

## KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

### **BOARD OF DIRECTORS MEETING**

**MARCH 28, 2019**

**ITEM # 8a**

### **UPDATE ON COMMUNITY CENTER INCLUDING RECOMMENDATIONS ON FUNDING ALTERNATIVES**

#### **SUMMARY**

At the March 14, 2019 meeting of the Board of Directors, a project status report on the Community Center was presented by William Glass of Glass Associates, Inc. Mr. Glass reported that nine contractors attended the bid conferences and that five had submitted bids. The three low bids considered to be responsible have been retained for further consideration prior to selection of the designation of the successful bidder and award of contract:

Low Bid: Eagle Builders, \$1,481,200

Second Low Bid: KCK Builders, \$1,531,400

Third Low Bid: EVRA Construction, \$1,794,000

The District is obligated to award a contract by Saturday, April 20, 2019. It is possible that this award can take place at a the April 11, 2019 regular meeting of the Board of Directors In advanced of this date.

There is also a total of \$221,000 of bid alternates related to specific additional improvements to the facility. The specific alternates are itemized in *the Source and Use of Funds* attachment. At their March 19, 2019, the Finance Committee recommended that the General Manager decide on the Alternatives in consultation with the architect, contractor, representative of the Board, and Anne Forest of the Kensington Community Council. The specific items to be included should be determined prior to the award of the bid.

The General Contractor's scope does not include abatement of hazardous materials. The District plans to coordinate the required abatement work with the selected contractor. Requests for proposals for abatement work, based upon the scope described in the February 2018 Hazardous Materials Inspection Report provided to the District by Sensible Environmental Solutions, Inc., have been forwarded by the District to several abatement contractors. Bids for this work will be due on March 27, 2019. The result of these bids and possible options toward authorizing this work will be discussed at the meeting.

## **FINANCING**

Depending on the selected bidder, there is a projected shortfall of \$300,289 to \$618,089 to fully fund the project in addition to any selected additional improvements. A number of funding sources and additional donations has been explored. The best source of available funding is a loan from California Special Districts Association who offer financing at an interest rate of 3.8%.

At the March 19, 2019 meeting of the Finance Committee, it was recommended that the Board apply for a loan of up to \$500,000 under the terms of the California Special District Association's proposal of 3.8% interest with the ability to pay off the loan after five years and asks that the Board consider options to reduce the loan amount, including the use of reserves, through alternative financing and adjust the loan balance accordingly as long as a decision is made within the time constraints of accepting a bid.

On June 27, 2017, the Board of Directors directed that the amount transferred to the project from reserves be increased by an additional \$200,000 from \$150,000 to \$350,000. Unfortunately, the amount of the increased allocation, \$200,000 was listed as the total allocation. To correct this transaction, it is recommended that the Board of Directors now authorize a transfer of \$150,000 from reserves to bring the total allocation from that time to \$350,000.

The agenda packet includes a resolution authorizing the District to apply for \$475,000 financing at a 3.8% interest rate. The resolution can be changed at the Board Meeting should the Board of Directors select a different amount of financing. Although there are currently adequate reserves to fully fund the project, it is recommended that the Board consider financing a portion of the costs. The primary rationales for this approach include (1) financing with favorable financing terms, (2) maintaining healthy reserves to protect against unforeseen costs, (3) increasing future CalPERS rates and appropriate OPEB financing, and (4) protecting from possible economic downturns.

## **RECOMMENDATION:**

1. Intent to award construction contract to lowest qualifying low bidder at April 11, 2019 Board Meeting
2. Add \$150,000 to project from reserves (for a total of \$350,000 as intended by the Board of Directors on June 22, 2017)
3. Adopt Resolution 2019-01, Resolution Authorizing the Execution and Delivery of a Lease Agreement and Site Lease and Authorizing and Directing Certain Actions in Connection Therewith, authorizing \$475,000 financing from the California Special District Association

## **FISCAL IMPACT:**

This project involves the expenditure of significant District funds and possibly will include debt financing as noted in the attached documents

**ATTACHMENTS:**

1. Resolution authorizing Financing
2. Community Center Financing
3. Source and Use of Funds
4. Project Construction Cost Estimates
5. Minutes of March 19, 2019 Finance Committee Meeting
6. Minutes of July 22, 2017 Board Meeting

**SUBMITTED BY:** Anthony Constantouros, General Manager