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To: Mayor and City Council

From: Erik Solberg, Public Works Director

C: Kevin Burke, Jerene Watson, Josh Copley, Rosemary H. Rosales

Date: September 28, 2012

Subject: **Response to Request for Proposals No. 2012-49 Regarding Purchase of Land for Core Services Maintenance Facility**

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This memorandum is to provide information related to the Council's consideration of the response submitted by F.W. Thompson to Request for Proposals ("RFP") No. 2012-49. RFP No. 2012-49 is for the purchase of property for the Core Services Maintenance Facility. F.W. Thompson's proposal identifies certain parcels of land located on the northwest corner of West Kaibab Lane and South Thompson Street. The total size of the parcels is 16.75 acres. Staff has determined that the proposal submitted by F.W. Thompson meets the City's evaluation criteria set forth in the RFP.

The City has been in need of a new Core Services Maintenance Facility for many years. The City has outgrown the existing facility and core service operations are scattered throughout the City. In 2010, Council approved a bond initiative to construct a new facility on McAllister Ranch located on West Rt. 66. The bond question was for a total dollar amount of \$42 million to build the new facility, which included all new infrastructure (e.g., water, sewer, electricity, as well as Rt. 66 road improvements for traffic flow). This measure was not approved by the voters. At the April 2012 Budget Retreat, the project was discussed and Council approved setting budget authority for the project. The Council then voted on July 17, 2012, to approve the measure for a November election through Resolution 2012-30.

The existing Core Services Maintenance Facility is located at 419 N. Mogollon, Flagstaff, Arizona. The facility was originally built as a horse barn for the Army Corps of Engineers and was later purchased by the City of Flagstaff and used as a Public Works yard. Over the years, there have been numerous structures built on this property as growth dictated. The existing facility is not adequate to maintain the numerous vehicles and equipment necessary to provide core services.

The City issued a Request for Proposals ("RFP") and one (1) proposal response was submitted by F.W. Thompson. The RFP outlined five (5) evaluation criteria as follows: Location (20%); Quality of on-site and off-site infrastructure of utilities and roadways (20%); Usable existing facilities that would interact with the Public Works function (20%); Possible phased approach to purchase land (10%); and Possible purchase of current City owned property (30%).

Staff determined that the proposal submitted by F.W. Thompson is the sole proposal responsive to the City's request for proposals. The proposal consists of the purchase of 16.75 acres of land and improvements located in the area generally described as the northwest corner of West Kaibab Lane and South Thompson Street for \$15,825,012, contingent upon the following terms: 1) negotiation of a purchase agreement acceptable to the City Council and the property owners; 2) voter approval of bond funding.

Staff believes that this proposed property purchase will provide the necessary acreage for the new Core Services Maintenance Facility and some structures to house Fleet Maintenance and Public Works. In the Fiscal Year 2013 budget, the City has appropriated \$28,295,000 in account 403-2418-691-4104 for the Core Services Maintenance Facility. Execution of this purchase is contingent upon voter approval on November 6, 2012, of Ballot question 406. If this bond initiative is approved by the voters, bonds in an amount up to \$14,000,000 will be sold to acquire the property and additional infrastructure. In addition to bonds being sold, the City intends to sell two pieces of City-owned property and reinstitute the \$2.50 per ton Landfill surcharge to help support the overall project.

Specifically, this property purchase for the new Core Services Maintenance Facility will provide maintenance and support of the delivery of core City services and programs including: street maintenance, snow plowing and clearing operations, drainage maintenance, pothole and street sweeping; residential and commercial trash and recycling collection, and bulky trash collection; maintenance of all City vehicles and equipment, including fire, police, streets, solid waste, and water and wastewater department vehicles; and maintenance operations for all City parks and athletic fields.

After staff determined that the proposal from F.W. Thompson for the purchase of 16.75 acres met the evaluation criteria set forth in the Request for Proposals issued by the City, the City began negotiating purchase terms. Staff intends to present a final purchase agreement to the Council for consideration at the October 16, 2012, Council meeting, and award the RFP at that time as well. It should be noted that the City is currently negotiating with F.W. Thompson regarding the specific terms of the agreement. Also, the agreement with F.W. Thompson will be contingent upon voter approval of the bond measure in November 2012.