



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: January 26, 2005

REPORT NO. 05-025

ATTENTION: Honorable Mayor and City Council
Docket of January 31, 2005

SUBJECT: Fire and Lifeguard Program Status and Funding Reallocation

REFERENCE: Manager's Report No. 04-063, dated March 24, 2004
Manager's Report No. 04-033, dated February 5, 2004
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 (Lifeguard only)
Manager's Report No. 01-088, dated May 10, 2001 (Lifeguard only)
Manager's Report No. 01-031, dated February 21, 2001
Manager's Report No. 00-166, dated August 7, 2000 (Fire only)
Manager's Report No. 00-122, dated June 1, 2000 (Fire only)
Manager's Report No. 00-20, dated January 28, 2000 (Fire only)

SUMMARY

Issues:

1. Should the City Council authorize the transfer and expenditure of \$818,726 from Bond Proceeds Interest Earnings to CIP No. 33-098.0, Major Components, for the purpose of replacing additional fire station roofs, hardscape and windows?
2. Should the City Council authorize the City Manager to have the flexibility to reallocate funding for the Major Components Project and to revise the prioritized list in order to make the necessary modifications to the scope of the work to ensure that proper repairs are completed?

3. Should the City Council authorize the City Manager to execute a First Amendment to Agreement with WLC Architects for the design of CIP No. 33-090.0, Mission Valley Fire Station No.2, in an amount of \$216,290 and CIP No. 33-090.1, Mission Valley Mini-Park, in an amount of \$86,420?
4. Should the City Council authorize the Auditor and Comptroller to expend \$216,290 from CIP No. 33-090.0, Mission Valley Fire Station No.2, and \$86,420 from CIP No. 33-090.1, Mission Valley Mini-Park, for the purpose of executing a First Amendment to Agreement with WLC Architects for the design of CIP No. 33-090.0, Mission Valley Fire Station No.2?
5. Should the City Council authorize the City Manager to execute a Second Amendment to Agreement with CCBG Architects, Inc. for consultant services related to the construction support of CIP No. 33-103.0, San Ysidro Fire Station No.29, in an amount of \$33,000?
6. Should the City Council authorize the Auditor and Comptroller to expend \$33,000 from CIP No. 33-103.0, San Ysidro Fire Station No.29, for the purpose of executing a Second Amendment to Agreement with CCBG Architects, Inc. for consultant services related to construction support?
7. Should the City Council authorize the City Manager to execute a Second Amendment to Agreement with Joseph Wong Design Associates for consultant services related to the construction support of CIP No. 33-081.0, Lincoln Park Fire Station No.12, in an amount of \$45,000?
8. Should the City Council authorize the Auditor and Comptroller to expend \$45,000 from CIP No. 33-081.0, Lincoln Park Fire Station No.12, for the purpose of executing a Second Amendment to Agreement with Joseph Wong Design Associates for consultant services related to construction support?

Manager's Recommendations:

1. Authorize the transfer and expenditure of \$818,726 from Bond Proceeds Interest Earnings to CIP No. 33-098.0, Major Components, for the purpose of replacing additional fire station roofs, hardscape and windows.
2. Authorize the City Manager to have the flexibility to reallocate funding for the Major Components Project and to revise the prioritized list in order to make the necessary modifications to the scope of the work to ensure that proper repairs are completed.
3. Authorize the City Manager to execute a First Amendment to Agreement with WLC Architects for the design of CIP No. 33-090.0, Mission Valley Fire Station No.2, in an amount of \$216,290 and CIP No. 33-090.1, Mission Valley Mini-Park, in an amount of \$86,420.
4. Authorize the Auditor and Comptroller to expend \$216,290 from CIP No. 33-090.0, Mission Valley Fire Station No.2, and \$86,420 from CIP No. 33-090.1, Mission Valley Mini-Park, for the purpose of executing a first a First Amendment to Agreement with WLC Architects for the design of CIP No. 33-090.0, Mission Valley Fire Station No.2.

5. Authorize the City Manager to execute a Second Amendment to Agreement with CCBG Architects, Inc. for consultant services related to the construction support of CIP No. 33-103.0, San Ysidro Fire Station No.29, in an amount of \$33,000.
6. Authorize the Auditor and Comptroller to expend \$33,000 from CIP No. 33-103.0, San Ysidro Fire Station No.29, for the purpose of executing a Second Amendment to Agreement with CCBG Architects, Inc. for consultant services related to construction support.
7. Authorize the City Manager to execute a Second Amendment to Agreement with Joseph Wong Design Associates for consultant services related to the construction support of CIP No. 33-081.0, Lincoln Park Fire Station No.12, in an amount of \$45,000.
8. Authorize the Auditor and Comptroller to expend \$45,000 from CIP No. 33-081.0, Lincoln Park Fire Station No.12, for the purpose of executing a Second Amendment to Agreement with Joseph Wong Design Associates for consultant services related to construction support.

Fiscal Impact:

In March 2004, City Council approved a revised project budget for the overall Fire and Lifeguard Facilities Improvements Project (the "Project") of \$62,595,558. Currently there is an amount of \$818,726 of uncommitted Bond Proceeds Interest Earnings. These interest earnings are in excess of what was originally contemplated when the Fire and Life Safety 2002 Bonds were issued, and are largely the result of a slower than anticipated expenditure of the associated construction proceeds. Action 1 discussed herein, if approved, would commit these funds. It is recommended that the current Bond Proceeds Interest Earnings be used to fund additional roofs, hardscape and windows as part of the Major Components Project.

The First Amendment to the agreement with WLC Architects for the design of CIP No. 33-090.0, Mission Valley Fire Station No.2, will increase the contract from \$371,540 to \$674,250. Funds for this purpose are available in CIP No. 33-090.0, Mission Valley Fire Station No. 2, (\$216,290), and in CIP No. 33-090.1, Mission Valley Mini-Park (\$86,420).

The Second Amendment to the Consultant Agreement with CCBG Architects, Inc. for CIP No. 33-103.0, San Ysidro Fire Station No.29, will increase the contract from \$249,998 to \$282,998. Funds for this purpose are available in CIP No. 33-103.0, San Ysidro Fire Station No.29 (\$33,000).

The Second Amendment to the Consultant Agreement with Joseph Wong Design Associates for CIP No. 33-081.0, Lincoln Park Fire Station No.12, will increase the contract from \$249,732 to \$294,732. Funds for this purpose are available in CIP No. 33-081.0, Lincoln Park Fire Station No.12 (\$45,000).

Should the City be able to maintain the currently proposed construction schedule, including completion of the additional improvements, the City is expected to comply with the provisions set forth in Section 148 of the Internal Revenue Code of 1986 (the "Code") as it pertains to the Fire

& Life Safety, Series 2002 Bonds. Pursuant to Section 148 of the Code, the determination of compliance is based upon, among other provisions, the issuer establishing a reasonable expectation to expend the net sales proceeds of the issuance for qualified capital projects by the end of a 3-year period from the original issue date. The original issue date of the bonds for the Fire and Life Safety Facilities Project was June 2002, thus establishing June 2005 as the end of the 3-year time period from the issue date. The inclusion of these additional improvements will contribute to the City's due diligence in attempting to comply with the requirements stated in Section 148 of the Code.

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 the Kearny Villa Repair Facility, a Major Components Project, ten (10) fire stations, and ten (10) lifeguard facilities was approved, along with a corresponding financing plan. The originally approved total Project budget 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, 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 to comply with access laws.

On July 22, 2003, per Resolution No. 298234, the City Council authorized a budget increase for Fire facilities to \$47.0 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. As a result, the approved total project budget was \$57.9 million.

On February 9, 2004, per Resolution No. 298896, the City Council authorized a budget increase for the Project to \$60,280,493 in order to award the construction of San Ysidro Fire Station 29 and the South Pacific Beach Lifeguard Tower. The balance required to fund these projects came from the reallocation of existing bond proceeds from other Fire and Life Safety Projects.

On March 29, 2004, per Resolution No. 299004, the City Council authorized a budget increase for the Project to \$62,595,558 in order to award the construction of Lincoln Park Fire Station No.12 and Del Cerro Fire Station No.31. The balance required to fund these projects came from the reallocation of existing bond proceeds from other Fire and Life Safety Projects.

On August 2, 2004, per Resolution No.299517, the City Council authorized a \$130,000 budget decrease for the Project to \$62,465,558 in order to pay for temporary repairs at Hillcrest Fire Station No.5.

On April 16, 2002, the City Council authorized a phase funded agreement with WLC Architects for the design of a New Mission Valley Fire Station No. 2, and an adjacent mini-park in an amount of \$371,540. Additional services are required for the Fire Station in an amount of \$216,290 and \$86,420 for the adjacent Mini-park. This amendment will increase the total contract from \$371,540 to \$674,250.

On January 17, 2002, the City entered into an agreement with CCBG Architects, Inc. for the design of a New San Ysidro Fire Station No.29 in an amount of \$234,575. On January 30, 2004, the City authorized a First Amendment to the Agreement in an amount of \$15,423. Additional services are required in an amount of \$33,000. This amendment will increase the total contract from \$249,998 to \$282,998.

On April 19, 2001, the City entered into an agreement with Joseph Wong Design Associates for the design of a New Lincoln Park Fire Station No.12 in an amount of \$220,000. On January 30, 2004, the City authorized a First Amendment to the Agreement in an amount of \$29,732. Additional services are required in an amount of \$45,000. This amendment will increase the total contract from \$249,732 to \$294,732.

DISCUSSION

Attachment 1 details the status of the Fire and Lifeguard Facilities. In summary, portions of the Major Components project are completed, such as replacement of the apparatus doors, generators, roofs and electrical upgrades at various locations. Fire Station No. 29 (San Ysidro) is in construction and expected to be completed by June 2005. Fire Station No. 12 (Lincoln Park) and Fire Station No. 31 (Del Cerro) are in construction and expected to be completed by August 2005. Land acquisition for Fire Stations #32 (Skyline) is complete. Fire Station No. 22 (Point Loma) is at 30% design development and fully funded through design.

Fire Station No. 2 (Mission Valley) is at 90% design development, Fire Station No. 1 (Downtown) is at 30% design development, Fire Station No. 5 (Hillcrest), Fire Station No. 17 (Mid City), the land acquisition for Fire Stations No. 54 (Paradise Hills), design and construction of Stations #32 (Skyline), and portions of the Major Components project are on hold pending the availability of funds.

The replacement of the South Pacific Beach Lifeguard Station and Comfort Station is in construction, fully funded, and expected to be completed by June 2005. Plans for the replacement of the La Jolla Cove and La Jolla Shores and South Mission Beach Lifeguard Stations are in design and permitting stage. The Children's Pool Lifeguard Station is on hold. The North Pacific Beach Lifeguard Tower concept design is complete and further design is on hold. Construction of these projects will be on hold until additional funds are available.

Currently there is an amount of \$818,726 of uncommitted Bond Proceeds Interest Earnings. These interest earnings are in excess of what was originally contemplated when the Fire and Life Safety 2002 Bonds were issued, and are largely the result of a slower than anticipated expenditure of the associated construction proceeds. To move forward in accordance with the City Manager's recommendation contained in this report approval to transfer the funds from current Bond Proceeds Interest Earnings to the Major Components Project will be required. The funds will be used pay for newly identified projects under the Major Components Project such as additional roofs, hardscape, windows and HVAC for Fire Station No. 33, as prioritized by Fire Rescue and Local 145, and shown on **Attachment 2**. These newly identified projects have been given a higher priority than the remaining projects in the original Major Components Project, which include kitchen and other interior remodels for various stations, driveways, exterior renovations, HVAC, and other miscellaneous improvements, and therefore, will replace them in the overall Project.

In light of the current bonding situation and the uncertainty of when the second bond issuance will be available, certain projects have been deferred due to insufficient funds, until the second series of bonds is issued for the Project. Fund balances in these projects, as shown on **Attachment 3**, will be reallocated to other projects, as shown on **Attachment 4**. It is anticipated that these transferred amounts would be replenished when the second series of bonds is issued for the Project. At that time the entire project will need to be re-evaluated based on construction costs and new cost projections.

On April 16, 2002, the City Council authorized a phase funded agreement with WLC Architects for the design of a New Mission Valley Fire Station No. 2, and an adjacent Mini-park in an amount of \$371,540. The proposed first amendment to the agreement with WLC Architects will provide for additional services required, which include LEED certification services, site parking, revised park layout, supplemental geotechnical services, water quality report, additional utility improvements, drainage study, sewer plan and profile, storm drain plan and profile, and completion of architectural, structural, landscape, mechanical and electrical plans, in an amount of \$216,290 for the Fire Station and \$86,420 for the Mini-park. Funds for this amendment are currently appropriated in the project.

On January 17, 2002, the City entered into an agreement with CCBG Architects, Inc. for the design of a New San Ysidro Fire Station No.29 in an amount of \$234,575. On January 30, 2004, the City authorized a First Amendment to the Agreement in an amount of \$15,423. Additional services are required in an amount of \$33,000 for the design of off site improvements, LEED related services, reimbursable expenses, for services which were provided during the re-bid of the project and for additional construction support. Funds for this amendment are currently appropriated in the project.

On April 19, 2001, the City entered into an agreement with Joseph Wong Design Associates for the design of a New Lincoln Park Fire Station No.12 in an amount of \$220,000. On January 30, 2004, the City authorized a First Amendment to the Agreement in an amount of \$29,732. Additional services are required in an amount of \$45,000 are for the design and preparation of

construction documents for the temporary fire station relocation, for services which were provided during the re-bid of the project, additional surveying, preparation of as-built drawings and for additional construction support. Funds for this amendment are currently appropriated in the project.

CONCLUSION

In summary, there is an amount of \$818,726 of uncommitted Bond Proceeds Interest Earnings which need to be committed. The City Manager's recommendation is to transfer these funds to the Major Components Project to pay for replacement of additional fire stations roofs, hardscape and windows.

A proposed first amendment to the agreement with WLC Architects for the design of CIP No. 33-090.0, Mission Valley Fire Station No.2 will provide for additional services required, in an amount of \$216,290 for the Fire Station and \$86,420 for the adjacent Mini-park. This amendment will increase the total contract from \$371,540 to \$674,250.

A proposed second amendment to the agreement with CCBG Architects, Inc. for the New San Ysidro Fire Station No.29 will provide for additional services required in an amount of \$33,000. This amendment will increase the total contract from \$249,998 to \$282,998.

A proposed second amendment to the agreement with Joseph Wong Design Associates for the design of a New Lincoln Park Fire Station No.12 will provide for additional services required in an amount of \$45,000. This amendment will increase the total contract from \$249,732 to \$294,732.

Should the City be able to maintain the currently proposed construction schedule, including completion of the additional improvements, the City is expected to comply with the provisions set forth in Section 148 of the Internal Revenue Code of 1986 (the "Code") as it pertains to the Fire & Life Safety, Series 2002 Bonds. Pursuant to Section 148 of the Code, the determination of compliance is based upon, among other provisions, the issuer establishing a reasonable expectation to expend the net sales proceeds of the issuance for qualified capital projects by the end of a 3-year period from the original issue date. The original issue date of the bonds for the Fire and Life Safety Facilities Project was June 2002, thus establishing June 2005 as the end of the 3-year time period from the issue date. The inclusion of these additional improvements will contribute to the City's due diligence in attempting to comply with the requirements stated in Section 148 of the Code.

The City Manager will return to the City Council when the City is in position to enter the bond market with a report on the progress of the Project and a recommendation regarding the overall Project budget.

ALTERNATIVES:

1. Do not authorize the commitment of Bond Proceeds Interest Earnings.
2. Do not authorize the City Manager to execute a First Amendment to Agreement with WLC Architects for the design of CIP No. 33-090.0, Mission Valley Fire Station No.2.
3. Do not authorize the City Manager to execute a Second Amendment to Agreement with CCBG Architects, Inc. for construction support of the New San Ysidro Fire Station No.29.
4. Do not authorize the City Manager to execute a Second Amendment to Agreement with Joseph Wong Design Associates for construction support of the New Lincoln Park Fire Station No.12

Respectfully submitted,

Chief Jeff Bowman
Fire Chief

Afshin Oskoui, P.E.
Deputy Director
Engineering and Capital Projects

Approved: Bruce A. Herring
Deputy City Manager

HERRING/OSKOU/AG

Attachments: 1- Fire and Lifeguard Stations Status
2- Fire and Rescue Needs List
3- Schedule of Funding Availability and Needs
4- Schedule of Priorities