

DATE ISSUED: May 9, 2003 REPORT NO. 03-101

ATTENTION: Public Safety & Neighborhood Services Committee
Agenda of May 14, 2003

SUBJECT: Fire and Lifeguard Facility Improvements Project Update

REFERENCE: Fire Facilities
Manager's Report No. 02-063, dated March 27, 2002
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

Lifeguard Facilities
Manager's Report No. 02-063, dated March 27, 2002
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

SUMMARY

Issues:

1. Should the City Council authorize the changes to the scope of individual fire and lifeguard facilities as outlined within this report to enable staff to move forward with design and construction?

2. Should the City Council direct the City Manager to move forward at this time with only the facilities within the Fire and Lifeguard Facility Improvements Project (Project) that can be achieved within the previously approved \$45.2 million Project budget, thus deferring four fire facilities and three lifeguard facilities? Further, should the City Council postpone a decision regarding the overall Project budget until fall when additional information regarding the actions of the state and the status of the City budget is available at which time the City Manager will return with a report on the Project progress and a recommendation regarding an increase in the overall Project budget?

Fire Station #1 (Downtown)

3. Should the City Council approve a phase-funded consultant agreement for architectural services with Vasquez + Marshall & Associates, in an amount not-to-exceed \$288,625, from CIP 33-093.0, Fire Station #1, and authorize expenditure of an amount not-to-exceed \$109,000 for Phase I of the agreement and an amount not-to-exceed \$179,625 for Phase II, provided the City Auditor and Comptroller first certify fund availability?

Fire Station # 2 (Mission Valley)

4. Should the City Council authorize the City Auditor and Comptroller to transfer \$225,000 from Mission Valley/Serra Mesa Park Service District Fees, Fund No. 11390 to CIP No. 33-090.0, Fire Station #2 – Mission Valley, for funding the mini-park, thus increasing the overall Fire and Lifeguard Facility Improvements Project budget to \$45,416,070?

Fire Station # 12 (Lincoln Park)

5. Should the City Council approve the plans and specifications for the construction of CIP 33-081.0, Fire Station # 12, as advertised by Contract Services?
6. Should the City Council authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$2,743,000 with the lowest responsible and reliable bidder, provided that the City Auditor first certifies fund availability, and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves?

Fire Station # 22 (Point Loma)

7. Should the City Council authorize the Auditor and Comptroller to accept \$400,000 received in state grant funds and appropriate and expend said funding from CIP 33-102.0, Fire Station #22 - Point Loma, Fund No. 30380, State Grant Fund, for the purpose of constructing a new Fire Station #22 in Point Loma?

Fire Station # 29 (San Ysidro)

8. Should the City Council approve the plans and specifications for the construction of CIP 33-103.0, Fire Station #29, as advertised by Contract Services?

9. Should the City Council authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$2,741,000 with the lowest responsible and reliable bidder, provided that the City Auditor certifies fund availability, and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves?
10. Should the City Council certify that the information contained with Land Development Review (LDR) File No. 42-0631 has been completed in compliance with the California Environmental Quality Act and State CEQA Guidelines, and that said Mitigated Negative Declaration (MND) reflects the independent judgment of the City of San Diego as Lead Agency?
11. Should the City Council state for the record that the final MND, LDR No. 42-0631, has been reviewed and considered prior to approving the project?

Fire Station # 31 (Del Cerro)

12. Should the City Council approve the plans and specification for the construction of CIP 33-088.0, Fire Station #31, as advertised by Contract Services?
13. Should the City Council authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$1,904,000 with the lowest responsible and reliable bidder, provided that the City Auditor certifies fund availability and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves?

South Pacific Beach Lifeguard Tower (and Grand Avenue Restroom)

14. Should the City Council approve the plans and specifications for the construction of CIP 29-473.0, South Pacific Beach Lifeguard Tower and Grand Avenue Restroom, as advertised by Contract Services?
15. Should the City Council authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$2,636,000 with the lowest responsible and reliable bidder provided that the City Auditor first certifies fund availability, and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves?

Manager's Recommendations:

1. Authorize the changes to the scope of individual fire and lifeguard facilities as outlined within this report to enable staff to move forward with design and construction.
2. Direct the City Manager to move forward at this time with only the facilities within the Fire and Lifeguard Facility Improvements Project (Project) that can be achieved within the previously approved \$45.2 million Project budget, thus deferring four fire facilities and three lifeguard facilities. It is further recommended that a decision regarding the overall Project budget be postponed until fall when additional information regarding the actions of the state and the status of the City budget is available at which time the City Manager will return with a report on the Project progress and a recommendation regarding an increase in the overall Project budget.

Therefore, the following actions specific to various facilities are recommended:

Fire Station #1 (Downtown)

3. Approve a phase-funded consultant agreement for architectural services with Vasquez + Marshall & Associates, in an amount not-to-exceed \$288,625, from CIP 33-093.0, Fire Station #1, and authorize expenditure of an amount not-to-exceed \$109,000 for Phase I of the agreement and an amount not-to-exceed \$179,625 for Phase II, provided the City Auditor and Comptroller first certify fund availability.

Fire Station # 2 (Mission Valley)

4. Authorize the City Auditor and Comptroller to transfer \$225,000 from Mission Valley/Serra Mesa Park Service District Fees, Fund No. 11390 to CIP No. 33-090.0, Fire Station #2 – Mission Valley, for funding the mini-park, thus increasing the overall Fire and Lifeguard Facility Improvements Project budget to \$45,416,070.

Fire Station # 12 (Lincoln Park)

5. Approve the plans and specifications for the construction of CIP 33-081.0, Fire Station #12, as advertised by Contract Services.
6. Authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$2,743,000 with the lowest responsible and reliable bidder, provided that the City Auditor first certifies fund availability, and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves.

Fire Station # 22 (Point Loma)

7. Authorize the Auditor and Comptroller to accept \$400,000 received in state grant funds and appropriate and expend said funding from CIP 33-102.0, Fire Station #22 - Point Loma, Fund No. 30380, State Grant Fund, for the purpose of constructing a new Fire Station #22 in Point Loma.

Fire Station # 29 (San Ysidro)

8. Approve the plans and specifications for the construction of CIP 33-103.0, Fire Station #29, as advertised by Contract Services.
9. Authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$2,741,000 with the lowest responsible and reliable bidder, provided that the City Auditor certifies fund availability, and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves.
10. Certify that the information contained with LDR File No. 42-0631 has been completed in compliance with the California Environmental Quality Act and State CEQA Guidelines, and that said Mitigated Negative Declaration (MND) reflects the independent judgment of the City of San Diego as Lead Agency.

11. State for the record that the final MND, LDR No. 42-0631, has been reviewed and considered prior to approving the project.

Fire Station # 31 (Del Cerro)

12. Approve the plans and specification for the construction of CIP 33-088.0, Fire Station #31, as advertised by Contract Services.
13. Authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$1,904,000 with the lowest responsible and reliable bidder, provided that the City Auditor certifies fund availability, and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves.

South Pacific Beach Lifeguard Tower (and Grand Avenue Restroom)

14. Approve the plans and specifications for the construction of CIP 29-473.0, South Pacific Beach Lifeguard Tower and Grand Avenue Restroom, as advertised by Contract Services.
15. Authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$2,636,000 with the lowest responsible and reliable bidder provided that the City Auditor first certifies fund availability, and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves.

Other Recommendations: None.

Fiscal Impact:

The previously approved \$45.2 million budget will no longer be sufficient to allow for completion of the entire original Fire and Lifeguard Facility Improvements Project (Project) program composed of 12 fire facilities and 10 lifeguard facilities. In anticipation of future community needs, increases in the size of individual fire stations and lifeguard facilities have been identified which result in cost increases for each station, thereby increasing the cost of the overall Project. At this time, it is recommended that the changes in scope of individual stations and the resultant cost increases for these stations be approved and that staff be directed to proceed with work on a reduced number of fire facilities (8 instead of 12) and lifeguard facilities (7 instead of 10) that can be funded within the previously approved budget. Work on the other facilities would be deferred until the fall of 2003 at which time additional budgetary information would be available to allow for a well-informed decision to be made regarding funding of the entire Project, as described more thoroughly below.

With one minor exception, the actions recommended herein would have no net impact on the original total \$45.2 million budget approved for the Fire and Lifeguard Facility Improvements Project. The exception is the transfer of \$225,000 from Park and Recreation, Mission Valley/Serra Mesa Park Service District Fees, Fund 11390, to the Project for purposes of funding the mini-park associated with Fire Station #2 (Mission Valley) which will result in a \$225,000 increase to the overall Project budget (for a new total of \$45.4 million). The funding sources for fire facilities as initially identified under the conceptual financing plan for the Project, approved in April 2002, included City cash, Development Impact Fees, State Grant Funds, bond proceeds, and the interest earnings on bond proceeds. Existing bond proceeds, as well as proceeds from a subsequent bond issuance, would be reallocated from the deferred facilities to address changes in scope to the remaining eight facilities, which would help ensure the proceeds are allocated and spent in the most efficient manner possible. The funding sources for lifeguard facilities include Coastal Infrastructure and Transient Occupancy Tax (TOT) funding, as well as bond proceeds and the associated interest earnings. Funding would be reallocated among lifeguard facilities to fund the seven highest priority facilities.

When the conceptual financing plan for the Fire and Lifeguard Facility Improvements Project was approved, it was contemplated that two series of bonds would be issued to provide a total of \$41.4 million for the Project including interest earnings on bond proceeds. The remaining budget (\$3.8 million) is covered by the other funding sources referenced above. (This does not include the additional \$225,000 that would be transferred into the Project as part of the actions recommended herein.) It was determined that two series of bonds would be required due to Internal Revenue Service requirements, under which the construction proceeds from a bond issuance must be expended within three years of the bond issuance date. Based upon the approved financing plan, a portion of Proposition 172 (Safety Sales Tax) revenues will be used as the source of repayment on the bonds.

In June 2002, the Public Facilities Financing Authority of the City of San Diego issued a first series of bonds, producing an estimated \$22.3 million in construction proceeds, for both fire and lifeguard facilities, including the estimated interest earnings on such proceeds. This funding is being used to begin purchasing necessary land, and designing and constructing these facilities. Based on the most currently available estimates from the Engineering & Capital Projects Department, it is anticipated that the proceeds generated by this first bond issuance will be fully encumbered by the fall of 2003 and proceeds from a second bond issuance will be needed. However, Engineering & Capital Projects is currently in the process of identifying additional phased funding contract opportunities which would enable the timing of the second issuance to be deferred to a later date. The second issuance is expected to provide the remaining amount needed to complete the Project under the current budget (approximately \$19.1 million). The issuance must also provide an amount sufficient to fund the debt service reserve fund and all related costs of issuance, including but not limited to underwriters, bond counsel, trustee, and preparation of the Official Statement. Prior to the issuance of the second series of bonds, related financing documents would be brought forward for City Council consideration.

In light of the current budget situation facing the City and the unknown impacts associated with the state budget, it is prudent to allow time to assess the fiscal situation facing the City before considering an increase in the overall Project budget to cover the original list of facilities. Thus,

it is further recommended that the City Manager return to the City Council in the fall following state action with a report on the Project progress and a recommendation regarding an increase in the overall Project budget. The report would also address the size and timing of the second bond issuance, in light of any state budget impacts, and would provide information on the amount of additional bonds that would need to be issued if the Project budget is increased, as well as the amount of additional recurring revenue that would be required to make payments on such additional bonds.

BACKGROUND

In 2001, through a series of City Council and Council Committee meetings and in an effort to upgrade the public safety facilities, an overall program for improving fire and lifeguard facilities was presented along with a corresponding financing plan. The approved Project program, presented to the City Council, includes 12 fire and 10 lifeguard facilities. The list of fire facilities identified to be added, replaced or remodeled was developed by San Diego Fire-Rescue Department staff in conjunction with the International Association of Firefighters Local 145. The list includes the addition of Fire Stations #2 (East Mission Valley), along with construction of a mini-park, #29 (San Ysidro), #32 (Skyline), and #54 (Paradise Hills); replacement of Fire Stations # 5 (Hillcrest), #12 (Lincoln Park), #17 (Mid-City), and #31 (Del Cerro); and renovation and remodeling of Fire Stations #1 (Downtown) and #22 (Point Loma). The list also includes the Major Component Replacement Project and the Kearny Villa Repair Facility Project.

The list of 10 lifeguard facilities to be replaced or remodeled was developed by San Diego Fire-Rescue Department and Lifeguard Division staff, along with the Municipal Employees Association (MEA). This list includes one new lifeguard station to be located 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; property acquisition for a future new tower at Old Mission Beach; and seed money for the planning, design and infrastructure work for a new Mission Bay Headquarters.

The previously approved total project budget estimated for the entire Fire and Lifeguard Facility Improvements Project is \$45.2 million. Of this total, \$34.3 million is to fund the fire facilities and the remaining \$10.9 million is allocated to lifeguard facilities. A substantial portion of this funding is bond funding, as can be seen in Table A below.

PROJECT FUNDING SOURCES ***Table A***

Fire Facilities:

The funding sources identified for the fire facilities are as follows:

Bond Proceeds (including interest earnings)	\$32,991,000
Development Impact Fees	\$ 600,000
State Grant Funds	\$ 400,000
Cash	\$ 159,000
Capital Outlay	\$ 60,000
<u>Building Permit Fee District C</u>	<u>\$ 45,000</u>

Total Funding Sources \$34,255,000

Lifeguard Facilities:

The funding sources identified for the lifeguard facilities are as follows:

Bond Proceeds (including interest earnings)	\$8,461,000
Coastal Infrastructure Funding	\$2,376,000
<u>TOT Funding</u>	<u>\$ 100,000</u>
Total Funding Sources	\$10,937,000

DISCUSSION

Subsequent to the actions described above, issues have arisen that have resulted in increased Project costs. The transition to a new Fire-Rescue Department administration with long-term vision illuminated the fact that the scheduled improvements would not successfully provide for service into the future for a growing San Diego community and objections were raised about continuing with an inadequate project. Revising the Project program to provide appropriately-sized fire facilities resulted in increased costs for the initial list of improvements. The cost increases for the fire facilities stem from increased square footage to the new facilities to prepare for future needs, as well as additional relocation costs, construction cost escalation, and additional LEED costs. Further, two fire facilities (Fire Stations #28, Kearny Mesa, and #39, Tierrasanta) not originally contained in the Project have been identified as important to long-term service provision. The lifeguard facilities are also facing increased costs for some of the same reasons, and from the addition of furniture, fixtures and equipment costs that had previously been deleted in anticipation of absorption into the operating budget. Each of these increases is explained below.

Following development of the original facility program requirements, fire station size needs were reassessed by the San Diego Fire-Rescue Department. It was determined that additional space is necessary in the stations to accommodate the eventual need for increased emergency service units anticipated due to the projected increase in population density and traffic. Additionally, Fire Station #22 (Pt. Loma) is now recommended to be a new construction, rather than a remodel which would have resulted in too small a facility. The square footage increases included within the facility scope changes would provide an additional 14,194 square feet of building space.

Additionally, relocation costs have increased substantially. The original intention was to site engine companies at other fire stations during renovation of existing facilities. When practical, fire companies will be located in nearby stations, however, a review of this plan identified unacceptable extended response times in many cases. Maintaining emergency coverage within the areas necessitates the use of temporary trailers instead of relocating engine companies. For the sake of efficiency, construction plans do anticipate reuse of temporary trailers at several sites. San Diego Fire-Rescue Department staff has reprioritized the order of facilities to economize on the relocation costs.

The bidding climate has also changed, which has had an affect on the Project costs. On February 26, 2003 (Manager's Report No. 03-035), a comparison of construction cost estimates to bids for Public Works Contracts by the Engineering & Capital Projects Department was presented to the

Natural Resources and Culture Committee. The study showed that several factors such as the overall economy, market activity, labor rates, productivity, material costs, increased insurance premiums, and competition have contributed to increased construction costs. Staff reviewed cost estimates and cost overruns on various projects including public buildings and parks, water and sewer pipelines, streets and highways, water and sewer pump stations, as well as storm drain and underground storage tanks, and found that costs are increasing in all areas. A review of fire station contracts awarded between Fiscal Year 1999 and Fiscal Year 2002 demonstrated a 45% construction cost increase during that three year period.

The Leadership in Energy Environmental Design (LEED) "Silver" certification standard was adopted for seven new fire stations and the associated costs were previously estimated at below current actual costs. A more current estimate, which was developed by the consultant hired for Fire Station #29, has been used as the basis for the revised project cost estimate and is proposed as a benchmark for Silver-rated facilities construction. The Fire and Lifeguard Facility Improvements Project was the City's first attempt at estimating expenses associated with complying with the LEED standard. Incorporation of LEED elements into fire station facilities has been more challenging than initially contemplated.

To mitigate the risk of ongoing cost underestimation and delays in awarding projects that would affect contractors and the community, the Engineering and Capital Projects Department has taken all of the above into account and reevaluated the original fire station program cost estimates. A revised cost estimate has been generated to reflect the increased cost associated with constructing the facilities within the Project. The cost for the original list of fire facilities has increased from \$34.3 million to \$47.0 million. Attachments 1 and 2 outline the original cost, the scope changes, and the revised cost for the original list of fire stations in table and pie chart formats.

Finally, as indicated above, two additional fire stations have been identified for possible inclusion in the project beyond those originally contemplated. The addition of Fire Stations #28 (Kearny Mesa) and #39 (Tierrasanta) would revise the cost projections further, to a total of \$63.1million. It has been determined that these two facilities are needed for department operations because the existing fire stations do not provide adequate living or apparatus floor space for the current level of emergency response crews and apparatus. These two stations would be next on the priority list following the projects already outlined in the current bond proposal. (See Attachment 3 for a description of the fire facility impacts including the two new facilities.)

As indicated above, the lifeguard facilities have encountered similar cost issues. During their conceptual design, previously unforeseen requirements affecting the original cost estimates became apparent. An unanticipated increase in construction escalation and the cost of temporary facilities have also impacted the project estimates for this portion of the project. Additionally, an Americans with Disabilities Act (ADA) compliance requirement for the addition of elevators in two-story facilities (South Mission Beach, North Pacific Beach and South Pacific Beach) and an extensive ADA accessible ramp to the La Jolla Cove station have raised costs. Further assessment is necessary to estimate the cost of the entire original program of facilities inclusive of the additional impacts.

Further, costs of furniture, fixtures and equipment have been added back to the budget for the lifeguard facilities. During the development of the original cost estimates for the lifeguard facilities, value engineering efforts took place to lower the funding requirements to approximately \$10.9 million. At that time, furnishings, fixtures, and equipment costs were deleted in anticipation of absorption into the operating budget. Given other budget issues facing the department, it is prudent to fund these expenses in the capital budget instead of relying upon the operating budget for installation of these facility details. (Attachments 4, 5 and 6 reflect the original cost, scope changes, and revised cost for the original list of lifeguard facilities in table and pie chart formats, and provide a description of lifeguard facility impacts.)

Recommendation:

For the reasons explained above, the previously approved \$45.2 million project budget will no longer be sufficient to allow for completion of the 12 fire facilities and 10 lifeguard facilities in the original Fire and Lifeguard Facility Improvements Project program. The approved conceptual financing plan for the Project contemplated that two series of bonds would be issued to provide a total of \$41.4 million for the Project including interest earnings on bond proceeds. The remaining \$3.8 million of the budget is covered by City cash, Development Impact Fees, and State Grant Funds. (These figures do not include the additional \$225,000 that would be transferred into the Project as part of the actions recommended herein.) The first series has been issued and resulted in approximately \$22.3 million in construction proceeds, including the estimated interest earnings on such proceeds. The second issuance is expected to provide the remaining \$19.1 million needed complete the Project under the previously approved budget. Based on the most currently available estimates from the Engineering & Capital Projects Department, it is anticipated that the proceeds generated by this first bond issuance will be fully encumbered by the fall of 2003 and proceeds from a second bond issuance will be needed. However, Engineering & Capital Projects is currently in the process of identifying additional phased funding contract opportunities which would enable the timing of the second issuance to be deferred to a later date.

To address the fact that the anticipated project costs have exceeded the original budget, the City Manager's recommendation is that the changes in scope of individual fire stations needed to accommodate the future needs of the system and the resultant cost increases for these stations be approved, and that staff be directed to proceed at this time with work only on the number of facilities (8 instead of 12 fire facilities, and 7 instead of 10 lifeguard facilities) that can be funded within the previously approved budget. Existing bond proceeds, as well as proceeds from a subsequent bond issuance, would be reallocated from the deferred facilities to address changes in scope to the remaining facilities, which would help ensure the proceeds are allocated and spent in the most efficient manner possible. Given the City's current budget difficulties and the unknown impacts of upcoming state budget decisions, it is prudent to wait until these impacts are known before considering an increase in the size of the Project budget to accommodate the entire original program of Project facilities. Thus, it is further recommended that the City Manager return to the City Council in the fall following state action with a report on the Project progress and a recommendation regarding an increase in the overall Project budget. The report would also address the size and timing of the second bond issuance, in light of any state budget impacts, and would provide information on the amount of additional bonds that would need to be issued if

the Project budget is increased, taking into account additional phased funding contract opportunities, as well as the amount of additional recurring revenue that would be required to make payments on such additional bonds.

Remaining within the original budget for fire facilities would necessitate deferring work on Fire Station #17 (Mid-City) and the Kearny Villa Repair facility, and only purchasing the land for Fire Stations #32 (Skyline) and #54 (Paradise Hills) at this time. Identifying and obtaining land for fire stations is difficult now and will become more expensive in the future, thus it is beneficial to make the land investment now rather than at a later time. Additionally, approximately \$400,000 of the Major Components improvements would be deferred until a decision is ultimately made on the overall Project budget. (The amended list of projects, new square footages, and new costs, as will be proceeded with under the City Manager’s recommendation, can be seen in Table B below.)

Table B

REVISED FIRE FACILITIES SCOPE OF SERVICES

Revised Scope of Services to be funded via originally approved funding of \$34,254,540

A. Major Components (Design & construction)	Orig. s.f.	Rev. s.f.	Revised Project Cost
- Apparatus Doors	--	--	\$ 532,000
- Generator Upgrades	--	--	\$ 999,994
- Electrical Upgrades	--	--	\$ 161,000
- Roofing Systems	--	--	\$ 690,200
- Misc. Remodeling	--	--	\$ 215,000
- HVAC Systems	--	--	\$ 212,000
- Kitchen Remodels	--	--	\$ 430,000
- Dorm Expansion	--	--	\$ 415,720
- Exterior renovations	--	--	\$ 159,695
Sub-total A			\$ 3,815,609
B. Fire Stations (Design and Construction)			
- Fire Station 31	6,400	7,825	\$ 2,803,154
- Fire Station 12	10,200	11,333	\$ 3,789,490
- Fire Station 29	8,600	9,809	\$ 4,723,547
- Fire Station 2	16,700	16,897	\$ 6,693,397
- Fire Station 5	8,100	10,200	\$ 4,166,525
- Fire Station 22	2,270	6,000	\$ 3,619,729
- Fire Station 1	--	--	\$ 3,210,189
Sub-total B			\$ 29,006,031
C. Land Acquisition Only			
- Fire Station 32	--	--	\$ 636,450
- Fire Station 54	--	--	\$ 796,450

Sub-total C **\$ 1,432,900**

Total A, B, and C **\$ 34,254,540**

To remain within the original budget for the lifeguard portion of the Project would result in focus on the seven highest priority facilities, including furnishings, fixtures and equipment. With the exception of preliminary work currently underway, three projects from the original list would be deferred to allow for transfer of the funds to cover the other seven projects. The seed money from the Lifeguard Headquarters, less funding to cover development of concept plans (\$100,000); funding from the Old Mission Beach land acquisition, less funding to cover a property assessment (\$10,000); and funding for the remodel of Ocean Beach would be reallocated to the seven high priority facilities. In addition, the savings associated with value engineering of the Mission Beach facility (\$72,983) would be reallocated as well. Table C below includes the amended list of projects and new costs, as would be proceeded with under the City Manager’s recommendation.

Table C

REVISED LIFEGUARD FACILITIES SCOPE OF SERVICES:

Revised Scope of Services to be funded via originally approved funding of \$10,936,530

<i>A. Lifeguard Facilities</i>	<i>Orig. Project Cost</i>	<i>Revised Project Cost</i>
<i>- South Pacific Beach</i>	<i>\$1,989,431</i>	<i>\$3,366,508</i>
<i>- Children’s Pool</i>	<i>\$643,124</i>	<i>\$ 886,316</i>
<i>- La Jolla Cove</i>	<i>\$481,309</i>	<i>\$ 756,625</i>
<i>- La Jolla Shores</i>	<i>\$1,252,478</i>	<i>\$ 1,789,478</i>
<i>- South Mission Beach</i>	<i>\$1,140,454</i>	<i>\$ 1,770,525</i>
<i>- Mission Beach</i>	<i>\$428,332</i>	<i>\$ 355,349</i>
<i>- North Pacific Beach</i>	<i>\$1,231,749</i>	<i>\$ 1,901,729</i>
<i>- Lifeguard Headquarters</i>	<i>\$2,300,000</i>	<i>\$ 100,000</i>
<i>- Old Mission Beach (land acq.)</i>	<i>\$1,000,000</i>	<i>\$ 10,000</i>
<i>- Ocean Beach</i>	<i>\$469,653</i>	<i>\$0</i>
 <i>Total A</i>		 <i>\$ 10,936,530</i>

To move forward in accordance with the City Manager’s recommendation contained in this report, several actions are necessary as outlined at the start of this report. Approval to focus on only those individual facilities that fit within the Project budget at this time is necessary as well as approval of the revised scope of those facilities, ie, the changed square footages, to enable design and construction to continue. Approval of the revised scope of individual facilities is recommended to meet the future needs of the San Diego Fire-Rescue Department. Additional actions needed at this time for individual fire facilities to proceed on schedule include the transfer of funding from Park Service District Fees for Fire Station #2 (Mission Valley) to fund the mini-park; approval of plans and specifications, and approval to execute phase funded construction contracts for Fire Stations #12 (Lincoln Park), #29 (San Ysidro), and #31 (Del

Cerro); official acceptance of grant funds already received for Fire Station #22 (Pt. Loma); and approval of environmental documents for Fire Station #29. Fire Stations #12 (Lincoln Park) and #31 (Del Cerro) are replacement facilities and, as such, are exempt from the California Environmental Quality Act (CEQA) under State CEQA Guidelines, Article 19, section 15302, Replacement or Reconstruction. Actions to allow lifeguard facilities to proceed include approval of plans and specifications and approval to execute a phase funded construction contract for the South Pacific Beach lifeguard tower. This lifeguard facility is exempt from CEQA pursuant to State CEQA Guidelines, Article 19, section 15303, New Construction or Conversion of Small Structures. It is recommended that these actions be approved.

Project Status:

The original list of fire facilities in the prioritized order developed, and recently modified, by the San Diego Fire-Rescue Department is underway with the funding obtained through the proceeds from the first series of bonds, issued in June 2002. The fire facilities are in various stages of progress. Portions of the Major Components project are currently under construction, including the apparatus doors, generators, and electrical upgrades, and roofing systems are in the construction award process for numerous fire stations around the San Diego area. Fire Stations #12 (Lincoln Park), #29 (San Ysidro) and #31 (Del Cerro) are ready to be advertised for construction in June 2003.

As previously requested and approved by the City Council, the schedule for Fire Stations #2 (Mission Valley), #32 (Skyline/Paradise Hills), and #54 (Paradise Hills) were accelerated. Currently, Fire Station #2 is at 70% design development and construction is anticipated to begin by February 2004. In addition, consultants have been selected to provide professional services for Fire Stations #5 (Hillcrest), #22 (Point Loma) and #1 (Downtown). Though under the City Manager's recommendation these two facilities would be deferred, Fire Stations #32 and #54 will ultimately be located on new sites and land acquisition is in progress. A chart reflecting the fire facilities schedule is included as Attachment 7.

Based on a prioritized list of lifeguard facilities improvements previously developed by San Diego Fire-Rescue Department staff, Lifeguard Division staff, and the Municipal Employees Association (MEA), and approved by the City Council, the Engineering and Capital Projects Department is currently managing the design of seven stations. Plans for the replacement of the South Pacific Beach Lifeguard Station are 100% complete. Plans for the replacement of the Children's Pool, La Jolla Cove and La Jolla Shores Lifeguard Stations are in a conceptual stage and being reviewed for approval by the community. A site study for the construction of a new lifeguard tower at North Pacific Beach is being completed. A tentative location has been identified and discussed with community representatives, Coastal Commission Staff, and lifeguard staff. Consultant interviews are being scheduled for the design of a new lifeguard station at South Mission Beach to replace the existing one, and to refurbish the existing Mission Beach facility. Though the Lifeguard Headquarters and Old Mission Beach facilities would be deferred under the City Manager's recommendation, some work has commenced. Concept plans (\$100,000) for the Lifeguard Headquarters are being developed and will be completed within the original Project budget amount, while the remainder of the project would be deferred. A property assessment (\$10,000) for the Old Mission Beach facility has been completed, while the

land acquisition would be deferred.

The projects are scheduled to begin construction based on the following priority: South Pacific Beach and Children's Pool stations in the fall of 2003, La Jolla Cove, La Jolla Shores, South Mission Beach, and Mission Beach in the fall of 2004, and North Pacific Beach in the fall of 2005. A chart reflecting the schedule of lifeguard facilities is included as Attachment 8.

Alternatives:

There are two alternatives to proceeding with a limited list of fire facilities at the original Project cost. The first is to approve funding the entire original list of facilities, at their revised scope and increased cost, which would increase the Project total to \$47.0 million (from the current budget of \$34.3 million). The second alternative is to approve funding the entire original list of facilities, at their revised scope and increased cost, plus the addition of Fire Stations #28 (Kearny Mesa) and #39 (Tierrasanta), which would increase the Project total to \$63.1 million.

There is one alternative to proceeding with a limited list of lifeguard facilities at the original Project cost. That alternative is to proceed with funding a larger scope for the Mission Beach facility, funding the Old Mission Beach land acquisition, and funding the Ocean Beach remodel within the list of lifeguard facilities. The improvement needs for Lifeguard Headquarters are more expansive than the scope allows, and substantially more expensive, and it is anticipated that this project would be part of a larger redevelopment effort in the future, thus this facility would be deleted from the list, not just deferred. Additional refinement of the costs for the projects to be included within the alternative is necessary before a total cost is available. This information will be provided in the fall report to the City Council.

The current financing plan for the project does not support the issuance of the additional bonds that would be needed to cover the increased costs of the alternatives reflected herein. If the City Council elected to proceed with either of the alternatives, additional annual recurring revenue would need to be identified to support the payments on the additional bonds. A portion of Proposition 172, Safety Sales Tax, revenues were previously approved to fund the bond payments for the Fire and Life Safety Facility Improvements Project. As the balance of Proposition 172 revenues are currently allocated to the General Fund for funding of Police and Fire operations, any increase in bond payments would impact the General Fund. Given the budgetary uncertainty, it is recommended that a decision to obligate additional funding to this project be postponed until additional information is available in fall 2003.

Based on the latest construction cash flow estimates provided by Engineering & Capital Projects, and current market conditions, Alternative 1 for both fire and lifeguard facilities would require additional revenues totaling approximately \$570,000 annually. (This figure reflects the best available estimates for the Mission Beach and Ocean Beach lifeguard facilities, and, as this alternative was identified late in the process of developing alternatives and related funding requirements, does not include the land cost for the Old Mission Beach station. All the lifeguard alternative figures require further refinement for the fall report.) Estimated additional revenues required to fund Alternative 2 for fire facilities and the lifeguard facility alternative (with the same exceptions noted for the Alternative 1 funding requirements) are \$1,710,000 annually. The

aforementioned additional revenue requirements, which would commence in Fiscal Year 2005, are preliminary estimates and are subject to change due to market conditions or if there are further modifications to the scope or timing of the project. In addition, Engineering & Capital Projects is currently in the process of identifying additional phased funding contract opportunities, which could result in greater efficiencies with respect to the use of bond proceeds and could potentially impact the amount and timing of the annual recurring revenue that would need to be identified to fund the alternatives. When staff returns to City Council in the fall, more precise information will be provided on the funding requirements for the alternatives, including refined estimates for the lifeguard facility costs, presented in this report.

Operations and Maintenance Budget Impact:

There will be additional operations and maintenance expenses associated with the Fire and Lifeguard Facility Improvements Project. Fire Station #2 (Mission Valley), which will be a new facility, is scheduled to open in June, 2005. Accordingly, funding required to staff this facility (up to \$4.0 million annually) will be requested in the proposed City budget for Fiscal Year 2005, as more fully described below. With the exception of Fire Station #2 (Mission Valley), and based on current plans for certain facilities that are being expanded, it is anticipated that completion of the remaining projects under the amended Project will have a relatively small impact (in the form of increased maintenance costs) on the operating budget.

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 annual operating cost impact is projected to total \$3,969,121, including salaries, fringe benefits, overtime, and non-personnel expense support costs. It is possible that, initially, only one engine would be staffed at the new facility; however, that would 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) is estimated to be \$334,000.

Although the improvements included under the amended Project would result in additional staffing requirements for just Fire Station #2 (Mission Valley), the improvements to Fire Station #5 (Hillcrest) would add capacity and the potential for increased staffing. This would be the only facility within the amended Project that would pose an exposure of potential staffing. While there is no immediate plan to utilize the added capacity, should the full capacity be utilized, estimated total personnel expense costs would be approximately \$1.29 million annually in Fiscal Year 2006 (the first full year operations).

Fire Station #54 (Paradise Hills) will also be a new station; however, the amended Project provides funding for land acquisition only. Once the facility is built, it is anticipated that the facility 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 potential annual operating impact of this new facility is estimated to total \$1,170,776 in current dollars. The staffing costs for the EMS-

funded ambulance are estimated to total \$334,000, which would also be funded by the EMS program.

Fire is currently maintaining 289,000 square feet (not including its training facility) of building space. Until recent budget reductions were implemented, the maintenance budget had been \$468,000 per year. This equates to \$1.62 per square foot allocated for maintenance. The amended Project will result in an increase to the square footage of maintained structures. The new square footage associated with the entire project would total 328,758, which is an increase of 39,758 square feet beyond what is currently being maintained. This equates to the need for an additional \$68,408 to fund annual maintenance costs.

Completion of the lifeguard facilities under the City Manager's recommendation is not anticipated to result in an operating budget impact, as all of the lifeguard facilities are already fully staffed and equipped.

Should the City Council elect to proceed with one of the aforementioned alternatives, additional operating budget impacts (beyond those described above) would need to be identified and addressed. Additionally, apparatus and equipment impacts have not been assessed and will be addressed in the report presented in the fall.

CONCLUSION

In summary, to address the increased costs of the Fire and Lifeguard Facility Improvements Project, the City Manager's recommendation is to defer several fire and lifeguard facilities and proceed at this time only with those that may be accommodated within the original budget. It is further recommended that final determination of the overall Project budget be delayed until after additional information is known about the impending state budget impacts and that the City Manager return to the City Council in the fall following state action with a report on the Project progress and a recommendation regarding an increase in the overall Project budget. The report would also address the size and timing of the second bond issuance, in light of any state budget impacts, and would provide information on the amount of additional bonds that would need to be issued if the Project budget is increased, as well as the amount of additional recurring revenue that would be required to make payments on such additional bonds. At that time, the impact of selecting from the two alternatives for fire facilities and the one alternative for lifeguard facilities will be more clearly known. Additional information on operations and maintenance impacts will also be available.

ALTERNATIVES:

1. Fund the entire original list of facilities, at their revised scope and increased cost, which would increase the Project total from \$34.3 million to \$47.0 million.
2. Fund the entire original list of facilities, at their revised scope and increased cost, plus the addition of Fire Stations #28 (Kearny Mesa) and #39 (Tierrasanta), which would increase the Project total to \$63.1 million.
3. Fund the original list of facilities, less the Lifeguard Headquarters, at their revised scope and increased cost.

Respectfully submitted,

Chief Jeff Bowman
Fire Chief

Afshin Oskoui
Public Buildings & Parks Deputy Director

Approved: Bruce A. Herring
Deputy City Manager

BH/LKC

Attachments:

- [1. Revised Fire Facility Costs, Spreadsheet](#)
- [2. Revised Fire Facilities Costs, Pie Chart](#)
- [3. Fire Facilities – Description of Impacts](#)
- [4. Revised Lifeguard Facility Costs, Spreadsheet](#)
- [5. Revised Lifeguard Facility Costs, Pie Chart](#)
- [6. Lifeguard Facilities – Description of Impacts](#)
- [7. Fire Facilities Schedule](#)
- [8. Lifeguard Facilities Schedule](#)