

DATE ISSUED: May 10, 2001

REPORT NO. 01-088

ATTENTION: Honorable Mayor and City Council
Docket of May 29, 2001

SUBJECT: Lifeguard Facility Improvements

REFERENCE: Manager's Report No. 01-031, dated February 21, 2001

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. 33-502.0, North Pacific Beach Station
CIP No. 33-503.0, La Jolla Shores Station
CIP No. 33-504.0, South Mission Beach Station
CIP No. 33-505.0, La Jolla Cove Station
CIP No. 33-506.0, Ocean Beach Station
CIP No. 33-507.0, Mission Beach Station
CIP No. 33-508.0, Lifeguard Headquarters
CIP No. 33-509.0, Old Mission Beach Station

2) Should the City Council approve the overall program for improvements to the outlined lifeguard facilities and refer financing plan options to the Mayor's Blue Ribbon Committee on City Finances for review before the City Council commits to any financing alternative?

_____ 3) Should the City Council authorize the appropriation and expenditure of \$750,000 in FY 2002 Coastal Infrastructure Fund monies as interim funding to begin work on the project, contingent upon the approval of the FY 2002 Budget?

_____ Manager's Recommendations - Approve the above actions.

Other Recommendations - None.

Fiscal Impact -

Although it is recommended that the overall program concept be approved, it is recommended that the City Council wait until the funding options have been reviewed by

the Mayor's Blue Ribbon Committee on City Finances, and until next spring, before committing to a funding option.

In order to progress on this project until a decision is made regarding the funding of these improvements, \$750,000 in interim funding will be necessary. The FY 2002 Proposed Budget includes the allocation of \$1.5 million to the Coastal Infrastructure Fund. Contingent upon the approval of the FY 2002 Budget, it is proposed that \$750,000 in FY 2002 Coastal Infrastructure Fund monies be allocated for this purpose.

Two alternative methods have currently been identified to finance this program. These options, bond financing and on a cash basis, are outlined in this report. Using the bond financing method to fund these improvements, project requirements total approximately \$10.9 million and would be funded as follows:

Bond Proceeds	\$ 8,429,000
Coastal Infrastructure Fund	\$ 2,376,000
TOT Funding	<u>\$ 100,000</u>
Total Project Requirements	\$10,905,000

Using this funding method, \$750,000 in Coastal Infrastructure Fund monies would need to be allocated annually to use as the source of payment on the issuance of bonds to fund the outlined lifeguard improvements.

If these lifeguard improvements are funded on a cash basis, allocating \$750,000 annually from the Coastal Infrastructure Fund, it would take approximately 18 years to complete the needed improvements.

BACKGROUND

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.

On February 27, 2001, the City Council approved the financing plan associated with making improvements to identified fire station facilities throughout the City. In addition, the City Manager was directed to accelerate the construction of the two new fire stations, Mission Valley and Paradise Hills, if possible, given financing constraints. At this meeting, the City Council also directed the City Manager to return to Council with a proposed financing plan related to funding improvements to Lifeguard facilities.

DISCUSSION

Status of Fire Station Facility Improvements

Engineering staff has evaluated the impact that accelerating the construction schedules of the two new fire stations in Mission Valley and Paradise Hills will have on the overall project schedule and financing plan. It has been determined that the acceleration of the schedules for these two stations is possible and, therefore staff is moving forward, as directed.

Although potential sites for the new station in Paradise Hills are currently being evaluated by Real Estate Assets Department staff, a site for the new Mission Valley Fire Station has been identified and is located on the northwest corner of Mission Village Drive and Friars Road, just north of Qualcomm Stadium.

With regard to improvements to the other fire station facilities included in the overall program, staff continues to make progress. Schematic design will be completed shortly on the Lincoln Park and Del Cerro Fire Stations and staff is currently conducting interviews for architectural services for the Hillcrest and San Ysidro Fire Stations.

Lifeguard Facility Improvements

Fire and Life Safety Services - Lifeguard staff and the Municipal Employees Association (MEA) worked in conjunction to develop the following prioritized list of lifeguard facility improvement needs. Over the past few months, Engineering and Lifeguard staff have reviewed and refined the overall program, as well as the cost estimates, schedule, and cash flow associated with each of the outlined projects.

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.

Estimated Cost: \$1,958,000

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.

Estimated Cost: \$1,172,000

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.

Estimated Cost: \$1,252,000

4) South Mission Beach Station - This facility was constructed as a temporary lifeguard station in 1974 and 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.

Estimated Cost: \$1,140,000

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.

Estimated Cost: \$507,000

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.

Estimated Cost: \$674,000

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 may include construction of locker room/restroom area for males and females, a kitchen, and a garage.

Estimated Cost: \$449,000

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.

Estimated Cost: \$451,000

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. This project is part of the Mission Bay Headquarters Project, which includes construction of the Lifeguard, Police, and Park and Recreation Headquarters for a total cost of \$8.3 million.

Estimated Cost: \$2,300,000 (approximately \$3.0m in additional funds will be required to complete the Lifeguard portion of the Mission Bay Headquarters Project)

10) Old Mission Beach Station - These funds would allow for the acquisition of land only for a permanent facility 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.

Estimated Cost: \$1,000,000 (approximately \$2.5m in additional funds will be required to complete this project)

Alternative Funding Options

Although it is recommended that the overall program concept be approved, it is recommended that the City Council wait until the funding options have been reviewed by the Mayor's Blue Ribbon Committee on City Finances, and until next spring, when the status of the City's overall budget, economic climate, and credit issues will be further evaluated, before committing to a funding option.

In order to progress on this project until a decision is made regarding the funding of these improvements, \$750,000 in interim funding will be necessary. Contingent upon the approval of the FY 2002 Budget, it is proposed that \$750,000 in FY 2002 Coastal Infrastructure Fund monies be allocated for this purpose.

The following two funding options are two alternatives for the Mayor's Blue Ribbon Committee on City Finances to consider in evaluating funding for these lifeguard improvements.

Bond Financing

Completion of an engineering assessment has enabled the financing team to determine the cash flow requirements and establish financing schedules to meet the needs of the program. Based on this assessment, it has been determined that the total project cost for all improvements is approximately \$10.9 million if the program is debt financed using \$750,000 of Coastal Infrastructure Fund monies annually as the source of payment. This total includes the cost associated with construction escalation applied to each project within the overall program.

In developing a financing plan using this option (see Attachment 1), it was assumed that the financing of these improvements would coincide with the financing of the fire station facility improvements. Project requirements totaling approximately \$10.9 million would be funded as follows:

Bond Proceeds	\$ 8,429,000
Coastal Infrastructure Fund	\$ 2,376,000
TOT Funding	<u>\$ 100,000</u>
Total Project Requirements	\$10,905,000

It is anticipated that the project will require the issuance of bonds in June, 2002. This issuance is estimated to total approximately \$9 million, and would provide for a debt service reserve fund, cost of issuance, and a construction fund. The net proceeds are estimated to total approximately \$8.4 million. The Bond Counsel for this financing would require that the City be reasonably certain that most of the bond proceeds would be spent within three years of the bond issuance date.

In analyzing any proposed debt issuance that is not fully self-supporting, it is necessary to consider the impact the issuance would have on the level of General Fund-supported debt. Even though Coastal Infrastructure Fund revenues could be identified as the source of debt service for the proposed bond issuances, this debt would still be treated as General Fund-supported debt, since these funds are considered General Fund revenues and any shortfall in available Coastal Infrastructure Fund revenues would have to be funded out of the General Fund.

Cash Funding

Alternatively, the improvements to the outlined lifeguard facilities could be financed on a cash basis. Attachment 2 illustrates the financing plan, through FY 2018, using this method. Allocating \$750,000 annually from the Coastal Infrastructure Fund, this financing plan would require approximately \$14.0 million over 18 years to fund the needed improvements.

CONCLUSION

In an effort to address the outlined lifeguard facility improvement needs, it is recommended that the overall program be approved by the City Council. It is also recommended that the City Council wait until the Mayor's Blue Ribbon Committee on City Finances reviews the funding options, and until next spring, when the economic climate and credit issues will be evaluated, prior to committing to a funding option to fund these lifeguard improvements.

Respectfully submitted,

Bruce A. Herring
Deputy City Manager

HERRING/MCW

Note: The attachments are not available in electronic format. A copy is available for review in the Office of the City Clerk.

Attachments: 1) Funding Plan Option A - Financed Version

2) Funding Plan Option B - Pay-as-you-go (cash) Version