

# Firehouse Bond Ballot Proposal

City Council, Item 202

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Independent Budget Analyst



# Firehouse Bond Ballot Proposal

- \$205 million general obligation bond
- Proposed for November 2016 ballot
- Two-thirds voter threshold
- Projected to fully fund 18 new fire stations:
  - Design
  - Land acquisition
  - Construction
- Would implement 2011 Citygate recommendations

## Background on Citygate

- 2011 Citygate Report recommended 19 additional fire station sites to improve response times and close critical service gaps
- Led to Citygate Working Group Implementation Plan
- Plan affirmed need for 19 new fire stations and ranked them in priority order
- Included Fast Response Squad pilot
- Plan approved by City Council in November 2011



# 2011 Citygate Working Group Station List

Priority	FRS- Eligible	Fire Station Site
1	No	Home Avenue
2	No	Paradise Hills (Double)
3	No	College
4	No	Skyline
5	Yes	Encanto
6	No	Stresemann/Governor (South University City)
7	No	Mission Bay/Pacific Beach
8	No	UCSD (Double)
9	Yes	Liberty Station
10	Yes	North University City
11	No	Torrey
12	No	Serra Mesa
13	No	Mira Mesa
14	Yes	East Otay
15	Yes	Scripps Miramar
16	Yes	San Pasqual
17	Yes	Linda Vista
18	Yes	Black Mountain Ranch
19	Yes	Mission Valley (West) (Double)

## Identified Capital Needs vs. Funding

- Identified capital needs outweigh available funding for fire stations, as with other City asset types
- No Citygate-recommended fire stations have been constructed since adoption of the Plan
- One temporary fire station (Skyline) and two FRS units (Encanto & South University City) have been implemented



# Fire Stations Included in FY 2017-2021 Five-Year Outlook Lack Capital Funding

<b>Capital Needs for Citygate-Recommended Fire Stations Included in FY 2017-2021 Five-Year Financial Outlook</b>		
<b>Fire Station Name</b>	<b>Remaining Capital Needs (\$ in millions)</b>	<b>Status</b>
<b>FY 2021</b>		
Home Avenue Fire Station	\$10.0	\$2.0 million, primarily DC3 bond funds, identified for land and design. Total project cost \$12.0 million.
Paradise Hills Fire Station (FS 54)	\$11.1	No material funding identified in CIP. Total project cost \$11.1 million.
College Avenue Fire Station	\$11.7	\$270,000 in DIF funds identified for planning report and feasibility study; no additional funding. Total project cost \$12.0 million.
North University City Fire Station (FS 50)	\$0.0	Project costs expected to be fully funded by FBA, including apparatus.
<b>Total Remaining Capital Needs</b>	<b>\$32.8</b>	

## Past IBA Reports on Fire Infrastructure

- Report 14-39: *San Diego Infrastructure: Needs for Existing and New Fire Stations*
  - Noted that General Fund departments do not have a dedicated funding source for capital projects
- Report 15-25: *Ballot Scenarios for Infrastructure Funding*
  - Identified several revenue options for Council consideration
  - One scenario included a potential \$500 million general obligation bond for streets, fire stations, storm water, and affordable housing.

# Firehouse Bond Details:

## General Obligation Bonds

- Two-thirds voter approval threshold
- Debt service payments made annually for 30 years
- Secured by an annual levy of property tax
- City can elect to issue multiple bond series
- Provides one-time revenue to finance capital costs
- Operating costs would require ongoing General Fund support; funding sources should be identified



# Firehouse Bond Details: Estimated Property Tax Increase

General Obligation Bond Estimated Debt Service and Ad Valorem Tax	
Bond Size:	\$205,220,000
Bond Proceeds:	\$204,000,000
Citywide Tax Base:	\$218,000,000,000
Annual Debt Service:	\$10,940,000
Tax Rate:	0.00502%
Annual Tax:	\$5 per \$100,000 Assessed Value



# Firehouse Bond Details: 18 Proposed Bond-Funded Fire Stations

Citygate Priority	Council District	Fire Station Site	Community Planning Group
1	4/9	Home Ave. and I-805/Fairmount	Mid-City/City Heights
2	4	Potomac and Saipan	Skyline-Paradise Hills
3	9	55 <sup>th</sup> and Hardy	College Area
4	4	Sychar and Skyline	Skyline-Paradise Hills
5	4	65 <sup>th</sup> and Broadway	Encanto-Southeastern
6	1	Governor and Stresemann	University
7	2	Mission Bay Dr. and Bunker Hill	Pacific Beach
8	1	N. Torrey Pines and Torrey Pines Scenic	University
9	2	Nimitz and Rosecrans	Peninsula
10	1	Judicial and Nobel	University
11	1	Carmel Mtn. and Canter Heights Dr.	Torrey Hills
12	7	Mission Center and Murray Ridge Rd.	Serra Mesa
13	6	Camino Sante Fe north of Miramar Rd.	Mira Mesa
14	8	Britania Blvd. and Airway	Otay Mesa
15	5	Magnifica and Pomerado	Scripps Miramar Ranch
16	5	San Pasqual Valley and Zoo Rd.	San Pasqual
17	7	Genessee and Park Mesa Way	Linda Vista
18	5	Carmel Valley and Winecreek Rd.	Black Mountain Ranch
19	7	Morena and Friars Rd.	Mission Valley
-	3	Broadway between 13 <sup>th</sup> and 14 <sup>th</sup>	Downtown



# Firehouse Bond Details: Construction Costs

<b>New Fire Station Costs</b>	
<b>Station Components</b>	<b>Estimate</b>
Planning, Design, and Land Acquisition	\$2,000,000
Construction	\$8,000,000
<b>Total</b>	<b>\$10,000,000</b>

# Ongoing General Fund Costs

- Operations costs for fire stations are not bond-eligible and would require future General Fund support
- Full funding for operations, but not capital, is assumed for 3 of 18 fire stations in the Five-Year Outlook

Estimated Annual General Fund Costs for New Fire Stations		
	Implementation	Post-Construction
<b>Personnel &amp; Supplies</b>	\$1,300,000	\$1,300,000
<b>Apparatus Financing</b>	\$155,000	-
<b>Total per Station:</b>	<b>\$1,455,000</b>	<b>\$1,300,000</b>
<b>Additional Fire Academy</b>	\$970,000	-
<b>Total for 18 Stations:</b>	<b>\$27,160,000</b>	<b>\$23,400,000</b>

## Other Issues to Consider

- Capacity concerns for Public Works/Engineering & Capital Projects and Fire-Rescue
- Updated Citygate Report expected October 2016
- Oversight Committee
- Community Planning Group Support

## Conclusion

- The Firehouse Bond proposal would accelerate an existing City priority over other infrastructure needs
- Benefits include dedicated one-time revenue to fill the capital funding gap for 18 new priority fire stations
- Concerns include increased operations costs and timing of updated Citygate Report
- **Policy question: Whether to ask voters to fund this priority via a general obligation bond and tax increase, and to commit future General Fund revenue to expanded operations**