



# **Salida Fire Station Financing Plan**

City Council Work Session

September 18, 2023

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# Fire Station Financing Need

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- Construction contract = \$16.6 million
  - ✓ Includes 3% cost contingency
  - ✓ Est. total development cost = \$17.9 million
- Estimated financing need = \$16.9 million
  - ✓ Includes reimbursement of pre-development costs paid to-date
- Ehlers estimates City will earn \$500,000 on unspent debt proceeds
  - ✓ Will keep in reserve as additional project contingency

# Fire Station Financing Plan

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- City will finance \$16.9 million through issuance of tax-exempt, fixed-interest rate Certificates of Participation (COPs)
  - ✓ COP = Capital Lease
  - ✓ Substantially same structure as leases of public works equipment or police vehicles, just for a longer term due to long useful life of the asset
  - ✓ Well-received by investors, esp. for essential function projects
  - ✓ City leases fire station from trustee during COP term
  - ✓ City acquires ownership of the asset at no cost after COP term
  - ✓ City may, at its sole discretion, refinance and/or pay COPs off early

# COPs in Colorado

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- COPs are the most commonly-issued financing in Colorado
  - ✓ 49 new COPs have been issued since January 1, 2021
  - ✓ Recent issuers include:
    - Town of Breckenridge
    - Canon City Area Fire District
    - Chaffee County
    - Grand Fire District
    - Roaring Fork School District
    - Town of Steamboat Springs

# Financial Management Plan (FMP)

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- Ehlers has updated the City's FMP to include:
  - ✓ Estimated 2023 results for General and Capital Improvement Funds
  - ✓ Estimated 2024 budgets for same funds
  - ✓ COP financing for \$16.9M of Fire Station costs
  - ✓ City's other future capital projects / acquisitions through 2034
- The City can afford the Fire Station project – and it will require a new revenue source (e.g. additional 0.5% sales tax) to fund major new recreation projects slated for 2027 – 2029.