

DATE ISSUED: February 5, 2004 REPORT NO. 04-033

ATTENTION: Honorable Mayor and City Council  
Docket of February 9, 2004

SUBJECT: Fire Station 29 and South Pacific Beach Lifeguard Tower – Awarding  
Construction Contracts

REFERENCE: Fire Facilities  
Manager's Report No. 03-101, dated June 18, 2003  
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. 03-101, dated June 18, 2003  
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 City Manager to execute a construction contract with the lowest responsible bidder, for the construction of Fire Station 29, CIP No. 33-103.0, in an amount not to exceed \$3,034,280?

2. Should the City Council authorize the transfer of \$794,214 from CIP No. 33-091.0, Paradise Hills Fire Station No. 54, and \$689,315 from CIP No. 33-104.0, Hillcrest Fire Station No. 5, and \$911,006 from CIP No. 33-509.0, Old Mission Beach Lifeguard Property Acquisition, to CIP No. 33-103.0, Fire Station 29?
3. Should the City Council authorize an expenditure of \$2,394,535 from CIP No. 33-103.0, Fire Station 29, Fund No. 92110, Fire and Life Safety Construction Fund, for the construction of Fire Station 29, provided that the City Auditor first furnishes one or more certificates certifying that funds necessary for expenditure are, or will be, on deposit with City Treasurer?
4. Should the City Council authorize the City Manager to execute a construction contract with the lowest responsible bidder, for the construction of the South Pacific Beach Lifeguard Tower and Comfort Station, CIP No. 29-473.0, in an amount not to exceed \$3,231,944?
5. Should the City Council authorize the transfer of \$81,814 from CIP No. 33-509.0, Old Mission Beach Lifeguard Property Acquisition, \$2,200,000.00 from CIP No. 33-508.0, Mission Bay Park Headquarters Relocation, \$68,103 from CIP No. 33-506.0, Ocean Beach Lifeguard Station, \$244,538 from CIP No. 29-494.0, Children's Pool Lifeguard Tower, to CIP No. 29-473.0, South Pacific Beach Lifeguard Tower and Comfort Station?
6. Should the City Council authorize an expenditure of \$2,594,455 from CIP No. 29-473.0, South Pacific Beach Lifeguard Tower and Comfort Station, Fund No. 92110, Fire and Life Safety Construction Fund, for the construction of South Pacific Beach Lifeguard Tower and Comfort Station, provided that the City Auditor first furnishes one or more certificates certifying that funds necessary for expenditure are, or will be, on deposit with City Treasurer?
7. Should the City Council direct the City Manager to replenish the transferred funds when the second Fire and Life Safety Bond issuance occurs?

Manager's Recommendations:

1. Authorize the City Manager to execute a construction contract with the lowest responsible bidder, for the construction of Fire Station 29, CIP No. 33-103.0, in an amount not to exceed \$3,034,280.
2. Authorize the transfer of \$794,214 from CIP No. 33-091.0, Paradise Hills Fire Station No. 54, and \$689,315 from CIP No. 33-104.0, Hillcrest Fire Station No. 5, and \$911,006 from CIP No. 33-509.0, Old Mission Beach Lifeguard Property Acquisition, to CIP No. 33-103.0, Fire Station 29.
3. Authorize an expenditure of \$2,394,535 from CIP No. 33-103.0, Fire Station 29, Fund No. 92110, Fire and Life Safety Construction Fund, for the construction of Fire Station 29, provided that the City Auditor first furnishes one or more

certificates certifying that funds necessary for expenditure are, or will be, on deposit with City Treasurer.

4. Authorize the City Manager to execute a construction contract with the lowest responsible bidder, for the construction of the South Pacific Beach Lifeguard Tower and Comfort Station, CIP No. 29-473.0, in an amount not to exceed \$3,231,944.
5. Authorize the transfer of \$81,814 from CIP No. 33-509.0, Old Mission Beach Lifeguard Property Acquisition, \$2,200,000.00 from CIP No. 33-508.0, Mission Bay Park Headquarters Relocation, \$68,103 from CIP No. 33-506.0, Ocean Beach Lifeguard Station, \$244,538 from CIP No. 29-494.0, Children's Pool Lifeguard Tower, to CIP No. 29-473.0, South Pacific Beach Lifeguard Tower and Comfort Station.
6. Authorize an expenditure of \$2,594,455 from CIP No. 29-473.0, South Pacific Beach Lifeguard Tower and Comfort Station, Fund No. 92110, Fire and Life Safety Construction Fund, for the construction of South Pacific Beach Lifeguard Tower and Comfort Station, provided that the City Auditor first furnishes one or more certificates certifying that funds necessary for expenditure are, or will be, on deposit with City Treasurer.
7. Direct the City Manager to replenish the transferred funds when the second Fire and Life Safety Bond issuance occurs.

#### Fiscal Impact:

In July 2003, City Council approved a revised project budget for both Fire Station #29 and the South Pacific Beach Lifeguard Tower, totaling \$4,723,547 and \$3,366,508, respectively. If the City Council elects to proceed with the budget increase, discussed herein, the budget would increase to \$5,587,386 for Fire Station #29 and \$4,583,526 for the South Pacific Beach Lifeguard Tower. If approved, these project budget increases would increase the overall Fire and Lifeguard Facilities Improvements Project (the "Project") budget from \$58,199,636 to \$60,280,493.

It is recommended that Fire Station #29 and the South Pacific Beach Lifeguard Tower projects be fully funded utilizing current appropriations and reallocations of existing bond proceeds. Fire Station #29 current appropriations total \$3,192,851 (\$600,000 from Development Impact Fees [DIF] and \$2,592,851 from existing bond proceeds) and the South Pacific Beach Lifeguard Tower current appropriations total \$1,989,071 (\$31,431 from existing bond proceeds and \$1,957,640 from Coastal Infrastructure). The cumulative balance required to fund these projects (\$4,988,990) would come from the reallocation of existing bond proceeds from other Fire and Life Safety projects. Specifically, it is recommended that \$3,260,923 be transferred from the Lifeguard Headquarters (\$2,200,000), the Old Mission Beach Lifeguard Tower (\$992,820), and the Ocean Beach Lifeguard Station (\$68,103) projects; these projects were deferred by Council in July 2003. The balance, (\$1,728,067), would be transferred from Fire Station #54 (\$794,214),

Fire Station #5 (\$689,315), and the Children's Pool Lifeguard Tower (\$244,538) projects. It is anticipated that these transferred amounts would be replenished when the second series of bonds is issued for the Project, and, based on preliminary cash flow estimates developed by Engineering & Capital Projects, transferring these amounts would have no adverse impact on the construction schedules for the Project assuming the second bond issuance occurs in the fall of 2004.

In July 2003, City Council directed that staff return in Fiscal Year 2004 with a revised financing plan to address how the Project budget increase approved in July 2003 would be funded. It is anticipated that staff would return in spring 2004 to address the July 2003 budget increase as well as the budget increase authorized today, if approval is so granted. In addition, the plan would address other cost escalations related to the Project, which would be identified when staff returns. Currently, it is anticipated that all of such additional cost increases may be absorbed through adjustments made in the financing cash flows for the project, and through programmatic reductions in the Project, which would be identified when staff returns in the spring. The above assumes the passage of the March 2004 State ballot measure and that there are no fiscal impacts to the City as a result of the ballot measure.

## 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, included 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 included 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 included 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 included 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 originally approved total project budget estimated for the entire Fire and Lifeguard Facility Improvements Project was \$45.2 million. Of this total, \$34.3 million was to fund the fire facilities and the remaining \$10.9 million was allocated to lifeguard facilities.

Subsequent to the actions described above, issues arose which resulted in increased Project costs. The estimated cost for the original list of fire facilities increased from \$34.3 million to \$47.3

million. The cost increases for the fire facilities were due to, 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. The Leadership in Energy Environmental Design (LEED) "Silver" certification standard was adopted for seven new fire stations.

The lifeguard facilities also faced 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. 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 raised costs.

Since the approved \$45.2 million project budget was no longer sufficient to allow for completion of the 12 fire facilities and 10 lifeguard facilities in the original Fire and Lifeguard Facility Improvements Project Program, on July 22, 2003, per Resolution No. 298234, the City Council authorized a budget increase for Fire facilities to \$47.3 million, and directed the City Manager to proceed with only the Lifeguard Station Facilities which could be completed within the previously approved \$10.9 million budget, thus deferring three Lifeguard Facilities. Old Mission Beach Lifeguard Property Acquisition, Mission Bay Park Headquarters Relocation, and Ocean Beach Lifeguard Station were deferred.

## DISCUSSION

The construction bids for San Ysidro's Fire Station 29 and the South Pacific Beach Lifeguard Station and Comfort Station further exceed the revised estimates. In the last eighteen months, all building type projects have been greatly impacted by unprecedented construction cost increases mostly as a result of escalating material costs, insurance cost, and higher demand for construction services and materials in the region. The Engineering and Capital Projects Department researched the bid outcomes of these type of projects across California and determined that although in the past the cost of construction for the City of San Diego building projects was less than other municipalities in northern California and Los Angeles, in the last year the cost has equaled and in some cases exceeded the construction cost for buildings in those areas. On average, in the last year alone, this type of projects has experienced a 50% increase in cost.

On August 19, 2003 the City opened bids for Fire Station #29 (San Ysidro). Five bids were received. The lowest bid was for \$3,096,616, which was \$597,000 over the construction estimate. In an effort to receive better bids, this project was re-bid. The second bid opening for Fire Station #29 (San Ysidro) was on November 18, 2003. Two bids were received, and the lowest bid was for \$3,034,279, which was \$532,279 over the construction estimate.

On August 14, 2003 the City opened bids for the South Pacific Beach Lifeguard Station and Comfort Station. Only one bid was received for \$3,504,468, which was \$1,104,468 over the construction estimate. In an effort to receive better bids and more contractor competition, this project was re-bid. The second bid opening for the South Pacific Beach Lifeguard Station and Comfort Station was on November 7, 2003. Five bids were received, and the lowest responsible bid was for \$3,458,044, which was \$1,058,044 over the construction estimate.

To address the fact that bids for Fire Station 29 (San Ysidro) and South Pacific Beach Lifeguard Tower and Comfort Station have exceeded the budgeted funds, the City Manager's recommendation is to reallocate existing funds from the deferred lifeguard facilities and from Fire projects which will not experience schedule impacts.

To move forward in accordance with the City Manager's recommendation contained in this report approval to transfer funds within projects is required. A transfer of \$794,214 from CIP No. 33-091.0, Paradise Hills Fire Station No. 54, and \$689,315 from CIP No. 33-104.0, Hillcrest Fire Station No. 5, and \$911,006 from CIP No. 33-509.0, Old Mission Beach Lifeguard Property Acquisition, to CIP No. 33-103.0, Fire Station 29, and a transfer of \$81,814 from CIP No. 33-509.0, Old Mission Beach Lifeguard Property Acquisition, \$2,200,000 from CIP No. 33-508.0, Mission Bay Park Headquarters Relocation, \$68,103 from CIP No. 33-506.0, Ocean Beach Lifeguard Station, \$244,538 from CIP No. 29-494.0, Children's Pool Lifeguard Tower, to CIP No. 29-473.0, South Pacific Beach Lifeguard Tower and Comfort Station will be necessary.

It is recommended that final determination on the overall Project budget be delayed until the results of the March 2004 State ballot measure are known. The City Manager will return to the City Council in the spring with a report on the progress of the Project and a recommendation regarding the overall Project budget. The report would address the size and timing of the second bond issuance, would provide information on the amount of additional bonds that would need to be issued if the Project budget is increased, and would address any State budget impacts as a result of the State ballot measure. The report will take into account additional phased funding contract opportunities, as well as the amount of any additional recurring revenue or program reductions that would be required to make payments on such additional bonds.

#### Project Status:

The fire facilities are 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 completed, such as replacement of the apparatus doors, generators, and electrical upgrades at various locations, see attachment 1. Other portions are currently under construction, including the roofing systems for numerous fire stations around the San Diego area, for which a major portion has been completed. The dorm expansions are currently in design for eight stations. Fire Station #29 (San Ysidro) is moving to construction pending approval of the actions enumerated in this report. Fire Station #12 (Lincoln Park) and Fire Station #31 (Del Cerro) had bid openings and are ready to be awarded pending Council approval in March.

Currently, Fire Station #2 is at 90% design development and construction is anticipated to begin by September 2004. Fire Station #1 (Downtown) is at 30% design development and construction is anticipated to start by June 2005. In addition, consultants have been selected to provide design-build for both, Fire Station #5 (Hillcrest) and #17 (Mid City). Additionally Fire Station #22 (Point Loma) is in design development. Fire Stations #32 and #54 will be located on new sites and land acquisition is in progress. A chart reflecting the fire facilities schedule is included as Attachment 2.

The Engineering and Capital Projects Department is currently managing the design of seven lifeguard stations. The replacement of the South Pacific Beach Lifeguard Station and Comfort Station is ready to be awarded pending Council approval. Plans for the replacement of the Children's Pool, La Jolla Cove and La Jolla Shores, North Pacific Beach, South Mission Beach Lifeguard Stations are in design and being reviewed for approval by the community. A chart reflecting the fire facilities schedule is included as Attachment 3.

## CONCLUSION

In summary, to address the increased costs of Fire Station 29 and South Pacific Beach Lifeguard Tower and Comfort Station, the City Manager's recommendation is to reallocate existing funds from the deferred lifeguard facilities and from Fire projects which will not experience a schedule impact. It is further recommended that the City Manager return to the City Council in the spring with a report on the progress of the Project and a recommendation regarding the overall Project budget. The report would address the size and timing of the second bond issuance, would provide information on the amount of additional bonds that would need to be issued if the Project budget is increased, and would address any State budget impacts as a result of the State ballot measure. The report will take into account additional phased funding contract opportunities, as well as the amount of any additional recurring revenue that would be required to make payments on such additional bonds.

## ALTERNATIVES:

1. Do not award the construction contract for Fire Station 29.
2. Do not award the construction contract for South Pacific Beach Lifeguard Tower and Comfort Station

Respectfully submitted,

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Chief Jeff Bowman  
Fire Chief

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Afshin Oskoui  
Architectural Engineering and  
Contracts Deputy Director

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Approved: Bruce A. Herring  
Deputy City Manager

HERRING/OSKOU/AG

Attachments: [1-Completed Fire Facilities – Project Summaries](#)  
[2-Fire Station Design and Construction Schedules](#)  
[3-Lifeguard Stations Design and Construction Schedules](#)