

**Fiscal Comments
Commission Meeting
September 24, 2024
Regular Meeting**

**Policy Report PWD/MSC No. 24-34
Consider Award of the 2024/2025 Salt Bid**

During the 2025 Operating and 2025 – 2029 CIP Budget process the City Commission approved \$75,000 for de-icing materials. Due to current supply levels, the requested procurement approval is for 1,000 tons of crushed deicing rock salt, that will be purchased as needed, which is dependent on the number and severity of winter storms.

Leavenworth County's bid specifications allow the City of Leavenworth and other cities in the County to purchase salt at the County's bid price. Leavenworth County advertised for salt bids and the bid opening was held on September 5, 2024. The County awarded the contract to the low bidder, Central Salt, LLC. The following bids were submitted:

Vendor	City, State	Cost per Ton	Cost per 1,000 tons
Cargill Deicing Technology	North Olmstead, OH	No Bid	N/A
Central Salt, LLC	Lyons, KS	\$58.32	\$58,320
Compass Minerals	Overland Park, KS	No Bid	N/A
Hutchingson Salt Co., Inc.	Baxter Springs, KS	\$59.07	\$59,070
Independent Salt	Kanapolis, KS	\$59.75	\$59,757

The City currently has a significant stockpile of deicing material in its salt dome. The amount of salt the City will purchase under this contract will depend on the severity of the winter season. If the entire 1,000 tons of salt is purchased, it will cost \$58,230, which is \$16,770 less than the amount budgeted in 2025.

Staff recommends that the City Commission approve the Leavenworth County bid for rock salt at \$58.32/ton for up to 1,000 tons from Central Salt, LLC

**Policy Report PWD No. 24-31
Consider Approval of the Design-Build Amendment with Julius Kaaz Construction Company for Construction of Fire Station #3 and WPC Administrative Office Engineering Project # 2023-002
Munis Project # F2304 (Fire Station #3 Replacement)
Munis Project # W2401 (New WPC Administrative Building)**

During the 2024 Operating and 2024 – 2028 CIP Budget process the City Commission approved \$4,500,000 for the construction of a new Fire Stations #3 (including the demolition and removal of the old fire station) and \$750,000 for the construction of a new WPC Administrative Building.

The City solicited qualifications from design-build teams that were interested in completing the two projects. The design-build teams that submitted RFPs were evaluated and in July 2023, the City

Commission selected Julius Kaaz Construction for both projects. At the time of selection, the City Commission approved the funding required for the design phase of the project.

Julius Kaaz Construction has submitted their plans for both projects. The designs for both the Fire Station and WPC Administrative Building have been reviewed by staff and the design-build team has finalized construction costs based on these designs. The plans, including the cost of construction, were submitted to the City as "Exhibit A, Design-Build Amendment" which amend the agreement with Julius Kaaz Construction that the City Commission approved on July 12, 2023.

The new Fire Station #3 will include 3 full bays for fire equipment and will have an overall footprint of approximately 9,444 square feet. Time to complete the project is set at 425 days. The WPC Administrative Building will be approximately 2,370 square feet with a construction schedule of 270 days.

The costs for each structure, per the plans submitted by Julius Kaaz construction are as follows:

WPC Administrative Building: The project plans include construction costs of \$754,120.56. To date, the City has spent \$96,415.74 on design fees bringing the entire cost of the project to \$850,536.30; which exceeds the original budget by \$100,536.30. Prior to starting the 2025 – 2029 CIP Budget Process, staff was aware that the total project cost would likely exceed the original \$750,000 budget, therefore an additional \$125,000 was built into the beginning balance calculation for the 2025 CIP Budget. The total cost of the project is less than the \$875,000 allocated during the 2025 CIP Budget process.

Fire Station #3: The project plans include construction costs of \$4,898,435.25. To date, the City has spent \$362,909.96 on design fees and asbestos inspection, bringing the entire cost of the project to \$5,261,345.21, which exceeds the original budget by \$761,345.21. A majority of the design fees were paid in 2023 and 2024. Prior to starting the 2025 – 2029 CIP Budget Process, staff was aware that the construction of the Fire Station was likely to exceed the original \$4,500,000 budget, therefore an additional \$500,000 was built into the beginning balance calculation for the 2025 CIP Budget, bringing the total budget amount available for the construction of the Fire Station to \$5,000,000. In May of 2024, the City issued general obligation bonds in the amount of \$5,000,000 to construct and equip the fire station. After construction costs, there will be \$101,564.75 remaining for the purchase of equipment, furniture and fixtures; which will cost an estimated \$250,000. The remaining \$148,435.25 of funding will be covered by interest earnings on invested funds and CIP Sales Tax Fund reserves.

The construction cost of \$754,120.56 for the WPC Administrative Building and \$4,898,435.25 for Fire Station #3 are a Guaranteed Maximum Price (GMP). Any project costs that exceed this amount will be absorbed by the contractor. There is also a liquidated damages clause in the amendment if the contract time is exceeded. As the Fire Department will be displaced during construction, damages are set at \$1,000 per day. The impact to operations at WPC is more limited and damages are set at \$250 per day.

Staff recommends the City Commission approve the amendment (Exhibit A, Design-Build Amendment) between the City and Julius Kaaz Construction for the construction of Fire Station \$3 and the WPC Administrative Building at the guaranteed maximum price defined in the amendment and authorize the Mayor to sign the agreement.