



## Legislation Details (With Text)

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**Title:** Consideration of the Final Design for the Construction to Replace Fire Station No. 2 and a Resolution Approving the Intention to Issue Tax-Exempt Certificates of Participation (Acting Public Works Director Tai and Finance Director Charelian).  
ADOPT RESOLUTION NO. 21-0024

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Resolution No. 21-0024, 2. Existing Site Conditions, 3. Site Plan, Floorplan and Exterior Design Concept (Option 4), 4. Project Map, 5. Budget Expenditure Summary, 6. PowerPoint Presentation

| Date     | Ver. | Action By                    | Action   | Result |
|----------|------|------------------------------|----------|--------|
| 3/2/2021 | 1    | City Council Regular Meeting | approved | Pass   |

**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, City Manager

**FROM:**

Carrie Tai, AICP, Acting Public Works Director  
Steve Charelian, Finance Director  
Wolfgang Knabe, Interim Fire Chief  
Prem Kumar, City Engineer  
Mamerto Estepa Jr., Senior Civil Engineer

**SUBJECT:**

Consideration of the Final Design for the Construction to Replace Fire Station No. 2 and a Resolution Approving the Intention to Issue Tax-Exempt Certificates of Participation (Acting Public Works Director Tai and Finance Director Charelian).

**ADOPT RESOLUTION NO. 21-0024**

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**RECOMMENDATION:**

Staff recommends that City Council consider the final design to replace Fire Station No. 2, and adopt Resolution No. 21-0024 approving the intention to issue Certificates of Participation of up to \$9.5 million to fund the construction project.

**FISCAL IMPLICATIONS:**

The design development phase of this project was budgeted in the CIP Fund for \$777,441 and supported by a General Fund transfer of \$540,000 to expedite the project. While some capital

projects may be funded with existing resources, larger and costlier projects with extended useful lives may require the issuance of debt to spread the costs over multiple years for affordability and to achieve intergenerational equity.

Construction costs for the Project can be funded by the City through the sale of tax-exempt Certificates of Participation (COPs). Using the construction estimate of \$9.5 million, the average annual debt service cost is estimated at \$454,000 per year over a 30-year term at current historically low interest rates. If bids come in lower than expected, the City will include a portion or all of the design costs within the bond issuance and recover the General Fund expenses made to initiate and expedite the project.

On February 19, 2021, the Finance Subcommittee discussed options to fund the annual debt service payments and recommended the use of potential savings expected from the issuance of Pension Obligation Bonds (POBs). Projected budgetary savings from the issuance of POBs ranges from \$1.1 million to \$4.4 million annually. The way in which the City Council allocates the projected POB savings will be determined with the approval of the Pension Policy that will be considered during the March 2, 2021, City Council meeting. The draft Pension Policy under consideration allows for approximately 40% of the projected POB savings to be applied toward future capital improvements and/or debt service costs. Therefore, a portion of the POB savings could be allocated toward the Fire Station No. 2 debt service lease payments as an appropriate use of funds.

Although not recommended by the Finance Subcommittee, other options discussed included: (1) Increasing the Transient Occupancy Tax rate from 12% to 14% after April 30, 2022 as allowed by voter-approved Measure A, or (2) using existing Unreserved General Fund balance.

Measure A was intended to fund local priorities, with emergency response times and public safety operations being the most critical. Accordingly, Fire Station No. 2 debt service lease payments is an appropriate use of Measure A funds. At the current depressed hotel occupancy rates, increasing the TOT rate from 12% to 14% would generate approximately \$416,000 that could be applied toward the Fire Station No. 2 debt service lease payments. Once hotel/motel occupancy rates are restored, the amount of General Fund revenue generated by the 2% increase could range up to \$750,000 annually.

The COPs will only be issued after the bids are received and the City Council awards the contract to the lowest responsible and responsive bidder.

## **BACKGROUND:**

The existing Fire Station No. 2 structure, located at the southeast corner of Rowell Avenue and Manhattan Beach Boulevard, at 1400 Manhattan Beach Boulevard, was constructed in 1954. Over time, significant changes occurred with staffing requirements, the services provided by the fire department, fire apparatus design and building codes. A study of the facility was conducted by an independent architectural consulting firm in 2017. The study found a number of building deficiencies, most notably in the building's seismic force resisting system that makes the station inadequate to continue to function as an essential facility, impact service delivery or cause a loss of use of the facility following an earthquake or other natural disaster. The study recommends replacing the facility since there are numerous and significant building code issues that are costly to fix, resulting in an extended displacement of the operations. Furthermore, ongoing maintenance will be costly due to the age of the building.

On September 5, 2017, staff presented City Council with a needs assessment/feasibility study (report) that explored renovation or replacement of three major facilities in Manhattan Beach, which included Fire Station No. 2. City Council determined that the Fire Station No. 2 facility, being an emergency response essential service building, is the highest priority facility in the City and ultimately directed staff to move forward with the complete replacement of the existing Fire Station No. 2 facility at the existing location. At the time, the City Council staff report identified the cost to demolish and construct a new fire station at \$7.78 million.

In early 2018, staff issued a Request for Proposals (RFP) for Fire Station design services and in May 2018, City Council awarded an Agreement to WLC Architects (WLC) for \$764,710 for design and construction support services for the replacement of Fire Station No. 2.

WLC Architects collaborated with a design committee comprised of Fire, Community Development, Information Technology, and Public Works Department staff. Design meetings included taking inventory of the design elements present in the existing Fire Station No. 2; visiting recently-constructed fire stations to survey design elements implemented in other modern fire stations; providing feedback on the floorplan, site plan, and operational considerations associated with the replacement station. WLC developed a preliminary floorplan and site plan, with five exterior design options for the replacement fire station.

Staff presented the proposed designs to the public in October and December 2018, and to City Council in December 2018. City Council approved the floor plan and site plan and provided direction for the design concept to be used for the exterior of the building (Attachment - Option 4). The project was reviewed and approved by the Planning Commission in August 2019.

WLC proceeded to develop construction documents (plans, specifications, and estimate) for the construction of the replacement Fire Station No. 2 as well as a temporary Fire Station No. 2, to be located at 1501 N. Peck Avenue (across from Begg Pool). WLC and City staff continued to work with the Manhattan Beach Unified School District to identify the location for the Temporary Fire Station No. 2. Plans for both the replacement and temporary Fire Station No. 2 were finalized and submitted to Building & Safety Division to begin the plan check process on December 26, 2019.

The construction plans are now approved by the Building & Safety Division and per Building Code requirements, the building permit must be pulled by December 2021, otherwise additional costs will be incurred for the architect to update the plans to reflect changes in the building and other codes, and to resubmit the plans through the Building Safety plan check and approval process again.

## **DISCUSSION:**

The existing Fire Station No. is 66 years old, has reached its useful life and is inadequate for operating a modern fire department. At 3,275 square feet, the size of the existing Fire Station No. 2 is inadequate for operating a modern fire department. The existing building's layout is insufficient to address staffing needs. For example, the restrooms lack privacy and there are no separate facilities for female firefighters. Furthermore, there is no capacity for future growth of the fire department staff needs.

The apparatus bay (vehicle garage) is too small to accommodate and perform routine maintenance on a typical fire engine. Fire engines housed at Fire Station No. 2 are all custom-built, at higher costs, to fit the smaller space, which limits the capacity, equipment and configuration of the apparatus used to respond to local calls and wildland fires. Maintenance on the fire engines must be performed

outside, which may block the existing sidewalk from pedestrian traffic or limit the ability to contain potentially hazardous or carcinogenic particulates from becoming airborne.

Fire stations should have ventilation systems and layouts that separate the atmospheres in the apparatus bay and turnout areas from the living spaces and office quarters. This is important because debris and particles collected on the apparatus and firefighter turnout gear are potentially toxic and carcinogenic. The existing station lacks these elements. As an example, despite the presence of a Plymovent system which extracts toxic gases from the fire engine exhaust, potentially carcinogenic diesel fumes can be smelled in the captain's office and living quarters.

The station lacks a dedicated shop area to service and maintain emergency response tools and equipment. This activity currently occurs in a narrow corridor that shares space with IT equipment, wildland fire strike team equipment, water, and station supplies. Due to space constraints, the station also lacks an extractor, a machine that removes carcinogens from firefighter turnout gear. Operationally, firefighters often spend significant time at Fire Station No. 1 in order to use the extractor or to properly service tools/equipment. There is also insufficient administrative space for all firefighters on shift to perform their administrative tasks at the same time, including but not limited to fire prevention inspections, online training (OSHA, CEU, job training, etc.) and staffing.

The replacement Fire Station No. 2 would meet modern building codes, provides the space necessary to meet the operational needs of a modern fire department, includes the elements to protect the health and safety of the firefighters, and offers flexibility for expanding services and staffing for the next 50 years. At 9,116 square feet, the replacement station provides adequate space to house standard-sized fire engines. In addition, firefighters can perform tool/equipment maintenance and to operate an extractor without leaving Fire Station No. 2. There will be dedicated administrative space for all firefighters on shift to perform their administrative duties at the same time. The replacement Fire Station No. 2 design includes elements to contain potentially toxic or carcinogenic matter within the apparatus/turnout/shop area. And, it provides private facilities to serve both male and female firefighters. The estimated construction cost for the demolition and new construction of the Fire Station No. 2 building is \$7.35 million.

Also included in the project are improvements involving emergency vehicle preemption, which will enhance the safety of ingress and egress from Fire Station No. 2. The existing flashing beacons in each direction of travel on Manhattan Beach Boulevard are outdated and do not meet current standards. These beacons will be removed and replaced with new beacons that also provide indicators for each lane of travel. The new beacons flash only when activated, so that the emergency vehicle can safely maneuver on the street in front of Fire Station No. 2. In addition, new signage will be installed to draw motorists' attention to the presence of the fire station. The estimated cost of these improvements account for 1.4% (\$125,000) of the total construction phase budget.

To ensure the quality of project being constructed including contractor's compliance with the project specifications, the City will procure services for special inspection and material testing, and for construction oversight. Special inspection and material testing will be performed at specific construction milestones to verify that site conditions and materials installed meet the project specifications. Full-time construction oversight is necessary to manage all aspects of the construction project, from the contractor's performance of all work in accordance with the specifications; to coordinating work with adjacent property owners, the Manhattan Beach Unified School District, and other nearby capital improvement projects; and addressing concerns forwarded to the City regarding construction activities. The estimated budgets for special inspection and material inspection is

approximately 1.0% (\$100,000) and for construction oversight account for 6.0% (\$550,000) of the of the total construction phase budget for the 21 month duration.

Included in the project as an additive bid item is the construction of a temporary Fire Station No. 2 at 1501 North Peck Avenue, across from Begg Pool. It is critical for a temporary station to be included in the project, in order for the Fire Station No. 2 crew to maintain a response time of five minutes or less for emergency calls. The temporary Fire Station No. 2 site was the same location used during the construction of the Police/Fire Facility in the early 2000s. It should be mentioned that the trailer used during the Police/Fire Facility construction is still in place, but is not suitable for occupancy and will be removed as part of the construction of the temporary Fire Station No. 2 construction. Improvements for the temporary fire station will include installation of a three-bedroom mobile home, pavement work and traffic striping. The temporary site will house three firefighters and one apparatus. The estimated cost for the temporary Fire Station No. 2 accounts for approximately 3.0% (\$275,000) of the total construction phase budget.

A construction contingency of \$1.1 million (15% of the construction contract) is being included in the project budget to address any unforeseen conditions that may be encountered during construction especially when dealing with earthwork excavation, grading, underground utilities and other appurtenances.

The current Building & Safety Division plan check approval for this project expires on December 24, 2021, per Building Code requirements. The project's construction phase schedule is as follows:

| <u>Milestone</u>                           | <u>Completion By</u> |
|--|----------------------|
| • Advertise for Bidding                    | April 2021           |
| • Bid Opening                              | May 2021             |
| • City Council Award + Authorize Financing | July 2021            |
| • Project Funding in Place                 | August 2021          |
| • Permits Pulled                           | September 2021       |
| • Notice to Proceed with Construction      | October 2021         |
| • Construction complete with move-in       | July 2023            |

The anticipated phasing for the construction involves performing the site preparation and construction of the temporary Fire Station No. 2, followed by the demolition and construction of the replacement Fire Station No. 2. The anticipated construction duration is conservatively estimated at 21 months, consisting of 6 months for the construction, setup and move-in for the temporary Fire Station No. 2 and 15 months for the construction of the replacement Fire Station No. 2.

In summary, the existing Fire Station No. 2 is inadequate; City Council previously identified the replacement of Fire Station No. 2 as the highest priority project; project plans are approved and ready to proceed into the bidding phase; and a building permit must be obtained by December 24, 2021, to avoid additional costs and delays to the project. For these reasons, staff recommends that the City Council authorize the funding plan for the project and adopt Resolution No. 21-0024 regarding the City's intention to issue tax-exempt Certificates of Participation to fund the estimated \$9.5 million project.

#### **PUBLIC OUTREACH:**

As mentioned above, two public meetings were held to review the floorplan, site plan and design

concepts for the building exterior on October 29, 2018, and December 3, 2018. These meetings were advertised in The Beach Reporter and posted to the City's social media channels. The designs were also posted on the City's website under Community News and Updates. Additional outreach will occur prior to commencement of activities for the construction phase.

#### **ENVIRONMENTAL REVIEW:**

The City has reviewed the proposed project for compliance with the California Environmental Quality Act and has determined that the project qualifies for Categorical Exemptions per the State CEQA Guidelines. The temporary fire station is exempt pursuant to Section 15302 (Replacement or Reconstruction) in that the new modular building is replacing an existing one, it has the same capacity, and it serves the same purpose (temporary municipal facility). The construction of the new fire station is exempt pursuant to Section 15303 (New Construction of Small Structures). Furthermore, there are no features that distinguish this project from others in the exempt classes; therefore, there are no unusual circumstances.

#### **LEGAL REVIEW:**

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary. Bond Counsel has prepared the draft resolution and approved it as to form.

#### **ATTACHMENTS:**

1. Resolution No. 21-0024
2. Existing Site Conditions
3. Site Plan, Floorplan and Exterior Design Concept (Option 4)
4. Project Map
5. Budget & Expenditure Summary
6. PowerPoint Presentation