



City of Lawrence

CITY MANAGER'S OFFICE

THOMAS M. MARKUS
CITY MANAGER

City Offices
PO Box 708 66044-0708
www.lawrenceks.org

6 East 6th St
785-832-3000
FAX 785-832-3405

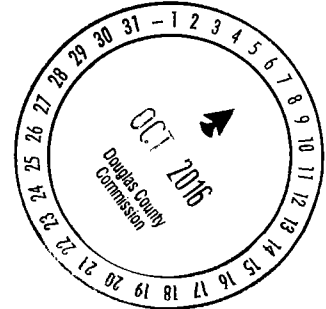
CITY COMMISSION

MAYOR
MIKE AMYX

COMMISSIONERS
LESLIE SODEN
STUART BOLEY
MATTHEW J. HERBERT
LISA LARSEN

October 4, 2016

Craig Weinaug, County Administrator
Douglas County
Douglas County Courthouse
1100 Massachusetts Street
Lawrence, KS 66044



Re: Proposed Cost-sharing for Reconstruction of Fire Station No. 1

Dear Craig:

This letter memorializes our recent discussions related to sharing the costs of the City's reconstruction project of Fire Station No. 1, located at 746 Kentucky Street in Lawrence (the "Reconstruction Project"). If the cost-sharing terms set forth in this letter are acceptable to our respective governing bodies, then City staff will prepare a written agreement consistent with the agreed upon terms.

1. The total estimated cost of the Reconstruction Project is \$6,378,154.00. The City presently intends to issue general obligation bonds to fund a portion of the costs of the Reconstruction Project. Douglas County agrees to reimburse the City a portion of the actual cost of the Reconstruction Project, plus the interest and costs of issuance related to the general obligation bonds issued by the City to finance the project as set forth herein.
 - A. Lawrence Douglas County Fire Medical Dept. Improvements. The County will pay 25.64% of the actual total cost for that part of the Reconstruction Project that will be occupied and used by the Lawrence Douglas County Fire and Medical Department ("LDCFM Portion"). Current estimates show that the total cost of the LDCFM Portion is anticipated to be approximately \$3,857,978.58. Accordingly, the County's share of the total cost for the LDCFM Portion is estimated to be \$978,185.71, plus interest and costs of issuance. The City's share of the total cost for the LDCFM Portion is estimated to be \$2,868,792.87, plus interest and costs of issuance. The actual amount to be shared by the respective parties will be determined after completion and acceptance of the Reconstruction Project.
 - B. Douglas County Senior Services, Inc. The County will pay 32% of the actual total cost for that part of the Reconstruction Project that will be occupied and used by the Douglas County Senior Services, Inc. ("DCSS Portion") pursuant to an agreement between the



City and DCSS dated November 7, 2012. Current estimates show that the total cost of the DCSS Portion is \$2,520,175.42. Accordingly, the County's share of the total cost for the DCSS Portion is estimated to be \$806,456.13, plus interest and the costs of issuance. The City's share of the cost for the DCSS Portion is estimated to be \$1,713,719.29, plus interest and costs of issuance. The actual amount to be shared by the respective parties will be determined after completion and acceptance of the Reconstruction Project.

- C. Actual Costs and Interest Calculation. Once the City has completed the Reconstruction Project and received and verified all invoices for the same, the City shall provide a written summary of the actual costs of the Reconstruction Project to the County Administrator. The County shall be responsible for payment of its share of the actual costs of the Reconstruction Project as agreed upon by the parties. The City shall make available to the County upon reasonable notice its books and records, including all invoices, related to the Reconstruction Project and the City's bonds issued to finance the Reconstruction Project.. The County agrees to pay its share of the interest, with the rate of interest equal to the interest rate assessed to the City on the general obligation bonds issued for the Reconstruction Project. As soon as practicable after issuance of the City bonds, the City shall provide the County with a debt service schedule.
2. The County agrees to pay to the City on or before December 31, 2016, the sum of \$520,000 to be applied by the City to the County's portion of the actual total costs of the Reconstruction Project.
 3. The County agrees to pay the remaining balance of the County's portion of the actual total cost of the Reconstruction Project in consecutive, annual installments of at least \$100,000 until such time as the balance is paid in full. The County agrees to make the first such annual payment on a date in 2018 that is mutually agreed upon by the parties. The Cost Sharing Agreement shall set forth the date payments are due in the subsequent years. Payments received by the County will first be applied to accrued interest with the balance applied to the principal. The Cost Sharing Agreement for the Reconstruction Project shall acknowledge the City and County's obligations to comply with the Kansas Cash Basis Law, K.S.A. 10-1101 *et seq.*
 4. The County shall have the option to pay down its balance, including paying it in full, at any time, without penalty.

Temporary Relocation of Douglas County Senior Services, Inc.

We have also discussed the possibility of temporarily relocating DCSS to the County's building at 1242 Massachusetts Street during the Reconstruction Project. We propose the City and the County split equally the cost to make the building usable for DCSS. The City would agree to be responsible for the utilities while it is occupied by DCSS. We request the County make the space available to DCSS free of rent for the duration of the Reconstruction Project. If this arrangement is also acceptable to your Commission, please let me know and City staff can incorporate the terms into an agreement.

Craig Weinaug
October 4, 2016
Page 3 of 3

The reconstruction of the City's facility at 746 Kentucky Street will benefit the City and County greatly. The City appreciates the Board of County Commission's consideration of this cost-sharing plan for the project. If I have overlooked anything, please do not hesitate to contact me. If your governing body finds the above terms satisfactory, I request that you sign and date this letter in the space provided below, and return it to me at your earliest convenience. I look forward to hearing from you.

Sincerely,



Thomas M. Markus
City Manager

The Board of County Commissioners of Douglas County approved the Proposed Cost-sharing for the City's reconstruction of Fire Station No. 1, and has authorized me to sign below.


Craig Weinaug, County Administrator

Date: 10/12/16