



## CITY OF WAUWATOSA

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### COMMON COUNCIL COMMITTEE OF THE WHOLE Wednesday, January 2, 2008

PRESENT: Alds. Becker, Birschel (9:15 p.m.), Donegan, Didier, Ewerdt, Grimm, Hanson, Herzog, Krill, Krol, Maher, Meaux, Purins, Stepaniak, Treis -14

EXCUSED: Alds. Maher, Minear

ALSO Mayor Estness; J. Archambo, City Admin.; A. Kesner, City Atty.; R. Braier, Finance Dir.; Chief  
PRESENT: D. Redman, Deputy Chief W. Rice, Fire Dept.; A. Vickers, Admin. Intern

Ald. Becker in the Chair called the meeting to order at 8:40 p.m. -13

#### **Fire Station #1 Project**

Debt Service: Mr. Braier, Finance Director, displayed debt service graphs and data previously provided to Council members. He pointed out that the city bonded for the \$4.1 million library addition in 1991 for a period of 15 years, or until 2006, and bonded for the \$3.2 million police station addition about three years later. That project will be paid in full by 2009. Annual debt service for the two projects was between \$800,000 and \$850,000 for a period of time.

Using a cost of \$13 million and a 5% rate for example purposes, the fire station project would require about \$1 million per year in principal and interest payments. A 20-year bonding term would be recommended rather than the 15-year term of the library and police station bonds. As bonds issued by Aaa municipalities like Wauwatosa are becoming more valuable in the market, this should be a good time for the city to borrow at favorable rates, possibly even lower than the 5% used in the example.

The city currently pays principal and interest each year of \$4-4.5 million on outstanding general operating and infrastructure debt, funded about half by the general fund and half by sewer funds. In addition, a 20-year \$10 million bond issue in 2005 for unfunded liability payments to the state brings the city's annual general operating principal and interest payments to \$5-5.5 million. The goal has been to keep the debt level on a straight line, and that has been accomplished. Looking into the future, the fire station would replace library and police station debt. Carrying forward the unfunded liability debt and assuming an increase in capital improvements infrastructure debt to \$5 million per year, total principal and interest payments would be about \$8 million per year through 2024, thereafter dropping to slightly over \$7 million.

Mr. Braier next presented three different analyses of the city's ability to make debt service payments. The first, based on equalized value, assumes 2% annual growth in value and demonstrates that the cost per \$1,000 of equalized value would drop from \$1.76 to \$0.48 over a 20-year term. The second graph based on residents' income for the past several years increased by a factor of 3% for the future, shows income and debt growing at the same rate into the future. The third analysis is based on population and assumes that the population decrease

seen annually would level off and begin to slowly increase after 2010. That assumption is a “guesstimate” based on anticipated new condominium units and school enrollment projections. The resulting Debt Per Capita chart shows an increase from \$104.61 in 1998 to \$163.38 in 2016. Every \$1 million of debt service equals \$0.19 per \$1,000 of the tax rate; the effect on a home valued at \$244,000 would be \$46.11.

Ald. Purins requested a chart showing both current and future Capital Improvements Program debt. Ald. Krill suggested that the Debt Per Capita chart should instead show per-household debt. Ald. Donegan commented that infrastructure projects in excess of the \$5 million used in the estimate might be approved in the future, thus increasing total annual debt. He was concerned that the fire station would be the largest capital project the city has ever had and noted that our revenue stream is limited. Ald. Krol noted that there will also be a need to fund Hart Park improvements and possible future replacement of fire station #2.

Mr. Braier said that the city certainly has the ability to borrow the amount needed for the fire station. It would not be a hardship or a burden and would not restrict any future borrowing or endeavors. The city’s borrowing capacity is vast. He noted that the unfunded liability debt payments basically replace similar payments that were being made to the state in the general fund operating budget. Repayment of the fire station debt would be through the tax levy, but any limitations imposed by the state have exempted debt service payments.

In response to a question, Mr. Braier explained that a 20-year life is the maximum for municipal debt. Research of bond issues for municipal buildings over the past 18 months reveals that most were at the 20-year level. With rates being historically low, 20 years seems to be the likely maturity for these bonds. The city has been issuing 10-year promissory notes for capital improvements debt, and that rapid repayment is one of the attributes that gives us our Aaa rating. Rapid repayment is not expected for one-time issues such as buildings, however. The city has successfully taken this approach for the past 30-40 years.

(Ald. Birschel present. -14)

Response to Questions: John Sabinash, Zimmerman Architectural Studios, Inc. continued his response to questions previously identified by the committee.

Ald. Donegan raised the issue of overall square footage discussed at the previous meeting. Mr. Sabinash confirmed that the contemplated total is now in the range of 32,000 and is unlikely to be reduced any further. A large portion of the total is in building maintenance and internal mechanical systems that are located in the basement to help reduce the cost of space and control noise. To meet objectives, he agreed that it will be necessary to reduce administration and dorm space by almost 4,000 square feet. The cost of \$210 per square foot is based on the 32,000 total. If total square footage is reduced, it is likely that cost per square foot would go up somewhat since factors such as project management costs are unlikely to change very much.

Ald. Donegan noted that apparatus and mechanical maintenance space is down to about 63% of what the program demanded. If we can live with 63% of the standard there, can we apply that to all? Mr. Sabinash said that staff’s reaction would probably be to eliminate building mechanical space, although fundamentally that doesn’t necessarily change the cost. He can determine how to effectively manage cost but would need some definition of the methodology he should use to get to a certain number.

Ald. Krill commented that professional decisions are needed here, which is expertise this committee doesn’t have. The professional staff that has used the building and knows their needs has to be a very significant part of this decision. Ald. Donegan spoke of responsibility to constituents and his need to be confident that the proposal has been done correctly.

Chief Redman explained how decisions have evolved; one decision drives the next. Throughout the 18 months of committee discussions, he has maintained the goals of operational capability in the long term and a strong desire for continuity of operations during construction. Not having to move out of the station if using the north site was a significant decision point, even though that meant they wouldn't have optimum apparatus bay depth. In order to accommodate the underground parking that Ald. Donegan advocated, it was necessary to reorient the administrative portion to the north. They also felt it was extremely important to have public parking available next to the administrative area. They believe not having longer bays will affect long-term operational capability, but it allows for the underground parking and for operation during construction. Eliminating underground parking, which would save 8% of the cost, changes the whole configuration and probably provides a better option to position administrative offices on the south end and bays on the north end. Zimmerman applied all of those factors that staff considered at each step. It has been necessary to move forward with decisions in order to get something with which to work—they couldn't come back with four or five different layouts.

Ald. Purins noted that we are building for a 75-year future but are giving up operational and maintenance space because of configuration issues. Does removing the underground parking somehow provide flexibility for more operational space? Mr. Sabinash explained that we have a 100 ft. deep lot with bays positioned to provide balance between the amount needed at the front of the bay with the amount of storage space needed and the physical constraints to fit the equipment. The department is not willing to sacrifice apron space. Unless the lot is somehow made 120-130 feet deep, there is no way to get more depth. If underground parking is eliminated, there might be an alternative solution, but it is ultimately governed by the 100 foot depth. Ald. Purins noted that the largest piece of property with the most depth is to the far north—is that off the table? Is it possible to exit parallel to the street as is done now? Mr. Sabinash said that it is very difficult to get the needed turning movements at the north or south corners. It is possible to exit parallel to the street and there are solutions that could take that a step further, but there tends to be more land use than with direct access to the street. Ald. Purins then asked if the needed space would be provided if all of the non-operational functions were put on the north parking lot and the bays faced south. Mr. Sabinash indicated that there is a possibility of coming up with a bay orientation that would work but it would have to be done in the context of keeping the current building in operation. All program components are unlikely to fit on the southern site without going to multi-levels.

Chief Redman said that the decision to have east facing bays was driven by the fact that it is a more efficient way to respond out of the station. There would be about 60 feet of apron space. Discharging to the north would require more than 60 feet; even the current 90 feet is a little inadequate. Orienting bays to the north is a valid consideration, but underground parking would likely not work in that configuration. Surface parking or a parking deck would need to be positioned on the site of the current station.

(Ald. Krill excused. -13)

Ald. Purins reiterated that we should be building for the future. Can we remove any of the limitations? Perhaps we should consider an asset swap to free more usable land. Mr. Sabinash said that they have had to stay within the rectangle currently defined. Any combination of parcels would provide additional relief to fulfill program goals. Anything that increases the size increases that opportunity. He would be happy to look at another definition of the project site, although there are sacrifices on any of the scenarios. The current proposal was viewed as the best option because it offered savings, a compressed construction schedule, and almost everything that is needed.

Ald. Krol spoke of the goal to place this on the ballot as an April referendum. He would like to stay on the "Greater Underwood" site but possibly take only two of the homes, which might reduce the acquisition budget to

under \$1 million. It would still be possible to do some staging and construct the apparatus bay after some demolition. Also, he pointed out that whatever we do will impact yearly operational costs.

Mr. Sabinash moved to Question #4, whether the maintenance bays could be built elsewhere. He estimated the cost of doing that, without a defined site, at about \$2 million and explained why, from a management perspective, it is not deemed advisable. It can't be added to station #3 due to the county contract, and it doesn't make sense to place it at station #2, which is already being viewed as obsolete. Other locations would also not be appropriate given the organizational and operational structure. During an event, all chiefs on duty are able to respond from station #1 and it is likely that mechanical maintenance personnel would support the operation. Fragmentation doesn't make a lot of sense, and it doesn't look like there is any better place for this than at station #1.

Question #5 relating to research on options associated with the maintenance facility was addressed by Chief Redman. Referring to his December 14, 2007, memo, he noted that maintenance personnel work with management staff on a daily basis. One key aspect is dealing with highly technical and specialized equipment and the many regulations that apply. The mechanics also are key in developing specifications for specific apparatus. Many important issues arise when mechanics and firefighters interact. Mechanics carry pagers and are called to the scene on major incidents to deal with any equipment failures or related operational issues. In the Portland, Oregon study submitted by Ald. Maher, the finding was that a separate maintenance operation could save \$40,000 per year. In checking with that department recently, Chief Redman was told that their council evaluated the proposal and ultimately determined that the potential customer service loss was not worth the potential savings. Likewise, Chief Redman said he is not convinced that anything would be saved by moving our maintenance operation elsewhere. In answer to a further question from the Chair, Chief Redman cited the Community Development Committee's September 12, 2006 conclusion that there is a valid reason to keep all of the functions attached to a fire station. Although they do give up some total space and don't end up with the fully operational plan they would like, it is difficult to conclude that maintenance should be housed elsewhere.

Ald. Donegan asked if there was an analysis of what would be saved and what it would cost to build maintenance elsewhere. Mr. Sabinash said that the cost model used to generate the \$2 million estimate was based on there being two different projects and possibly two different contractors. It costs more to build off-site than as part of a big project, largely because of economy of scale. He did not factor in land costs. The opportunity to build for less per square foot may exist elsewhere, but increased overhead would negate everything else. The public works building at the city yard, as it stands, will not function for maintenance.

Question #6 related to housing administration and support operations elsewhere. The cost was estimated at about \$1.1 million. Mr. Sabinash said that it may be possible to do it elsewhere for less, but there isn't a way to do it more efficiently. How would a business owner efficiently manage from off site, he asked. It is not advisable.

Question #7 relating to debt service was covered in Mr. Braier's presentation.

On the issue of comparable costs, Mr. Sabinash said that the question is the life of the building. Waukesha's facility is not built to the standard of a 75-year life. He emphasized that the size of each of the alternative sites is the fundamental issue relative to fitting the program. If the sites were defined differently, a better solution might be found. If told where to construct and how much to spend, he can work his way back to what is achievable. That might well come back as a 30-year longevity building in order to fit the desired programs, he noted.

The Chair indicated that discussion will continue at the next meeting, possibly next week.

The meeting adjourned at 10:15 p.m.

Carla A. Ledesma, City Clerk  
Wauwatosa, Wisconsin

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