

## Q & A FOR THE NEW FIRE STATION

### SCOPE OF PROJECT

Question: Why do we even need a new fire station? The current one seems good enough.

Answer: The current fire station is 35 years old. It's difficult to maintain and its design does not lend itself to upgrading it so it can be made more effective and responsive to the community's needs. For example, it has no crew quarters so we have to rent space for our On Duty Staff (ODS); it has no triage area, we essentially use the current kitchen; it's not big enough to house our rolling stock, we have to find other accommodations, especially in the winter. It's time to have an up to date fire station in Forest Lakes. Given the 300 citizens that have donated to the Legacy campaign, the community demands it.

Question: So what benefits would we receive from having this new station?

1. Crew quarters in station provides faster response time, elimination of \$900 per month rent, and improved recruiting of on duty staff.
2. More bays enables on site inside storage of all rolling stock which will reduce maintenance costs, lengthen replacement intervals, and provide quicker response times.
3. Separate room for triage provides patient privacy, improves quality of care, and increases ease of transport.
4. New offices for the Chief and Administrative Assistant provide better efficiency, better image, and much easier access for the public.
5. The attractive building improves the appearance of our community, the pride of our residents, and helps attract quality paid on call firemen from other districts.

Q. What determined the overall scope of the building effort?

A. It was determined through many STRAP sessions that we needed to be able to house 4 vehicles, of varying sizes, and to provide crew quarters for up to 6 ODS (to cover holiday weekends, red flag days, etc.). A new building, with a 4,900 sq. ft. footprint, combined with our existing facility, was deemed the most cost effective solution.

Q. How will the old station be used?

The current plans calls for the old station to be used to house rolling stock. Existing offices will be dismantled to create one larger room for meetings. The remaining space will be used for storage and possibly a workout area for employees.

Q. What was the thought process used by the board to arrive at the current building effort?

A. The building program, currently under the leadership of Building Committee Chairman John Hennessey, has been addressed thoroughly at the Strategic Plan (STRAP) Update meetings in 2013, 2014 and 2015. The Building Committee was chartered to arrive at a cost effective solution to address our need for bay space, crew quarters, and admin/office/triage facilities. These issues have been at the top of our priority list at least the last 5 years. The Building Committee was given a budget target. That budget target was included in the 5 Year Financial Plan and Forecast created as a part of the STRAP process.

Q. How long into the future did the Building Committee look when arriving at the building specifications?

A. The Building Committee was looking forward 40 to 50 years when it developed its spec.

Q. We paid a lot of money for the backup generator for the current building. Will it service the new building?

A. Yes. It will be connected via underground wiring.

Q. Will the septic systems for the current and future building be independent?

A. The plan is to have the old and new stations be connected to the new system.

## COSTS

Q: About how much is this project expected to cost?

A: We are currently looking at construction and architecture costs in the ballpark of \$850,000. There may be other costs such as those related to furniture, fixtures and equipment as well as other soft costs that we will need to fund.

Q: That's a lot of money for a small district. How do you expect to pay that amount?

A: We have several sources for obtaining these funds. They include the generosity of the community in donating to the Legacy fund drive that we expect will collect at least \$250K by the end of 2016. Note: As of December 1<sup>st</sup>, we have about \$210K collected and pledged. Remember that your donation is tax deductible! We also expect that the Fire District will contribute somewhere on the order of \$100K that has been saved for this project over the last several years. We are also looking at various grants that may be available. Finally, we will secure additional financial assistance under a lease purchase agreement (LPA) as needed to fund the remainder of the project.

Q. What cost controls are in place to keep the overall spend reasonable and to minimize financial risk to the district?

A. A functional requirements specification was generated that focused on the needs of the district, not the wants. The functional requirements spec was approved by the board and is being used by the architect to guide development of the floor plans and elevations to arrive at a modest design that will satisfy our requirements. A Construction Manager @ Risk (CMAR) building approach has been selected and assures the cost exposure to the district is tightly controlled. A metal building design has been selected as the most cost effective approach to satisfying the district needs. We will pursue building variances with the county that will maintain the rural nature of our project (crushed granite parking, minimal signs and lighting), with associated cost savings.

Q. Have the added costs for building upkeep and maintenance, utilities, insurance, for the new facility been included in the financial forecasts?

A. Yes. The STRAP 5 Year Financial Plan and Forecast, which is updated every year, includes these additional costs, as well as projected cost savings and cost avoidance (elimination of crew quarter rentals e.g.).

## FINANCING

Q. I understand a lease purchase agreement is being considered to help fund the new building? Is that necessary? Does it make sense? What is the supporting rationale?

A. The new facility is being financed by a combination of: 1) community based donations via the Legacy Campaign; 2) cash on hand; 3) grant assistance; and 4) lease purchase agreements (LPAs) with bank lenders. The LPAs are needed to make up the difference between the cost of the facility and the combination of sources 1) thru 3). On the issue of whether it makes sense to secure funding assistance via LPAs, the board shares your reluctance to pursue this strategy. But, interest rates are at generational lows. From that standpoint alone, it makes sense to utilize LPAs. The other aspect that makes sense to current property owners is that it shifts some of the cost of the new facility to future generations, who will also benefit from the new station. This is known as generational equity sharing.

Q. I have heard that there is federal grant money available for new, vertical construction. Has this avenue been pursued?

A. Yes. We continue to look for opportunities for assistance. In the 2012 time frame, resident Wayne Rothwell conducted an extensive search of the Catalog of Federal Domestic Assistance Programs that might be applicable to the FLFD. He provided the results to our grant writing expert, John Nelson, who researched every opportunity. John's conclusion was that there was little, if any, assistance available to us. More recently, as part of the Legacy Campaign, resident Susie Bragg, with extensive grant writing experience, determined there was little, if any, opportunity for assistance in new vertical construction. We continue to pursue FEMA grants for emergency equipment to help alleviate some of our other capital expense needs. We will continue to research grant opportunities, including Indian Nation Casino monies.

Q: We have heard that grants would be the biggest portion of the funding but now they seem to be a smaller component.

A: When the project was first kicked off, there were certain grants we thought we could rely upon to fund the bulk of the cost. Since then we have learned that some of them are no longer available at all or may not be available during the timeframe when we would need them for this project. Nonetheless, there are still multiple sources for grants we can apply for and we are researching which would be in our best interest to apply for.

Q: If you don't get the bulk of your funding from grants, it appears you will need to secure additional assistance for as much as \$600K to complete the project. Where will that come from?

A: We have multiple sources for obtaining LPAs. We are in touch with regional banks who are in the business of providing financial assistance to small governmental entities like us. We are also exploring various federal government programs that we can apply for.

Q: \$600K is a lot of money to borrow. Can we afford it?

A: In short, yes. Those in the community who are aware of our strategic planning process know that we have modelled this level of debt service and can see that we can afford it without altering our current service delivery model. With the generationally low interest rates currently in effect and expected to remain in effect during the term of this project, our current expectation is that we can secure financial assistance at this level such that the resultant debt service will only amount to about 3% of our budget.

Q: Are you looking at other sources of funds to finance this project?

A: Yes, we are currently reaching out to all the businesses and vendors the Fire District and community use to obtain donations from them. And, of course, we always have our excellent Fire Auxiliary to help with other needs like furniture, fixtures and equipment.

#### MISCELLANEOUS QUESTIONS

Q. FLOA has just procured a new facility, just a short distance from the location of the new station. Was a joint FLFD/FLOA facility considered?

A. A joint exploratory committee was formed about two years ago to see if we could construct a new facility that would house both FLOA and FLFD at the same site. The bottom line is that, in spite of synergies that could be realized with a joint facility, we agreed to go our separate ways, with the primary reason being legal. As a separately chartered legal entity operating under Arizona State Revised Statutes, the fire district would have to maintain ownership of all facilities. There would be issues for sharing in the on-going maintenance and repair of the joint facility. Issuance of LPAs would be problematical as well. There would be no practical way for FLOA to maintain its independence. The state might approve legislation that impacted fire districts which would affect FLOA as well. In a joint agreement with dissimilar entities (FLOA is a 501.c.4 entity), FLOA might be encumbered with requirements it did not agree with.

Q. Will the new facility be used for community gatherings?

A. One of the anticipated requirements for our pursuit of a building permit is that the facility would be of limited use, for the need of the fire district. Functions that support the fire district, or Auxiliary, could be held (Ice Cream Socials e.g.), but not general public use.

Q. Will the new facility have a commercial kitchen?

A. No. The cost of a commercial kitchen would be prohibitive.

Q. If the sale of Lot 299 is not needed to help fund the new station, can it be used for a park?

A. Interesting idea. To do so might be exceeding our authority, and would require legal guidance.

Q. Will there be a heliport at the new facility?

A. At this point a helipad is not within the range of affordability.

Q. There is rumor/speculation that the current board is acting on its own in advocating the new station. How broad has the decision process been for a new station?

A. The need for a new station was recognized by previous boards and chiefs going back over 10 years. The building effort began officially in the 2006 time frame with the acquisition by the district of the 2 acre parcel previously owned by Ray Beckett (lots 298 and 299). The board at that time included Bob Barker, Don Short, George Pemberton, Jan Hyden and Ray Beckett. Charlie McGee was the fire chief. The board composition has changed from time to time, with the following members serving: Teri Formosa, Brad Pontious, Ben Froehlich, Bob Foncannon, John Hennessey, Bruce Cummins, Jan Walls, Geoff Stanisic, John Nelson, Quentin Tolby, Tom Cumiskey, Jon Waggoner and John Fahrendorf. Chief Rodriguez has succeeded Chief McGee. During this period we acquired part of lot 297, about ¾ acre, enabling the current 3 acre parcel, thereby reaffirming our commitment to building a new station. We have published a 5 Year Strategic Plans every year since 2010, all of which were approved by the board in place at that time, reflecting continued support for a new station. So it is fair to say that the current board is simply carrying out the plans in place for over the last 10 years. Over the years close to twenty different board members have been involved. **Furthermore, almost 300 community members in Forest Lakes have made financial contributions to the Legacy Committee in support of building a new station.**