

Monument Fire District, April 23

# Station 3 financing approved; board president recognized

By Natalie Barszcz

At the Tri-Lakes Monument Fire Protection District dba Monument Fire District (MFD) meeting on April 23, the board approved financing for the rebuild of Station 3 and recognized board President Mike Smaldino for his services to the department. The board also received multiple updates to include the status of the new district administrative offices.

Treasurer Tom Kelly and Director Duane Garrett were excused.

## Station 3 financing decision explored

Fire Chief Andy Kovacs said that at the March meeting Tim David, president of Centennial National Finance Group, presented the board with three financing options for an \$18 million lease/purchase agreement for the construction of the Station 3 rebuild and, as instructed by the board, David has found options for the district to make a little bit of money to help offset some of the costs for the project.

**Background:** The rebuild of Station 3 is expected to cost about \$20.249 million with \$3 million already allocated in the 2025 budget. The district has spent about \$188,000 this year for costs associated with architects, project management, and site and plan approvals. The land purchase phase is approaching, and after the board approves financing the district can begin drawing the expenses from the loan.

David provided three loan options with updated rates for the board to consider as follows:

- A 20-year lease/purchase loan with Webster Bank with a 4.81% interest rate.

- A 20-year lease/purchase loan with Capital One with a 5.19% interest rate.
- A 10-year balloon payment loan with Flagstar with a 4.4% interest rate with the balance due at 10 years.

He noted that the lower rate on the 10-year option would give some flexibility for other projects that could occur. Flagstar would like to be the escrow provider and has offered 4.1%, alternatively the district could use ColoTrust, a pool the district is already affiliated with, to earn interest with a financial organization that has proven investment policies and provides good interest rates, he said.

Director Randall Estes asked if dividing the cost with a series of incremental loans for \$3 million, then \$5 million, and a final \$8 million or \$10 million loan, would be beneficial and allow the district to keep control of its money.

David said the loans would be subject to interest rate changes; it would be three times the work and would not save much. With each loan or refinance, the district would incur additional fees for the title work involved with the real estate transaction, and it would be time consuming for the district.

- Estes said the following:
- The district could avoid a lot of expense with the interest on \$115,000 per month for the first year, but after that the funds would all be dispersed.
  - Kelly had indicated that in 2026 the district will have \$6 million in funds for a down payment.



**Above:** From left are Fire Chief Andy Kovacs, President Mike Smaldino, and Engineer Christian Schmidt, president of the Local 4319 Monument International Association of Firefighters. Smaldino was recognized for his service. Photo courtesy of Jennifer Martin.

- The district could make a down payment of \$6 million and take out a \$12 million loan over 11 years and pay back about \$15.259 million in interest, and the monthly payment would be the same, within \$50 per month, but save \$6.5 million in interest which is more than the downpayment.
- An \$18 million loan over 20-years payback with interest is about \$27.775 million, a difference of \$12.516 million over the nine additional years.

"I am totally for this project, cannot wait to see it, and have it done, but I would love to slow down and look at every financial angle, but we are a year too soon to do the best financial job for the district," said Estes.

John Sattler, vice president of NV5 Inc., project management and representing the district during the rebuild of Station 3, said it is hard to predict escalation in construction costs. From 2020 through 2022, construction costs increased by almost 38% and 3-5 years before the pandemic cost increases averaged about 5% annually. The cost increase of materials and labor has stabilized since 2022 to about 3.5% annually, but the district could see an escalation of about \$900,000 by delaying the rebuild project. But if other unknown economic factors come into play, they could have a more significant impact, said Sattler.

Estes said he respectfully disagreed with Sattler's projected escalation in cost for labor and materials.

Kovacs said he is not sure where the anticipated \$6 million down payment would come from, and costs are anticipated to increase over time. The timeline delay could affect the sale of the existing Station 3, and that revenue was anticipated funding to pay for the rebuild project. The district delayed investing in some upgrades to the existing station, but a delay would necessitate some minor upgrades, because the district was anticipating moving the firefighters in 2026. There are many unknowns such as revenue and the Wildland Urban Interface state code that may mandate the need to hire additional staff, and there is some risk to thinking the district will have \$6 million available, he said.

David said the Flagstar loan gives the district the best option, and at the 10-year point the district would owe about \$11.6 million.

Division Chief of Administration Jamey Bumgarner said that after running the numbers proposed by Estes in comparison to the Flagstar proposal, the numbers were about the same. The district does not have to put down \$6 million, and the balloon payment will give the district time to save money over 10 years and pay the lump sum down.

Smaldino said, "If the rebuild was the only thing going on, it would be easy to delay the loan, but having a known number helps Kovacs balance the budget and keep the lights on."

"I do not want to tie future boards into trying to secure funding and kick the can further down the road for the firefighters," Smaldino said.

Director Mark Gunderman thanked Estes and said he was aligned with Smaldino and the 10-year Flagstar option was his preference. "Everything is progressing, and there are unknowns to delaying the project. After several visits to Station 3, I am not a fan of asking the firefighters to continue operating out of that building."

Vice President John Hildebrandt (attending via Microsoft Teams) concurred with Smaldino and Gunderman.

Estes thanked David and said he has been a builder for the past 40 years and is a small developer in Mon-

ument. The prices for materials soared in 2020, but have decreased close to where they were before the pandemic, he said. He gave examples of materials and labor costs he had experienced building his apartment complex on Front Street, and said, "You cannot wait for the highs and the lows, and the numbers presented by David were wonderful."

Estes made a motion to defer a decision until the board could meet in executive session within the next two weeks to allow Kelly to offer his opinion. The motion died 1-4.

In a 5-0 roll call vote the board approved an \$18 million 10-year balloon loan to finance the rebuild of Station 3 with Flagstar.

Kovacs said the financing details would be available at the May meeting. He confirmed to this reporter that the district anticipates receiving \$1.260 million from the sale of the existing Station 3 at 1855 Woodmoor Drive, and about \$1.096 million for the administrative office sale at Old Forest Point.

## Station 3 rebuild update

Bumgarner said the district will be on track to break ground after the district and developer have submitted the final site plans to the Town of Monument for approval. The district is still projecting to begin site prep and moving dirt in August, then a 12-month build time for a late 2026 completion, he said.

## Board director recognized

Kovacs recognized Smaldino for serving 11 years in various capacities as a board director. He thanked Smaldino for supporting the district, and for becoming a good friend, and he presented a commemorative plaque in recognition of his service to the district.

Engineer/Local 4319 President Christian Schmidt presented Smaldino with a commemorative firefighter statue on behalf of the Local 4319 members, and he thanked him for his years of service. "In that time, you have made great contributions to the district, and have always been a strong supporter of the local," said Schmidt. See photo above.

Smaldino said, "It has truly been an honor to be here and to do this, but at the first meeting I attended, the district was tackling a Station 2 septic system failure, an accountant resignation, two engine rebuilds, using borrowed apparatus, there was no maintenance plan, or a plan on how to buy the next engine. From where we were 11 years ago to where we are today is a huge achievement, and the district has had amazing board members the entire time." Smaldino thanked the crews for the tough conversations, and said, "The local and the department are working well together, but it is time to move on and let the new members of the combined districts take over, thank you for the opportunity."

Hildebrandt thanked Smaldino for his leadership and said he had done a fantastic job.

**Note:** Cody Peterson will be sworn into a four-year term at the May board meeting to fill the seat vacated by Smaldino.

## Mitchell property remodel

Bumgarner displayed a tentative floor plan for the additional office layout for the rental property located at 19775 Mitchell Ave. The remodel includes enlarged public restrooms for ADA compliance, the addition of two showers, and six additional offices in the warehouse space. The goal is to move the front office staff in by the end of May with some office sharing, and the rest of the project will be completed in late July. The board approved up to \$500,000 for the remodel project. See <https://wp.ocn.me/v25n1mfd/>.

MFD (Cont. on 14)

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