:

I'm not sure I understand the question.

Dennis:

Well, in other [crosstalk 00:38:41]. What do you think the final cost would be? Did you estimate it so that it's very likely it would come in equal or less than this, or did you literally pick, would you go with the midpoint that, when you got the final numbers in it'd be as likely to be higher as lower?

Paul Mickelberg:

The way that I looked at it is, this is what I would expect it to cost in today's dollars. Now, if it gets built two years from now or a year from now, those things change. We've had 6% inflation annually for the last couple of years in the construction field. Whether that changes with COVID-19 or not, it's hard to say. Part of these budgets are, I think

you could build it for this. It doesn't mean there won't be choices that need to be made along the way. And part of the design, the design process we say, "Okay, we think our budget is approximately \$2 million," let's say it's option B we're talking about. Moving ahead, then at that point you say \$2 million is what we have to work with, then you move ahead with the design, and along the way throughout the process, the more information you get, the better you understand what those costs are going to be.

Paul Mickelberg:

So for example, we get a real number or an estimate, we know what the design is going to be for the septic field, for example. Then we can have somebody look at it and say, "Oh, yeah, it's going to be \$15,000 instead of \$20,000." Or the price of steel is going up and we need to build out the new roof construction out of wood instead of steel. So, part of it is, you set a budget, these are numbers that we're thinking. So for example, we're working with firefighters [inaudible 00:40:53] remodeling and adding to a station much like this one, where there's a bunch of additions that have been built over the years. Now, in that case their apparatus bays are sized adequately, so we're not doing anything there. But their sleeping quarters, their living quarters are bad, so we're doing a couple of additions to those. And their budget is pretty much right where you're looking at here.

Paul Mickelberg:

So it's a very similar project. And, so our approach is that it's not like, "Well, we think it's going to cost 70% or 30% less than what we bid." We think this is a good starting point. I would also add, if you know when any of these things may go ahead, it would be worth adding an escalation factor to it once we get a number for that. But my sense is, this is if you're looking for what number to plug in, if you have better information regarding the furniture and equipment, radio data, if there's any cell issues, things that we're not aware of yet that would need to come into play with these guys. And that's why there's a, I would say a relatively 10% contingency, I believe. Is there one shown?

Dennis:

Yes, there is.

Paul Mickelberg: Yeah. Is there one?

Dennis: Yeah.

Paul Mickelberg:

Okay. So that can be an important component as well, to accommodate those. Does that ...

Dennis:

Thank you. That answered my question.

7. Question and Answer Session with guest Gabe Buldra of James Vincent Group.

There is approximately \$700,000 in the Capital Fund Account. Both Options A & B would require to a certain extent issuing additional bond debt, increasing taxes, or a land lease option.

There can be a combination of these financial solutions to fund remodeling Station 1 whether it be Option A or Option B.

Work with a fire district already in preparing our financial statements, and occasionally when we have situations that need financial analysis. Gabe are you ready to... and I'm going to just preface this quickly Gabe. WFM, the architectural firm, gave us two options, option A and option B.

Candy:

A works with the existing building footprint with no additions. It assumes that all the firefighters living functions occur in a modular building, cooking dining, bathing, sleeping. It leaves the vehicles in the apparatus bay, as they currently are. The firefighter access for the call would be down the ramp and into the door near the tower. Two of the former ambulance bays have been converted into fitness rooms, turnout gear, storage, maintenance, and laundry. Existing restrooms would be remodeled to meet ADA. No showers are provided, as a modular provides those. The hallway would act as an airlock we discussed. The wood stud wall built in the shorter apparatus bay would be removed and a decontamination area provided along that wall. The apparatus bays would be provided with rooftop, high, and wall mounted, low, exhaust systems. Since there's no clearance between the existing structure and the vehicles, they would need to be run over the roof. This option does not address the issue that the apparatus bays spaces are too small for the vehicles and for safe circulation around them. The admin area would remain as is and be provided with minimal remodeling, new finishes, HVAC, and lighting. The administrative area will function as a standalone area and can be secured from the fire station as needed. That cost is \$891,924.

Candy:

Option B, before Gabe begins a financial analysis just for the public, provides a new apparatus bay addition that is sized correctly for the four vehicles onsite. They do not function as drive through bays, however. The old fire station has been remodeled into the rest of the living area, fitness, turnout gear spaces. The existing administration area remains as is with the same remodeling in option A, with the exception of adding a patient area and restroom for staff use near the public lobby. The administrative area, and this option will also function as a standalone area and couldn't be secured from the fire station as needed. The existing restrooms would be remodeled to provide ADA access, and showers. The existing septic tank would need to be relocated to [inaudible 00:02:53] occurs in that location. Neither of these options provide for extensive site work, paving, grading, et cetera, only that which would be needed for the construction. That cost, option B, is \$2,642,299.

Candy:

So, Gabe, I just wanted for the public who's listening to give them an idea when we're referring to option A and option B.

Pete:

Candy, may I comment?

Candy: Yeah.

Pete:

When you refer to costs, those aren't actually costs. They're conceptual estimates, which in other words, it's not a quotation or proposal itself. It's a conceptual estimate.

Candy:

Good point. Good point. You can tell I was a banker and not an architect. Okay. Gabe, are you ready to take a look at, we all have a five year plan of projections and maybe all of us can be looking at that, as well as option A and option B.

Gabe:

Okay. [inaudible 00:04:18] chair members of the committee want to walk through a little bit. The projections are [inaudible 00:04:26] before you just simply show the operating revenues and expenditures as we look through a five-year period. We included in there our bond debt, and what the tax is on that. That is a separate tax rate from our operating tax rate.

Gabe:

We actually... by statute or limited to tax it to a tax rate of \$3.25 cents. Where the bond comes into play and the bond rate, is that's actually outside of that statutory limit. It follows a different statutory limit, which is based on 6% of our assessed value.

Gabe:

There are two kinds of limits that we work with when we set tax rates for operating levy, and when it comes to debt capacity or debt limits and how we're able to tax and generate revenues from that standpoint. Currently, as we look to next fiscal year starting in 2021, we have a statutory debt limit of \$5.4 million, almost \$5.5 million.

Gabe:

We currently have \$3.4 million in outstanding bond debt, which gives us a capacity of \$1.9 million. We're projected to our bond debt service schedule is \$481,000 a year. From what I could speak to, there's some contemplation of selling the tower. That's why you see that loss. That's what that lost lease revenue is. Either we keep the tower, and that revenue stays in there, or we sell the tower and that revenue goes away.

Gabe:

That's why that's on that page you're looking at, but that really has nothing to do with this committee's work, but I did want to at least explain that. So, we have our revenue expenses for the five years. I've seen both proposals prepared for different station

costs, and really from a finance standpoint, as a fire district and a special taxing district, we're limited in the way we can pay for things and finance things. The first option that we always look at is, do we have sufficient cash on hand within our capital fund to make the purchase? Unfortunately, as we stand today, that cash balance in capital is \$728,000.

Gabe:

So, there is not an option or an ability for us to utilize that cash solely to fund this.

Candy:

To fund the \$891,000, okay.

Gabe:

Correct. Correct. Then we go to our next option. The next option could be a two-pronged approach. One is the board of directors of the fire district could raise the tax rate to a level to increase our funding to help increase our cash on hand, to pay for the station. Given our tax rate of \$2.85, that only leaves us 40 cents in additional capacity to increase the tax rate, which will for next year net us about \$365,000.

Gabe:

That is an option that is available to the board, but again, they would not be able to raise enough to really pay for it. It would have to be at multi-year approach for them to be able to pay for it that way. The second option with that would be the district could look at a lease purchase, and a lease purchase is essentially the way governments, especially special taxing districts, are able to go out and get a loan. It works very similar to a normal mortgage.

Gabe:

It's just called a lease purchase instead of a mortgage or a loan. It has an amortization schedule where you pay down principal and interest on a regular schedule, and at the end of the term, the district owns the asset completely without any debt. There's no payoff at the end or anything like that. I think what the projections illustrate is we really don't have capacity within our operating budget today to be able to afford a lease purchase. If we did go the route of a lease purchase, there would have to be an increase in the operating tax rate or our operating levy to be able to make that payment.

Candy:

What would that payment be? Just to stop you.

Gabe:

Well, it depends on the loan amount. If we're going to finance the whole \$890,000, depending on where interest rates are, we'll probably be looking around \$80,000. If we're looking at financing, option B, the \$2.6 million. After, we're probably looking closer

to \$240,000. Again, that's going to depend on interest rate and terms. I would say from a ballpark standpoint, that's what we're looking at.

Gabe:

Then finally the last method for the district to be able to fund this is through the sale of bonds. Right now, we have enough bonding capacity to do option A, and that's where that remaining capacity line item is. As I mentioned on projections that were at the beginning of this year, we'll be at \$1.9 million.

Gabe:

That's the other option to where the board would then authorize the sale of bonds. We would work with our bond consultants and we would sell the bonds needed to fund this project. The repayment would be similar to the lease purchase again, depending on the terms and the interest rates. Obviously right now, interest rates are very favorable, so that cost could be significantly less.

Gabe:

Ultimately either approach that the district looks at from the two options before the option of resurrecting and building a brand-new station, any one of these options are going to be a multiyear approach. Nothing is going to be able to be done in year one and within a one-year time window. I want to point that out to the committee, but also understand purposes of discussion. We're discussing it as full dollars and what we need in full dollar amounts, but there is that understanding that whatever plan does get approved by the board and whatever we do go forward with, we will develop a [inaudible 00:11:42] funding approach. Any questions?

Candy:

No, keep going.

Gabe:

Oh, well that's what I have right now.

Candy:

You just discussed option A, option B which is the \$2.6 million?

Gabe:

Right. Ms. Clancy, that would be the same scenarios, the same funding options. We're just discussing a higher dollar amount when it comes to financing. As I mentioned, now it'll be probably closer to \$240,000, whether that's an annual debt service, whether that's a bond or a lease purchase. Obviously, there's not sufficient cash on hand to be able to support that number. It would take a couple of years of increased operating levies. If we were to save, basically increased taxes to put money away for the purchase, it would take us a number of years before we save up enough money to do the \$2.6 million.

Candy:

Okay. I'm going to go around the room and then I'll save my questions for last. Rich, do you have any questions?

Rich:

One question, Gabe. I'm assuming I looked at the five-year projections and appreciate that, but you didn't do the cost estimates for option A and option B, did you? That was done by all of the architects?

Gabe:

That's correct. Yes.

Rich:

Okay. The only other, I guess it's to be determined at a future date, as to whether or not the tower would sell, and if there would be a big chunk of cash coming in. You've assumed based on what you just told us, that might, or that... You didn't assume that was going to happen. You were assuming how to finance it given the current status of everything.

Gabe:

Correct. Yes. Obviously if the tower does sell, that'll change things, but again until the board makes a formal decision and that all becomes public, we're going with where we're at today on the production.

Rich:

Okay. Understand. Thank you very much.

Gabe:

You're welcome.

Candy:

Okay. Pete, do you have any questions?

Pete:

Well, first I want to thank Gabe for sharing this information with us. It's quite informative to me and important to our committee, and it's all new to me by the way. So, pardon my naiveté. My earlier understanding was that somewhere in the budget, there was a capital budget item for a new fire station to the tune of \$3 million, as I recalled.

Gabe:

The current capital plan has the fire station and they're at \$5 million.

Pete:

\$5 million, okay. Does the five-year projection that you're sharing with us... How does that stack up against the \$5 million plan?

Gabe:

The projection you're looking at right now is simply our operating plan. It does not have the capital funds, the inflows and outflows on capital funds, but ultimately the plan to how any of this would be funded has not yet been determined. That's something that once everything is approved, the fire board would then have to, as part of that process, decide how they would want to fund it. Then that would be, as I mentioned, one of those three options we've discussed.

Pete:

Okay. Just to clarify that for my own benefit, this is an operating plan. It's all about expenses, nothing to do with capital assets.

Gabe:

Correct. Correct.

Pete:

Okay. That clears it off me, thank you.

Candy:

Nan, do you have some questions or comments?

Nan:

Yeah. Thank you again, Gabe, we'd had a good discussion yesterday with Candy about some of these numbers, and I appreciated you taking the time to go over that so thoroughly. I have one quick question. The lost lease revenue, that's the lease income that we have at this point from the tower, is that correct?

Gabe:

That's correct. Yes.

Nan:

Okay. This is a theoretical question. If that was sold, then you're losing \$200,000 a year in income, but you would gain, I guess a large amount in income but in one shot. Is that not true?

Gabe:

Yeah. If the board does choose to sell the tower, basically proceeds from the sale, a portion of those proceeds would go to support the operating budget and replace that lost revenue.

Nan:

Mm-hmm (affirmative), okay. The rest, has that been designated for something, if that were to come true?

Gabe:

Yeah. The rest will be, again that'll be all of it. The board has not made a decision on any of this stuff. However, recommendations are to place a certain portion for operating in a certain portion. Then the remainder, the recommendation is to place the capital.

Nan:

Okay. Okay. All right. No, I don't have any other questions at the moment. Thank you.

Candy: Dennis?

Dennis:

Okay. Thank you very much for the analysis. You mentioned, I think \$720,000, is the current amount available in the capital budget? Was that correct?

Gabe:

That's correct. Yeah, that's our current capital fund balance.

Dennis:

So, based on the budget or the historical trend [inaudible 00:18:02] for the district, how much typically gets added into the capital budget over and above expenses in a given year? Is there any way to estimate that for the coming year?

Gabe:

Yes. The budget that the board will contemplate later this month calls for us funding our capital reserves by the tune of \$350,000. Then last year, the current year, our projection is to fund it by an additional \$200,000. I will point out that some of the funding is projected based on essentially profit the district realizes from wildland deployments. For example, this year, we've seen a decrease in deployments, so that'll have an impact on what that number ends up actually being. When we do develop our budgets, though, we do make sure that we allocate funding to capital on an annual basis.

Dennis:

So, there is some possibility though, that the available funds in the capital budget would be sufficient for option A, let's say, within a year or so from now, is that accurate?

Gabe:

I think that's a fair statement. I think however, I have to be cautious on saying that to be the case, because there's obviously still other capital projects and capital needs of the district that need those funds as well. I do believe... Yeah. But yes, at surface level with projected funding to capital, we will increase our capital fund balance. There's grant opportunities that are helping reduce the need for our capital funds. So, we're able to purchase, for example, we're applying for grants to be able to purchase vehicles. So, we don't have to use capital funds and that thereby frees up that money for these purposes, this purpose or other purposes.

Dennis:

Okay. Thank you very much. Appreciate it.

Gabe:

You're welcome.

Candy:

Okay. Gabe, I have some questions. Just to also make some things clear, Pete, the \$3 million that you saw in a five-year capital budget, that budget was drafted for the board in June or July of 2019. That was when I went to the proposal, to the board to take that line item out. Since then, that figure has changed. Does that make sense?

Pete:

Yes, thank you.

Candy:

Okay, but that's where the \$3 million... Just so that you understand Gabe where he was getting at.

Gabe:

Oh, okay. Perfect.

Candy:

Just to make sure that I'm clear, if we needed to, let's just call it \$900,000 for option A, if our operating fund tax rate is 2.85, and the bond rate is 0.5, that's a combined rate of 3.39, correct?

Gabe: Correct.

Candy:

But our cap is 3.25, correct?

Gabe:

Our general funds tax rate is 3.25, the bond rate. Yeah.

Candy:
Yeah. Separate.

Gabe: Right.

Candy:
We could go between 2.85 and 3.25, that 40 cents, approximately up.

Gabe:
Correct. Correct.

Candy:
Now we have a bond payment of approximately \$480,000 a year, correct?

Gabe: Yes.

Candy:
Until 2028. If we went to raise additional funds through a bond offering in order to make up the difference for option one, what would our combined bond payments be? Between what we'd call the new bond, and we already know the \$480,000. Would that be another \$80,000 that we would add to our monthly payments, correct?

Gabe:
Correct. Correct. Yes.

Candy:
I mean, annually. We would have basically \$560,000 annually that we would have to provide between the two bonds.

Gabe:
Yes. \$560,000 between the two bonds. Yes.

Candy:
Okay. Is that really doable on a cashflow basis?

Gabe:
Well, yes, because the debt service for that would be funded through our bond levy, which would not impact the district's cashflow.

Candy:
Okay. We would be levying additional tax onto the residents, but it would be under the umbrella of the second [inaudible 00:23:29], which is the estimated bond rate.

Gabe:
Say that again, I'm sorry.

Candy:

In other words, that rate would go under the umbrella of an estimated bond rate. The 0.5 for now would be added too.

Gabe:
Correct. Correct.

Candy:
It's still an increase to our taxpayers.

Gabe:
Correct. Correct.

Candy:
Yes. That's why I just wanted to make sure that if we float another bond, our payment will not be \$560,000. We will impose additional tax on our residents, but it's not going to make us bump up against our limit because it's separated.

Gabe:
Correct. Correct.

Candy:
Okay. If we do option B, if we issued another bond, we'd have to issue a bond of around \$2 million, correct?

Gabe:
Well, the total cost is \$2.6 million. The decision would have to be made on how much does the district want to pay out of capital funds and how much do they want to bond? If they assume that \$600,000 of capital dollars will be used to pay for it and we'll sell \$2 million worth of bonds, then yes. That would be correct, a fair statement.

Candy:
Okay, and assuming it was a \$2 million bond, what would the annual payment be for that?

Gabe:
We'd probably be looking around \$150,00, 160,000.

Candy:
We would take the four 80 and add 160,000.

Gabe: Right.

Candy:
That totals...

Gabe:

That would be another \$640,000.

Candy:

\$640,000. Then we would be increasing the estimated bond rate tax. How much more do you think?

Gabe:

That would be about 17 cents.

Candy:

Okay. Now, as far as going back to the \$728,000 and our sort of, I'll call it a capital reserve fund, even though that may not be the exact correct verbiage. Of course, the fire district has things that they want to buy, like a new tender, maybe another newer ambulance or whatever. If we use any of that \$728,000, that would mean that those other things could not be purchased, correct?

Gabe:

I don't know if it would mean they could. If all of the money was used, then yes, those other things could not be purchased. Those projects would have to be delayed until funds were collected to be able to make them, but if a portion was used, then the capital plan would have to be evaluated for feasibility.

Candy:

Okay. Do you have any recommendations as to looking at the five years? What do you think our total collection for wildland, what you call profit, which is true, will be for the year of 2019 to 2021 meaning this past fiscal year, if you had to guess?

Gabe:

I have not looked at that, so I can't give you a number on that right now.

Candy:

Okay. I guess one of my questions was coming to timing. As you know, I propose to the board that we push any discussion of anything further down, that has to do with the new station. Okay. We're just looking at the particular option A and B. Rich, do you have any comments?

Rich:

Oh, no. Not, any other than I already made. Thanks.

Candy: Pete?

Pete:

None. None further.

Candy:

[inaudible 00:28:16]

Nan:

No, nothing until we... I don't think there's any point in parsing the numbers any further until a decision is made about the capability of one plan versus another plus making a decision about whether this is something that starts in the year 2021, or starts in year the 2028, or somewhere in between, and what the idea would be for how many years do you want to spend in accomplishing an expansion or renovation? I can say,
[inaudible 00:28:53]

Candy:

Okay, I'm going to ask you just to get a little bit closer to your phone because it was a little bit hard to hear.

Nan:

I'm sorry. I was sitting on the edge of my chair before I sat back to relax. So sorry. Is that better?

Candy:

Hopefully [inaudible 00:29:11] I just worried about the microphone picking up on your comment.

Nan: Okay.

Candy:

Dennis, do you have any comments?

Dennis:

No. None additional. Thank you.

Candy:

Okay. Does anyone see any action, any more discussion or action that we would need to take in this area?

Pete: No.

Dennis: No.

Candy:

If I don't hear, I'll take it as a no.

Gabe:

Yeah, no I don't see any further action.

Candy:

Okay. Thank you so much, Gabe. We really appreciate it.

Gabe:

You're welcome. Thank you, guys.

Candy: Okay.

8. Schedule a walk-thru of existing Fire Station 1 facilities.

Unanimous agreement amongst Committee members that this walk-thru be done by the entire Committee simultaneously. Scott Bennett, attorney for the Fire District, suggested Zooming our tour so the public could also participate and observe the tour, without physically attending the tour. A date has not been set for the tour due to the changing environment during this pandemic.

9. Call to the Public.

Charlie Alvarez, of the Tubac Fire District, complemented the Committee on their hard work.

10. Adjournment.

Meeting was adjourned at 3:45 pm.