



DENVER
THE MILE HIGH CITY

Series 2015A Certificates of Participation (COPs)
for
**911 Communications Center
and Fleet Service Center**

Department of Finance
Manager of Safety's Office

April 2015

FOR CITY SERVICES VISIT | CALL
DenverGov.org | **311**

- Overview
 - 911 Communications Center
 - Fleet Service Center
- Financing
 - Financing Terms
 - COP Guidelines
- Timetable

- The City is seeking to finance the purchase of two facilities in the principal amount not to exceed \$24M:

	911 Communications Center	Fleet Service Center
Seller	TMC Enterprises, LLC.	Belle Haven Realty Co.
Location	12025 E. 45 th Ave.	2100 31 st Street
Council District	District 11	District 9
Cost	\$ 18.0 Million*	\$5.3 Million
Purchase Deadline	January 30, 2015 (COP to reimburse interim use of 911 Trust Fund)	Earlier of 8/31/15 or complete building construction (June'15)
Use of Facility	911 Services, Other City Uses (TBD)	DPD fleet, Electronic Engineering Bureau, Other City Uses (TBD)
* Total cost of \$23M, of which \$18M will be financed		

Houses emergency communications, call-taking and dispatching for **Police, Fire and EMS** in partnership with Denver Health

Existing Facility (950 Josephine Street)

- Can't adequately handle growing call volumes / personnel (affects speed of answer).
- Resides in the floodplain of two Denver Water reservoirs.
- Does not meet post-9/11 structural security standards or catastrophic wind and earthquake-resistance.
- Current facility systems near or past useful life.
- *Fire Line Shop and associated Safety uses will remain at 950 Josephine.*

New Facility (12025 E. 45th Ave.)

- Pre-existing call center.
- Supports more than 1,100,000 callers per year and dispatch of more than 900,000 police, fire, and medical calls per year.
- Allows for ample employee workstations, training rooms, and telephone & computer server storage. Allows for growth.
- Non-occupied 911 space will be determined via Real Estate planning and budgeting process.



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911 Center, continued



DATA/CALL CENTER
FOR SALE OR LEASE

12025
E 45TH AVENUE
:: DENVER, CO 80239

PREMIER PLUG & PLAY CALL CENTER OPPORTUNITY

Scope	Cost
Purchase of building	\$7,035,000
Design	\$1,000,000
Construction	\$4,800,000
Seismic Requirement	\$2,600,000
Technology	<u>\$2,600,000</u>
Total Financed Costs	\$18,035,000
Furniture, Fixtures, Equipment (FF&E)	\$3,000,000
Escalation & Contingency	<u>\$2,000,000</u>
Total Pay-As-You-Go	<u>\$5,000,000</u>
TOTAL	\$23,035,000

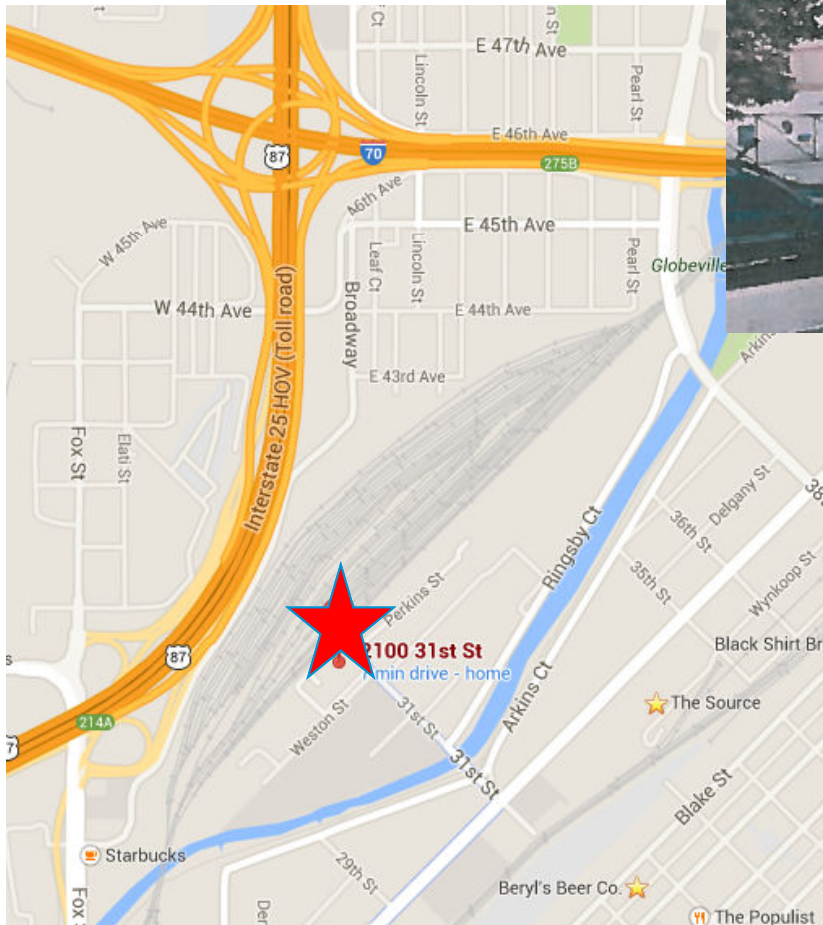
- Amounts include sufficient project contingencies and escalation costs due to increases in construction market.
- \$5 million pay-as-you-go for FF&E and project escalation/contingencies to be paid from 911 Trust Fund.
- Additional enhancements to be programmed in the future, as needed.
- New 911 Facility would cost \$45 million to construct.

- 911 Special Trust Fund is funded by a surcharge on all telephone bills and provides funding for operating the 911 Communications Center.
- Annual operating expenditures in the fund are \$8.7 million. The fund currently has a very healthy fund balance of \$9.7 million.
- Fund expenditures are limited by statute to fund only equipment and personnel expenses directly related to the routing of emergency calls and other costs related directly to the operation of emergency telephone services.
- Future budget actions may be needed to ensure continued financial health of 911 Trust Fund.

Houses Police Auto Service Center and Electronic Engineering Bureau (EEB)

- DPD Auto Service Center provides light repair and maintenance services for Police, Fire and Public Works Right of Way Enforcement.
- EEB supports the City's 800 MHz radio communication network, including installation and repair of electronics/radio equipment on all City vehicles.
- Existing facility located at 1930 35th St. will be demolished as part of the Arkins Court project (North Denver Cornerstone Collaborative).
- A building located at 2100 W. 31st Avenue meets all of the requirements for relocating existing Safety/Tech Services functions.
 - The new facility will also provide additional space to help address needs of other City agencies.

Scope	Cost
Purchase of building (Financed)	\$5,338,820
Improvements (2015 CIP)	<u>\$500,000</u>
TOTAL	\$5,838,820



Requested Ordinance

*Authorize the Manager of Finance to enter into a Lease Purchase Agreement on behalf of the City with a Leasing Trust and lease into the Trust four (4) City-owned facilities. Approval of the lease allows the Trustee on behalf of the Leasing Trust to execute and deliver an amount not to exceed **\$24,000,000** of Certificates of Participation, Series 2015A.*

- Tax-exempt COP financing allows the City to seize the opportunity currently available to purchase the needed facilities to maintain the essential Safety and City operations by leveraging limited capital dollars.
- Under the COP structure, the City will lease four (4) City-owned facilities into a Leasing Trust and will lease back and continue to occupy and use the facilities without interruption.
 - Blair Caldwell African American Research Library (2401 Welton Street, District 8)
 - Fire Stations 18 (District 5), 19 (District 5), 22 (District 4)
- If the City fails to appropriate the lease payment, Trustee can take possession of the lease of the assets for the benefit of the COP holders.

- Competitive Sale to achieve lowest cost of funds for the City
- Term: Not to exceed 20 years, with 10-year call option
- Lease payments subject to annual appropriation by City Council
- Repayment from 911 Special Trust Fund (63%) and Capital Improvement Fund (37%):

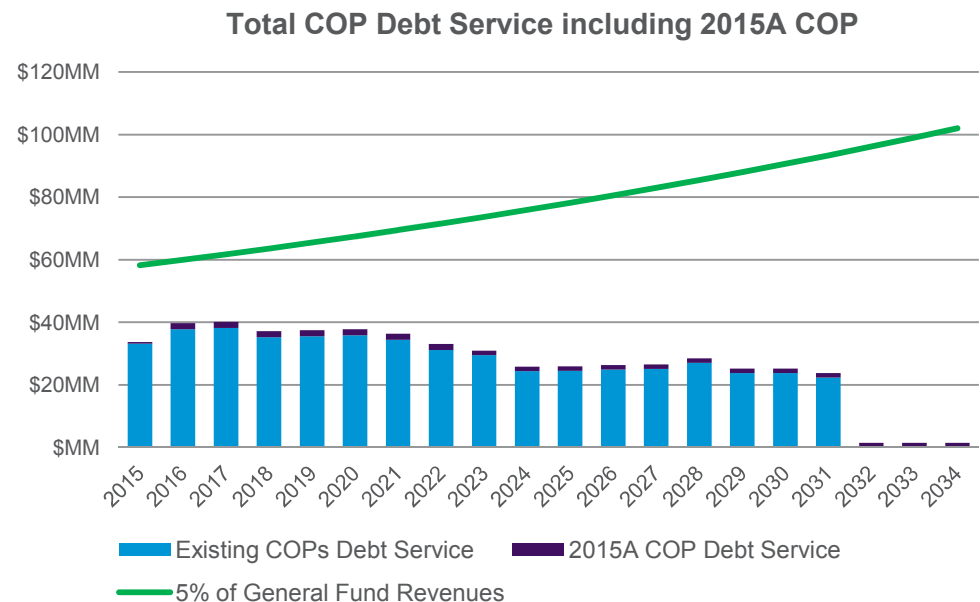
Year	Total Lease Payment *	911 Trust Fund Portion *	CIP Portion *
2015	\$525,000	\$330,000	\$195,000
2016 - 2022	\$2.02 million/yr	\$1.270,000/yr	\$755,000/yr
2023 - 2034	\$1.56 million/yr	\$980,000/yr	\$582,000/yr

* Estimated based on current market conditions

- Release of leased property as COPs are repaid
- Costs associated with the transaction may be paid from proceeds

The proposed financing meets the City’s Debt Policy and COP Guidelines:

- The City’s Debt Policy states that long lived assets with high acquisition costs that would otherwise be disruptive if financed with cash, are best candidates of COP financings.
- COP Guidelines:
 1. Essentiality of the project: financed assets must be for basic and essential City services.
 2. New revenue stream and/or measureable cost savings.
 3. Annual lease payments shall not exceed 5% of acquiring fund’s annual revenues.



- April 21 – Finance & Services Committee
- April 28 – Mayor Council
- April 29 – Filing of Documents
- May 4 - 1st Reading
- May 11 - 2nd Reading
- May 14 - Publication
- May 20 – Lock in Interest Rate
- June 2 - COP Closing