

**MINUTES OF THE COMMITTEE OF THE WHOLE MEETING OF THE
PORTAGE CITY COUNCIL OF MAY 7, 2019**

Mayor Patricia Randall called the meeting to order at 5:16 p.m. The following Councilmembers were present by 5:20 p.m. - Councilmembers Chris Burns, Richard Ford, Lori Knapp, Claudette Reid, Terry Urban, Mayor Pro Tem Jim Pearson and Mayor Patricia Randall. Also present were City Manager Laurence Shaffer, Deputy City Manager Rob Boulis, City Attorney Randy Brown and City Clerk Adam Herringa.

Mayor Randall invited City Manager Shaffer to begin discussion and Mr. Shaffer shared that the purpose of the meeting is to review the status of the proposed Fire Station No. 2 replacement, projected costs and project history. Mr. Shaffer reviewed the bid process related to this project and shared that, after being rebid, the low bidder remains Hall Construction and the estimated cost remains at approximately \$6 million of which approximately \$175,000 is for drainage improvements. Mr. Shaffer then reviewed cuts made in the project between the first and second bid opportunities. He continued by stating that City Administration is unanimous in recommending approval of the project. Mr. Shaffer stated that the project has been bid twice, there were two bidders each time and the price has remained at a consistent \$6 million. Next, Mr. Shaffer reviewed the impact the project would have on long-term debt. He stated that even with a new fire station and new Community Senior Center, debt will continue to decline. The debt forecast, he stated, would be for a reduction from approximately \$58 million to \$46 million by the end of 2022.

Deputy City Manager Boulis provided additional information related to the bid process and shared that Hall Construction was the only company to bid each time. He continued by stating that staff and the consultant from American Village Builders worked diligently in an attempt to reduce projected costs. Oftentimes, Mr. Boulis continued, projected savings by eliminating a project component were nearly offset by architectural fees related to making the change. Mr. Boulis concluded by commenting that care was taken to avoid making cuts that result in short-term savings at the expense of long-term benefits.

Mr. Boulis introduced Mr. Jack Michael of American Village Builders (AVB) who is serving as the Owner's Representative and Construction Manager for the city on this project. Mr. Michael shared that AVB has estimated project costs on several occasions and the result is a consistent cost of approximately \$6.1 million. He stated the cost of the proposed bid is an accurate and good price; that the project has been bid twice; and there are no more bidders who might come in lower. He stated that construction inflation is averaging 6% per year and delaying the project would result in higher costs. Mr. Michael shared that an expertise of AVB is "value-engineering." He stated that the proposed bid incorporates value-engineering, and the project is as efficient as a fire station project can be. He cautioned against making small dollar changes to cut costs as long-term functionality and quality would be compromised.

Councilmember Reid asked for a list of changes that had been made since the original proposal. Mr. Michael reviewed a few changes such as altering the door design and eliminating the snow-melt system. Mayor Pro Tem Pearson inquired specifically about eliminating the training tower. Mr. Shaffer commented that every fire station needs a tower in which to dry hoses so that while there may be some savings, they would be limited by the fact that a tower remains necessary. Mr. Michael continued by stating that the architectural costs to switch from

the proposed training tower to a standard hose tower would result in diminished returns. Councilmember Knapp inquired if the proposed training attributes from the first proposal remained intact. Mr. Boulis responded in the affirmative and stated that analysis revealed that eliminating the training aspects would only result in relatively minor savings.

Councilmember Urban stated that the City of Portage is now home to two hotels and three large office buildings in addition to the Pfizer campus. He commented that he has trained with Portage firefighters in the past in such areas as high-angle rescue and confined space rescue. He emphasized the importance and value of training for firefighters and that having on-site training in Portage allows for staff to remain in service while undergoing training. Mr. Urban confirmed with Mr. Shaffer that the proposed design still has four equipment bays and commented that while this station does not have a ladder truck currently, it is wise to build for the possibility. He concluded by stating that police and fire need the best that can be provided and trying to save money by removing training is not in the best interest of the employees.

Mayor Randall inquired as to the cost-benefit of reducing the square footage of the facility and how this translates into savings. Mr. Michael stated that there are diminishing returns when altering plans after a design is complete. He likened it to shrinking the size of a conference room in that HVAC, lighting, fire suppression and other attributes are still necessary even though the actual floor space may be smaller. With regard to fire stations in particular, Mr. Michael commented that there are expensive spaces such as the “clean” and “dirty” rooms. Mayor Randall shared her belief that the proposed fire station is over-designed and that too much has been spent on architectural fees. She pointed out that the proposed building contains numerous rooms and attributes but will only be staffed by three or four employees at a time. She pointed to custom home building and inquired why modifying a fire station should be so different. Mr. Michael stated that the structural and mechanical components of a fire station are dramatically different from a home. Redesigning such a structure, he stated, takes significant more time and effort than redesigning a custom home.

With regard to the architect fee, Mayor Randall inquired as to how the dollar figures are calculated. Mr. Boulis commented that the city approached the architect and asked for an estimate as to the cost of reducing living space, converting the training tower to a simple hose tower, etc. and the architect provided the estimated cost based on the time it would take to redo the drawings and design work.

Mayor Pro Tem Pearson inquired as to the staffing levels of the fire stations. Assistant Fire Chief Stacy French responded. Deputy City Manager Boulis commented that while most stations are staffed with three or four firefighters the plan is to grow the department as the city grows. The proposed station, he stated, should be built to accommodate future need. Councilmember Ford inquired regarding the necessity of hose drying towers and Mr. French responded that all three stations have them as they are critically important.

Mayor Randall stated that, recently, a spike in debt was forecast and asked for an explanation since such a spike was not evident in the debt projection document provided by Mr. Shaffer. Mr. Furry commented that debt reduction will continue but it will occur at a slower pace should the city bond for this project. Mr. Boulis commented that there is an increase in debt forecasted for the next fiscal year but then debt levels will resume decreasing.

Mayor Pro Tem Pearson commented on the scarcity of bidders and inquired as to the experience and capability of Hall Construction. Mr. Michael responded by stating that AVB, as Owner’s Representative, will be monitoring the construction efforts. Mr. Michael continued by

stating that this would be a big project for Hall Construction but that he believes they can successfully complete the project.

In response to an inquiry, Public Safety Director Arnold stated that the current building would take significant investment to rehabilitate and cited a new roof, generator, and structural integrity improvements as examples. Assistant Fire Chief French commented that the current building lacks fire suppression and there are windows and doors that cannot be opened due to structural failures. Mr. Arnold also commented that the station cannot currently support a more diverse workforce as separate living areas are needed for male and female firefighters. Mr. Arnold continued by stating that the current facility lacks “dirty” and “clean” areas to separate gear contaminated during response efforts. Mr. Arnold concluded by reminding City Council that the fire station has been well maintained and, while only staffed by three or four personnel at any one time, is in use 24 hours per day every day of the year.

In response to an inquiry, Mr. French shared that the call volume between Fire Station No. 1 and No. 2 are similar. Mr. Shaffer commented that the plan is to demolish the current facility once the new structure is built. The reason for the demolition, he stated is because the new first station will need that space to operate and the existing fire station is functionally obsolete and costly to rehab. Mr. Shaffer concluded by stating that now is the best time to build the new fire station and that the proposed price is accurate.

Councilmember Knapp inquired if demolition was included in the cost. Mr. French responded in the affirmative and stated that funds are also available to assist with remediation should, for example, asbestos be present. However, he continued, full remediation costs will not be known until further in the demolition process.

Councilmember Burns inquired as to the anticipated life expectancy of the new fire station. Mr. Michael responded that it will be built to last at least fifty years. In reaction, Councilmember Burns inquired as to when the other two fire stations might need replacing. Mr. Shaffer responded that the other two buildings are in good shape and investments continue to be made to promote their longevity. Director Arnold stated that the other fire stations were built 10 years apart, can accommodate female firefighters and are structurally sound. Mr. Michael indicated that improvements in construction techniques and knowledge have improved dramatically since Fire Station No. 2 was constructed in 1974.

Mayor Randall commented that it is unfortunate a building can be obsolete after only 45 years. She then asked staff to provide additional information as to the resumes of the two latest bidders. Next, Mayor Randall asked why a construction manager such as AVB needs to be utilized for this project. Mr. Shaffer stated that construction managers are wise to use on major construction projects due to their expertise and ability to be on-site. They ensure a building is constructed to specification and address issues that may arise. City of Portage staff, he stated, are experts in their field and in codes/compliance but managing a construction project requires a different skillset. Mr. Michael indicated that there are mandatory bid bonds that require the contractor to construct the project at the bid cost. Project modifications, he stated, are what can drive up costs. In response to an inquiry from Mayor Pro Tem Pearson, Mr. Michael indicated that the cost of AVB’s construction management contract is \$78,800.

Mayor Pro Tem Pearson revisited that capability of Hall Construction and inquired about Mr. Michael’s knowledge of the other bidder, NRC Construction. Mr. Michael indicated that this firm is based in Farmington Hills and his knowledge of them is limited. However, he stated that he could conduct additional research. Mr. Michael stated that the fire station project

would be a larger than normal project for Hall Construction but AVB would work with them and their subcontractors to keep things on schedule.

Councilmember Reid pointed to on-going increases in project cost estimates. She stated that the latest cost is double from what was originally proposed. In hindsight, she inquired what could have been done differently to prevent this from happening and what steps can be taken going forward. Deputy City Manager Boulis stated that rather than asking the architectural firm for a projected cost, the plans should be provided to a construction company such as AVB to obtain an estimate. In agreement with Mr. Boulis, Mr. Shaffer stated that the price estimate from an architect should not be requested. Rather, it should be evaluated by a construction firm. Mayor Pro Tem Pearson commented that the new fire station was initially proposed to be \$3 million with an alternative to renovate the current station at \$2.5 million. To him, it made sense to build new. Now, he stated, the city seems to be stuck with a project that has been overly engineered and complicated.

Mayor Randall shared that she believes the proposed cost for the fire station is fair. However, she stated, she believes the proposed fire station is excessive and opulent. She continued by stating that she does not believe it looks like a fire station nor is appropriate for the location. She continued by stating that, if built, it would be the nicest building in the city but only be home to three or four staff. Councilmember Urban commented that this station will service a large residential area along with hotels, office buildings and senior housing. Mr. Michael commented that, to his knowledge, the proposed fire station is not dissimilar to other fire stations being built in urban areas.

Mayor Randall inquired as to the pleasure of the City Council with regard to the proposed fire station. Councilmember Reid commented, and others concurred, that she was not prepared to vote on the proposal at the Regular Meeting immediately following this COW Meeting. Councilmember Knapp inquired as to when the bid expired and Mr. Boulis commented that it expired in three days so he would need to work with Hall Construction to extend their bid. Mr. Shaffer commented that he should have arranged a COW meeting earlier in the year as requested by City Council at their retreat. Mayor Pro Tem Pearson stated that he has additional questions and analysis that he would like to see answered.

Mayor Randall inquired, related to the training features, how much would be saved in overtime and time spent using other regional training facilities. Mr. French stated that while he does not have an exact figure, he does not anticipate the savings to be substantial. Councilmember Reid inquired if the training space could be rented to other fire departments and Mr. Shaffer responded that it would be unlikely.

Mayor Randall again inquired as to the pleasure of the City Council. Mayor Pro Tem Pearson stated that he has additional questions and would like more information about the other bidder. Councilmember Ford pointed to the tradition of City Council not putting items on the agenda at the last minute. Doing so, he stated, severely restricts the ability for the public to comment. Councilmember Urban commented that, should Hall Construction not be willing to extend their bid or only do so for a large fee, an emergency special meeting may be necessary. City Manager Shaffer stated his hope for unanimous support from City Council and the city would work with Hall Construction to hold the bid until after the May 21st City Council Meeting. In addition, he stated, staff will work to address any questions that arise from City Council.

ADJOURNMENT: Mayor Randall adjourned the meeting at 6:38 p.m.

Adam Herringa, City Clerk