

CITY OF EDGEWOOD  
SPECIAL COUNCIL MEETING MINUTES  
MAY 17, 2004  
7:00 P.M.  
**Revised**

**CALL TO ORDER**

Mayor Link called the special meeting of the Edgewood City Council to order at 7:00 p.m. in council chambers of the Edgewood City Building. The following council members were present: Bill Grady, David MacMillan, Mark Steffen, Dale Henson, Scott Guenther, Ray Spears, and Jeff Schreiber. Also in attendance were City Attorney Frank Wichmann, City Administrator Roger Rolfes and City Clerk Jeanette Kemper.

**Municipal Order 2004-08 – Accepting the proposal from Pilot Construction for the construction of the Edgewood City Building.**

Discussion – Mr. Schreiber asked why Cole + Russell (C+R) Architects estimate came in lower than the bid. Shannon Duffy, Project Manager with C+R, stated that construction material had recently increased across the board for items such as steel; which has increased 40% and masonry increased 50%. Mr. Schreiber asked why the administration square footage increased so much. Mr. Rolfes stated that all the common areas throughout the building such as hallways, lobbies, restrooms, stairwells, and elevator shafts were all included in administration. Mr. Rolfes further stated that the administration office area increased by 25%; which also includes council chambers. Mr. Guenther stated that he doesn't think that anything council has done over the past 24-30 months was a bad decision. We've looked at renovating the current facility and the cost involved and at that particular time it made sense to build all new. Since that time, the project figures increased by about 13%. [costs went from approximately \$5,000,000 to approximately \$6,000,000 just for building the building not for including additional expense on top of that and that included the fact that the bids came in approximately 13% high]. Additionally he indicated "if we were to go with the proposal that was presented at that meeting not only could the police stay here and the administration could go next door but that could also be done vice versa". He also added "he thought we could complete the process based on that presentation in a way that it would be functional and work long term and it would be a much lower cost for the taxpayers of Edgewood." If the contract is awarded he doesn't see much sense in nickel and dime to save \$100,000-\$200,000. The driving force from day one is the fire department and they are the neediest. He feels that a new fire department is necessary and suggested keeping police in the current city building and move administration to the house next door that was purchased. It would save the taxpayers roughly \$3,000,000 and asked council to consider it.

Mr. Spears said that he and Mr. Grady have been voting against the project since last November. Our needs mostly lie in the police and fire departments. Mr. Spears suggested that the city reject the bids go back to the drawing board for a police and fire department building, address our needs and not our wants and spend the city's money on sidewalks, streets, and services that the residents are going to benefit from, not this football field size building that we are thinking about doing. Mr. Steffen agreed that police and fire are the neediest and when an outside person walks into our building and tells us that our police facilities aren't safe for our police, we've got to do something. Mr. Steffen further stated that the difference between building one complete building with all three facilities, keeping the current building intact and building a new police and fire building was \$750,000 with a debt service of \$46,000-\$47,000 per year which is less than 1% of our budget and that doesn't include putting money into the current city building, which he doesn't want to do. He stated there are three different surrounding communities who have built city buildings or added on to their building and are now looking at spending more money on additional space. If we do this building with 4,000 ft of unfinished basement, any future needs will be covered. Mr. Guenther said if the police stayed in the current city building there wouldn't be a need to expand the building, it would need some work but not expansion. Mr. Spears said there is no immediate need to do any major overall to this building, the fire department needs to be addressed and everything else is secondary to that. Mr. Schreiber stated that if all three departments were separate from each other we'd have a worse situation than we do now. Right now, if you go to the fire or police departments, they're locked and you can't get in. If we moved the police and fire together and had a receptionist you would have to hire another person to cover lunches, breaks, and vacation so then we'll have to hire two people to work that job which will be more money. Mr. Steffen commented that the one benefit to building this building the way we talked about is if we build it with the space for expansion and unforeseen things do happen then we have plenty of room to expand at a relatively low cost. Mr. Grady does not see a need for a huge amount of space and cannot see spending \$7,000,000 on a building. Mr. Schreiber noted that if you combine the Fire Dept. and Police Dept., the building would still be 30,000 square feet.

Mr. Grady replied that it sounds like wants, not needs. Discussion was held concerning cost vs. need. Mr. Spears said if we just build a Fire Dept. and Police are in another, it is going to be a lot smaller, cost less, and the debt service will be less.

Mary Williams, 3252 New Orleans Ct., did not agree with the need for a new building but did agree that Police and Fire need space. Norbert Meyer, 3118 Locust Hollow Lane, said to listen to the architects and build the building.

Discussion was held concerning financing. Mr. Grady said he is leery of unexpected events and expressed concern over spending too close to the belt. Mr. Spears questioned the amount in the CIP Fund. Mr. Rolfes explained why we did not need to be reserving at the rate we were. \$1.8 million represents straight-line depreciation allocated to CIP and is not truly needed. He said when we laid things out, not knowing for sure which way council would go, he took what was the absolute maximum amount of cash we could afford and put it in the project, your cash option exhibit A then show in exhibit B what it would be like to finance substantially all of it to pay the debts. The budget has \$240,000 built into it to cover the differential between that and whatever we ultimately finance, we simply subtract from that transfer number to CIP so it would work there because you wouldn't need to transfer as much because the fund balance would be higher. The budget in the past was earmarked for different items and that was a way of showing it but we can work around it. Mr. Rolfes also stated that the City could buy all the things we need, maintain the same level of service, and not raise taxes. This is actual cash with no surplus built into it. You have 1.4 million to fall back on if something happens. Mr. Henson said that the best long-term decision is to build the new building because it is affordable. He referred to the growth of St. Elizabeth Hospital, the services we need to provide, and the amount of money they pay in payroll taxes. Mr. Steffen, after reviewing cost, debt, and differentials, still thinks that long term, if we really look at the numbers projected out, it still makes more sense to build one facility. Mr. Guenther said he doesn't think the hurdles (in the present building) are insurmountable; we are talking about a lot less money and can make the older building functional long term. Mr. MacMillan considered all hours involved in planning and work and felt that in order to keep down the change order, which drives the cost up, is to build the new building. He used St. Elizabeth Hospital as an example for planning for future growth and thinks Mr. Rolfes's option is feasible. Mr. Rolfes was asked why the contingency fee was so high; he said it was put in by Cole and Russell and is an industry standard and we will be able to pay without raising the overall project cost. Shannon Duffy added that it allows you some cushion to fall back on; we took the low end at 5%.

Mr. Rolfes explained his recommendation for the Bid option, which included the base bid with Pilot, Alt. 1(basement), Alt.2 (training room), and Alt.6 (deduct for lighting). This is a choice to get the footprint and you finish off the rest later. Deductions, modifications, and contingencies were discussed and explained. The goal is to come in under budget. Mr. Rolfes further explained that if requested by council, we would adjust the \$6,215,202 proposal to whatever council would want to use. He suggested they choose a number and make a motion not to exceed that number; if we can come in lower it gives us an opportunity to negotiate to bring the price down below the not to exceed limit. He added that we should negotiate before signing the contract to avoid change orders.

Mr. Wichmann explained the procedure to follow if someone should change his mind after the Municipal Order has been approved. Discussion was held concerning financing.

Discussion was held concerning Alternates 1,2,and 5. Mr. Rolfes explained Alternate 2 (class room training) and 6(\$4300 credit for florescent lights). Further discussion was held concerning the debt service and CIP funding.

Mr. John Hinken, Barons Cove, shared his concern over raising taxes and agrees that the new city building is not needed and speaking for others, he still wants to be convinced. Mr. Steffen stated that the staff cut back on spacing and the new building is not plush or luxurious. He wished that the deficiency list had gone out with the notification letter to all residents. Discussion was held concerning the public awareness of the building project. Mr. Guenther stated that he did not know what else we possibly could have done to notify the public. Mr. Spears suggested that notice of the council meeting be posted on the marquee on the Thursday before each meeting. Mary Williams agreed with Mr. Spears and stated that it shows the City is welcoming citizens. Disappointment was expressed over the poor coverage by the news media. Mr. Steffen stated that he thinks we should go with the metal roof (alternate No.5 for \$78,000). It will last longer and look better.

Mr. Rolfes stated that you couldn't do things to the building without using prevailing wage, within the present budget cycle (1 year). After that the \$250,000 cap kicks in, if you are under it, you don't have to pay prevailing wage. The City can use it's own people to do some things for a substantial savings.

Discussion was held concerning Exhibit F – a total project cost \$7,789,600. Mr. Rolfes recommend that if the City wants the roof it should be put in the initial contract and not as a change order.

Bob Cooper, Seasongood and Mayor, stated that the City carries an A2 rating on what are called public property bonds (classified as revenue bonds). If the City does go to market we would expect an upgrade an A1 rating since it would now be a general obligation. The higher the rating, the better the interest rates. Mr. Rolfes stated that if we maintained a \$1,000,000 in our general fund we would be fairly healthy or solvent; Mr. Cooper agreed and stated that the ratings are there to protect the investors. He also stated that there is a litany of elements that contribute to that rating. An update discussion followed. Mr. Cooper commented on the actual annual interest with a range that started out at 1.6 and went up to 5.18 to arrive at the numbers presented.

Mr. Steffen made a **motion to accept the proposal of Pilot Construction to include alternates One (1), Two (2), five (5), and six (6) at a cost of \$78,191, which means I would accept the proposal at a maximum cost of \$6,035,391.** He would like to see the financing go along the lines of exhibit F, leaving a little more money in the bank. Mr. Schreiber stated that would allow the City to do some of the things discussed in the meeting. **Mr. Schreiber seconded the motion.** Mr. Guenther stated his concerns about Exhibit E items 6,12,17,22, and 23. Even though he intends to vote no, but if you are spending in excess of \$6,000,000 on the project it doesn't make much sense to cut out \$3,400 for mesh reinforcing or omit stair nosings for \$3,500. Discussion followed.

Mary Wilson stated that it doesn't make sense to tear down a 22-year-old building and pay that amount of interest on a bond.

Mr. Steffen asked how Cole and Russell determined what items to cut. Shannon Duffy responded that it was a joint effort from Mr. Rolfes to subcontractors. Most items were things that could be added later. Discussion followed.

**Mr. Steffen moved to amend his motion with the exclusion of 2, 6, and 17 which would bring my total accrued amount to a figure not to exceed \$6,063,811. Seconded by Mr. Schreiber.** Aye votes were recorded for Mr. Henson, Mr. MacMillan, Mr. Schreiber, and Mr. Steffen. Nay votes were recorded for Mr. Grady, Mr. Guenther, and Mr. Spears. **Motion passed 4 ayes – 3 nays.**

Mr. Rolfes explained the cost of design fees, which are calculated at 8 ½%. Mr. Guenther expressed his concern about building this building in an excess of six million dollars and stated there are other less expensive options.

#### **ADJOURNMENT**

Mr. Guenther made a **motion** to adjourn at 9:45 p.m.; seconded by Mr. Spears. **Motion passed 7 – 0.**

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Mayor John D. Link

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Jeanette Kemper, City Clerk

Date: \_\_\_\_\_