



# CITY COUNCIL AGENDA STATEMENT



September 18, 2018

File ID: 18-0364

## TITLE

PRESENTATION ON THE STATUS OF THE MILLENIA (EASTERN URBAN CENTER) FIRE STATION NO. 10

- A. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING CONSTRUCTION OF THE MILLENIA (EASTERN URBAN CENTER) FIRE STATION NO. 10
- B. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A SOLE SOURCE PURCHASE WITH SOUTH COAST FIRE EQUIPMENT AND A 10-YEAR LEASE PURCHASE AGREEMENT WITH JPMORGAN CHASE BANK, N.A. FOR THE ACQUISITION OF ONE (1) PIERCE ARROW XT TRIPLE COMBINATION PUMPER/FIRE ENGINE AND AUTHORIZING THE CITY MANAGER OR DESIGNEE TO EXECUTE THE FINAL PURCHASE AND LEASE AGREEMENT

## RECOMMENDED ACTION

Council hear the report and adopt the resolutions.

## SUMMARY

As part of the Eastern Urban Center ("Millenia") Sectional Planning Area ("SPA") Plan, SLF IV-Millenia LLC ("Developer") is obligated to design and construct a Fire Station within the master development. Tonight's presentation is being provided to update City Council and the community on the status of the project, to request Council's authorization to proceed with construction, and to approve the purchase of the initial fire apparatus for the fire station.

## ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed project for compliance with the California Environmental Quality Act (CEQA) and has determined that the project was adequately covered in previously adopted Final Environmental Impact Report for the Millenia SPA (FEIR 07-01) (SCH#2007041074).

## BOARD/COMMISSION/COMMITTEE RECOMMENDATION

None.

## DISCUSSION

### Background

The Millenia project ("Project") is located at the southwest corner of Birch Road and Eastlake Parkway, east of the SR 125 toll road. The fire station site is a 1.068-acre parcel located at the southeast corner of Millenia Avenue and Stylus Street in Millenia (see Locator Map, Attachment 1), and is bounded by three streets;

Millenia Avenue to the west, Stylus Street to the north, Montage Avenue to the east, and a private development lot to the south. The private development lot to the south has approved City entitlements to construct two office buildings totaling approximately 325,000 square feet plus a six-level parking structure. The fire station site and the office project share a driveway, which is located on the fire station site, and extends from Montage Avenue to Millenia Avenue.

The site is currently rough-graded and pad-certified with sidewalks and streetscape landscaping installed on all street frontages. The streets and sidewalks surrounding the site are under construction by the Developer and will be completed prior to the start of construction of the fire station, anticipated in early 2019. The design and construction of the Millenia Fire Station is being managed by the Developer and will be turned over to the City upon completion and acceptance by the City. The Developer will receive a combination of credits against their Public Facilities Development Impact Fee (PFDIF) obligation and reimbursements from the PFDIF program, per the Development Agreement for the Eastern Urban Center (Millenia), as clarified.

#### Design/Build Team and Process

In March 2018 the Developer issued a Request for Proposals (RFP) from Design-Build Entities to provide pre-construction, design, value engineering, constructability review, construction management, construction and operations, and startup and commissioning services. Included in the RFP was a program document prepared by the Fire Department detailing specific requirements and priorities. The team of EC Constructors, Inc. and JKA Architecture was selected and entered under contract. Since May the team has been working with city staff to develop schematics for the Fire Station.

The Millenia Fire Station project will consist of a two-story structure of approximately 12,500 square feet. The first floor of the structure will include: three double deep drive through apparatus bays, operational rooms, and offices with a public restroom. The second floor will include crew dormitory rooms and associated living space and kitchen for on-duty staff. The exterior will include a secured parking area, a truck wash area, and other associated operational features. In addition, the project will include a photovoltaic system designed to provide 100 percent of the energy requirements of the project. The project design and materials will be durable, functional and compatible with the character of the surrounding community (see Preliminary Site Plan and Proposed Perspectives, Attachments 2 and 3).

In addition to the fire station itself, the project will include the installation of an emergency vehicle override signal on Millenia Avenue. Conduits for the signal were installed as part of the Developer's construction of Millenia Avenue. The project will also include construction of a median break to facilitate left hand turns out of the station onto Millenia Avenue.

#### Neighborhood Meeting

The Developer conducted a neighborhood meeting on August 1, 2018 to present the proposed Fire Station design and an overall update on the Millenia development. Outreach for this type of public facility is not required by any policy, however the meeting was conducted to ensure the public and City were aware of the status of the fire station design and construction schedule. For consistency with other activity in the Millenia project, the meeting was noticed in the paper and mailed to residents (over 1,000 residents) and Home Owner Associations as identified in Council Policy No. 400-02. The meeting provided over ten (10) residents

with an opportunity to speak with the master developer, Fire Station design build team and city staff from a variety of departments. No substantive comments were provided regarding the Fire Station.

#### Construction Timeline

The project is currently being reviewed by Development Services staff to ensure that it meets the requirements of the SPA for the fire station to be a location for “Iconic Architecture” and be consistent with the overall vision for Millenia. The design review will be approved administratively this fall.

It is anticipated that the project will submit for building permits by end of this year and construction will begin in early 2019. Construction is anticipated to take one year, and Fire Station #10 is estimated to open in early 2020.

#### Public Facility Construction Priorities and Authorization

In conjunction with the 2011 Growth Management Oversight Commission (GMOC) Report’s Recommendations and Implementing Actions, a new process for prioritizing public facility construction was established. The new process requires that PFDIF capital projects be brought forward to Council for authorization to proceed prior to significant expenditure of project funds. At that time, a list of other PFDIF eligible projects should be presented to Council, along with staff’s justification for moving forward with the proposed project.

The prioritization of PFDIF projects reported to GMOC and City Council has not changed since 2011, and was reported most recently in the 2017 GMOC Report. The PFDIF capital projects are prioritized as follows:

Priority	Description
1	Rancho del Rey Library
2	Millenia Fire Station
3/4	Otay Ranch Village 4 Aquatics Center and Recreation Facility
5	Millenia Library

Staff noted in the 2017 GMOC Report that a reprioritization of PFDIF projects to emphasize public safety was anticipated.

Tonight’s action represents the first application of the new PFDIF capital project authorization process. The process was envisioned to coincide with Council action appropriating funds or approving a construction contract. However, because of the delivery model of the Millenia Fire Station, no such action will be taken by the City Council for this project. As a result, staff is asking for Council’s authorization to proceed with construction of the Millenia Fire Station, in advance of the Rancho del Rey Library, with tonight’s action. If approved, the new prioritization of PFDIF facilities would be as follows:

Priority	Description
1	Millenia Fire Station
2	Rancho del Rey Library
3/4	Otay Ranch Village 4 Aquatics Center and Recreation Facility
5	Millenia Library

The change in prioritization is recommended because the Millenia Fire Station is necessary to provide life safety services in the eastern territories. This priority consideration was previously presented to City Council as Recommendation 2 on page 11 of the Council adopted Public Safety Expenditure Plan, adopted in February of 2018. The Millenia Fire Station will provide four firefighters (1 Fire Captain, 1 Fire Engineer, 1 Firefighter/Paramedic, and 1 Firefighter/EMT) daily, adding 12 fulltime employees to the Fire Department's authorized staffing. This recommendation is driven by development and growth in the Millenia and University Village areas of the City.

The need to provide the Millenia Fire Station has already been triggered, per the adopted Public Facilities Financing Plan for the Eastern Urban Center (Millenia). In addition to serving the rapidly developing Millenia development, the new fire station will also enhance the City's fire service system, improving overall response times in the City's eastern territories. While the GMOC threshold reporting for Library Facilities continues to indicate the need for additional facilities, the provision of public safety has been, and continues to be, the City's highest priority. For these reasons, staff recommends that Council authorize the construction of the Millenia Fire Station in advance of the Rancho del Rey Library.

Implementation of this recommendation is forecasted to improve service delivery performance outcomes as follows:

Metric	Current Citywide Performance	Citywide Performance Improvement	Greatest Geographic Improvement	
			East*	Fire Station 7
EMS: First Unit	81.1%	81.5%	(+) 2.2%	(+) 3.8%
Fire: First Unit	44.7%	45.4%	(+) 3.4%	(+) 0.0%
Fire: EFF	49.7%	51.7%	(+) 10.2%	(+) 13.2%

*\*East includes Fire Stations 6, 7, & 8.*

### Fire Apparatus

Operation of the Millenia Fire Station necessitates the purchase of new fire apparatus. As identified in the Fire Facility Master Plan, the initial fire apparatus to be assigned to the Millenia Fire Station is a triple combination pumper. This resource will allow personnel to respond to the fire, rescue, and emergency medical needs of the Millenia community and will integrate into the Fire Department's response network. All costs associated with fire apparatus at the Millenia Fire Station will be borne by the PFDIF fund (no General Fund contribution).

Pursuant to Chula Vista Municipal Code Section 2.56.070.B.4, a sole source purchase exception to the City's formal competitive bidding requirements may be made for equipment purchases exceeding \$100,000, when a commodity is available from only one known source as the result of unique market conditions. A sole

source purchase through South Coast Fire Equipment meets this requirement and is recommended. The Fire Department uses South Coast Fire Equipment to purchase frontline operational emergency response vehicles for several critical reasons:

1. **Equipment Standardization:** Providing the same type of emergency response apparatus is critical in order to provide a standard approach to training all personnel. This ensures that Fire Department personnel can operate fire apparatus at a competent level while under duress of emergency response.
2. **Safety:** Fire personnel are regularly moved from one fire station to another. Maintaining a fleet of fire apparatus that operate consistently throughout our fleet ensures driver/operators and firefighters can operate and locate equipment in an efficient and timely manner while working in emergency situations.
3. **Operational Efficiency and interoperability:** The City and neighboring fire agencies respond to emergencies together on a daily basis.

The purchase of a Pierce Arrow XT Triple Combination Pumper for the Millenia Fire Station supports the operation of the Fire Station and improves the overall quality, reliability, cost effectiveness, fleet depth, and safety of the City's fire apparatus fleet.

The total cost to purchase one Pierce Arrow XT Triple Combination Pumper from South Coast Fire Equipment is \$720,785.92 (see Attachment 4). Financing the apparatus via a 10-year lease purchase agreement with JP Morgan Chase is recommended (see Attachment 5). The interest rate quoted by JP Morgan is 3.57%; however, this rate is subject to change based on market conditions until the City locks the rate at the time of execution of the final agreement. The quoted interest rate results in an estimated annual payment of \$86,576. The total purchase price, including financing charges, is estimated to total \$865,756 (assumes interest charges totaling \$148,275). The first lease payment for the apparatus will be made in fiscal year 2020. As a result, no appropriation is recommended at this time. Lease payments will be included in future annual PFDIF budget appropriations.

Equipment to outfit the apparatus is not included in the agreement with South Coast Fire Equipment and will be a future expense. An appropriation request for this purpose will be made once the delivery timeline for the apparatus is determined. As with the apparatus, outfitting costs will be borne solely by the PFDIF fund.

#### **DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the City Council and has found that no City Council Member has property holdings within 500 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not represent a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(11), for purposes of the Political Reform Act (Cal. Gov. Code section 87100 et seq.).

Staff is not independently aware, nor has staff been informed by any City Council Member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

## **LINK TO STRATEGIC GOALS**

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. The Millenia Fire Station supports the Strong and Secure Neighborhoods goal by providing fire services in a growing area of the city.

## **CURRENT-YEAR FISCAL IMPACT**

All costs associated with preparing and processing the design application will be funded by the PFDIF program via credits awarded to the Developer. There is no current year fiscal impact resulting from the purchase of fire apparatus for the Millenia Fire Station.

## **ONGOING FISCAL IMPACT**

The Developer will be eligible for credit against their PFDIF obligation for all funds expended constructing the Millenia Fire Station. Pursuant to the Development Agreement for the Eastern Urban Center (Millenia), the City has already provided PFDIF credits to the Developer for the acquisition of the fire station site (\$1.135 million). The PFDIF program will directly expend funds for minor furnishings, fixtures, and equipment (FF&E). In addition, the PFDIF will directly fund the purchase of apparatus to be sited at the station.

The total budget for the fire station is currently projected to total \$10.6 million, inclusive of facility construction, staff time, minor FF&E, land acquisition, and apparatus. The final budget will be determined upon establishment of the Guaranteed Maximum Price (GMP) for the project and the execution of the lease purchase agreement for the apparatus.

The total cost to purchase one Pierce Arrow XT Triple Combination Pumper from South Coast Fire Equipment is \$720,785.92. The interest rate quoted by JP Morgan for the proposed 10-year lease purchase is 3.57%; however, this rate is subject to change based on market conditions until the City locks the rate at the time of execution of the final agreement. The first lease payment for the apparatus will be made in fiscal year 2020. As a result, no appropriation is recommended at this time. Lease payment funds will be included in future annual budgets for the PFDIF fund (no General Fund contribution).

Equipment to outfit the apparatus is not included in the agreement with South Coast Fire Equipment and will be a future expense. An appropriation request for this purpose will be made once the delivery timeline for the apparatus is determined. As with the apparatus, outfitting costs will be borne solely by the PFDIF fund.

## **Operations**

Millenia Fire Station operations are anticipated to cost the City's General Fund approximately \$2.1 million annually (fiscal year 2020 dollars), assuming 4-0 staffing, beginning in fiscal year 2020. A partial offset for interim operations and maintenance of the facility may be funded by the Developer, pursuant to Section 9 of Exhibit E of the Development Agreement. Funds to be contributed toward interim operations and maintenance will be determined by a fiscal analysis of project generated revenues and the City's cost of providing services to the Millenia project. The Developer's fair share responsibility has been capped at 25% of the operating and maintenance costs of an engine company and 25% of the operating and maintenance costs of a ladder truck company. The total cumulative Developer contribution for interim operations and maintenance of the facility is capped at \$1.75 million.

## ATTACHMENTS

1. Locator Map
2. Preliminary Site Plan
3. Proposed Perspectives
4. Triple Combination Pumper Quote
5. JP Morgan Lease Purchase Agreement

*Staff Contacts: Stacey Kurz, Senior Project Coordinator, Development Service Department; Jonathan Salsman, Senior Civil Engineer, Public Works Department; Harry Muns, Deputy Fire Chief, Fire Department; and Tiffany Allen, Assistant Director of Development Services*