



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** David Sykes  
William L. McDonald

**SUBJECT:** FIRE STATION 37,  
BACKGROUND, CONSTRUCTION  
COST, RELOCATION/REMODEL OF  
FIRE STATION 6 DIFFERENTIAL,  
AND FIRE STATION 37 OPERATING  
COSTS

**DATE:** May 28, 2013

Approved

Date

5/28/13

At the 2013-2014 Proposed Budget Study Session on the Public Safety City Service Area, information was requested regarding the background of Fire Station 37, current construction costs, relocation/remodel of Fire Station 6 cost differential, and Fire Station 37 operating costs.

## **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 is located near the center of Willow Glen. Fire Station 37 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. City Council also established a city-wide policy for closure, sale, or relocation of a fire station as part of the City Budget is prohibited without prior assessment, community outreach, and City Council approval on the matter.

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## ANALYSIS

### Fire Station 37 Construction Costs

Total project construction cost for Fire Station 37 is currently estimated at \$7.7 million. Design and development costs of about \$1.1 million have been incurred, leaving a balance of \$6.6 million for the project. Included in the 2014-2018 Proposed Capital Improvement Program is a reserve of \$3.7 million in the Public Safety Bond Fund for the planned construction of a one-engine company at the Willow Glen Community Center parking lot. In addition, it is anticipated that \$620,000 budgeted in the General Fund for this project will be rebudgeted to 2013-2014 and set aside in an Earmarked Reserve for Fire Station 37 bringing the total available funding to \$4.3 million. Additional funding of a minimum of \$2.2 million that has not yet been identified would be required for the project to cover escalating construction costs as well as additional American with Disabilities Act (ADA) and storm water regulation requirements. This amount is preliminary pending confirmation of the schedule for re-activating the project.

### Fire Station 6 Relocation/Remodel Construction Costs Review

In order to analyze the costs for remodeling Fire Station 6, additional time would be required. However, the same issue was raised in 2007 with Fire Station 2 whether to rebuild (full or partial) or remodel that station at that time. Rising construction costs in the middle of the last decade resulted in a project deficit of \$6.8 million or more in the Public Safety Bond Fund. Staff was directed to re-evaluate the entire program and look at possible strategies to complete the program. In addition to the cost analysis, staff analysis included health and safety concerns, service delivery impacts, privacy issues, aesthetics, program requirements, and schedule. At that time, the estimate for remodeling the existing Fire Station 2 was estimated at approximately \$4.4 million versus rebuilding the same fire station was estimated at \$9.5 million, more than double the cost for remodeling the station. The City Council decided to rebuild Fire Station 2, which reduced the funds available for other Public Safety Bond projects. Due to favorable bids, the actual cost of Fire Station 2 was \$8.5 million. Because of the current shortfall for funding Fire Station 37, staff intends to undergo a similar analysis for estimating the remodeling costs for Fire Station 6.

### Fire Station 37 Operating Costs and Analysis

Consistent with City Council action on September 9, 2008, no decision has been made on the sale or closure of Fire Station 6. Analysis is required to determine the operational impact of Fire and Paramedic emergency response coverage if the City were to (1) build and open Fire Station 37 and keep Fire Station 6; (2) build and open Fire Station 37 and close Fire Station 6; and (3) remodel Fire Station 6 and not construct Fire Station 37. Combined with this analysis, the ongoing operational costs for each scenario will need to be developed.

It should be noted that for conservative forecast planning, the 2014-2018 General Fund Forecast assumes costs related to the addition of 14 sworn positions (four-personnel per shift) to operate Fire Station 37, while keeping Fire Station 6 operational. Assuming operations in 2016-2017, the costs related to salaries and benefits for the addition of 14 sworn positions, as well as other

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costs such as fire station costs, safety equipment and training costs are estimated at \$3,026,000. Costs for 2017-2018 are estimated at \$3,146,000. This does not include the purchase of a new engine as an unstaffed engine from a deactivated company is assumed to be relocated to Fire Station 37.

As noted in the 2013-2014 Proposed Capital Budget and 2014-2018 Proposed Capital Improvement Program, the Administration plans to issue the last portion of the Neighborhood Security Act Bond Measure bonds in 2013-2014. Within three years of issuance, the bond proceeds need to be encumbered for a specific project. Therefore, the Administration intends to complete the analysis regarding Fire Station 37 and 6 and return to the City Council with a recommendation prior to the award of contract based on the funding available for constructing Fire Station 37 or remodeling Fire Station 6. This analysis is expected as part of the development of the 2014-2015 Proposed Operating and Capital Budgets in winter/spring 2014.

/s/

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/s/

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