

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
SEPTEMBER 3, 2013 AGENDA**

Subject:	Type:	Submitted By:
STRATEGIC GOVERNMENT RESOURCES FEASIBILITY STUDY - PW FACILITY	RESOLUTION ORDINANCE ◆ RECEIVE/FILE	RITA RAMIREZ ASST. CITY ADMINISTRATOR

SYNOPSIS

A feasibility study was conducted by Strategic Government Resources (SGR) regarding the potential of constructing a joint public works facility with City of Papillion and is being provided to Council for acceptance.

FISCAL IMPACT

The FY13 budget funded one-half of the study cost with the City of Papillion funding the other half. The need for any additional funding is not anticipated.

RECOMMENDATION

Based on the information in the report and taking into account other organizational priorities, construction of a joint facility is not recommended at this time.

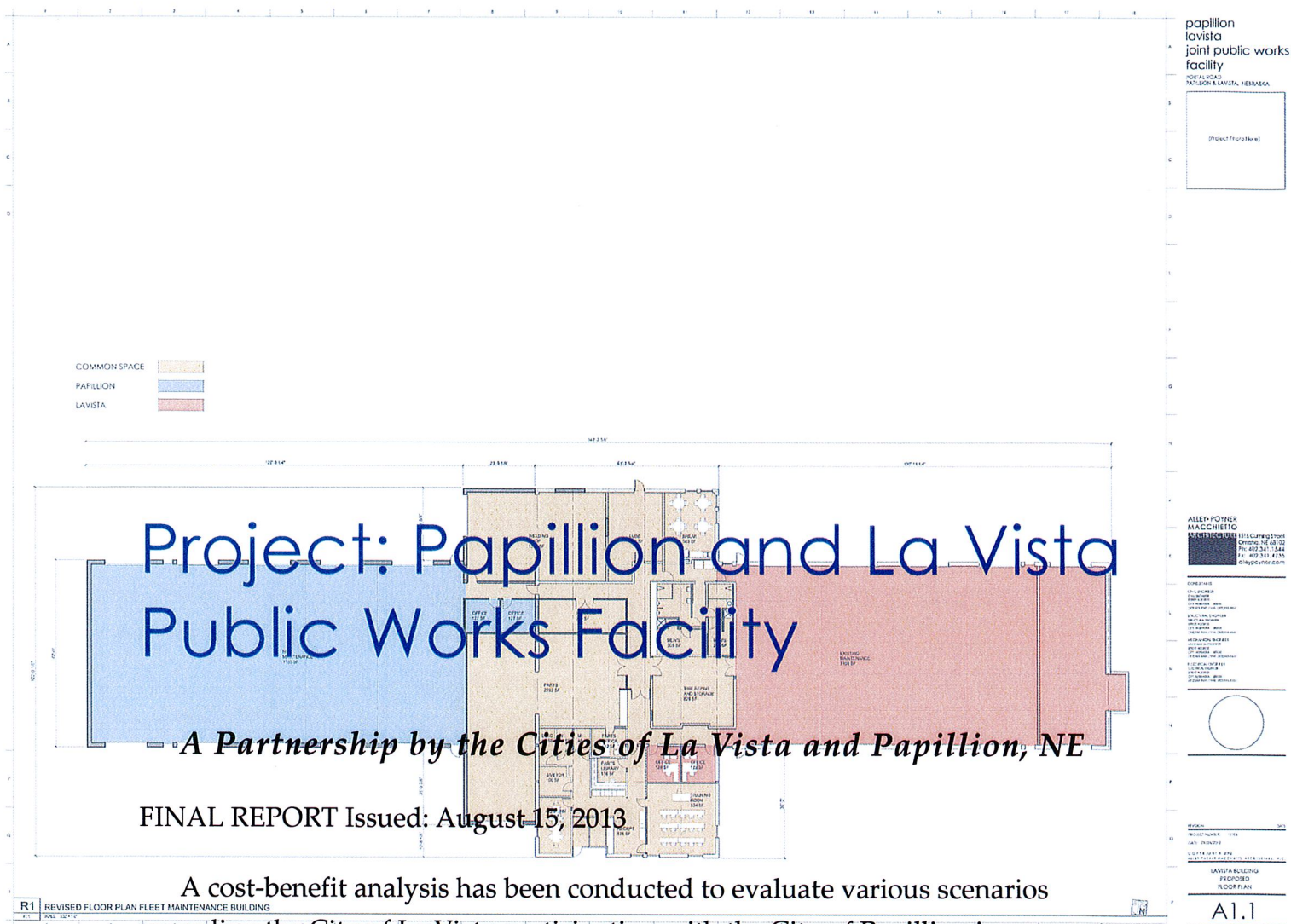
BACKGROUND

The City of Papillion purchased land directly across from La Vista's existing Public Works facility with the intent of constructing a new public works complex. Papillion approached the City of La Vista to determine whether there might be an opportunity to share some facility space as a result of the proximity of the two operations. In order to make a decision regarding the feasibility of this proposal, the two cities agreed that a cost benefit analysis should be prepared. Strategic Government Resources, Inc. (SGR) was contracted by the cities in March of this year to prepare the report.

The report indicates that La Vista's cost to build jointly is actually close to the same or higher than building independently--approximately \$7.4 million.

The report also shows that the savings for La Vista in maintenance and operational costs achieved over a 5-year period by sharing facility space with Papillion and engaging in minimal sharing of operations is not enough to cover the debt service on the construction cost. More significant savings could be realized long term if the cities were in a position to have serious discussions about ongoing efforts to merge some operations. In addition to the obvious financial considerations, other items taken into account by staff in making the recommendation not to build a joint facility at this time include Papillion's construction timeline, the fact that neither city had previously contemplated merging the PW function, and La Vista's multiple priorities that are competing for funding.

The two cities will continue to pursue opportunities for collaboration and have already identified the potential of sharing salt and sand storage facilities.



A cost-benefit analysis has been conducted to evaluate various scenarios regarding the City of La Vista participating with the City of Papillion in a partnership to construct and operate a shared Public Works Facility. Several scenarios are considered in this report using conservative cost estimating techniques. Based on the input data, there are potential (long-term) cost savings to both cities if certain criteria are met. Several policy factors are critical to the decision-making process and the need to establish the expectations for success by both cities. Among these factors are growth rates for each city, competing priorities, short-term operating and capital cost impacts versus long-term savings opportunities, and the inherent benefits of city partnerships. This report provides information that the governing bodies can use to weigh options and establish short- and long-term expectations for their decisions. There were no preconceived directions or expectations provided to prepare this report. It is an independent evaluation of the opportunity.

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Project: Papillion and La Vista Public Works Facility

*A Partnership by the Cities of La Vista and
Papillion, NE*

1 Bottom Line

The evaluation of key performance indicators developed in this report and experience support the following conclusions:

1. A well-developed partnership that includes a plan to work toward combining multiple departmental operations can achieve costs savings for both cities.
2. The greatest cost savings are operating costs to the city of La Vista versus the city building and operating a new facility independently.
3. Similarly, the largest unplanned capital cost impact is to the City of La Vista since the city did not have a new PW facility on the current planning horizon.
4. Papillion will realize capital and M&O cost savings through shared space and utilization of staff.
5. A focused effort toward combining operations in addition to sharing facility space, results in staffing efficiencies that provide operational cost savings to both cities by a) reducing the likely rate of growth in staffing needs and b) reducing duplication of effort in areas such as fleet maintenance, repair crews, and other operations.
6. The partnership creates opportunities for innovation beyond cost savings such as outsourcing and creating a model of other types of partnerships.
7. With significant investment and shared facilities, the partnership is highly difficult to reverse.
8. Entering into a long-term partnership requires a strong political commitment to establish clear expectations for staff.

1 Big Picture Question

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“Does it make sense for Papillion and La Vista to share in the cost of a facility that will serve the long-term needs of both cities?”

What if what makes sense to me is not the same for you?

What does “share” mean and how much does it cost?

What is the facility?

How long is long-term?

What does my city need?

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2 Introduction

The City of Papillion, Nebraska has planned to construct a new Public Works Facility on city owned property along Portal Road. This property is across the street from the existing City of La Vista Public Works Facility. Based on the positive working relationship and proximity of the proposed facility, it is appropriate to ask the question, “Does it make sense for Papillion and La Vista to share in the cost of a facility that will serve the long-term needs of both cities?” This report provides relevant information, considerations, and analysis that both cities can use to make an informed decision answering that question as well as establish expectations for financial and operational performance.

Arriving at an answer to the question presented above is ultimately a political decision based on the knowledge and priorities of the governing bodies. However, responsible governance dictates a thorough understanding and consideration of several perspectives and related questions noted below:

Is this the right time to build together or separately?

What efficiencies can a city expect to achieve?

What are the long-term benefits of the project?

What are the downsides?

What ranges of options are available for either city?

What is the opportunity cost of not building together?

What opportunities could be realized by building together?

What if it doesn't work out, what do we do then?

If we move forward, how do we structure agreements and cost division and operational decisions?

These questions are summed up in the typical approach of a cost-benefit analysis; “What is the cost?” and “What are the benefits?”

These questions are applicable to either entity; however, the City of Papillion has decided to proceed with “a project” regardless of the decisions of La Vista; the remaining question for Papillion remains size and amenities for the new facility. Recognizing the

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need to evaluate the costs and benefits of a joint project, the City of Papillion and La Vista are participating in this evaluation because the final decision must be mutual and affects both cities. Similarly, the expectations for both cities can be developed using this report. As these and other questions are developed and plausible answers considered, it is necessary to first define what the opportunity is and is not.

3 *Project Description and Basis for Comparisons*

3.1 *Base Project*

The scope of the project envisioned under this report entails a true partnership between the two cities to create the most efficient use of existing and new facilities possible given the existing conditions and future needs of the two cities.

The project is a joint public works facility consisting of new construction and expansion of existing facilities. The project is not a consolidation of two city departments into one department, it is a potential partnership intended to provide better services and value to taxpayers. Although integration/consolidation or some type of merger is a plausible path and an option considered later in this report in terms of long-term opportunities for cost savings and operational efficiency, it is not the stated objective of either city.

Traditionally, the Public Works Facility houses the Public Works Department administrative and managerial staff, engineering, and the crews and equipment necessary to conduct the work of the Public Works Department (administration, streets department, water and sewer departments, fleet services, and parks maintenance department). Depending on the extent of city managed utilities (water, sewer, streets) and staff/crew breakdown; the Public Works Facility may also include the staff for the Parks Department. Consequently, operational costs are shared or allocated between more than one department and revenue source such as general funds of the city (property tax, sales tax, etc.) and enterprise funds (water and sewer service revenue funds).

However, in this report the costs are compared to property taxes as a common denominator. While each city has several sources of general fund revenue, it is not the practice of cities to define one revenue source that pays the cost of a particular department (exceptions include enterprise funds such as water and sewer). Therefore, the comparison

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to property tax rates and impacts are for comparison purposes only and not intended to represent an actual tax rate increase.

For this project, the contemplated new construction includes a new administration office building that will house the public works administration and engineering staff for both cities. The facility provides for offices, conference rooms, training rooms, break rooms, locker rooms, and related storage and utility facilities for both cities. The space planning is divided between dedicated space for each city and shared space (locker rooms, meeting rooms, training rooms, break rooms, and mechanical facilities). Additionally, the new construction includes indoor vehicle storage to accommodate the two cities, covered material storage (sand and salt), a new fueling station (sized to accommodate both cities and complying with current environmental regulations), and additional staff parking areas. A summary of the space allocation for the joint facility is provided below. These data and the conceptual site plan were prepared by Alley, Poyner, Macchietto Architects (APMA).

Item of Cost	Area-Units (Sq. Ft.)	Joint Facility				La Vista	Papillion
		La Vista		Papillion		Daly Rept. (Sq. Ft.)	(Sq. Ft.)
		% Space	(Sq. Ft.)	% Space	(Sq. Ft.)		
ADMINISTRATION (New)	11,750	50%	5,875	50%	5,875	6,235	11,391
FLEET MAINTENANCE (Rehab)	7,474	25%	1,869	75%	5,606	0	8,390
FLEET MAINTENANCE (New)	10,477	50%	5,239	50%	5,239	7,287	4,473
SIGN AND WOOD SHOP (Rehab)	4,400	25%	1,100	75%	3,300	0	4,400
STORAGE (Rehab)	2,400	25%	600	75%	1,800	0	2,400
VEHICLE STORAGE (New Barn)	16,000	50%	4,000	50%	12,000	11,700	15,436
ADMIN/LOCKERS (New)	5,254	50%	2,627	50%	2,627	1,606	0
SALT STORAGE (New)	8,000	50%	4,000	50%	4,000		10,000
METAL STORAGE BUILDING (New)	5,000	50%	2,500	50%	2,500		
FUEL STATION (New)	1	50%		50%		100%	100%
PROPERTY ACQUISITION COSTS							
Dittus Property (Papillion)	1	0%		100%		0%	100%
Hupp Drive Property (LaVista)	1	100%		0%		100%	0%
Rawly Property (Papillion)	1	0%		100%		0%	100%
Lot 242 Portal Ridge (LaVista)	1	100%		0%		100%	0%
Total	70,755		27,809		42,946	26,828	56,490

Project: Papillion and La Vista Public Works Facility

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Renovations are contemplated for the existing La Vista public works facility to repurpose and establish the facility as vehicle maintenance and shop related services for both cities. The administrative, engineering, maintenance staff and field crews would be relocated to the new facility while shop and fleet maintenance staff would remain at the existing La Vista maintenance facility. The proposed project is considered the 'build-out' scenario for La Vista and the Administrative 'build-out' for Papillion. Additional satellite facilities for equipment will likely be necessary for Papillion based on the more extensive build-out land areas for Papillion.

The partnership project is not the consolidation of two city departments into one. The project is not a loss of identity or loss of independent operations to one city or the other. However, if the project is to proceed in a financially advantageous manner, there will be a need to develop cooperative agreements regarding future staffing, shared costs, and process improvements. The long-term opportunities for shared facilities and partnerships are discussed later in this report and include consolidation and increased efficiency considerations. Consolidation refers to combining like activities into one department such as one maintenance team (fleet maintenance), shop services, reception and administrative staff and other activities intended to reduce growth rates and duplication of efforts.

The space needs estimated for the joint facility are summarized above along with a comparison of the contemplated facility needs considered by La Vista in the Leo Daly report. Note that the space estimates from the Daly report represent only additional space and no rehabilitation of existing space or addition of a new or rehabilitated fueling station. The space estimate also includes office space for the Parks Department. The area and cost factors used in this report are based on the Conceptual Estimate of Probable Cost developed by APMA and form a good basis for comparisons. The actual cost of construction and area may vary from those shown in this report.

3.2 Options or Variations to Project

Variations to the base project are those areas that can be delayed, changed, or removed from consideration to reduce capital and/or operating costs. Joint facilities developed and constructed by two or more cities have many variations to work into an affordable project. However, short-term objectives to save funds can result in long-term cost increases and undersized facilities. The project considered in this report appears to satisfy the long-term

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needs of both cities as described in their individual facility needs assessments used as reference material for this report. Given that the long-term needs appear to be addressed by the conceptual plans, it is important that the “base project” not be considered the final or only option available to the individual cities. Value engineering and actual costs can vary from the conceptual level cost estimate used in this report by up to twenty-five percent more or fifteen percent less (+25% to – 15%). As used in this report, the base option is used to measure the cost and benefits of alternatives. As a result, the comparisons are relative to each other and are used to manage the variations and options available to the cities; i.e., comparing “apples to apples and oranges to oranges”. Therefore, the cities should use the base model as a decision making tool and then develop variations that result in a mutually acceptable project rather than a take-it or leave-it scenario.

3.2.1 Capital Cost Sharing Options

If debt or operational costs are prohibitive for one city, consider alternative cost sharing options.

Alternative cost sharing options include shifting up-front capital costs from one entity to another until the financial capability of the second entity is capable of assuming a larger portion of the debt. For example, in one situation where three cities decided to partner in a regional dispatch facility, the short-term, initial capital cost was too much for one city. However, the long-term financial situation was much better for the same city as it would grow and become the largest of the three cities. Consequently, the three cities devised a financial approach that provided for a lower initial capital investment for the one city with a long-term financial distribution more favorable to the two cities currently in a better position to finance the project. Had the decision been made to reject the one partner based on their current financial situation, the long-term project would have been two facilities, more expense to the citizens, a significant reduction in future savings, and less efficient deliver of services to the citizens.

3.2.2 Value Engineering – Capital Cost Reduction

If overall costs are unacceptable, perform value engineering to reduce capital expenses.

Similar variations could include reducing the scope of the project or delaying some portions to subsequent years. All of these variations can affect the capital cost scenario to bring the project into an acceptable financial budget expectation. This could include

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unfinished “shell” space that would be completed or finished in subsequent years when the space is needed.

3.2.3 Future Expansion Options for Capital Cost Reduction

Future expansion is designing a facility for adding new construction when the space is needed and funds are available.

Another variation, although not developed in this report, is expansion of the Papillion facility some years later to accommodate La Vista. This option is not usually recommended. Typically, joint operations that begin concurrently when new facilities align with new ways of doing business are more efficient. From a cost perspective, expansion options are more often than not similar to the same cost or more than each city independently building a facility. Again, however, delaying a La Vista decision for a future partnership was not evaluated in this report.

3.2.4 Capital Cost Variations to Base Project

For this project, several project variations for reducing capital costs that could be considered include the following:

1. Room for future expansion based on indeterminate needs at the current time such as future partners, related services, outsourced services, temporary needs, emergency response staging areas, command posts, off-site storage facilities, etc.
2. Evaluate additional partners to the facility.
3. Redistribution of space needs based on value engineering (current plans are conceptual and subject to change).
4. Construction of shell space – while future finish-out is typically more expensive after initial construction, short-term capital investments are reduced until such time as the facilities are needed.
5. Short-term rental of shell space or facilities until expansion is needed.
6. Multiple construction phases for renovations of the LaVista maintenance facility.

3.2.5 Operational Cost Savings Options

If operating budget concerns are the limiting factor, a city can consider a management review of operational efficiency.

Managing operational costs requires greater managerial focus and a higher degree of cooperation between cities. Capital cost savings are essentially ‘one-time’ costs. Once the decision is made, the costs are incurred and the savings are realized. However, with

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operational costs, there are day-to-day decisions to reduce duplication of effort while maintaining expected levels of service to internal and external stakeholders. Departmental level management reviews focus on workflow and changing traditional practices to reduce cost and improve efficiency. This report presumes that operations are efficient and reductions in operational costs occur by sharing resources between the cities and reducing the cost of maintenance on aging buildings and facilities.

3.2.6 *Purchasing Savings*

Establish expectations for sharing equipment and other purchases.

Short-term operational cost savings can be obtained by reducing planned purchases to shared purchases of equipment, services, and specialty machinery. These savings typically do not result in fifty percent reductions in planned equipment because a higher quality piece of equipment is often specified to accommodate the greater demand on the equipment.

3.2.7 *Outsourcing Services*

'Outsourcing' is providing services to another entity or purchasing services from another entity.

Outsourcing options can work in either direction; a city can purchase services from a private vendor using the economies of scale and efficiencies of larger operations to achieve a lower cost of services. Alternatively, a city can offer such services to other entities. For example, expertise in maintenance of specialized equipment can become a worthwhile investment for joint operations that would not be cost effective for a single city. However, under a joint city agreement, the investment in training or skilled workers becomes more affordable and marketable to other cities. Similarly, oversizing facilities such as covered salt and sand storage may be an option to help nearby cities with higher quality operations that would be cost prohibitive to single cities.

3.2.8 *Consolidation of Like Services*

Greatest efficiency and cost savings come from collaboration and consolidation.

For example, consolidation of maintenance operations allows each city to reduce staffing levels and increase overall efficiency in operations. In this scenario, the city shares a staff that is only slightly larger than either city had performing the same duties. Examples include fleet maintenance, street maintenance, sewer rehab, etc. However,

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assuming that existing staffing levels are appropriate, a city will not be able to simply combine the services with half the people. Rather, the two cities explore the means and methods of how they each perform maintenance. Where overlaps are identified, efficiency is implemented and staffing adjustments are made, equipment is consolidated, productivity increases and savings are realized. However, in most cases, the savings are typically slowly realized and directly related to the leadership and dedication of the staff to the shared vision.

3.3 Growth Expectations

A primary purpose of this report is to establish the expectations for building a joint facility with the participation of La Vista in the already planned and expanded footprint of the Papillion facility. Consequently, the cost-benefit approach is based on the growth and financial situation of La Vista. The land area, population, and needs of Papillion will also increase beyond current levels according to the Papillion Comprehensive Plan.

Growth rates in the City of Papillion have not been evaluated to the same extent as La Vista since Papillion has already made the decision to sell bonds and is pursuing the project regardless of the partnership. The decision of Papillion to proceed with the partnership project is more of an incremental cost savings consideration and less of a long-term debt decision. Additionally, as Papillion continues to grow, their needs will be met through this facility and potentially additional satellite facilities according to the city's plan. In either case, both cities can realize operational cost savings and reduction in cost escalation.

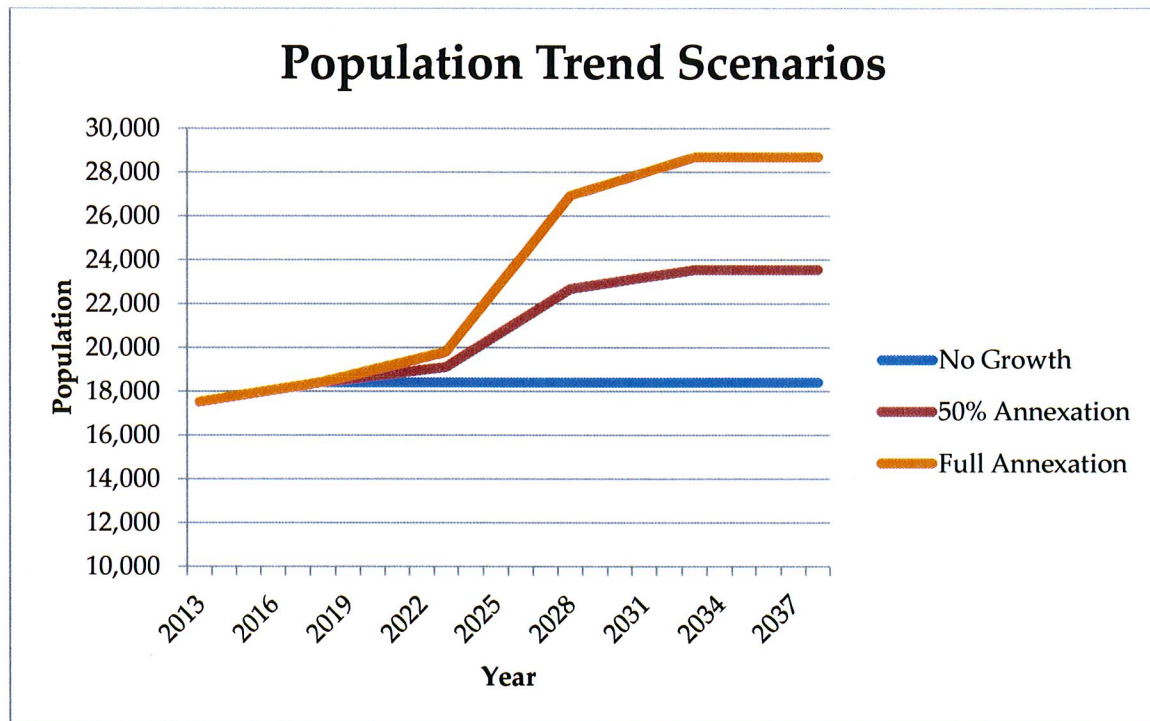
For La Vista, there remains some potential for future annexation, increase in property value and increases in the population served. Consequently, how the growth occurs will significantly affect the demands on the infrastructure, maintenance of infrastructure and expectations of the taxpayers. The growth has a direct relationship to the needs, staffing, and cost of facilities. At present, the current Public Works Facility is at capacity and in need of repair, expansion, and addition of services for the long-term. For this evaluation, the growth of the city was considered using three scenarios.

3.3.1 Population Growth (La Vista)

1. The first scenario shows existing population with moderate growth of one percent per year (1%) for population growth.

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2. The second scenario shows population growth at a rate of 50 percent of the annexation plan plus continuation of the growth rate in Scenario 1.
3. The third scenario shows population growth at the full annexation rate according to the annexation plan plus growth rates used in Scenario 1.



3.3.2 Tax Base Growth (La Vista)

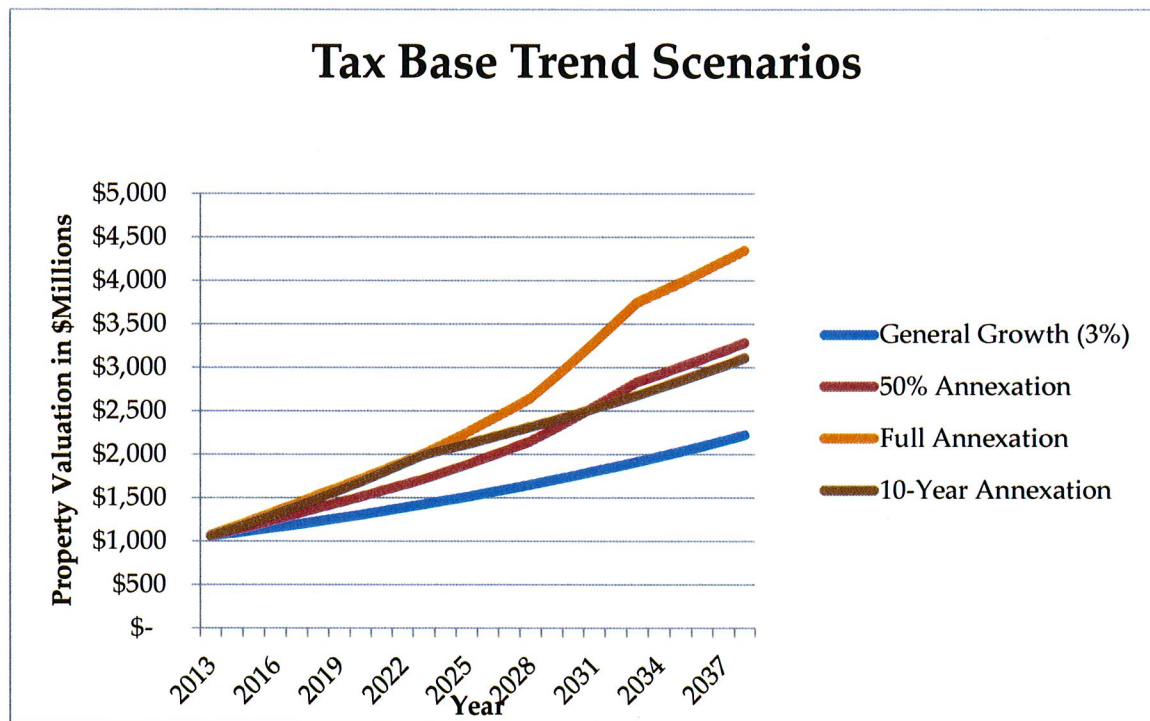
Similarly, the tax base of La Vista will experience some growth by natural inflation and some growth will be realized based on the opportunity for annexation. It is not likely that the full annexation plan will be implemented although some variations of the plan are under active consideration. Therefore, four options for La Vista's tax base growth have been considered.

1. The first scenario (General Growth) shows existing city tax base with an average property value increase of 3 percent per year.
2. The second scenario (50% Annexation Plan) shows tax base growth at a rate of 50 percent of the annexation plan plus continuation of growth using the inflation rate of growth in Scenario 1.

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3. The third scenario (Full Annexation) shows tax base growth at the full annexation rate according to the annexation plan plus general inflation rates used in Scenario number 1.
4. The fourth scenario (10-Year Annexation) shows tax base growth using the 2013 annexation plans and the first ten years of the proposed annexation plan being implemented plus general inflation rates used in Scenario 1.



These growth scenarios directly relate to the need for increase in staffing levels for the Public Works Facility and associated costs of commodities, contractual services, and maintenance used in the financial analysis. Additionally, the increased tax base is used to calculate the property tax rate necessary to support the joint facility or an independently constructed La Vista facility.

DISCLAIMER: It is important to note that the general fund of the city is comprised of more than just the property tax revenue. Therefore, the evaluation in this report that shows only a property tax base impact does not consider the additional revenue sources of the city that should experience growth commensurate with inflation and city growth. The property tax impacts are

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intended to provide a comparison tool and to establish expectations for policy makers and not a conclusion about future city tax rates.

4 Methodology: Cost and Financial Evaluation Process

It is anticipated that a joint facility will be constructed beginning in 2014 with completion of design and engineering before the end of 2013. The joint facility cost distribution used for evaluation in this report is shown in the following table. The portion of the facility cost apportioned to Papillion and La Vista is an assumption for comparison and evaluation purposes and is not a final or agreed distribution. This cost distribution is based on a reasonable estimate of distributed costs. Actual construction costs and apportionment agreements need to be established for actual cost distributions. However, the 2013 base dollar estimates below are sufficient for comparison purposes in this cost analysis.

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Capital Costs BUILDING	Joint Facility	Papillion Portion of Total		La Vista Portion of Total	
		Cost Share	Total Costs	Cost Share	Total Costs
ADMINISTRATION (New)	\$1,527,500	50%	\$763,750	50%	\$763,750
FLEET MAINTENANCE (Rehab)	\$560,550	75%	\$420,413	25%	\$140,138
FLEET MAINTENANCE (New)	\$1,047,700	50%	\$523,850	50%	\$523,850
SIGN AND WOOD SHOP (Rehab)	\$176,000	75%	\$132,000	25%	\$44,000
STORAGE (Rehab)	\$96,000	50%	\$72,000	50%	\$24,000
VEHICLE STORAGE (New Barn)	\$1,200,000	50%	\$600,000	50%	\$600,000
ADMIN/LOCKERS (New)	\$525,400	50%	\$262,700	50%	\$262,700
SALT STORAGE (New)	\$480,000	50%	\$240,000	50%	\$240,000
METAL STORAGE BLDG (New)	\$300,000	50%	\$150,000	50%	\$150,000
FUEL STATION (New)	\$1,500,000	50%	\$750,000	50%	\$750,000
CIVIL (ROADS & PARKING) (New)	\$3,000,000	50%	\$1,500,000	50%	\$1,500,000
SUBTOTAL	\$10,413,150		\$5,414,713		\$4,998,438
STANDARD FURNITURE, FIXTURES & EQUIP.	\$300,000	50%	\$150,000	50%	\$150,000
INDUSTRIAL SHELVING	\$17,000	50%	\$8,500	50%	\$8,500
SPECIALIZED SHOP TOOLS & EQUIPMENT	\$1,041,315	100%	\$571,471	100%	\$499,844
PROPERTY ACQUISITION COSTS					
Dittus Property (Papillion)	\$1,121,000	100%	\$1,121,000	0%	\$0
Hupp Drive Property (La Vista)	\$561,000	0%	\$0	100%	\$561,000
Rawly Property (Papillion)	\$400,000	100%	\$400,000	0%	\$0
Lot 242 Portal Ridge (La Vista)	\$250,000	0%	\$0	100%	\$250,000
ENGR AND ADMIN COSTS					
TESTING	\$30,000	50%	\$15,000	50%	\$15,000
SURVEY	\$30,000	50%	\$15,000	50%	\$15,000
DESIGN FEES	\$728,921	50%	\$364,460	50%	\$364,460
LEGAL FEES	\$104,132	50%	\$52,066	50%	\$52,066
CONTINGENCY	\$1,041,315	100%	\$571,471	100%	\$499,844
TOTAL	\$16,037,832		\$8,623,681		\$7,414,151

Previous estimates of probable cost based on Papillion building a facility alone were provided by Alley, Poyner, Macchietto Architects (APMA) as part of their initial evaluation of space needs. The estimate of probable cost for a Papillion facility was quoted as \$9,445,788 without land, engineering, civil work, etc. with these costs, the total is shown below:

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Papillion Costs:

Capital Cost to Build Alone (w/ land, engr., etc.):	\$10,749,842
Capital Cost to Build Together:	\$8,623,681
Capital Cost Savings:	\$2,126,161

Capital Costs BUILDING	Papillion Indep. Facility	
	Area-Units	Cost
ADMINISTRATION (New)	9,000	\$1,323,000
FLEET MAINTENANCE (Rehab)	0	\$0
FLEET MAINTENANCE (New)	19,000	\$2,470,000
SIGN AND WOOD SHOP (Rehab)	0	\$0
STORAGE (Rehab)	0	\$0
VEHICLE STORAGE (New Barn)	11,200	\$828,800
ADMIN/LOCKERS (New)	0	\$0
SALT STORAGE (New)	10,500	\$598,500
METAL STORAGE BUILDING (Trash)	1	\$141,500
FUEL STATION (New)	1	\$316,960
CIVIL (ROADS AND PARKING) (New)	1	\$2,535,680
SUBTOTAL		\$8,214,440
STANDARD FURNITURE, FIXTURES & EQUIP.	--	\$0
INDUSTRIAL SHELVING	--	\$0
SPECIALIZED SHOP TOOLS & EQUIPMENT	--	\$0
PROPERTY ACQUISITION COSTS		
Dittus Property (Papillion)	1	\$1,121,000
Hupp Drive Property (La Vista)	0	\$0
Rawly Property (Papillion)	1	\$400,000
Lot 242 Portal Ridge (La Vista)	0	\$0
ENGR AND ADMIN COSTS		
TESTING	1	\$15,000
SURVEY	1	\$15,000
DESIGN FEES	1	\$364,460
LEGAL FEES	1	\$52,066
CONTINGENCY	1	\$567,876
TOTAL		\$10,749,842

The following table shows the 2013 base dollar estimate for an independent facility constructed by La Vista using the estimated facility needs from the Daly Report and the

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2013 cost factors used for a joint facility. The cost estimate does not include funds for a new fueling station (approximately \$1.1 million). It is expected that the existing facility will suffice for La Vista for the planning horizon. The figures shown below are in current year, net-present-value (NPV) dollars. Since this is a base year of 2013, the comparison of cost between the joint facility and the independent facility need to be escalated based on inflation and discounted using the discount rate for a consistent 2013-dollar basis. This comparison is shown later in this report. The population and land area growth for La Vista indicate that a 10-year planning horizon for some construction activity (upgrades and expansion) may be warranted with full reconstruction at the 15-year horizon. Therefore, the cost below would be escalated based on inflation and then discounted to 2013 dollars for comparison proposes.

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La Vista Costs:

Capital Cost to Build Alone:	\$6,399,087
Capital Cost to Build Together:	\$7,414,151
Additional Cost to Build Together:	\$1,015,064

Capital Costs BUILDING	La Vista Indep. Facility	
	Area-Units	Cost
ADMINISTRATION (New)	6,235	\$831,101
FLEET MAINTENANCE (Rehab)	0	\$0
FLEET MAINTENANCE (New)	7,287	\$753,441
SIGN AND WOOD SHOP (Rehab)	0	\$0
STORAGE (Rehab)	0	\$0
VEHICLE STORAGE (New Barn)	11,700	\$907,356
ADMIN/LOCKERS (New)	1,606	\$166,013
SALT STORAGE (New)	0	\$0
METAL STORAGE BUILDING (New)	0	\$0
FUEL STATION (New)	0	\$0
CIVIL (ROADS AND PARKING) (New)	1	\$1,551,036
SUBTOTAL		\$5,301,672
STANDARD FURNITURE, FIXTURES & EQUIP.	1	\$155,104
INDUSTRIAL SHELVING	1	\$8,789
SPECIALIZED SHOP TOOLS & EQUIPMENT	10%	\$530,167
PROPERTY ACQUISITION COSTS		
Dittus Property (Papillion)	0	\$0
Hupp Drive Property (La Vista)	1	\$563,508
Rawly Property (Papillion)	0	\$0
Lot 242 Portal Ridge (La Vista)	1	\$258,506
ENGR AND ADMIN COSTS		
TESTING	1	\$15,510
SURVEY	1	\$15,510
DESIGN FEES	1	\$282,645
LEGAL FEES	1	\$40,378
CONTINGENCY	10%	\$530,167
TOTAL (2013 dollars w/o inflation and NPV)		\$6,399,087

Regardless of the joint facility approach, the City of Papillion has indicated their intent to proceed with a project. If the City of La Vista does not participate, there is not a

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definitive schedule anticipated for renovations, improvements, or expansion of the current La Vista facility although some level of investment will be required due to ongoing limitations and crowding. Therefore, the remainder of this report contemplates expenditure of capital costs by end of year 2014 for a joint facility and a 15-year horizon if La Vista intended to construct an independent facility. The 15-year horizon is based on the anticipated annexation schedule and associated population and land area that result in greater demand on city infrastructure. In this analysis, the annexation plans justified by the need for city services in the annexed areas and the economy of scale offered by the existing city infrastructure both contributes to the need and revenue for the expansion of facilities, operational costs, and staffing.

4.1 Financial Evaluation Approach

The financial evaluation presented in this report is a comparison of cost by Papillion building a facility with La Vista or building independently. Capital cost data is compared on the same 2013-year basis for either scenario. Long-term operational cost data were not developed for this scenario since Papillion will likely continue to grow and experience increasing staffing demands. However, the rate of staff growth is likely to decrease similar to the evaluation presented below for La Vista.

From the La Vista perspective regarding a decision to build jointly or build independently at a later date, capital and operational cost evaluations were considered based on two scenarios.

The first scenario is based on Papillion and La Vista building the facility together as envisioned in conceptual plans. The costs associated with this scenario show the total capital construction costs and a portion of the total cost that would likely be allocated to La Vista. Operation and maintenance costs associated with this scenario are based on the likely costs associated with La Vista based on escalation of the current La Vista budget information with limited growth in staff and operational costs.

A subset of this scenario shows a more dramatic decrease in staffing costs over the next several years. The basis for the more aggressive staff savings is discussed under the Operation and Maintenance section of this report.

The second scenario is based on the City of La Vista building a facility independently. The conceptual plan for this facility is consistent with the space needs detailed in the Daly

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Report. Maintenance and operational costs for this scenario are based on escalation of 2013 personnel, commodity, contractual services, and other operational costs.

The following is a list of input data and factors used in the cost evaluation:

- Discount Rate
- Inflation Rate
- Additional staff cost increases (percentage beyond inflation due to health care, competitiveness, etc.)
- Debt service cost factors (debt payments)
- Assumed year that facilities are constructed
- Papillion staff levels, classifications and cost allocation to departments
- Papillion budget information for staff expenditures
- La Vista 2013 budget data (escalated using factors for each year):
 - Personnel and Fringe Benefit Costs
 - Commodities
 - Contractual Services
- Current Property Values for La Vista
- Annexation Plan for La Vista
- Population growth Expectations for La Vista
- Space Needs – Daly Report for La Vista
- Conceptual space planning for joint facility
- Cost estimate data for joint facility
- Current Tax Rate for La Vista (\$0.49/\$100 valuation for General Fund and \$0.06/\$100 valuation for Debt)

4.2 Capital Cost Methodology

Capital costs affect the debt fund of the city and the interest and sinking (I&S) portion of the tax rate. As noted previously, the cost comparisons in this report are relative to each other in that the same unit rates are used for each scenario for consistent comparisons. The base cost estimate was obtained from the conceptual plans prepared by Alley, Poyner, Macchietto Architects (APMA). While the cost estimates were not verified, they are sufficiently conservatively high to provide a good comparison between construction options. The factored unit rates provided in the APMA estimate were used for the total construction cost estimate, the shared portion costs for the La Vista portion of the project, and for an independent cost estimate based on the facility needs provided in the Daly Report prepared for La Vista. This approach provides a consistent cost foundation on

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which to compare the project alternatives. The same cost factors were used to estimate the cost to La Vista building a share of the joint facility as well as building the space estimated in the Daly Report.

Since an independent La Vista facility would not be constructed for several years (15-year expectation used in this report), the unit rates were escalated at the average of historic inflation rates (3.23 percent per year). The future, inflated cost was then discounted based on a discount rate equivalent to the historic bond rates obtained by La Vista (3 percent used in this report). This analysis results in an inflated cost 15-years from now and then discounted to a Net Present Value (NPV) comparable to the joint facility construction cost estimate. Factors affecting the total cost estimates include actual construction costs, actual land costs and when costs are incurred, the final configuration and space needs of each facility, and potential value-engineering opportunities for savings. Additionally, La Vista does not intend to construct a new fueling station as contemplated for the joint facility. Consequently, there is more than a \$1.1million capital cost savings to La Vista simply based on the reduced scope of construction. The approximate costs are summarized below:

La Vista Costs:

Capital Cost to Build Alone:	\$6,399,087
Capital Cost to Build Together:	\$7,414,151
Additional Cost to Build Together:	\$1,015,064

Since the Papillion facility will be constructed jointly or independently in the same year, it is not necessary to escalate or discount the construction costs. Consequently, the cost savings are strictly based on the reduced cost of shared space, shared facilities (fueling station) and the efficiency of building a larger scale facility. The approximate costs and savings are summarized below:

Papillion Costs:

Capital Cost to Build Alone (w/ land, engr., etc.):	\$10,749,842
Capital Cost to Build Together:	\$8,623,681
Capital Cost Savings:	\$2,126,161

4.3 Maintenance and Operational Cost Methodology

Maintenance and operation (M&O) costs affect the general fund of the city. The method used to evaluate operational costs for the project is based on average personnel costs

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obtained from the La Vista 2013 Approved Budget. The actual staffing levels in the La Vista Budget were used with the line item budget amounts to determine a per FTE costs. Labor costs were escalated using the inflation factor and a 0.25 percent increase above inflation to account for labor costs growing faster than inflation. Factors such as health care costs, competitiveness, and other benefits tend to show labor costs increasing at a greater rate than inflation.

Other than personnel, the costs identified under the headings of contractual services, commodities, and maintenance in the La Vista budget were used to determine maintenance and operational costs. (This would include virtually everything in the department's operating budget with the exception of Line Item 505 costs and Capital purchases.) These costs were also escalated annually based on the inflation rate. The combined operational costs are used to estimate the potential property tax rate impact however, as noted previously, the impact does not consider other revenue sources of the city or the use of enterprise funds (water and sewer) to offset a portion of the costs. In other words, staffing costs are not allocated to any other revenue source.

Three scenarios have been used to demonstrate the sensitivity and potential cost savings to the City of La Vista based on potential joint operations.

- Scenario 1 is based on the staffing levels and operational costs based on construction of an independent facility in year 15.
- Scenario 2 shows plausible staffing levels and operational costs if La Vista participates in joint operations. This scenario is based on maintaining independent operations in shared facilities with minimal consolidation of services. Essentially, this scenario represents reductions in the rate of planned growth.
- Scenario 3 shows more aggressive staffing level reductions and operational costs for La Vista based on participation in joint operations and consolidation of services. In addition to reducing the likely growth rates in staffing, this scenario also provides for no-growth in certain staff categories based on La Vista becoming a smaller portion of the operations as Papillion continues to grow and become a larger stakeholder in the joint operations. Similarly, shorter-term staffing reductions are shown based on some La Vista positions filling the growing needs of the Papillion demands.

Reductions in staffing levels based on the shared facility are expected and become a significant consideration and expectation for deciding to proceed with a joint facility. One

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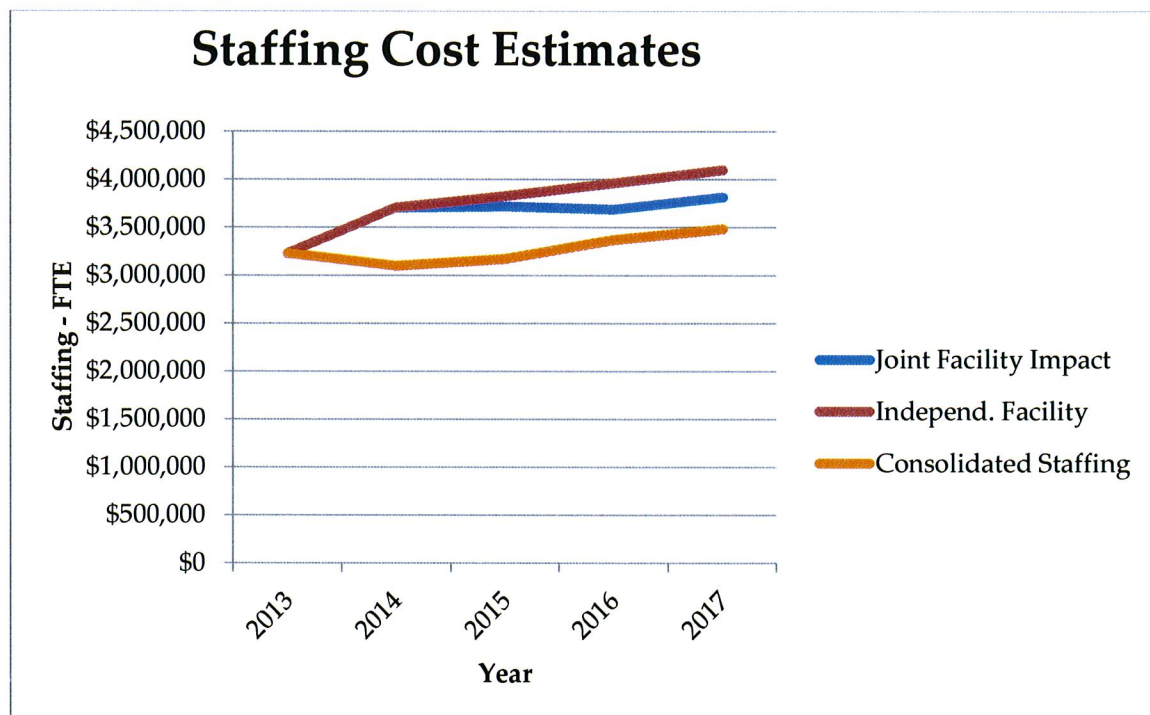
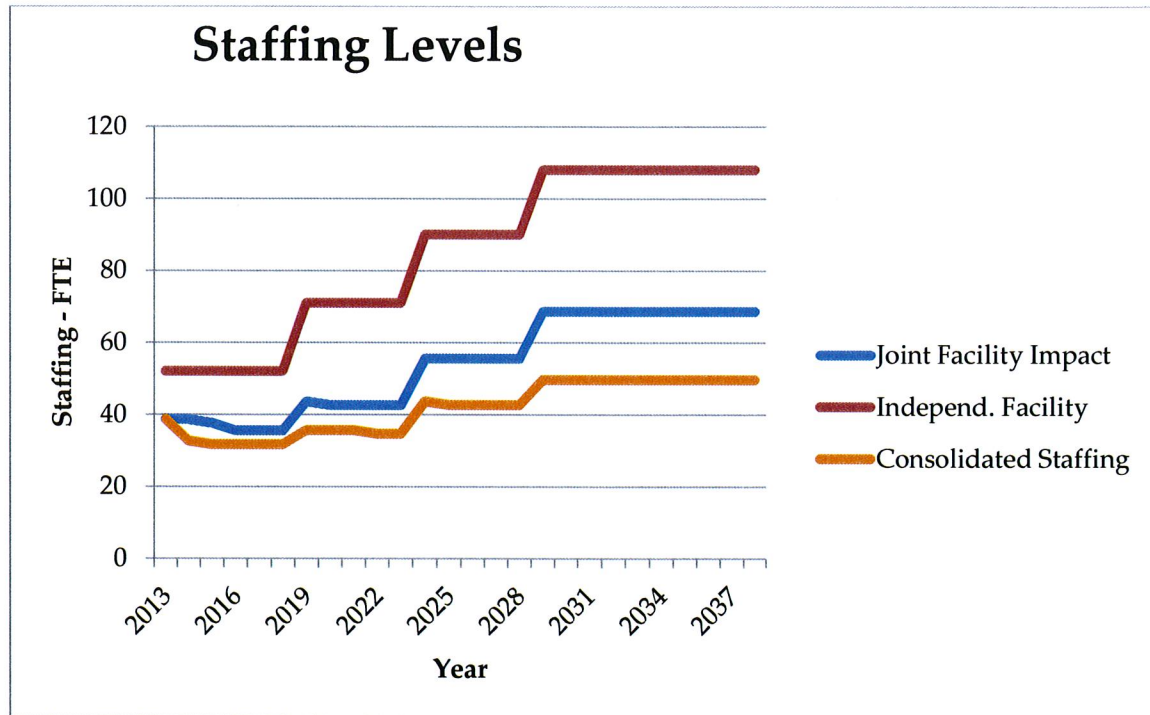
aspect of cost savings to the citizens is shown in capital cost savings by the use of shared space as noted previously. The second cost savings opportunity is efficiency and reduction of duplicate services and equipment (commodities and contractual services). These cost savings opportunities are reflected through a reduction in the expected increase in staffing levels as contemplated in the Daly Report and corresponding reductions in contractual and commodity costs. A chart showing staffing levels as a function of population is shown to demonstrate that the expected staffing levels in the Daly Report are conceivable. Reductions from the expected staffing levels are also shown on this figure.

Based on discussions with senior staff, there are no planned reductions of staffing levels based on the construction of a joint facility. The 'Joint Facility' reductions contemplated in this report are a result of attrition, reduced growth projections, or reassignment of staff to meet shared demands (shared costs) of consolidated activities such as maintenance, fleet services, and seasonal efficiencies.

A more aggressive management review of staffing levels could result in the 'Consolidated Staffing' Scenario presented below. The staffing levels contemplated in this scenario are based on combining several functions between the two cities including seasonal staffing efficiencies, maintenance workers, administrative functions, fleet maintenance, and street workers. The general concept is to use a pool of resources available to both cities based on predetermined system of time-tracking and cost sharing.

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The figures above can be evaluated from two perspectives; 1) a possible scenario for cost savings based on likely changes in operations or 2) establishing an expectation for what needs to occur for the project to be a success. Since a 25-year extrapolation of

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personnel needs and city operations is not reliable, the five-year trend is shown. While the actual results are a function of individual city council budget decisions, the trend can be used to establish expectations from which to measure success.

Cost Estimate for La Vista Scenarios (cost savings are projected for La Vista alone although operational cost savings would be similar for Papillion):

Operational Alone (25 year estimate):	\$145,659,323
Operational Together (25 year estimate):	\$131,720,942
Savings to La Vista (25 years):	\$13,938,381
Operational Alone (25 year estimate-aggressive):	\$145,659,323
Operational Together (25 year estimate-aggressive):	\$105,196,933
Savings (aggressive for 25 years):	\$40,462,390
Operational Alone (5 year estimate):	\$17,181,560
Operational Together (5 year estimate):	\$16,597,581
Savings to La Vista (5 years):	\$583,979
Operational Alone (5 year estimate-aggressive):	\$17,181,560
Operational Together (5 year estimate-aggressive):	\$14,943,880
Savings (aggressive for 5 years):	\$2,237,680

Note: Savings over a 25-year period are conceptual in nature and only show a trend. It is not practical to accurately identify cost or savings past a 5-year planning period.

The independent building scenario shows increasing costs for La Vista M&O based primarily on projected staffing levels as the city proceeds with growth plans described in Section 3.1. Staffing increases are consistent with the growth expectations presented in the Daly Report and cost escalation is based on 0.25 percent per year plus the selected inflation factor 3.23 percent.

4.4 Opportunity Costs

Opportunity Cost is the loss (financial or resources) when one alternative is chosen instead of another alternative. For example, if one spends too much of their financial resources on a new car, they may not have sufficient funds for a home. Similarly, if an elected official spends all of their time in meetings, they sacrifice time with family (spoken affectionately from one elected official to others). Therefore, according to the City of La Vista Strategic Plan 2012-2014, Priority 7.a. states,

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“Ensure that the City is fiscally responsible while trying to meet the needs of a growing community.” Further clarification of this priority objective is described under the Action Step to, “Identify future revenue and funding requirements necessary to implement Capital Improvement Program (CIP) and Master Facilities Plan (MFP) & annual capital purchases; develop options for meeting those requirements. Evaluation of City services that may need to be discontinued or contracted out.”

This report and consideration of the joint facility is consistent with this priority. However, it is not the top ranked priority listed in the La Vista Strategic Plan. Therefore, short-term consequences may result in some projects likely being delayed or reduced in scope when limited financial resources are applied to the joint facility. Over the longer-term, more projects could be implemented from a debt and operational perspective due to the overall lower cost to the city.

The analysis and conclusions of this evaluation are consistent with cost savings and create additional opportunity to contract out services or achieve the same objective through partnership with other cities. The general concept through contracting services to private entities is that competition, economy of scale, and profit motives drive more competitive costs. Partnerships with other cities achieve at least two of these benefits; competition and economy of scale resulting in cost savings.

Identifying the specific projects that do not get completed or experience delays is best evaluated within the context of the CIP program based on a year-by-year cash, revenue, and debt analysis. The data presented in this report can be imported into annual cash, revenue, debt forecast for evaluation with other projects. A consolidated Capital Improvement Plan (CIP) is useful for scenario planning and prioritizing.

4.5 Cost of doing nothing

The cost of doing nothing or the null alternative is a way to measure whether or not a decision needs to be made. According to the La Vista Facility Needs Report and observation, the existing Public Works facility is overcrowded with people and equipment. The Daly report provides a long list of deficiencies of varying degree. Some of the space and facility needs are not urgent although they affect the working environment and operational efficiency. Other factors will only get worse as the city grows and begins to encompass greater land area to maintain. For example, as additional equipment is needed

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to maintain more streets and utilities, the covered parking and maintenance areas will become unacceptable and some expansion will be necessary. This process results in a piece-meal approach resulting in greater overall costs and propagating inefficient operations by reacting instead of planning.

From a Papillion perspective, cost of doing nothing is simply not proceeding with a joint facility and the loss of capital costs savings, operational savings, and future innovation.

4.6 Cost of unfulfilled expectations

When a joint project is undertaken, there is a foundation of expectation regarding cooperation, cost savings, and operational efficiency. Each of these areas must be identified, recorded, and monitored each budget year to determine how expectations are met and the circumstances that improve or detract from the expectations. For example:

1. What was the planned cost of a particular item each year versus actual? Each city needs to establish their threshold of expectations for cost savings and operational improvements to avoid surprises and future management decisions.
2. What policy decision and operating procedures are in place and help or inhibit operations? Within any organization, change can be difficult and creating a culture of continuous improvement and efficiency is important. When the staffs are empowered to save costs and implement innovation, change is easier to manage.
3. What innovations or operational improvements have been implemented each year? Creating the record of innovations and what works and doesn't work is an important data base to maintain to demonstrate the impact of having NOT done a project. These otherwise 'lost opportunities' are the innovations that would not occur was it not for the leadership building the partnership.

5 Identify Benefits

5.1 Costs Savings

- Approximate Papillion Capital Cost Savings: \$2,126,161
- Approximate La Vista ADDITIONAL Capital Cost Savings: \$1,015,064 (NOTE: the additional cost is based on removing the cost of rehabilitation of some facilities and no additional costs from building a new fueling station).

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- Approximate La Vista Maintenance and Operation Cost Savings averaged over a 5-year period: \$115,000 to \$448,000 per year (Note: higher range required management evaluation with Papillion staff consolidation).

5.2 Intrinsic Benefits (Pros)

Intrinsic or foundational benefits are the benefits that are hard to quantify but intuitively obvious. Often, these types of benefits are described in terms of, “had we not done this project, we would have never done A, B or C.”

- Foundation for partnership. A foundation for partnership creates opportunity for new ventures with each city or other cities.
- Progressive reputation – as cities develop a reputation for innovation, they set the bar higher for others to follow and become the example for lessons learned and opportunities maximized.
- Empowered staff level innovation – as staff are provided the opportunity to innovate and explore partnerships at various levels throughout an organization, new ideas and efficiencies are explored and exploited.
- Reduced “overhead” costs – the greater utilization of facilities and equipment results in a lower idle cost (equipment, facilities, and potentially personnel) being utilized to the greatest extent.

La Vista Benefits:

- Better return on investment of property, the property is more fully utilized.
- Greater opportunity for future outsourcing of operations as Papillion grows (the additional (incremental) cost of services provided to La Vista through the Papillion operations will be a smaller percent.

Papillion Benefits:

- Papillion receives the benefit of existing infrastructure for fleet maintenance.
- Opportunity for expansion options on both pieces of property.

6 Analyze Alternatives Based on Criteria

6.1 Return on investment

Cities do not typically evaluate return on investment (ROI) in the traditional sense of business operations since cities spend taxpayer funds to provide services. ROI is a percentage measure of gain from an investment versus the cost of the investment. The

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return on investment for a business is generally the amount revenue a project will generate above the cost of the project considering the opportunity cost of money, appreciation/depreciation of the asset and other financial considerations. However, cities do not generate revenue or measure profits from a project and are not subject to the same tax considerations as businesses. Therefore, cities often consider the value a project will provide their citizens versus the opportunity cost of providing another service using the limited resources. Public works facilities are the infrastructure underlying the cities responsibility to maintaining larger infrastructure of the city.

The return on investment considered for this project is whether or not the joint facility provides sufficient cost savings and greater level of services for the citizens. One way to consider citizen return on investment for enhanced services to the citizens is two fold: first, does the joint facility result in overall better maintenance of city equipment and infrastructure thereby reducing future costs of maintenance, repair, and reconstruction. In other words, will the joint facility help offset future maintenance costs. Second, does the joint facility result in better customer service and satisfaction? Increasingly cities are seeking better ways of doing business. As the skepticism, transparency, and accountability of public expenditures increases, cities are expected to find more efficient and methods of operation. This trend has led to more partnerships, innovation, and shared costs of basic city services.

6.2 Short-term Effectiveness

Short-term effectiveness is a measure of the immediate needs of the city and how the project will address those immediate needs.

From the Papillion perspective, the short-term is inevitable and the project will proceed to accommodate the intended expansion and relocation of current operations. For La Vista, the short term needs have been discussed in the Daly Report produced in 2008. This report evaluated each of the city owned and operated facilities without identifying priorities of one project over another. The limitations and condition of the Public Works facility are noted in the report and not reiterated in this report. However, the limitations and problems noted in the report have not been addressed and this report did not establish priorities. Consequently, it is likely that the La Vista short-term needs associated with the

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Public Works facility are manageable, although not optimal or preferable, for several more years without significant investment.

6.3 Long-term Effectiveness

Long-term effectiveness is the measure of how the project will effectively serve the needs of the city for the long-term by minimizing future costs and removing future limitations on the ability of the city to meet the needs of the citizens.

The long-term effectiveness for both cities is the greatest benefit of this project. From a cost perspective, from a partnership perspective, and from an innovation perspective, the opportunities for each city are enhanced through cost saving partnerships delivering basic city services.

6.4 Stakeholder Acceptance

As noted in the introduction to this report, the decision to proceed with a joint facility is essentially a political decision weighing the priorities and values of the city leadership against limited resources. For the political leadership, the data show strong opportunity for long-term savings. However, the political will to work through creating a partnership, establishing expectations, and applying limited resources to this particular project over another, cannot be answered with analytical data or analysis. It is a deliberative and judgment question for leaders. In this regard, the political leadership may consult staff, citizens, and business to gauge the public acceptance and expectations for additional investment in public works operations.

6.5 Implementability

The joint project may be a great idea but if the cities cannot implement the project from a logistical and legal standpoint, it is a waste of time to consider. Implementability is simply answering the question, "can we do this?" While not offering legal interpretation or advice, there are a number of municipal partnerships throughout the country and the indication is, yes, the cities can do this. Additionally, based on a legal opinion obtained from the Papillion City Attorneys, there is enabling legislation in Nebraska that may be used to form the partnership. A review of the legal opinion supports construction activities under joint city agreements. There is less emphasis on the operational aspects of the agreement; it is important to note that operational aspects are just as important as the construction expectations to foster a sustainable and mutually beneficial relationship.

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The following are some practical considerations regarding how to move forward if the two cities decide to proceed with a joint facility. Developing a project of this type is best considered in project management phases. Each phase represents a group of people and associated activities commensurate with the decisions that need to be made during the particular phase. Essentially, each phase brings together the people necessary to make the decisions that need to be made at the given stage of development.

Phase 1: Project Go or No-Go

At this phase of the project the senior staff and governing bodies decide if the project is a go or no-go based on best available information and their city-specific decision-making processes. Each governing body must independently determine their budgetary expectations and ability to participate. As noted previously, Papillion has decided to proceed with a project regardless of participation from La Vista although senior staff has expressed the desire for both entities to continue their strong working relationship and share in potential cost savings. Alternatively, La Vista has several competing priorities and must decide if this project presents sufficient benefits to achieve a high priority position among the competing priorities.

If both entities believe there is value in the joint project based on value and budget considerations, the following general phases are recommended.

Phase 2: Identify Project-Specific Governing Body for Project Implementation

The policy level decision includes consideration of good data and analytical information although the final decision is based on the values, opinions, priorities and long-term vision of the policy boards. Therefore, a balanced subset from each party is appointed to represent the interests of each party with the goal of building the physical facility and the operating agreements for subsequent operation of the facility. Project implementation under the authority given to the Governing Body addresses the details of construction administration, construction cost cash flow, project approvals, change order management, operating policies, utility cost sharing, moving expenses, maintenance, long-term operating costs, etc. Often a Project-Specific Governing Body is comprised of one or two elected officials and city management representatives from each governing body. They are appointed before construction and contract award to maintain accountability and

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oversight. It is the responsibility of the Governing Body to maintain the interests of the two cities and accountability back to the Councils of each city.

Phase 3: Appoint a Project Manager

A senior staff member from one city is appointed to serve as the project manager and oversee the construction contracts and report to the Project-Specific Governing Body regardless of the construction approach chosen (design –build, CM at-risk, etc.). For projects of this type, a CM at risk has been used to report to the Project Manager and governing body.

Phase 4: Define Implementation Strategy – how the project will be developed and executed.

Implementation of a project of this type is an exercise in project management and contracting approach. The first step is develop the scope, schedule and budget for the project followed by the contracting approach and procurement methodology. A Project Manager will compile the relevant information that the Governing Body needs to make these policy decisions. The Project Manager will coordinate and execute the policy decision of the board.

Phase 5: Construction Activities

During construction there will be a number of decisions made on a day-to-day basis for which the Project Manager will need input and consensus. This ongoing management is typical of a CM at risk but requires oversight and inspection by city officials. Therefore, a Technical Project Oversight Team consisting of building officials, fire marshals, and facility end users is appropriate to oversee these decisions and assure that the agreements are implemented as agreed. The Project Manager may desire to use the Technical Project Oversight Team to develop commercial terms, form policy questions and decisions to the Governing Body, perform internal financial reviews, scope change approval, etc.

Phase 5: Move-in, Celebration and Clean-up Issues

As the project nears completion it is appropriate to consider recognition, celebration, and revisit policy decisions and expectations. A great deal is often learned through a joint project and a critical review of what went well and what did not is a strong tool for staff development. It is also appropriate to envision the type of regional cooperation awards

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that serve as an example for other cities to learn from the examples. The analogy of a marriage with no divorce is often used to describe significant projects between cities that result in long-term cost and operational commitments.

7 Conclusion and Recommendations

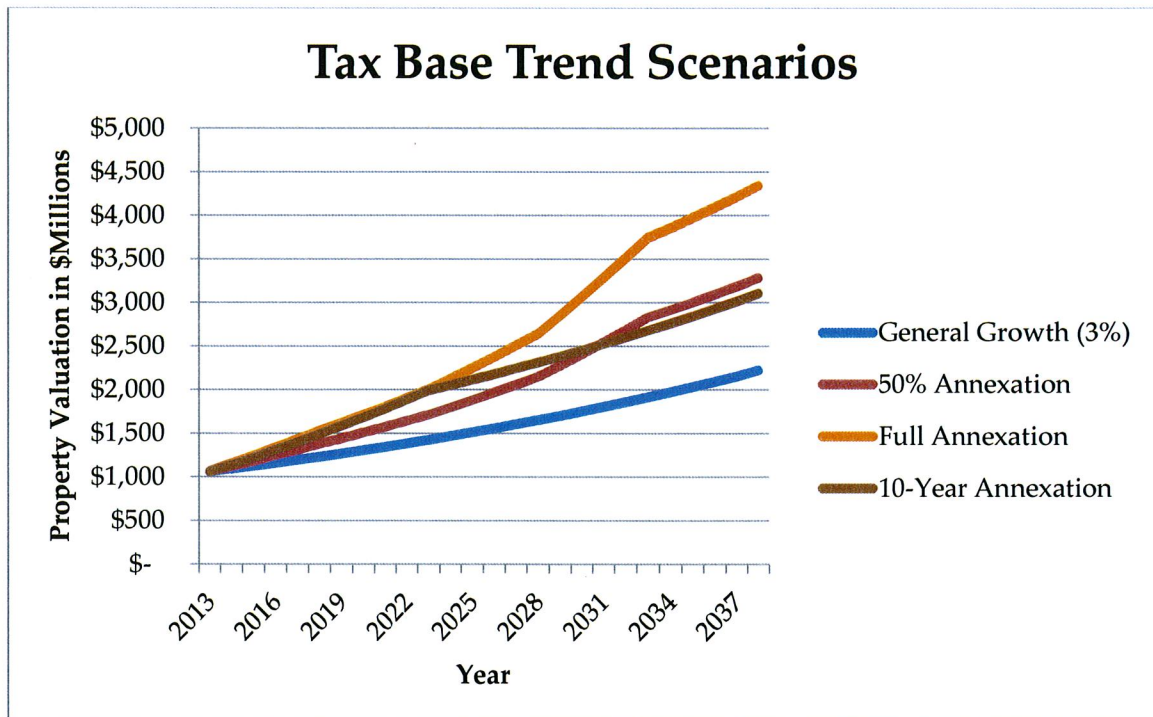
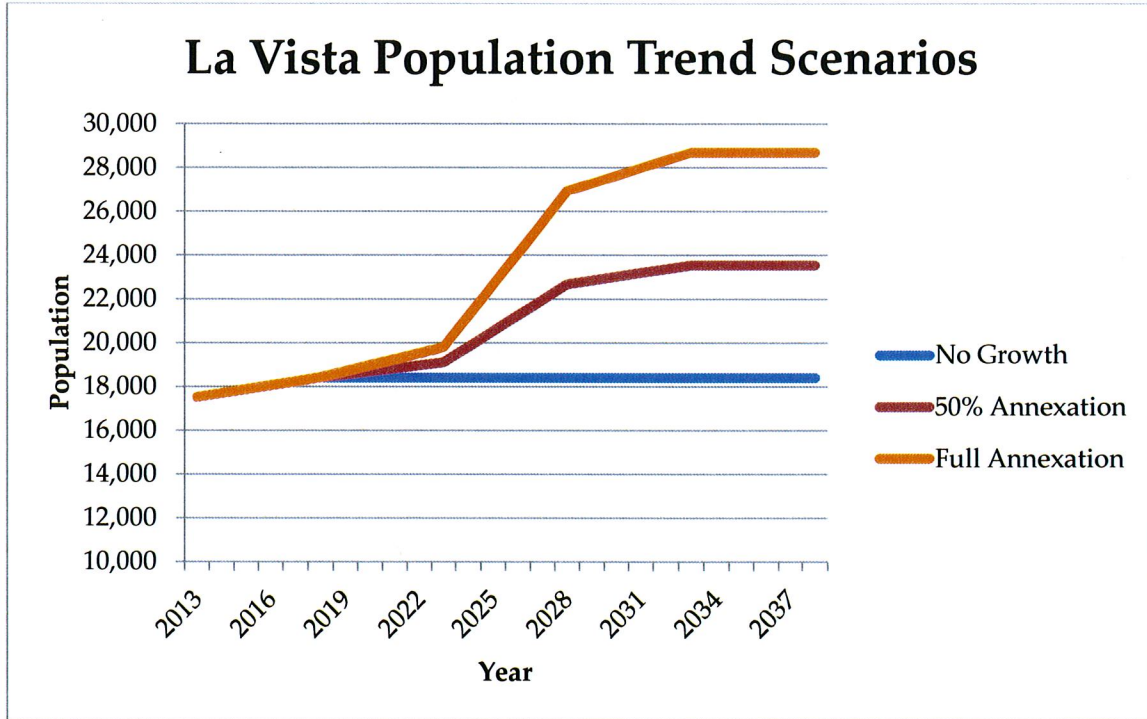
From an independent perspective, most of the elements are present for a successful partnership. These include legislative and legal processes, availability of examples from similar ventures, opportunity for savings, operational efficiencies, and future innovation. While LaVista must weigh this project versus other city priorities, the opportunity for Papillion is more straightforward based on their decision to construct a facility.

1. According to the legal opinion provided by the City of Papillion attorneys, there is Nebraska specific legislation that would enable this type of partnership.
2. There are case histories from other similar partnerships to server as a “go-by” for agreements and factors to consider.
3. There are capital cost savings available to both cities although the capital cost savings to La Vista is based on the alternative of building a separate facility. Should La Vista decide that a separate facility is not likely, the capital cost savings is no longer valid.
4. Operational cost savings are available to both cities. These savings are measured by less growth than anticipated based on city growth expectations. This measure is a trend and difficult to quantify since each budget year is an independent decision of staffing levels and expenditures.
5. A stronger case for operational cost savings exists if political and managerial expectations are established to foster collaboration with shared staff, equipment, and maintenance for the more generic city operations.

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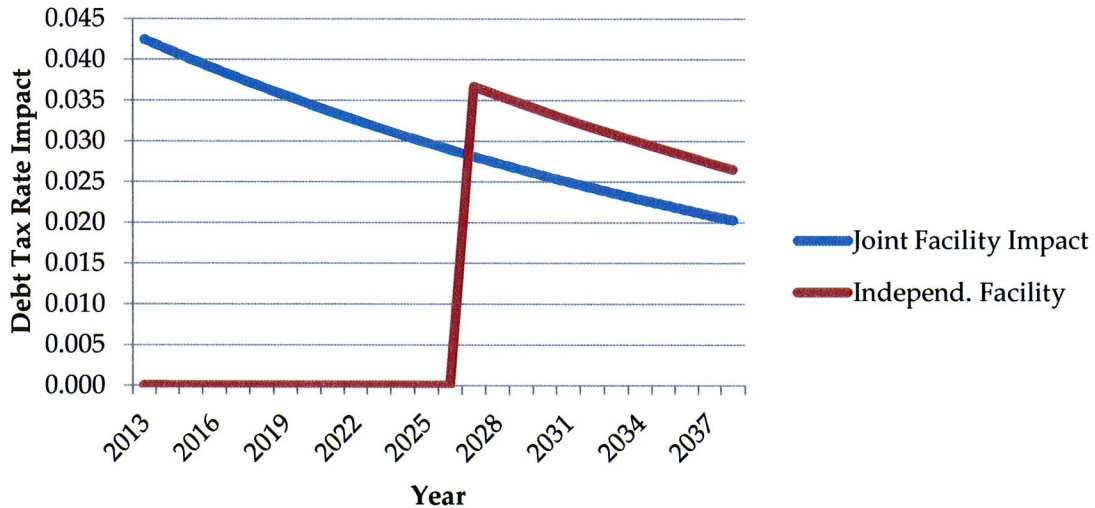
8 Charts and Tables

The following charts graphically illustrate many of the points discussed in this report.

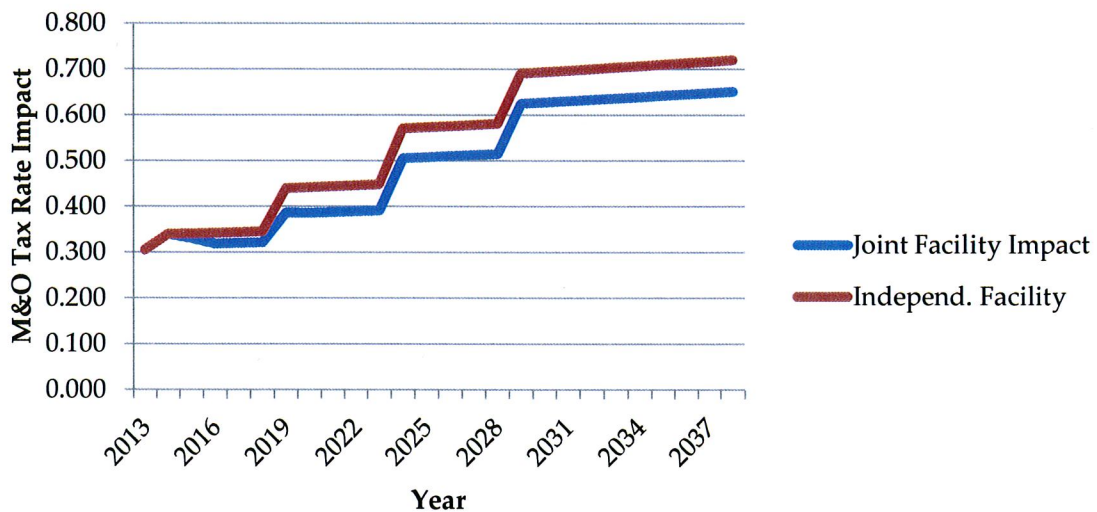


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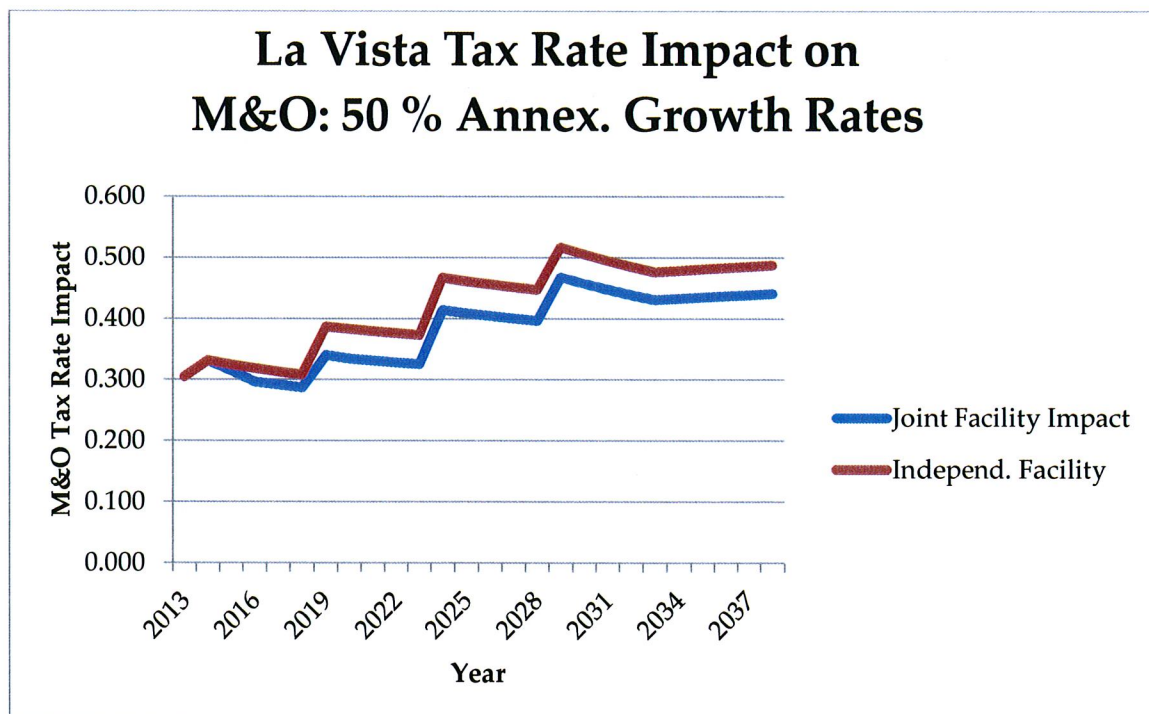
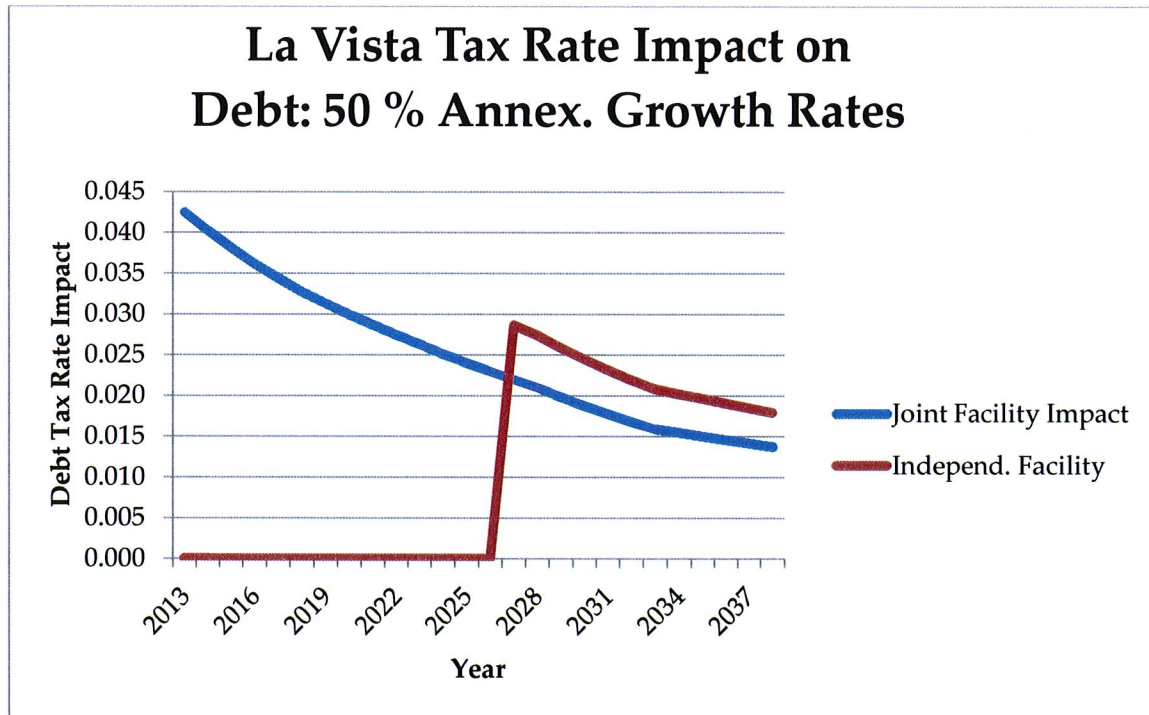
La Vista Tax Rate Impact on Debt: General Growth Rates



La Vista Tax Rate Impact on M&O: General Growth Rates

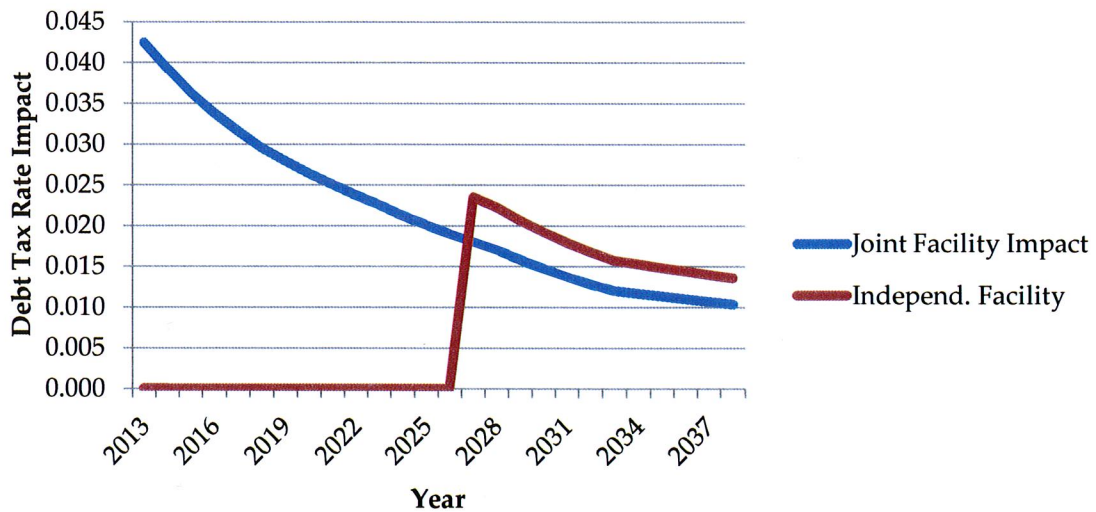


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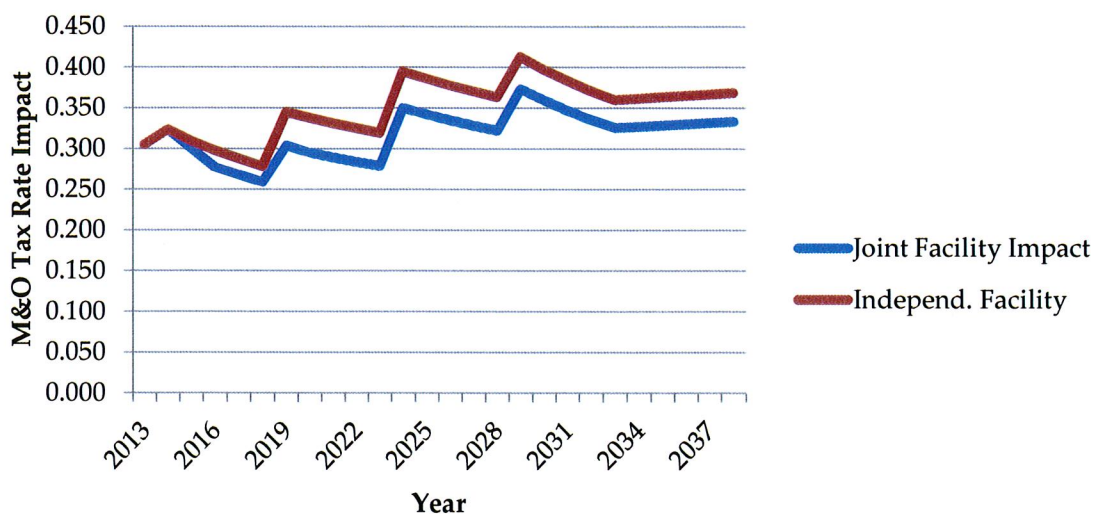


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La Vista Tax Rate Impact on Debt: Full Annex. Growth Rates

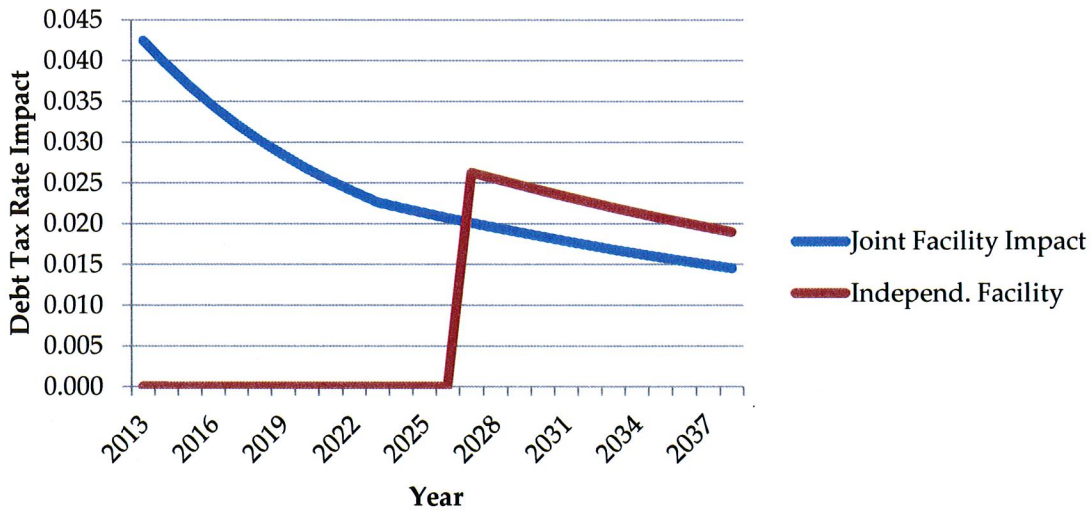


La Vista Tax Rate Impact on M&O: Full Annex. Growth Rates

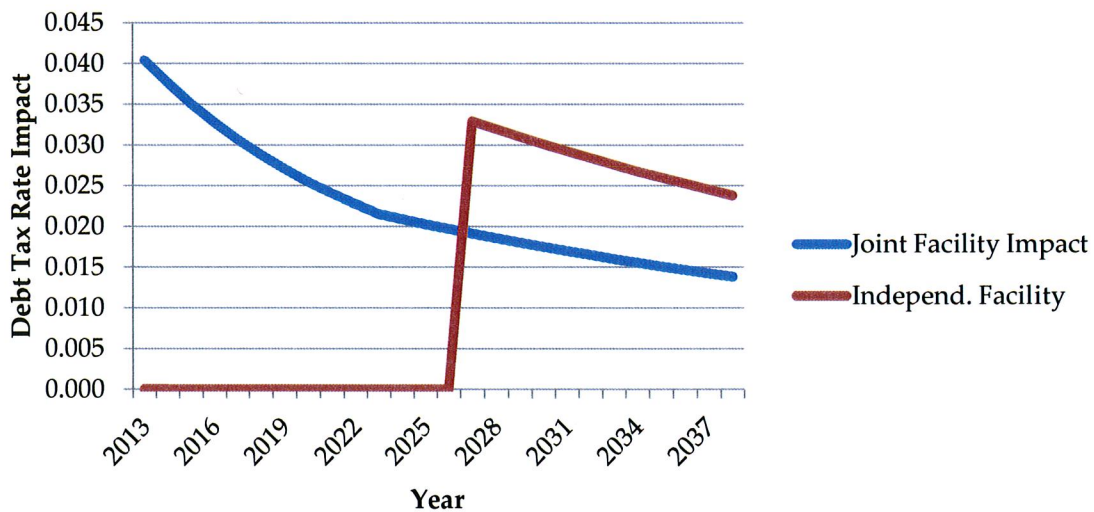


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La Vista Tax Rate Impact on Debt: 10-Year Plan Growth Rates

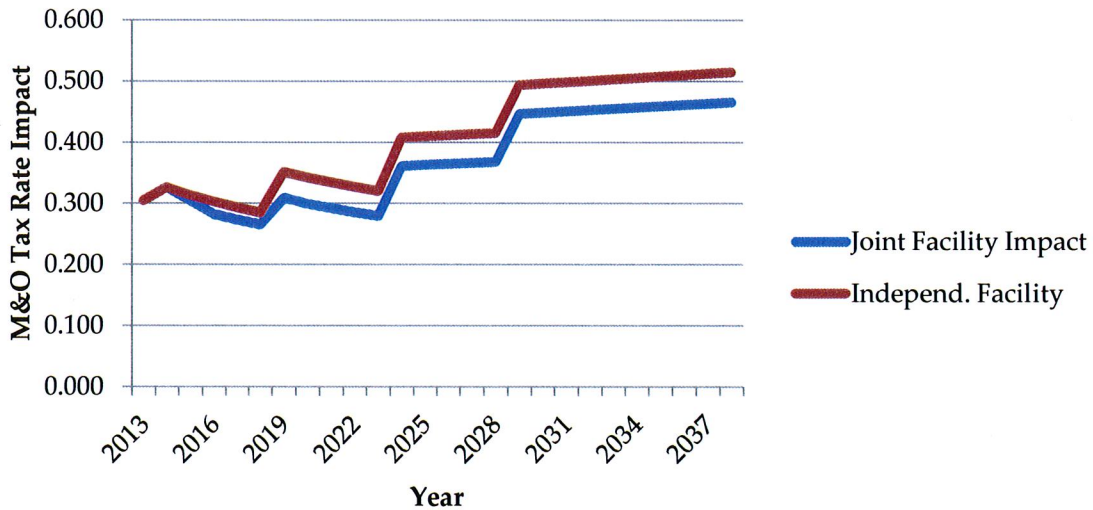


La Vista Tax Rate Impact on Debt: 10-Year Plan Growth Rates

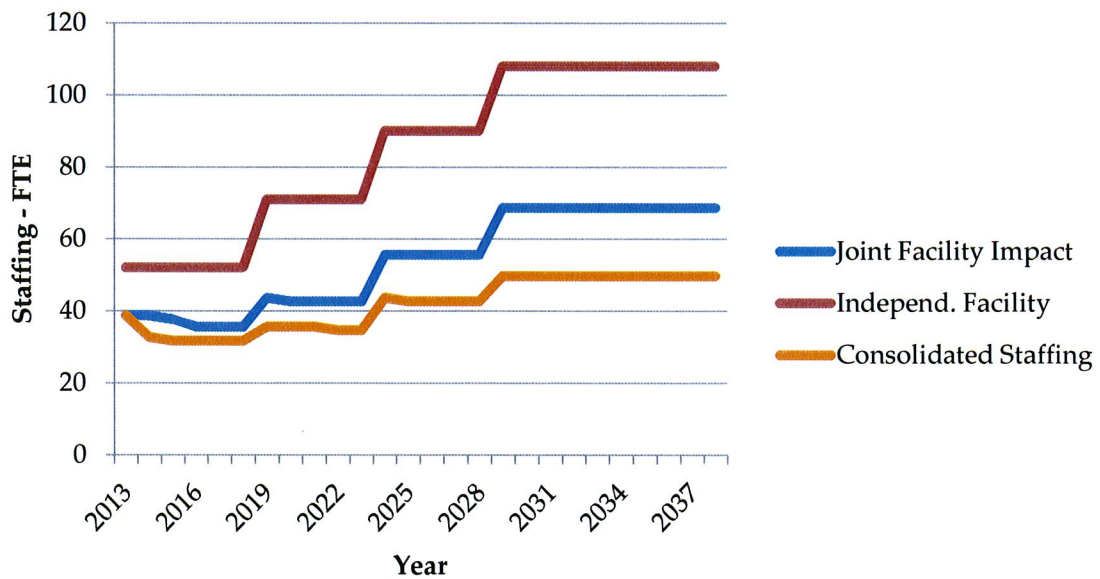


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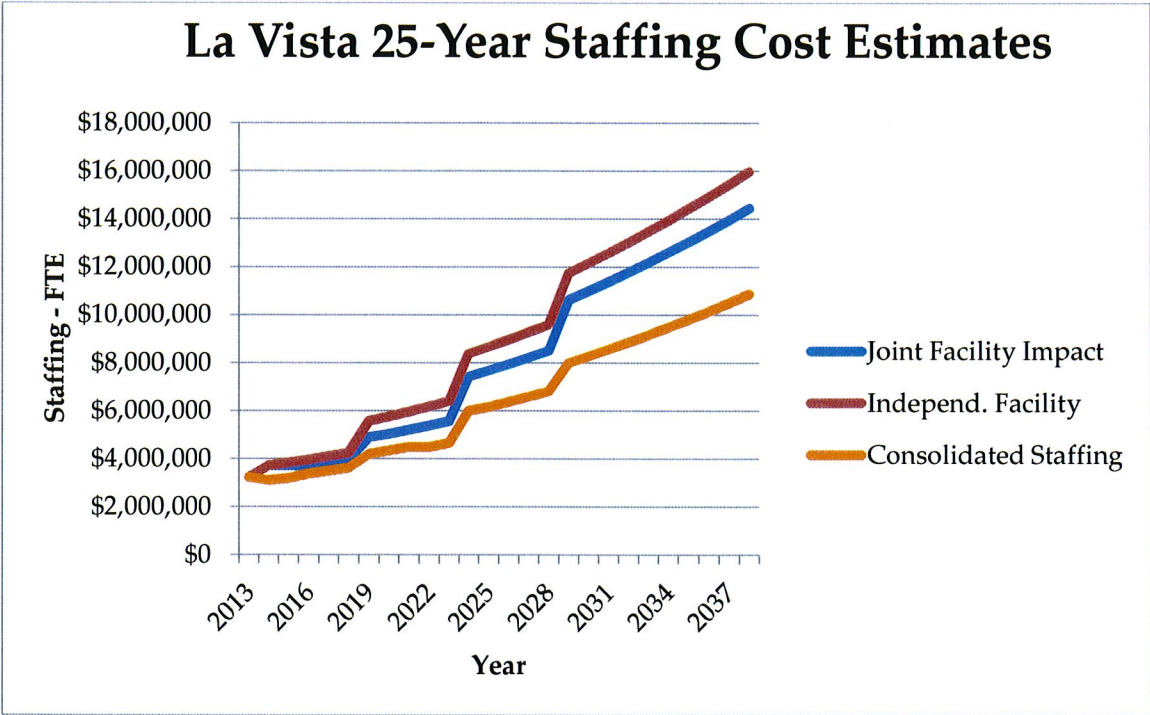
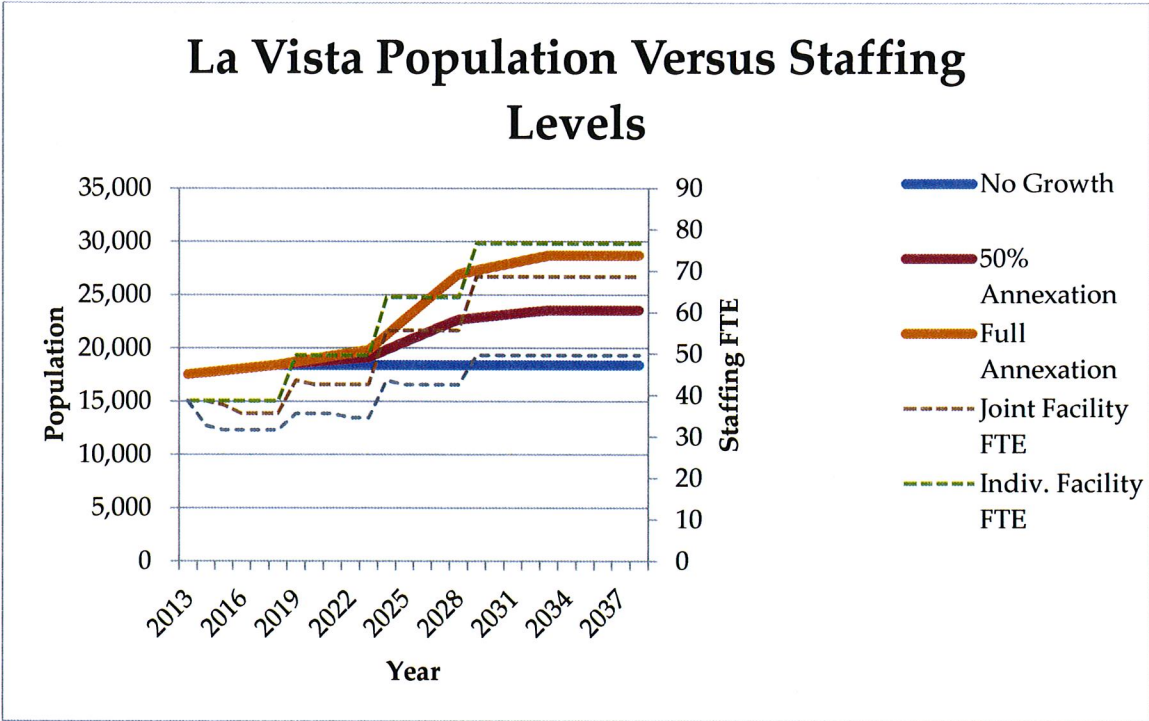
La Vista Tax Rate Impact on M&O: 10-Year Plan Growth Rates



La Vista Staffing Levels



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