

**DATE ISSUED:** February 21, 2001

**REPORT NO.** 01-031

**ATTENTION:** Honorable Mayor and City Council  
Docket of February 27, 2001

**SUBJECT:** Financing of Fire and Life Safety Services Facility Improvements

**REFERENCE:** Manager's Report No. 00-20, dated January 28, 2000  
Manager's Report No. 00-122, dated June 1, 2000  
Manager's Report No. 00-166, dated August 7, 2000

SUMMARY

Issues -1) Should the City Council authorize the addition of the following capital improvement projects to the FY 2001 Capital Improvements Program Budget:

CIP No. 33-093.0, Fire Station No. 1 - Downtown  
CIP No. 33-101.0, Fire Station No. 2 - Mission Valley  
CIP No. 33-104.0, Fire Station No. 5 - Hillcrest  
CIP No. 33-081.0, Fire Station No. 12 - Lincoln Park  
CIP No. 33-080.0, Fire Station No. 17 - Mid-City  
CIP No. 33-102.0, Fire Station No. 22 - Point Loma  
CIP No. 33-103.0, Fire Station No. 29 - San Ysidro  
CIP No. 33-088.0, Fire Station No. 31 - Del Cerro  
CIP No. 33-089.0, Fire Station No. 32 - Skyline  
CIP No. 33-091.0, Fire Station No. 54 - Paradise Hills  
CIP No. 33-069.0, Kearny Villa Repair Facility  
CIP No. 33-098.0, Major Fire Station Component Replacement;

2) Should the City Council approve, in concept, the financing plan as outlined in this report for the reconstruction and/or construction of fire station facilities throughout the City;

3) Should the City Council authorize the transfer of \$1,802,176 from CIP No. 36-063.0, Central Police Garage Relocation as interim funding, to CIP No. 33-081.0, Fire Station No. 12 - Lincoln Park (\$197,432); CIP No. 33-088.0, Fire Station No. 31 - Del Cerro (\$134,593); CIP 33-104.0, Fire Station No. 5 - Hillcrest (\$4,253); CIP No. 33-089.0, Fire Station No. 32 - Skyline (\$5,548); CIP No. 33-091.0, Fire Station No. 54 - Paradise Hills (\$5,548); and CIP No. 33-098.0, Major Fire Station Component Replacement (\$1,454,802), and authorize the appropriation and expenditure of the transferred funding;

4) Should the City Council authorize the transfer of \$150,000 from the General Fund 100, Fire Department 120 to CIP No. 33-081.0, Fire Station No. 12 - Lincoln Park (\$75,000) and CIP No. 33-088.0, Fire Station No. 31 - Del Cerro (\$75,000), and authorize the appropriation and expenditure of the transferred funding;

5) Should the City Council adopt a resolution of its reasonable official intent to reimburse

itself from bond proceeds for certain project-related expenditures that are made prior to the issuance of bonds for improvements to the outlined fire station facilities; and

6) Should the City Council adopt a revised Council Policy 500-07 (The Use of Proposition 172 Funds)?

Manager's Recommendations - Approve the above actions.

Other Recommendations - None.

Fiscal Impact - The total project cost for all fire stations and the replacement of major fire station components is estimated to be approximately \$30.7 million. At their meeting of June 5, 2000, the City Council approved improvements totaling \$30.6 million and the issuance of bonds to finance fire station improvements and directed that \$150,000 in FY 2001 Proposition 172 funds be set aside to facilitate implementation of the project.

Project requirements total approximately \$30.7 million, and would be funded as follows:

Bond Proceeds	\$29,243,139
Equipment and Vehicle Financing Program Purchases	\$ 955,600
State Funds	\$ 400,000
Cash	\$ 150,000
Total Project Requirements	<u>\$30,748,739</u>

Based upon the proposed financing plan, Proposition 172 (Safety Sales Tax) revenues will be used as the source of payment on the issuance of bonds to fund the rehabilitation of the outlined fire stations and the replacement of major fire station components.

On June 5, 2000, the City Council directed that in the event the State allocated funding for the Point Loma Fire Station in their annual budget, an equivalent amount of funds be set aside for improvements to the Kearny Villa Repair Facility. The City recently received \$400,000 in State funding for improvements to the Point Loma Fire Station. As directed, improvements to the Kearny Villa Repair Facility totaling \$400,000 have been included in the overall program.

Prior to the receipt of bond proceeds, funding in the amount of approximately \$1.95 million will be needed to begin work on this project. It is proposed that the \$150,000 in FY 2001 Proposition 172 funds set aside to facilitate implementation of the project be used to partially offset this need. It is proposed that the remaining \$1.80 million of this funding be transferred from CIP 36-063.0, Central Police Garage Relocation, and be reimbursed with bond proceeds once permanent financing for the Fire and Life Safety Services Facility Improvement Project is obtained.

## BACKGROUND

On June 5, 2000, the City Council approved the use of Proposition 172 revenues as the source of payment on bond issuances to fund the rehabilitation of aging fire stations. In addition, the City Council directed that Council Policy 500-07 (The Use of Proposition 172 Funds) be amended, that \$150,000 from FY 2001 Proposition 172 funds be set aside to facilitate implementation of the project, and that in the event the State allocated funding for the Point Loma Fire Station in

their annual budget, an equivalent amount of funds be set aside for improvements to the Kearny Villa Repair Facility.

On August 7, 2000 a report outlining the status of the progress that staff has made since the City Council meeting of June 5, 2000 was issued. At that time, staff was in the process of thoroughly evaluating the scope, costs and financing needs of the overall project.

## DISCUSSION

After further review, staff from Fire and Life Safety Services and Local 145 have refined their prioritized list of facility improvements identifying the department's most pressing facility rehabilitation and replacement needs. The following list represents the department's highest needs regarding fire station replacement, refurbishment, and new construction:

1) Station #12 (Lincoln Park) - This 51-year old fire station, located at 4964 Imperial Avenue, has been remodeled or added onto three times. The roof has been destroyed by termites and the station is currently overcrowded. A total reconstruction on the existing site is necessary to insure adequate housing of the eleven crew members assigned.

Cost Estimate: \$2.8 million

2) Station #31 (Del Cerro - evaluating site re-location) - This 40-year old fire station, located at 6002 Camino Rico, is currently experiencing a major structural degradation due to ground shifting and settling in the area. Bearing walls have developed significant cracks and any seismic activity in the area may cause additional movement to the extent that the building would be inhabitable. The station needs to be reconstructed and/or relocated to address the current problems.

Cost Estimate: \$2.1 million

3) Station #5 (Hillcrest) - This 48-year old fire station, located at 3902 Ninth Avenue, is too small to accommodate new pumper style fire apparatus and limits the type of truck apparatus that can be assigned. This station needs to be reconstructed and enlarged to meet the response demands of the area.

Cost Estimate: \$2.1 million

4) Station #29 (San Ysidro) - This 36-year old station, located at 179 West San Ysidro Boulevard, is inadequate to house the necessary fire equipment required for that district. Currently fire apparatus is being "stacked" with one engine parked behind an ambulance. Additionally, the station and driveway foundations are being undermined by water which is creating a safety hazard for the eleven firefighters assigned there. Reconstruction of this facility would also relieve existing overcrowding of a station originally built for eight firefighters.

Cost Estimate: \$2.5 million

5) Station #2 (Mission Valley - evaluating sites for new location) - A fire station is needed in the Mission Valley area in order to comply with the council approved response time guidelines. Currently, the response time to the Grantville area from the nearest fire

station is in excess of ten minutes. It is assumed that City-owned land or land provided by a developer will be used to accommodate this fire station.

Cost Estimate: \$4.4 million

6) Station #22 (Point Loma) - This 56-year old station, located at 1055 Catalina Boulevard, is too small to accommodate new engines (pumpers) and only one emergency apparatus will fit in the apparatus bay area. A new apparatus bay will be constructed and the existing station remodeled and refurbished to current housing standards.

Cost Estimate: \$1.1 million

7) Station #1 (Downtown) - This 29-year old fire station, located at 1222 First Avenue, is in need of asbestos removal and renovation of the living quarters. Although asbestos was removed from the Development Review Center Building some years ago, the fire station facility was not included in that removal program. Since that time it has become necessary to provide that facility with an exhaust extraction system to remove diesel fumes from the apparatus bay and living areas. This cannot be accomplished without first removing the asbestos from the building and rehabilitating the dorm room area.

Cost Estimate: \$2.5 million

8) Station #17 (Mid-City) - This 50-year old fire station, located at 4206 Chamoune Avenue, has deteriorated to the point that reconstruction is necessary. Additionally, the apparatus bay is too small to house necessary fire equipment needed in that area.

Cost Estimate: \$1.8 million

9) Station #32 (Skyline/Paradise Hills) - This 39-year old fire station, located at 484 Briarwood Road, would be relocated to an area north of the present site to better serve the growing community, and to decrease response times in that area. A new fire station would be constructed in the southern area to serve that community.

Cost Estimate: \$2.3 million

10) Station #54 (Paradise Hills) - This new fire station would be constructed south of existing Fire Station #32 to better serve the growing community and to decrease expanding response times in that area. This station would be constructed in conjunction with the relocation of Fire Station #32.

Cost Estimate: \$2.2 million

11) Kearny Villa Repair Facility - This 34-year old facility is currently too small to handle the increased size of the fire fleet. A new facility would be constructed to serve as a carpenter shop and fire apparatus repair and outfitting building. Additional improvements include roof repairs, main building component repairs, driveway and parking lot repairs, hoist repairs, construction of restroom facilities, and emergency generator and security system upgrades.

Cost Estimate: \$400,000

Design of the above facilities is anticipated to begin in FY 2001. Construction is expected to begin in FY 2003. The first station will be completed in FY 2004 with the final station anticipated to be completed in FY 2007. A summary outlining the proposed design and construction schedule for each facility is attached to this report (Attachment 1).

As approved by City Council as a part of this project, the replacement of major components and equipment at fire stations throughout the City, such as emergency generator replacement and roll-up door replacement, has also been prioritized by Fire and Life Safety Services staff. Design associated with these items is expected to begin in January of 2001 and installation is expected to begin in June of 2001. This part of the project will be phased over three years and is anticipated to be completed in 2004.

### **Proposed Financing Plan**

Based on further evaluation of the costs associated with the improvements to the outlined fire stations, it has been determined that the total project cost for all fire stations and the replacement of major fire station components is approximately \$30.7 million. This total includes the cost associated with construction escalation applied to each project within the overall program.

The completion of the engineering assessment enabled the financing team to determine the cash flow requirements and establish a financing schedule to meet the needs of the program, including appropriate bond issuance dates. It should be noted that the two phases that comprised the program in earlier discussions were combined into a single program during the engineering assessment. Project requirements totaling approximately \$30.7 million would be funded as follows:

Bond Proceeds	\$29,243,139
Equipment and Vehicle Financing Program Purchases	\$ 955,600
State Funds	\$ 400,000
Cash	\$ 150,000
Total Project Requirements	<hr/> \$30,748,739

It is anticipated that the project will require two series of bonds with the first occurring in June 2002 (see Attachment 2). The first issuance is estimated to total approximately \$19,000,000, and will provide for a debt service reserve fund, costs of issuance, and a construction fund. The net proceeds from the first issuance are estimated to total approximately \$18,000,000. The Bond Counsel for this financing will require that the City be reasonably certain that most of the bond proceeds will be spent within three years of the bond issuance date. As a result, it is anticipated that it will be necessary to incur certain project expenditures in advance of the bond issuance, and then, once the bonds are issued, reimburse the identified funding source for these expenditures with bond proceeds. The second issuance is anticipated to occur in June 2005 in an estimated amount of \$12,500,000, and net proceeds are estimated at \$11,500,000.

Prior to the issuance of bonds, it is anticipated that certain components of the program will be financed utilizing the Equipment and Vehicle Financing Program (EVFP) (formerly known as the Master Lease Program). The EVFP was created for the purpose of financing the acquisition of equipment and vehicles through lease-purchase. Use of the EVFP will allow for the expedited acquisition of critical project components, such as generators and fire station roll-up doors, in a cost effective manner. It is anticipated that these items will be lease-purchased over a five-year

lease term.

As directed by the City Council, \$150,000 was included in the FY 2001 budget for this project and will be utilized to prepare preliminary architectural concept plans for Fire Stations 12 (Lincoln Park) and 31 (Del Cerro). Construction is anticipated to begin on Fire Station 12 in calendar year 2002. In addition, the State allocated \$400,000 from their FY 2001 budget for the rehabilitation of the Point Loma Fire Station. These funds were received by the City last October and may only be used to fund improvements to the Point Loma Fire Station.

In order to ensure that progress continues on this project prior to the receipt of bond proceeds, interim funding will be necessary. It is proposed that funding be transferred from CIP 36-063.0, Central Police Garage Relocation, of which \$4.10 million of funding remains, for this purpose. The relocation project is currently in the early stages and will not require substantial funding until reimbursement occurs, thus reallocating \$1.80 million will not impact the project. These funds will be reimbursed with bond proceeds once permanent financing for the fire station facility improvements is obtained.

The proposed fire station facility improvement expenditures made prior to the bond issuance are included in the current financing plan. It is anticipated that cash funded expenditures in Fiscal Years 2001 and 2002 will be reimbursed with bond proceeds by the end of Fiscal Year 2002. City Council authorization to reimburse these expenditures made by the City from bond proceeds will serve to repay the various sources from which the funds have been used and/or will be used. The City reasonably expects (i) that the two series of debt obligations in a total amount not expected to exceed \$31.5 million will be issued for the proposed fire station facility improvements, and (ii) that certain of the proceeds of such obligations will be used to reimburse the interim funding.

The City's official intent to reimburse the interim funding from bond proceeds is requested solely for purposes of establishing compliance with Section 1.150-2 of the United States Treasury Regulations. The City Council authorization for the City to reimburse itself for the project expenditures in no way obligates the City to make any expenditure, incur any bond obligation, or proceed with the project.

### **Lifeguard Facility Improvements**

At the October 4, 2000 meeting of the Public Safety and Neighborhood Services Committee, Councilmember Wear requested that additional improvements to lifeguard facilities be addressed. The Committee directed the City Manager to return to the City Council with a list of prioritized lifeguard facility improvements and funding alternatives in order to address the costs associated with these improvements.

Currently, as a part of the City's Capital Improvements Program, staff is working on the following lifeguard facility improvement projects:

South Pacific Beach Tower Reconstruction - total cost estimate is \$1.5 million and includes \$717,000 of previously approved funding and \$789,000 of FY 2001 Coastal Infrastructure funding approved by the City Council at their meeting of October 16, 2000.

Lifeguard Headquarters Reconstruction - total cost estimate of \$8.0 million, with

\$100,000 funded at this time for design.

Children's Pool Tower and Restroom Reconstruction - total cost estimate is \$970,000, with \$120,000 funded at this time for design.

Fire and Life Safety Services staff have developed the following list of additional lifeguard facility improvement needs in phased and priority order:

Phase I:

- 1) South Pacific Beach Station - The existing station was built in the 1960s and is in very poor condition structurally. The existing station has inadequate work and storage space and was constructed prior to the idea of employee gender accommodation.
- 2) North Pacific Beach Station - A year-round facility is needed to replace the seasonal station that would provide an observation tower, first aid room, reception area, kitchen, locker room/restroom area for males and females, and a garage for rescue vehicles and emergency equipment.
- 3) La Jolla Shores Station - The existing facility was built in 1981 and is inadequate to accommodate staff or to provide service to the public. Space is needed to allow for separate locker room/restroom area for males and females, a separate first aid room, a separate ready room, and a garage for rescue vehicles and emergency equipment.
- 4) South Mission Beach Station - This facility was constructed as a temporary lifeguard station in 1974 has no kitchen or garage. Locker rooms are inadequate and are not separated by gender. A facility is needed that would provide an observation tower, first aid room, reception area, locker room/restroom area for males and females, and a garage.
- 5) La Jolla Cove Station - This facility consists of two separate structures. The original facility was constructed in the 1950s. An observation structure was added in 1980. A new facility is needed with an unobstructed observation tower, a separate medical aid room, a separate ready room, and locker room/restroom area for males and females.
- 6) Children's Pool Station - The existing facility, built in 1968, was constructed facing north, which makes it necessary for the lifeguard assigned to observation to sit in the corner of the building to see the water to the south. An observation tower is needed that is removed from public access and has a 270-degree view of the surrounding coastline.
- 7) Ocean Beach Station - The existing station was built in 1980. Since that time Ocean Beach has become a very popular area for bathing and surfing which has required increased lifeguard coverage and upgrades to the existing facility. Improvements would include construction of locker room/restroom area for males and females, a kitchen, and a garage.
- 8) Mission Beach Station - The existing station was constructed in 1974. Locker rooms, restrooms, and kitchen improvements are needed. New windows are needed to provide better beach and water observation.

9) Lifeguard Headquarters and Boating Safety Unit Dock - The existing facility, built in 1956, consists of the original building, which was designed to house seven lifeguard staff, a series of three trailers, and a garage. The new building is designed to accommodate 36 lifeguards, including 24-hour staff, administrative and training staff, mechanics with an operations yard for rescue vehicles and trailers, and storage for boating safety equipment, cliff rescue equipment, and river rescue equipment. In addition, replacement of the existing dock, which was also built in 1956, is needed to accommodate the Lifeguard Service's fleet of vessels.

#### Phase II:

10) Old Mission Beach Station - A permanent facility is needed to replace the existing seasonal station that is inadequate to serve the area. A permanent facility would include an observation tower, first aid room, reception area, kitchen, locker room/restroom area for males and females, and a garage for rescue vehicles and equipment.

11) La Jolla Garage/Sleeping Facility - Currently, there are no sleeping facilities in the northern area of La Jolla which impacts the response time to night emergencies in much of the La Jolla area. There is a need for two separate sleeping quarters with restroom/shower facilities.

12) De Anza Dock - There is a need to construct a facility in the De Anza area to provide Boating Safety Unit staff and Mission Bay beach staff an office and an emergency response location closer to the area they patrol.

13) Santa Clara Junior Lifeguard Facility - A facility is needed to provide adequate storage for junior lifeguard equipment, office space and classroom facilities to accommodate 250 junior lifeguards, locker rooms for males and females, and work space for 20 instructors.

#### Phase III: (further feasibility analysis required)

14) Blacks Beach Station - Currently, there is no facility along this three-mile beach. There is a need to design and construct a year-round facility at this location to accommodate staff and to store equipment and rescue vehicles/vessels.

15) Windansea Station - Currently, there is no facility along this -mile beach. There is a need to design and construct a facility at this location to accommodate staff and store equipment.

16) Marine Street Station - Currently, there is no facility along this -mile beach. There is a need to design and construct a facility at the foot of Marine Street to accommodate staff and store equipment.

Currently, Engineering and Fire and Life Safety Services staff are in the process of reviewing and refining the overall program, schedule, cash flow, and cost estimates associated with each of the above projects. This review process is expected to be completed within 90 days. Once this review process has been completed, the City Manager will return to the City Council with a conceptual financing approach to seek further direction regarding the improvements to lifeguard



facilities. At this time, the potential funding sources identified by staff to assist in funding lifeguard facility improvements include: the Coastal Infrastructure Fund, Quivera Basin Development public improvements, private donations, and funds from the State.

### **Revisions to Council Policy 500-07**

At their meeting of June 5, 2000, the City Council directed that Council Policy 500-07 (The Use of Proposition 172 Funds) be amended to allocate proposition 172 funds annually as the source of payment on the Fire Station Facility Improvement Project bond issuance. The revised Council Policy is attached (Attachment 3).

### CONCLUSION

In an effort to address needed improvements to Fire and Life Safety Services facilities throughout the City, it is recommended that the overall financing plan outlined in this report be approved. Approval of the financing plan, as well as the other actions outlined in this report, will allow the City to make improvements to 11 fire station facilities and will allocate approximately \$4.2 million to replace major fire station components in fire stations located throughout the City.

Respectfully submitted,

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Marta C. Williams  
Special Projects Manager

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Approved: Bruce A. Herring  
Deputy City Manager

HERRING/MCW

Attachments: \*1) Summary Construction Schedule  
\*2) Proposed Financing Plan  
3) Council Policy 500-07 (revised version)

\*NOTE: Attachments 1 and 2 are not available in electronic format.  
Copies of the attachments are available for review in the Office of the City Clerk, (619) 533-4000.