

DATE ISSUED: March 27, 2002

REPORT NO. 02-063

ATTENTION: Honorable Mayor and City Council
Docket of April 2, 2002

SUBJECT: Lifeguard and Fire Facility Improvements

REFERENCE: Lifeguard Facilities
Manager's Report No. 01-171, dated July 27, 2001
Manager's Report No. 01-088, dated May 10, 2001
Manager's Report No. 01-031, dated February 21, 2001

Fire Facilities
Manager's Report No. 01-031, dated February 21, 2001
Manager's Report No. 00-166, dated August 7, 2000
Manager's Report No. 00-122, dated June 1, 2000
Manager's Report No. 00-20, dated January 28, 2000

SUMMARY

Issues:

- 1) Should the City Council approve the conceptual financing plan as outlined in this report for the remodeling and/or construction of Lifeguard facilities and approve the addition of these facilities to the Fire Facility financing plan, to allow for a joint financing plan?
- 2) Should the City Council approve an ordinance authorizing (a.) the first issuance of Lease Revenue Bonds ("Bonds") by the Public Facilities Financing Authority of the City of San Diego ("Authority") to finance real property acquisition and improvements to certain Fire and Life Safety facilities in an amount not to exceed \$30 million; (b.) a Site Lease between the City and the Authority; (c.) a Lease between the City and the Authority; (d.) an Assignment Agreement between the Authority and a Trustee; (e.) an Indenture between the Authority and a Trustee; (f.) a Continuing Disclosure Agreement between the City and a Trustee; (g.) a Preliminary Official Statement; (h.) the Notice Inviting Bids; (i.) the City Manager or his designee, to take such actions, and to execute such documents as may be necessary to complete the sale of the Bonds; and (j.) the investment of a portion of the proceeds of the Bonds in instruments with a term of maturity in excess of five years?
- 3) Should the City Council approve the following specific actions regarding CIP 33-101.0, Fire Station 2 - Central Mission Valley?
 - A) Designate Site 19, Area A, commonly known as the stadium overflow parking lot, for Fire Station 2 - Central Mission Valley.
 - B) Authorize the transfer of \$89,400 from CIP 33-098.0, Fire Station Major Components Replacement and Rehabilitation, to CIP 33-

101.0, Fire Station 2 - Central Mission Valley, for Phase I of the consultant agreement with WLC Architects, Inc.

- C) Approve the phase-funded consultant agreement with WLC Architects, Inc. from CIP 33-101.0 Fire Station 2 - Central Mission Valley and authorize an expenditure not to exceed \$89,400 for Phase I of the agreement, and an amount not to exceed \$282,140 for Phase II, provided that the City Auditor and Comptroller first furnish a certificate demonstrating that funds are available.
 - D) Authorize the appropriation of \$45,000 from Fund 14000, Building Permit Fee District C, to CIP 33-101.0, Fire Station 2-Central Mission Valley for the construction of a mini-park adjacent to the Fire facility.
- 4) Should the City Council approve the following specific actions regarding CIP 33-104.0, Fire Station 5 - Uptown?
- A) Authorize the transfer of \$68,400 from CIP 33-098.0, Fire Station Major Components Replacement and Rehabilitation, to CIP 33-104.0, Fire Station 5 - Uptown, for Phase I of the consultant agreement with Jeff Katz Architecture.
 - B) Approve the phase-funded consultant agreement with Jeff Katz Architecture from CIP 33-104.0, Fire Station 5 - Uptown. Authorize the expenditure of \$68,400 from CIP 33-104.0, Fire Station 5 - Uptown for Phase I of the agreement and an amount not to exceed \$152,100 for Phase II of the contract, provided that the City Auditor and Comptroller first furnish a certificate demonstrating that funds are available.
- 5) Should the City Council approve the following specific actions regarding lease revenues from City property for the construction of CIP 33-103.0, Fire Station 29 - San Ysidro?
- A) Authorize the City Auditor and Comptroller to establish a special interest-bearing fund 30247, Capital Outlay-Fire Stations, to receive lease revenues from the tenant currently using the property on the west side of San Ysidro Boulevard that was recently acquired for Fire Station 29. These revenues and any interest earnings will be used for CIP 33-103.0 Fire Station 29 - San Ysidro.
 - B) Authorize the City Auditor and Comptroller to appropriate any monies that were deposited into Fund 30247, Capital Outlay - Fire Stations, including any interest earned, to CIP 33-103.0, Fire Station 29 - San Ysidro, and to expend those monies, including interest from CIP 33-103.0 for the purpose of constructing Fire Station 29.

- 1) Approve the conceptual financing plan as outlined in this report for the remodeling and/or construction of Lifeguard facilities and approve the addition of these facilities to the Fire Facility financing plan, to allow for a joint financing plan.
- 2) Approve an ordinance authorizing (a.) the first issuance of Lease Revenue Bonds by the Public Facilities Financing Authority of the City of San Diego to finance real property acquisition and improvements to certain Fire and Life Safety facilities in an amount not to exceed \$30 million; (b.) a Site Lease between the City and the Authority; (c.) a Lease between the City and the Authority; (d.) an Assignment Agreement between the Authority and a Trustee; (e.) an Indenture between the Authority and a Trustee; (f.) a Continuing Disclosure Agreement between the City and a Trustee; (g.) a Preliminary Official Statement; (h.) the Notice Inviting Bids; (i.) the City Manager or his designee, to take such actions, and to execute such documents as may be necessary to complete the sale of the Bonds; and (j.) the investment of a portion of the proceeds of the Bonds in instruments with a term of maturity in excess of five years.
- 3) Approve the following specific actions regarding CIP 33-101.0, Fire Station 2 - Central Mission Valley:
 - A) Designate Site 19, Area A, commonly known as the stadium overflow parking lot, for Fire Station 2 - Central Mission Valley.
 - B) Authorize the transfer of \$89,400 from CIP 33-098.0, Fire Station Major Components Replacement and Rehabilitation, to CIP 33-101.0, Fire Station 2 - Central Mission Valley, for Phase I of the consultant agreement with WLC Architects, Inc.
 - C) Approve the phase-funded consultant agreement with WLC Architects, Inc. from CIP 33-101.0 Fire Station 2 - Central Mission Valley and authorize an expenditure not to exceed \$89,400 for Phase I of the agreement, and an amount not to exceed \$282,140 for Phase II, provided that the City Auditor and Comptroller first furnish a certificate demonstrating that funds are available.
 - D) Authorize the appropriation of \$45,000 from Fund 14000, Building Permit Fee District C, to CIP 33-101.0, Fire Station 2-Central Mission Valley for the construction of a mini-park adjacent to the Fire facility.
- 4) Approve the following specific actions regarding CIP 33-104.0, Fire Station 5 - Uptown:
 - A) Authorize the transfer of \$68,400 from CIP 33-098.0, Fire Station Major Components Replacement and Rehabilitation, to CIP 33-104.0, Fire Station 5 - Uptown, for Phase I of the consultant agreement with Jeff Katz Architecture.
 - B) Approve the phase-funded consultant agreement with Jeff Katz

Architecture from CIP 33-104.0, Fire Station 5 - Uptown. Authorize the expenditure of \$68,400 from CIP 33-104.0, Fire Station 5 - Uptown for Phase I of the agreement and an amount not to exceed \$152,100 for Phase II of the contract, provided that the City Auditor and Comptroller first furnish a certificate demonstrating that funds are available.

- 5) Approve the following specific actions regarding lease revenues from City property for the construction of CIP 33-103.0, Fire Station 29 - San Ysidro:
- A) Authorize the City Auditor and Comptroller to establish a special interest-bearing fund 30247, Capital Outlay-Fire Stations, to receive lease revenues from the tenant currently using the property on the west side of San Ysidro Boulevard that was recently acquired for Fire Station 29. These revenues and any interest earnings will be used for CIP 33-103.0 Fire Station 29 - San Ysidro.
 - B) Authorize the City Auditor and Comptroller to appropriate any monies that were deposited into Fund 30247, Capital Outlay - Fire Stations, including any interest earned, to CIP 33-103.0, Fire Station 29 - San Ysidro, and to expend those monies, including interest from CIP 33-103.0 for the purpose of constructing Fire Station 29.

Other Recommendations: None.

Fiscal Impact:

Lifeguard Facilities

The total project cost for the Lifeguard facilities scheduled for construction is estimated to be approximately \$10.9 million. Recommended funding sources include:

Bond Proceeds	\$8,142,000
Interest Earnings on Bond proceeds	\$ 319,000
Previously authorized funds	\$2,376,000
TOT Funding	<u>\$ 100,000</u>
Total Project Requirements	\$10,937,000

Consistent with the proposed financing plan for Fire facilities which follows, General Fund revenues in the form of Special Safety Sales Tax revenue (\$750,000) will be made available as the annual source of payment for the portion of these bonds issued to fund the Lifeguard facilities described in this report. This will be accomplished through a transfer of Coastal Infrastructure monies in a like amount. The City Auditor and City Treasurer recommend this financing approach be used to assist in the marketing and rating of this bond issuance due to past (and likely future), heavy reliance upon Transient Occupancy Tax (TOT) revenues for funding other projects. Performing this transfer of funds will ensure that there is no impact to Fire and Life Safety Services General Fund services. If approved by Council, this proposed Lifeguard Facility financing plan will be combined with the Fire Facility financing plan.

(As noted in Attachment A, additional funds will be required to complete improvements for

the Lifeguard Headquarters, CIP 33-508.0, and construction of Old Mission Beach Station, CIP 33-509.0.)

Fire Facilities

The total project cost for the Fire facilities is estimated to be approximately \$33.1 million.

Funding sources include:

Bond Proceeds	\$30,653,000
Interest Earnings on Bond proceeds	\$ 1,259,000
Development Impact Fees	\$ 600,000
State Funds	\$ 400,000
Cash	<u>\$ 150,000</u>
Total Project Requirements	\$33,062,000

Based upon the previously approved 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 Fire stations and the replacement of major Fire station components described in this report.

Combined Financing Package

The total to fund the combined Lifeguard and Fire facilities project requirements is \$44 million. Although the first bond issuance will not exceed \$30 million for both the Fire and Lifeguard facilities, the actual issuance is currently projected to be \$25.1 million, based on current market conditions. This issuance is expected to provide approximately \$21.3 million in construction proceeds, and an amount sufficient to fund the debt service reserve and all related costs of issuance, including but not limited to underwriters, bond counsel, trustee, and preparation of the Official Statement. Annual bond payments on a \$25.1 bond issuance are estimated to be \$1.7 million at current interest rates.

The actions recommended for Fire Stations 2 (Mission Valley), 5 (Hillcrest), and 29 (San Ysidro) will have no net fiscal impact. All funds recommended to be expended are being borrowed from existing CIP projects with no negative impact to these projects schedules. Once the financing is obtained for the Fire facilities, anticipated in June 2002, these funds will be returned to the original projects.

Environmental Impact

These actions are exempt from the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, Section 15061 (b) (3). This determination is predicated on Section 15004 of the Guidelines which provides direction to lead agencies on the appropriate timing for environmental review. These actions will require further review under the provisions of CEQA.

BACKGROUND

Lifeguard Facilities

During 2001, several actions were taken by the City Council in regard to new and remodeled Lifeguard facilities. Specifically:

On February 27, 2001, the City Council directed the City Manager to provide a proposed financing plan to fund improvements related to Lifeguard facilities.

On June 29, 2001, the City Manager presented a prioritized list of Lifeguard facility improvements and two possible funding options to the City Council. While the City Council approved adding the list of projects to the Capital Improvements Program at this meeting, the overall program and financing options were referred to the Natural Resources and Culture Committee for further discussion.

On August 1, 2001, the Natural Resources and Culture Committee (a.) approved an overall program for Lifeguard facilities (b.) authorized the expenditure of \$750,000 in Fiscal Year 2002 Coastal Infrastructure monies as interim funding to allow for continued progress on these projects, and (c.) directed staff to return to the City Council in the spring with a proposed financing plan.

Fire Facilities

On February 27, 2001, the City Council approved an overall program for Fire facilities, approved a conceptual financing plan, and authorized interim funding to ensure that progress could continue on the project. Since then, staff has been working diligently on moving these projects forward by obtaining land and hiring consultants to begin design.

Given the approved financing plan, the following independent consultants were, or are in the process of being, retained to assist with the proposed financing:

Bond Counsel: Hawkins, Delafield & Wood

Disclosure Counsel: Quateman & Zidell

Financial Advisors: Kelling, Northcross & Nobriga

In order to complete this financing, a Trustee and Title Insurer are also being retained.

DISCUSSION

Status Update - Lifeguard Facilities

As indicated above, a prioritized list of Lifeguard Facilities improvements has been identified and added to the CIP. This list of improvements was developed by Fire and Life Safety Services and Lifeguard Division staff, along with the Municipal Employees Association (MEA). Included within this list are ten facilities that need to be replaced or remodeled. They include one new station at North Pacific Beach; four stations to be removed and replaced at South Mission Beach,

La Jolla Cove, Children's Pool and South Pacific Beach; one to be remodeled and enlarged at La Jolla Shores; two to be remodeled at Ocean Beach and Mission Beach; a property acquisition for a future new tower at Old Mission Beach; and seed money for the planning, design and infrastructure work for the Mission Bay Headquarters.

The overall program has been reviewed and refined by staff from both the Lifeguard Division and Engineering and Capital Projects, Fire and Life Safety Services management, and the MEA. Cost estimates, schedules and cash flow projections have been developed for each of the projects. These projects are summarized in **Attachment A**. Construction and design milestones are shown in **Attachment B**.

Proposed Financing Plan - Lifeguard Facilities

An engineering assessment of cost, schedule and cash flow has been completed to enable 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. Project requirements totaling approximately \$10.9 million would be funded as follows:

Bond Proceeds	\$8,142,000
Interest Earnings on Bond proceeds	\$ 319,000
Previously authorized funds	\$2,376,000
TOT Funding	<u>\$ 100,000</u>
Total Project Requirements	\$10,937,000

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 in order to comply with the applicable laws related to tax-exempt financings. Thus, it is anticipated that the project will require the issuance of two series of bonds, with the first occurring in June 2002.

The portion of the first issuance that will fund the Lifeguard facilities is estimated to total approximately \$6.4 million, 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 \$5.4 million. The second issuance is anticipated to occur in Fiscal Year 2004 in the estimated amount of \$3.2 million, and will provide for a debt service reserve fund, costs of issuance, and a construction fund. The net proceeds from the second issuance are estimated to total approximately \$2.7 million (See **Attachment F**).

It is recommended that the financing plan described above for Lifeguard facilities be approved and integrated in a combined Fire and Life Safety financing package. The first and second bond issuances for Fire facilities are anticipated to be \$18.6 million and \$17.6 million, respectively (See **Attachment G**). When combined with the financing for Lifeguard facilities, the total first issuance will be approximately \$25.1 million; the total second issuance will be approximately \$20.8 million. The total bonded amount for the first issuance would not exceed \$30 million. It is anticipated to be \$25.1 million, resulting in \$21.3 million in net proceeds. (See **Attachment H**).

Proposed Financing Structure

As indicated above, the maximum size of the first issuance of Bonds would not exceed \$30 million, and is currently projected to be \$25.1 million based on current market conditions. The term of Bonds will be 30 years, structured with serial and term maturities, as dictated by market conditions at the time of pricing. It is expected that the bonds will be priced in May, 2002, with a closing tentatively scheduled for June, 2002.

The recommended financing vehicle for the Fire and Life Safety facilities is Lease Revenue Bonds under an “asset transfer” structure. Lease Revenue Bonds are based on a lease arrangement between two entities: a governmental entity and, typically, a non-profit agency, financing authority, or joint powers authority which issues the bonds. In the case of the Fire and Life Safety Facilities Project (“Project”), it is intended that the Public Facilities Financing Authority of the City of San Diego (“Authority”) be utilized for the purpose of issuing the bonds to finance the Project.

The Authority was established through a Joint Exercise of Powers Agreement by and between the City and the Redevelopment Agency of the City. The Authority is administered by a Commission which is comprised of three members of the public, the City Manager, and the City Auditor and Comptroller.

An “asset transfer” structure is a widely used financing tool whereby municipal entities “refinance” existing public facilities and borrow against the accumulated equity in the facilities in order to finance capital improvement projects. Under this structure, the City would lease an existing asset in lieu of the asset or improvement being financed. Unless an asset-transfer structure is utilized, capitalized interest is required for this type of financing during the period in which the financed project can not be occupied (e.g., during construction). By eliminating the need to fund capitalized interest from the bond issue, an asset-transfer structure results in a reduced bond issuance size and, consequently, a reduced annual lease payment amount.

Although an asset-transfer structure is being utilized for the financing, it is desirable to fund up to 12 months of capitalized interest in order to meet the cash flow requirements of the “Project” (since interest payments would be funded from the bond issue during the capitalized interest period, the City would not have to budget and make lease payments). A 12-month capitalized interest period is shorter than the estimated 24-month construction period for the project. As such, the asset-transfer structure would still result in some reduction to the bond issuance size and annual debt service payment amount.

The City’s ability to use this approach is dependent upon the availability of suitable assets for transfer. To be eligible, the asset(s) for transfer must have a market value equal to or greater than the dollar amount of the lease obligations being issued and a useful depreciable life equal or greater than the term of the obligations. The asset(s) must also be unencumbered from leases or other obligations. Existing Fire stations have been identified to meet this criteria.

Section 6586.5 of the California Government Code requires that Joint Powers Authorities (“JPA”), such as the Authority, may only issue bonds to finance a public capital improvement if a member of the JPA has made a finding of significant public benefits. The City will benefit from demonstrable savings in the costs of financing the Project and will be able to more efficiently deliver fire and life safety services to residential and commercial development. This is based on the following:

- 1.) The Authority is authorized to issue bonds to finance the Project. The City of San Diego would have to undertake a certificate of participation financing to finance the Project. The financial market is broader for bonds than it is for certificates of participation. Therefore, the City will be able to take advantage of financing the Project at a lower interest rate with bonds than it would achieve with certificates of participation.
- 2.) The Project will improve the level of public safety by allowing for quicker response times and

better overall service to communities throughout the City.

The Bonds will be sold by competitive bid, with the bid opening currently scheduled for May 2002. The best bidder will be determined based on the lowest true interest cost to the City.

Financing Documents

The documents that the City Council will approve through the actions requested today include the following documents as described below.

- 1)The Site Lease is the agreement between the City and the Authority under which the City leases certain existing Fire stations to the Authority.
- 2)The Lease is an agreement between the City and the Authority under which the City leases, from the Authority, the existing Fire stations. The City agrees to finance its contribution to the Project through the delivery of this lease, and the issuance and delivery of Lease Revenue Bonds of the Authority secured by Base Rental Payments.
- 3)The Assignment Agreement is an agreement between the Authority and a Trustee. Under the Agreement, the Authority assigns without recourse all of its rights to receive Base Rental Payments, as defined in the Lease, to the Trustee.
- 4)The Indenture is the contract between the Authority and a Trustee, which outlines the parties' rights, responsibilities, and obligations with respect to the issuance of the Lease Revenue Bonds.
- 5)The Continuing Disclosure Agreement defines what information related to the issue and issuer will be submitted to a national information repository annually, pursuant to SEC regulation 15c2-12 effective July 3, 1995 requiring continuing disclosure of financial information, material information and certain material events, as defined in the regulation.
- 6)The Preliminary Official Statement is the document furnished to potential purchasers of the bonds and by which there is disclosed to such potential purchasers the information which is material to the decision to actually buy the bonds.
- 7)The Notice Inviting Bids is the document provided to potential purchasers of the bonds that define the terms of sale for the bonds.

Impact on Lifeguard Operating Budget

The proposed Lifeguard construction/remodeling of towers will not result in a staffing or operating budget impact, as all of the identified facilities are already staffed.

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Status Update - Fire Facilities

At the City Council meeting of February 27, 2001, the City Council authorized the addition of 12 specific capital improvement projects related to the construction and/or reconstruction of Fire

Station facilities throughout San Diego. Approval of these 12 projects will significantly upgrade key public safety facilities, enabling Fire and Life Safety Services to better meet the public safety needs of our community. These projects are identified in detail in **Attachment C** of this report.

Work on the Fire facility projects began earlier this year and will continue through Fiscal Year 2006. Construction and design milestones for each facility are presented in **Attachment D**. The schedule for the Major Components effort, which addresses specific facility needs of existing Fire facilities, is shown in **Attachment E**.

Actions Needed for Fire Facilities

At this point, several actions specific to individual Fire stations are needed in order for them to move forward and be completed on schedule as part of the Fire Facilities Project:

- 1A. The site identified for Fire Station 2 - Central Mission Valley, is located on the north side of Friars Road, west of Mission Village Drive. The site is currently a paved lot, utilized for stadium overflow parking. The parcel is identified as Site 19, Area A. As this site was designated for use as a Stadium adjunct per Resolution 252539 on August 25, 1980, action needs to be taken now to allow for its use as the site of a Fire station and mini-park. Following completion of this project, some remaining space will continue to be available as additional stadium parking. It is recommended that Site 19, Area A be designated for Fire Station 2 - Central Mission Valley.
- 1B. Fire Station 2, Central Mission Valley - WLC Architects, Inc. has been selected to provide design services for this project. An agreement in the amount of \$371,540 has been negotiated, and due to funding constraints at this time, the services will be provided in two phases. Funding for the first phase is required in advance of the bond funding to allow the consultant to begin work. Funding for the first phase in the amount of \$89,400 has been identified to be borrowed from the Fire Station Major Component Replacement and Rehabilitation, CIP 33-098.0. The funding will be returned to CIP 33-098.0 upon receipt of bond proceeds. It is recommended that the consultant agreement with WLC Architects, Inc. and the transfer of \$89,400 from CIP 33-098.0 be approved.
- 1C. Mission Valley Mini-Park - A mini-park will be constructed adjacent to the Central Mission Valley Fire Station 2, as a part of CIP 33-101.0, Central Mission Valley. The mini-park will be funded separately from the Fire Facility Financing, via Fund 14000, Building Permit Fee District C. Fund 14000 is funded by Park Service District Fees and as such is an appropriate source of funding for the mini-park. The mini-park is estimated to cost \$250,000, of which an initial \$45,000 to begin design is required at this time. It is recommended that transfer of \$45,000 from Fund 14000 be approved.
2. Fire Station 5, Hillcrest Area - Jeff Katz Architecture, has been selected to provide design services for this project. An agreement in the amount of \$220,500 has been negotiated, and due to funding constraints at this time, the services will be provided in two phases. Funding for the first phase is required in advance of the bond funding to allow the consultant to begin work. Funding for the first phase in the amount of \$68,400 has been identified to be borrowed from the Fire Station Major Component Replacement and Rehabilitation, CIP 33-098.0. The funding

will be returned to CIP 33-098.0 upon receipt of bond proceeds. It is recommended that the consultant agreement with Jeff Katz Architecture and the transfer of \$68,400 from CIP 33-098.0 be approved.

3. On January 18, 2002 the City purchased a 1.45 acre site, at 179 West San Ysidro Boulevard, on which the future San Ysidro Fire Station 29 will be constructed. Since construction will not begin until summer 2003, the current tenant on the property has been granted a permit to lease the property from the City and use it as a used car sales lot until the City gives 90-day notice to cancel the permit. In the interim, the tenant will pay the City \$2,000 per month for use of the site. As the cost of purchasing the site was funded from the Fire Station 29 CIP, it is recommended that the revenue from the lease be returned to this CIP. Upon approval, the lease payments and interest earned will be utilized for Fire Station 29 project costs.

Schedule

Based on prior City Council direction, the schedules for three Fire Stations, 2 (Mission Valley), 32 (Skyline/Paradise Hills) and 54 (Paradise Hills), have been accelerated from the schedules included in the previously approved priority list dated February 21, 2001, Manager's Report 01-031. Each of these projects have been moved ahead by one year from of the previous financing plan.

Impact on Fire Operating Budget

With two exceptions, the proposed construction/remodeling of Fire facilities will not result in any staffing or operating budget impact, as all of the identified facilities are already staffed. The two exceptions are Fire Stations 2 (Mission Valley) and 54 (Paradise Hills) which will be new, additional facilities.

Fire Station 2 (Mission Valley), is scheduled to open in June, 2005 and Fire Station 54 (Paradise Hills) in September 2005. Accordingly, funding required to staff these two facilities will be requested in the proposed City budget for Fiscal Years 2004 and 2005.

Fire Station 2 (Mission Valley), is being designed to house two engines and one truck. At this level and based on Fiscal Year 2003 salary levels, staffing would consist of 9.90 Captains, 9.81 Engineers, and 19.20 Fire Fighters. The total annual operating cost impact would be \$3,969,121 (projected) including salaries, fringe benefits, overtime, and non-personnel support costs. It is possible that initially only one engine will be staffed there but that will be dependent on conditions existing at the time of completion, including additional development in the service area and budgetary considerations. Fire Station 2 (Mission Valley) will also house an ambulance but it will be funded by the Emergency Medical Service (EMS) program rather than the General Fund. The cost for ambulance staffing (1.00 Paramedic and 1.00 Emergency Medical Technician [EMT] per shift) will be \$334,000.

Fire Station 54 (Paradise Hills) will house one engine and one ambulance. Staffing for the engine would include 3.30 Captains, 3.27 Engineers and 6.40 Fire Fighters. The Fiscal Year 2003 annual operating cost impact would be \$1,545,328 (projected). The staffing cost for the EMS-funded

ambulance is again \$334,000.

LEED Certification (Green Building Policy)

The City is now in the process of reviewing adoption of the Leadership in Energy Environmental Design (LEED) “Silver” standard for all new and renovated City facilities. The LEED Green Building Rating System is a program of the US Green Building Council. This program was initiated by the US Green Council, which characterizes this effort as evaluating “environmental performance from a ‘whole building’ perspective over a building’s life cycle,” and “is based on accepted energy and environmental principals.” Different levels of certification are based on a points system, ranging from “certified,” “silver,” “gold” and “platinum.”

The Environmental Services Department’s Energy Conservation and Management Division is planning on revising the City’s current green building policy to include the US Green Building Council’s LEED certification program. Initial responses from the Energy Division indicate that facilities under 5,000 square feet will most likely be exempt from LEED requirements. With the exception of the Lifeguard Headquarters project (CIP 33-508.0), all of the proposed Lifeguard Facilities will be less than 5,000 square feet, and will therefore, not incorporate LEED standards.

It should be emphasized however, this will not exempt these facilities from meeting or exceeding California Title 24 energy standards. The State of California Title 24 energy standards govern energy efficiency requirements within the State of California and set the minimum standards for energy conservation measures for the City of San Diego. In June 2001, the City of San Diego adopted the latest Title 24 requirements which will increase building energy efficiency an additional 15 to 17 percent.

With respect to implementing the LEED Silver Standard for Fire Facilities, an increase in funding of 5% and 10% respectively for design and construction, has been included in the financing plan. However, it is estimated that these increased costs will be off-set through energy efficiency and water conservation measures. The adoption of the LEED Silver rating for these type of facilities is projected to achieve payback within 10 years, thereafter resulting in a projected average utility cost saving of an *additional* 15% to 17% over the life cycle (40 years or more) of the facility.

While there are several Fire facility projects too far along to embrace the Silver LEED standard [1 (Downtown); 12 (Lincoln Park); 22 (Point Loma); 31 (Del Cerro); and the Kearny Villa Maintenance Facility], there are six facilities that can still adopt the Silver standard at an increased cost of \$1,020,477, reflected in the proposed financing plan. These facilities are Fire Stations 2 (Mission Valley), 5 (Hillcrest), 17 (Mid-City), 29 (San Ysidro), 32 (Skyline/Paradise Hills), and 54 (Paradise Hills).

NEXT STEPS

Lifeguard Facilities

With the City Council’s approval of the proposed bond financing package, and once the initial bond proceeds are received in June 2002, Engineering will continue efforts to complete construction documents for the first four lifeguard projects which have design activities scheduled this fiscal year: South Pacific Beach, North Pacific Beach, La Jolla Shores, and Children’s Pool Lifeguard Stations.

Fire Facilities

With the City Council's approval of the proposed bond financing package, and once the initial bond proceeds are received in June 2002. Engineering will proceed with purchasing land for Fire Stations 32 (Skyline/Paradise Hills) and 54 (Paradise Hills), and continue with design and construction of the Major Components, and Fire Stations 12 (Lincoln Park), 31 (Del Cerro), 29 (San Ysidro), 5 (Hillcrest) and 2 (Mission Valley).

CONCLUSION

On February 27, 2001, the City Council authorized the addition of 12 specific capital improvement projects related to the construction and/or reconstruction of Fire Station facilities throughout San Diego. On August 1, 2001 the Natural Resources and Culture Committee approved an overall program for Lifeguard facilities and directed staff to return to the City Council with a proposed financing plan. Approval of the financing plan presented in this report for the remodeling and/or construction of Lifeguard facilities, and the authorization to issue Bonds in an amount not to exceed \$30 million, are the next steps to financing the Fire and Lifeguard facilities.

ALTERNATIVE

Do not approve the requested actions necessary to issue Bonds for the funding of various Fire and Life Safety facilities.

Respectfully submitted,

Bruce Herring
Deputy City Manager

Approved: Patricia T. Frazier
Deputy City Manager

HERRING/JD

Note: Attachments B, D, E, F, G and H are not available in electronic format. Copies of these attachments are available for review in the office of the City Clerk.

Attachments: [A.Lifeguard Facilities - Project Summaries](#)
B.Lifeguard Stations - Design and Construction Milestones

[C.Fire Facilities - Project Summaries](#)
D.Fire Stations - Design and Construction Milestones
E.Fire Station Major Components Replacement - Phase II Design and
Construction Milestones

F.Cashflow - Lifeguard Facilities
G.Cashflow - Fire Facilities
H.Combined Cashflow - Fire and Lifeguard Facilities