

Memorandum

TO: City Council
FROM: Brad Martens , City Manager
DATE: February 18, 2025
SUBJECT: Lake Johanna Fire Department headquarters station construction and financing
ITEM NUMBER: 10.d
SECTION: GENERAL BUSINESS

REQUESTED MOTION

Adopt resolution 25-07 authorizing the construction and finance plan for the Lake Johanna Fire Department headquarters station project.

Adopt resolution 25-08 for Minnesota Department of Public Safety grant funding assistance for Lake Johanna Fire Department project.

INTRODUCTION

The City Council is being asked to approve the construction of a new headquarters fire station for the Lake Johanna Fire Department and approve the finance plan for its construction.

DISCUSSION

The Lake Johanna Fire Department provides fire, emergency medical response, and emergency management services to the City of Shoreview, as well as the cities of Arden Hills and North Oaks. Services are provided from three fire stations which provide 24/7 response to these communities. Due to year over year service call increases, the cities and fire department have undertaken a considerable effort in developing mid to long range plans for staffing and facilities.

In regards to facilities, a long range planning study was completed in 2018 to determine the long term facility needs for the department. The study found station 140, located at 3615 Victoria St. N, to be deficient and unable to meet the future needs of the department. Additional needs were also identified for enhanced training facilities and emergency operations center functions which could not be accommodated in any of the existing stations. Due to these findings, a location was selected for a new headquarters station to be constructed and land was purchased at 3535 Pine Tree Drive in Arden Hills. A station was designed and plans were developed to execute the construction of a new headquarters station upon adequate funding resources.

In the 2023 legislative session, the City of Shoreview on behalf of the Lake Johanna Fire Department was successful in securing \$6,370,000 in State of Minnesota funding towards the project. While this amount is less than the amount requested, it was unlikely that additional State of Minnesota funds would become available and the cities elected to proceed forward

with the project. An overview was provided to the City Council at their March 18, 2024 workshop.

Throughout 2024, staff from the three cities along with fire department staff and the LJFD board of directors have continued the work necessary for the construction of the headquarters station to take place in 2025. On January 30, 2025, bids were opened for the construction of the station. A total of 13 bids were received in a very favorable bid environment. The recommended bid for approval, including two alternates is in the amount of \$13,619,069 from BCI Construction, Inc. Costs for this project beyond the State of MN funds will be paid by the three cities in accordance with the cost sharing allocation formula. The 2025 formula is 61.5% Shoreview, 24.2% Arden Hills, and 14.3% North Oaks.

Remaining total construction costs beyond what has already been invested for land acquisition and entrance road improvements is estimated as shown in the below table.

Item	Amount	Notes
Construction	\$13,619,069	Includes two alternates
Soft costs	\$2,762,100	Furniture, equipment, etc.
Reimbursement to LJFD	\$300,000	Prior costs incurred
Permits/fees	\$260,300	Building permit, watershed, etc.
Contingency	\$1,361,907	\$10% of construction costs
Total	\$18,303,376	

Funding for the project will be as follows based upon the amount of funds secured and the cost allocation formula.

Funding Source	Amount
State of Minnesota	\$6,370,000
City of Shoreview*	\$7,339,026
City of Arden Hills*	\$2,887,877
City of North Oaks*	\$1,706,473
Total	\$18,303,376

*Final amounts will vary based on the cost allocation formula in place at the time of invoice and the overall final project costs.

A Joint Powers Board was established in November 2021 in order to secure State of Minnesota funding and is responsible for ownership of the facility. The board is governed by four members, two from Shoreview, one from Arden Hills, and one from North Oaks. The board will own the property and lease it to the fire department who will provide services to the cities and maintain the building and property. Due to changes in how the project is being financed and to add clarification to how the board would operate, an amended and restated joint powers agreement is also being requested for approval.

In order for the project to proceed, the City Council is being asked to take action to authorize the construction of the facility, authorize the Shoreview members of the Lake Johanna Fire Department board of directors and Lake Johanna Fire Department headquarters board to proceed with the execution of contracts and other agreements as necessary for construction, and to amend and restate the joint powers agreement between the cities. The first resolution includes these items for approval. A second resolution is drafted and is necessary to provide

the State of MN in order to receive their funding assistance. It should be noted that the project cost in this resolution does not include all project costs. The only costs identified are those eligible for State of Minnesota funds.

The City of Shoreview portion of the project costs will be paid by proceeds from an upcoming debt issuance. The debt will be repaid from the debt levy which is supported by property tax dollars. Thanks to favorable bidding conditions, the overall project is anticipated to cost nearly \$4,000,000 less than previously estimated. An amendment to the capital improvement plan will be presented to the City Council at their March 3, 2025 meeting.

This is an exciting and important investment in crucial public safety resources to serve our communities. The facilities will serve the cities for decades to come and offer the necessary resources for the Lake Johanna Fire Department to continue to provide exceptional service. In addition, the favorable bid environment and allocation of State of Minnesota funding make this project extremely feasible at this time.

The City Council is recommended to proceed forward with the project as presented. The other option available would be to not proceed forward in order to seek additional funding resources or to redesign the project. While there is potential to receive additional funds, it is a low potential and could result in significant additional costs if the construction market changes or additional costs are required related to decisions at the federal government level.

RECOMMENDATION

The City Council is recommended to proceed forward with the project and adopt resolutions 25-07 and 25-08 as presented. A redlined document showing the changes to the joint powers agreement is also attached for reference.

ATTACHMENTS

[Resolution 25-07 authorizing the construction and finance plan for the Lake Johanna Fire Department headquarters station project.pdf](#)

[Resolution 25-07 exhibit.pdf](#)

[Resolution 25-08 for Minnesota Department of Public Safety grant funding assistance for Lake Johanna Fire Department project.pdf](#)

[Content changes only - no signature pages - Amended and Restated Joint Powers Agreement JPA for.pdf](#)