



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Ruben Torres
David Sykes
Jennifer A. Maguire

**SUBJECT: FIRE STATION 37
(WILLOW GLEN): ANALYSIS
OF OPTIONS**

DATE: May 21, 2014

Approved

Date

5/21/14

RECOMMENDATIONS

1. Accept staff's analysis on the evaluation of response times and costs regarding existing Fire Station 6 and a new Fire Station 37.
2. In an effort to improve overall fire and emergency medical services response time performance to the community, direct staff to continue its analysis of response time performance through a comprehensive Fire Department organizational review and report the results to the Public Safety, Finance and Strategic Support Council Committee in winter 2015.
3. Approve the following 2014-2015 Proposed Operating Budget amendments to the General Fund:
 - a. Increase the estimate for Beginning Fund Balance in the amount of \$620,000; and
 - b. Increase the Essential Services Reserve by \$620,000.
4. Approve the following 2014-2015 Proposed Capital Budget and 2015-2019 Capital Improvement Program amendments in the Neighborhood Security Bond Act Fund:
 - a. Rename the "Fire Station 37 (Willow Glen) Reserve" appropriation to "Future Fire Infrastructure Reserve."

BACKGROUND

At the City's general election held on March 5, 2002, voters approved Measure O (Neighborhood Security Act) authorizing the City to issue general obligation bonds up to \$159 million to fund public safety projects for the Police and Fire Departments. Projects included in the Neighborhood Security Act Bond Program (also referred to as Public Safety Bond Program) would improve response time performance in underserved areas. Fire Station 37 is the final station scheduled for construction as part of the Public Safety Bond Program. Fire Station 6 and

the proposed Fire Station 37 are located in the Willow Glen area. Fire Station 6 at Cherry and Minnesota Avenues is located near the center of Willow Glen. Fire Station 37, which would be located on the south parking lot of the Willows Senior Center on Lincoln Avenue north of Curtner Avenue, was planned as a single company station with two apparatus bays that would enhance coverage for the southern Willow Glen and Cambrian areas.

Prior to 2008-2009, it was assumed that Fire Station 37 would be a relocation of Fire Station 6 and the staff of Fire Station 6 would move to Fire Station 37. Proceeds from the sale of Fire Station 6 were to be used to fund furniture, fixtures, and equipment for the fire stations included in the Public Safety Bond Program. In 2008, the City Council directed the Administration to remove the sale of Fire Station 6 (including reallocation of staff) from the 2008-2009 Budget and from the 2009-2013 Capital Improvement Program until additional analysis regarding the potential impacts of the closure and sale of the station was completed. Connected to that action, the City Council also established a city-wide policy that prohibits the closure, sale, or relocation of a fire station as part of the City Budget without prior assessment, community outreach, and City Council approval.

Due primarily to the unexpectedly high cost of construction during much of the Measure O program, the decision to rebuild instead of remodel Fire Station 2 (which resulted in a net cost increase of approximately \$4.1 million), and the recent uptick in bid prices for Fire Station 21, there is not enough remaining funding in the Public Safety Bond Fund to complete design and construction of Fire Station 37. With Manager's Budget Addendum #31 issued as part of the 2013-2014 budget process, staff committed to analyzing the financial and operational impact of the three options listed below:

- a) Build Fire Station 37 and close Fire Station 6
- b) Build Fire Station 37 and keep Fire Station 6 open
- c) Do not build Fire Station 37 but remodel Fire Station 6

ANALYSIS

With recently completed response times reporting for 2012-2013, the following information is available for Fire Station 37 first due area.

In 2012-2013, there were 1,400 incidents estimated to be served first by Fire Station 37. These incidents were handled by adjacent fire stations: 50% of these incidents were handled by Station 6; 27% were handled by Station 26; and the remaining 23% were handled by Stations 9 and 13. Priority 1 incident response time compliance in 2012-2013 in Fire Station 37 first due area was 52% as compared to the City average of 72% (City performance standard is 80%).

To provide a financial framework for the analysis, two construction cost estimates are presented below.

May 21, 2014

Subject: Fire Station 37 (Willow Glen): Analysis of Options

Page 3

(i) Fire Station 37 Construction Costs

Total project cost for Fire Station 37 is currently estimated at \$8.7 million. This amount is approximately \$1.1 million over prior years' estimates due in large part to escalating construction costs as well as increased American with Disabilities Act (ADA) and storm water regulation requirements. It is important to note that the total cost may further increase once the project is restarted and the final design is completed. Design and development costs of about \$1.1 million have been incurred to date, leaving an additional \$7.6 million minimum in remaining costs for the project.

Included in the 2015-2019 Proposed Capital Improvement Program (CIP) is a reserve of \$2.7 million in the Bond Fund for the planned construction of a one-engine company at the Willow Glen Community Center parking lot. However, since the 2014-2015 Proposed Capital Budget was released, bids have been received for the construction of Fire Station 21. Should the City Council award the contract at its meeting scheduled for June 3, 2014, an additional \$416,000 above the amount assumed in the 2015-2019 Proposed CIP will be required to complete the project, which would lower the remaining funding in the Bond Fund to approximately \$2.3 million. Added to this amount is \$620,000 held in a General Fund Earmarked Reserve for Fire Station 37, bringing the total available funding to \$2.9 million.

The construction costs shortfall between the outstanding minimum costs of \$7.6 million, which is preliminary pending confirmation of the schedule for reactivating the project, and available funding of \$2.9 million, is approximately \$4.7 million. If Fire Station 6 is not sold to help defray the costs for various fixtures, furniture and equipment (FF&E), additional funding of approximately \$460,000 would also be required, bringing the total minimum amount required to build Fire Station 37 to \$5.2 million. It is important to note that previous estimates assumed that, if Fire Station 6 remains open, an available reserve fire engine would be allocated to Fire Station 37; however, if the project is restarted, it is likely that a reserve engine would no longer be available by the time Fire Station 37 is completed, which would require the purchase of a new fire engine and related equipment totaling approximately \$930,000. Taken all together, the total shortfall of one-time funds is estimated to be a minimum of \$6.1 million.

(ii) Fire Station 6 Rebuilding Construction Costs

Fire Station 6 already has two bays for fire apparatus deployment; additional capacity at that station is not needed. Any remodeling work would only need to focus on general rehabilitation of the facility and to enhance its functionality, safety and life expectancy. Although no estimates have been developed for remodeling Fire Station 6, the specific scope would likely be influenced by available funding of approximately \$2.9 million considered against the rehabilitation needs of other fire stations, some of which have a greater urgency for significant maintenance and rehabilitation.

These construction costs presented above were considered in evaluating the three options discussed in detail below. In addition, a visual presentation of current performance (8 minutes for all calls) utilizing the current deployment model is presented as Attachment A. Changes to this current performance are included in the analysis of options.

a) Build Fire Station 37 and Close Fire Station 6

Build Fire Station 37

As discussed above, the preliminary estimate of the minimum additional funding needed to build Fire Station 37 is approximately \$5.2 million, which includes \$4.7 million for design and construction costs and approximately \$460,000 in FF&E (though this amount may decrease depending on the FF&E that might be transferred from the closure of Fire Station 6). This option assumes that the apparatus and associated equipment serving Fire Station 6 would be transferred to Fire Station 37.

Close Fire Station 6

Consistent with City Council action on September 9, 2008, no decision has been made on the closure and sale of Fire Station 6. If the closure and sale of Fire Station 6 moves forward, the estimated proceeds of \$800,000 from the sale of the Fire Station 6 could be allocated to help bridge the current gap in funding construction costs.

Operating Costs for Fire Station 37

Closure of Fire Station 6 would provide staffing and apparatus for the new Fire Station 37. No net increase to operating costs are assumed under this scenario.

Response Times Impact

Although Fire Department staff completed an accurate reporting of 2012-2013 response times analysis, staff continues to work on an in-depth analysis of the underlying data and system performance. The city-wide response time for Priority 1 calls (< 8 minutes) in 2012-2013 was 72% (versus the City standard of 80%). In Fire Station 6 coverage area, 2012-2013 response times for Priority 1 calls in 2012-2013 was 73%. Response time compliance to the south Willow Glen/north Cambrian area which is expected to be first served by a new Fire Station 37 was 52%.

Discussion

The closure of Fire Station 6 and relocation of apparatus and one-company staffing to the new Fire Station 37 area would result in an anticipated increase in performance in areas adjacent to the new fire station; however, areas adjacent to the existing Fire Station 6, would likely experience a comparable reduction in performance. While no additional operating costs would be incurred, this option would result in a net one-time cost of at least \$4.4 million.

Response time performance for Priority 1 calls in Fire Station 6 area of 73% was below the 80% target, yet slightly above the city-wide average of 72%. Closing this fire station would exacerbate the resources surrounding Fire Station 6. Attachment B displays the calculated 8-minute performance for all Priority 1 calls as a result of closing Fire Station 6 and opening Fire Station 37 by relocating Fire Engine 6 to Fire Station 37. In 2012-2013, response times for Priority 1 calls in their first due areas were 82% for Fire Station 4, 76% for Fire Station 30, and 75% for Fire Station 3. Closing Fire Station 6 would put additional strain on the resources of Fire Station 6's neighboring fire stations. The ripple effect would likely result in a decline in performance for these stations.

As part of the 2008-2009 budget process, the Manager's Budget Addendum #38 issued May 29, 2008, concluded that closing Fire Station 6 and opening a new Fire Station 37 would result in a net increase of 5% to response times in Fire Station 6's first due area, though performance declines were expected in adjacent areas. At the time, it was estimated that the decline to adjacent areas would be mitigated by deploying signal preemption technology and a Supplemental Transport Resource (STAR). However, Engine 30 and Truck 4 were taken out of service due to budget and staffing reductions approved in 2010-2011. Given the revised analysis, the current reduced staffing levels, and the lack of identified funding for the implementation of signal-preemption technology, staff does not believe that substituting Fire Station 6 with a new Fire Station 37 would result in any significant performance improvement. In essence, closing Fire Station 6 and opening Fire Station 37 would shift better performance from one area to another area in Willow Glen (and surrounding areas) without a significant improvement in overall performance.

b) Build Fire Station 37 and Keep Fire Station 6 Open

Build Fire Station 37

As discussed above, the preliminary estimate of the minimum additional funding needed to build Fire Station 37 is approximately \$5.2 million. In addition, under this scenario, the purchase of a new fire engine and related equipment totaling approximately \$930,000 would be required. Therefore, total one-time funding needed is estimated to be a minimum of \$6.1 million.

Operating Costs for Fire Station 37

While the future operating and maintenance costs for Fire Station 37 were included in previous General Fund Five-Year Forecasts, this has not been included in the 2015-2019 General Fund Five-Year Forecast due to a lack of sufficient funding for project construction. Ongoing operating costs are estimated at \$3.3 million and include costs related to providing staffing for one company (four-personnel per shift) at the new Fire Station 37 as well as fire station and apparatus operating and maintenance costs.

Response Times Impact

The Fire Department's city-wide response times for Priority 1 calls (< 8 minutes) in 2012-2013 was 72%. In Fire Station 6 coverage area, 2012-2013 response times for Priority 1 calls in 2012-2013 was 73%. Response time compliance to the south Willow Glen/north Cambrian area which is expected to be first served by the proposed Fire Station 37 was 52%. Building a new Fire Station 37 and maintaining current services at Fire Station 6 area would result in an anticipated increase in overall city-wide performance, as well as expected improvements in performance in Fire Stations 6, 9, 13, and 26 areas. (These fire stations currently handle incidents in Fire Station 37 area.) Areas adjacent to Fire Station 6 would also benefit from an increase in performance, with an expected drop in Fire Station 6 responses to Fire Station 37 area and support Fire Station 37 when Fire Station 6 resources are committed to other incidents.

Discussion

This option would result in an improved response time performance for Fire Station 6 as well as for Fire Stations 9, 13, and 26. These stations respond to incidents in Fire Station 37's area. In 2012-2013, response times for Priority 1 calls were 66% for Fire Station 9, 72% for Fire Station

13, and 68% for Fire Station 26. This option provides the Fire Department with an opportunity to improve city-wide response time performance and improve services delivered to the Willow Glen and north Cambrian areas. Attachment C displays the impact on 8-minute performance for Priority 1 calls through the addition of Fire Station 37.

While response times improve, this option would require a one-time capital investment of at least \$6.1 million for design and construction (\$4.7 million), FF&E (\$460,000), a new apparatus and related equipment (\$930,000), as well as ongoing annual costs of \$3.3 million. Significant additional funding of \$9.4 million, of which \$3.3 million is ongoing, would need to be identified to move forward with this option.

c) Do Not Build Fire Station 37 but Remodel Fire Station 6

Remodel Fire Station 6

As described earlier, Fire Station 6 already has two bays for fire apparatus deployment; additional capacity at that station is not needed. The scope for remodeling Fire Station 6 could include building additional dormitories and reconfiguration to enhance privacy and functionality of the facility. Although no estimates have been developed for remodeling Fire Station 6, the specific scope would be bound by the \$2.9 million in available funding considered against the rehabilitation needs of other fire stations.

Response Times Impact

There would be no impact to response times.

Discussion

While remodeling of Fire Station 6 would result in benefits to the facility and staffing accommodations, there would be no changes to the current performance times city-wide as well as in Fire Station 6 and estimated Fire Station 37 areas.

Conclusion

Of the options presented above, only the option to build Fire Station 37 and keep Fire Station 6 open would improve response times. However, this option carries significant unfunded costs totaling \$9.4 million: 1) \$6.1 million in one-time capital funding to complete project design and construction (\$4.7 million), a figure that may increase further due to rising construction prices, FF&E (\$460,000), and the likely need to purchase a new fire engine and related equipment (\$930,000); and 2) approximately \$3.3 million of annual ongoing costs related to staffing and fire station and apparatus maintenance costs.

As discussed at the City Council Budget Study Session on Fire Emergency Medical Services held May 9, 2014, the Fire Department is continuing its efforts to improve overall fire and emergency medical services response time performance to the community. The Fire Department, in conjunction with the City Manager's Office, will continue its analysis of response time performance through a comprehensive Fire Department organizational review over the next several months. This analysis will include, but is not limited to:

May 21, 2014

Subject: Fire Station 37 (Willow Glen): Analysis of Options

Page 7

- i) Reviewing staff workload and service outcomes achieved based upon the type of Fire Department services delivered;
- ii) Assessing the appropriateness of fire response time performance targets based upon the type of service call;
- iii) Reviewing alternative service/staffing deployment options;
- iv) Assessing apparatus types and locations throughout the City; and
- v) Exploring pre-emption systems to improve travel time performance.

The completion of this analysis, expected in the winter of 2015, will likely reveal other areas in San José with service delivery deficits equal to or greater than the area that would be served by a new Fire Station 37. Given the large funding deficit and pending city-wide response time analysis and potential results, staff recommends that the Fire Station 37 project be deferred indefinitely and the remaining bond funding be held in a new reserve titled, "Future Fire Infrastructure Reserve." In addition, the General Fund portion of the Fire Station 37 funding is recommended to be re-allocated to the Essential Services Reserve to be used by the City Council as part of the 2014-2015 budget process.

It should be noted that, due to the restrictions and timing on the use of bond funds (bond funds can only be used for permanent improvements and must be used within three years from the date of bond issuance), as part of a future budget process and after substantial completion of Fire Station 21, staff will recommend using the Neighborhood Security Act Bond (Bond) Fund for eligible projects that would otherwise be funded by the Fire Construction and Conveyance (C&C) Tax Fund and set aside a corresponding amount in the C&C Fund for the Future Fire Infrastructure Reserve. This reserve in the C&C Fund allows for a broader definition that would include the potential purchase of additional apparatus or other equipment to best help improve response times in San José once solutions are identified.

JENNIFER A. MAGUIRE
Deputy City Manager/
Budget Director

/s/

RUBEN TORRES
Interim Fire Chief

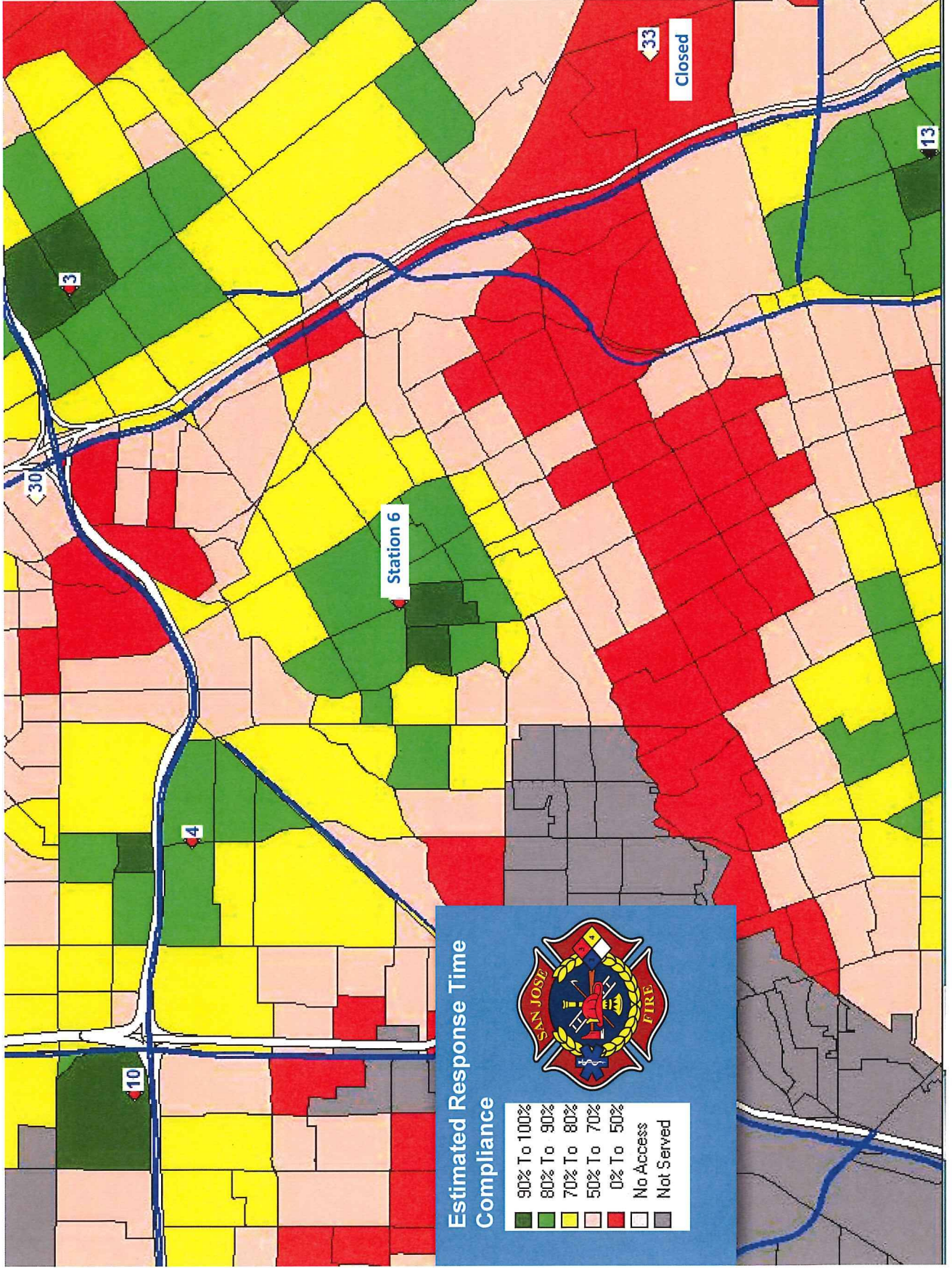
/s/

DAVID SYKES
Public Works Director

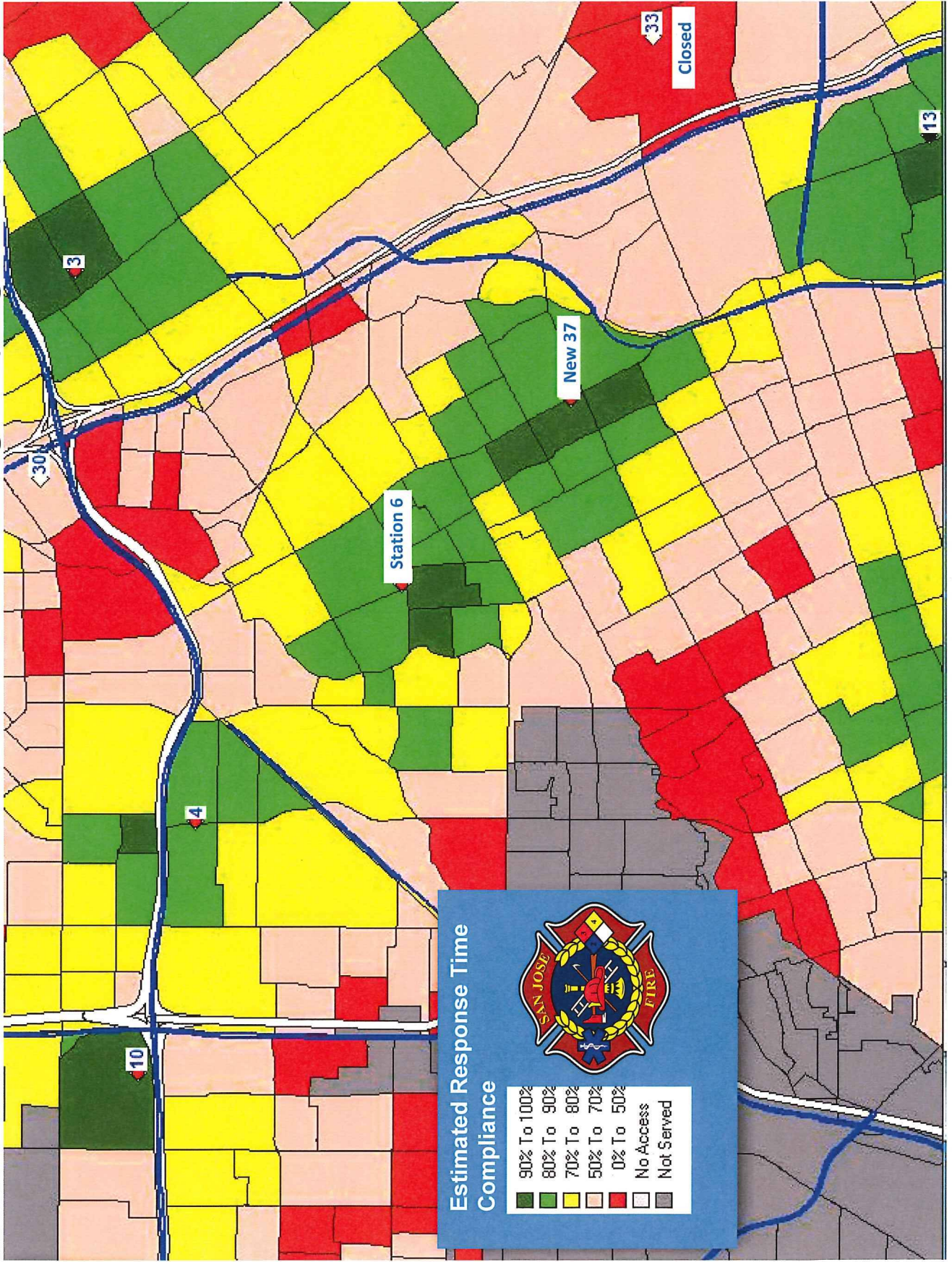
For more information on this memorandum please contact Ron D'Acchioli, Deputy Director, Fire Department Bureau of Administrative Services at 408-794-6953.

Attachments

Attachment A - Performance: 8 Minutes For All Calls Current Deployment



Attachment B - Performance: 8 Minutes For All Calls Add New Station 37 With One Engine (Engine 37)



Attachment C - Performance: 8 Minutes For All Calls Move Engine 6 to Station 37, Closing Station 6

