

The Pueblo Chieftain

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Work on new police campus may start soon

Council to award contract to the winning bidder Aug. 25.

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THE PUEBLO CHIEFTAIN

Pueblo residents could see construction on the new police building campus begin as soon as next month.

The city is scheduled to open bids next week for the construction of the police department's new annex building, and City Council will award a contract at its meeting Aug. 25.

The contract will be the first of two the city will award for the new police headquarters and municipal court.

City Manager Dave Galli said Friday that the city has prequalified six construction firms to do the work on the actual police and court building. Those bids are due Sept. 5 and council will make an award Sept. 22.

The city will use about \$13 million from Xcel Energy to pay for the annex work. Xcel paid the money as an advance on anticipated property taxes generated by the third phase of the utility's Comanche power plant. Galli said the money will be used to pay for the construction of the annex, demolition and property acquisition along with the soft costs on the entire project, which include architects and engineering fees.

The annex mainly will be used to store vehicles and other large pieces of evidence.

Council received an update Monday from financial consultant Jim Manire about how to pay for the \$20 million police building.

Manire is recommending the city use the Pueblo Municipal Building Corporation to finance tax-exempt bonds.

Manire said initial estimates for the bonding will be in the neighborhood of \$22 million and the city will pay back the building corporation through a lease/purchase agreement. With contingencies factored in, the city may look to bond \$26 million for the building.

Based on today's interest rates, Manire said the city eventually could end up paying \$40 to \$45 million on the building over the next 25 years.

The bright side to the cost is that the city could have an easier time getting out of the deal, Manire said.

"This is not considered debt by virtue of the fact that the payments are appropriated annually," Manire told council. "Theoretically, if the facility no longer meets your needs, you can house the officers elsewhere and turn the property back over to the building corporation."

That wouldn't be the city's first choice and Galli said he is working with the finance department to plan the yearly lease payments.

Right now, the city is considering paying about \$1.2 million for the first few years until other debt is paid off in 2016 and the city can start paying more per year.

Galli said half of the payment will be covered by property taxes collected in the first two units of Comanche that were annexed into the city. The other half will come from debt that was paid off on road and bridge projects and the city's fleet maintenance building.

Galli said Friday he's working with the financial department to see if the city can afford to pay larger initial payments to bring down the overall cost of the building.