

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> _____

Prepared By: Brad Windsor, Assistant Fire Chief *BW*Agenda Item No. 0-6Reviewed By: City Manager *JRB*City Attorney *AV*Finance *J.C.*

Other (Specify)

DATE: April 30, 2012

TO: City Council

FROM: Michael O'Malia, Interim Fire Chief
Fire Department *Michael O'Malia*

SUBJECT: Fire Station 8 Project Lease Financing Structure

RECOMMENDATION

That City Council authorize staff to negotiate lease financing for the Fire Station 8 Project with Oxnard Fire Station, LLC.

DISCUSSIONBackground

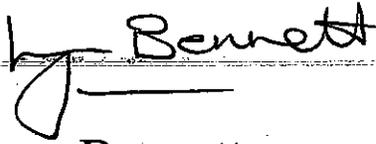
In June of 2005, the Fire Department published a 10-year strategic plan. The plan was developed to outline strategic and administrative objectives to meet projected growth and to continue to provide the community with a more integrated, comprehensive, and innovative approach to citywide risk reduction and risk management. The plan provided detailed analysis of historical response activity to determine factors that affect current levels of performance and to outline objectives to meet future service demands.

The plan identified several major contributing factors that affect fire department performance. The factor is that population growth drives emergency response times. Oxnard's population has grown quickly and will continue to grow. The fire department's staffing has not grown at the pace of population. As a result, the fire department's staffing levels are significantly less than comparable California communities and the current response time objectives are not being achieved.

The study contained a variety of recommendations to improve fire and emergency service. These included modifications to the road system, staffing and fire station location changes and use of technology to mitigate the effect of population growth and increased demands for service.

The plan presented fire station staffing options that included a nine station staffing plan and a ten station staffing plan. The fire station staffing options were developed after performing extensive analysis of historical station response and incorporated the use of a station location computer modeling

The following two (2) pages were added 05-07-12.
Missing from the original agenda packet that was
distributed 05-03-12.

A handwritten signature in black ink that reads "Lyn Bennett". The signature is written in a cursive style with a large, stylized initial "L".

Lyn Bennett
Deputy City Clerk

Fire Station 8 Project Lease Financing Structure

May 8, 2012

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Park site was determined to be an optimum location for a new fire station to serve the needs of south Oxnard. This site in south Oxnard not only provides service to the south end of town but also provides quick access to other areas of the City for emergency response.

Currently, the Fire Department has seven fire stations located throughout the City. The stations respond to both emergency and non-emergency calls for service, along with performing a wide range of educational and prevention programs for the community. The department responds to approximately 13,000 calls for service annually that require approximately 18,000 individual unit responses. The 2005 strategic plan set a benchmark goal of 1250 responses annually per station as the optimum level to maintain adequate services for the residents. All seven existing stations exceed the benchmark, with the busiest station exceeding 3,200 calls per year.

The proposed College Park station would be designed as a "headquarters" station housing a fire engine, aerial ladder truck and a battalion chief response vehicle. Staffing for the station would include, for each of three shifts, a fire battalion chief, two fire captains, two fire engineers and 3 firefighters to staff the equipment for a total of 24 new positions. The Fire Department researched several financing options to build the proposed new station. The challenge was to find a structure that allowed the City to build a new station under the current economic situation. The construction and outfitting costs for a new station, response vehicles, equipment and furnishings are substantial. The Fire Department proposed a design-build-finance concept which provides a turnkey solution that has proven successful and cost effective in other jurisdictions.

In May 2011, the City Council approved the use of Measure "O" ½ cent sales tax to fund the proposed College Park Fire Station #8, including apparatus and staffing.

The City issued requests for proposals for the design-build-finance of the College Park Fire Station #8. Proposals were received from 11 teams with Lutzky + HMC Group receiving the highest rating. Oxnard Fire Station, LLC was identified as the financing vehicle for the development of the project.

City staff is in contact with the County and the State concerning use of this portion of College Park for a fire station.

Financing Structure

The recommended financing structure consists of a series of leases between the City and the Oxnard Fire Station, LLC, a California limited liability company (OFS), whose sole member is the Community Finance Corporation, a nonprofit corporation. The OFS would borrow the construction funds from the California Municipal Finance Authority, which would issue revenue bonds for this purpose. The City would enter into (1) a ground lease with OFS to lease the site to the OFS, (2) a facilities lease to lease the facility from the OFS and (3) an equipment lease to lease the apparatus from the OFS .

A summary of the financing arrangements is set forth in Attachment No. 1.

FINANCIAL IMPACT

While there is no financial impact with this action, if negotiations are successful, staff would return to the City Council for approval of the various leases and obligation of Measure "O" funds.

Attachment No. 1 – California Municipal Finance Authority Revenue Bonds (Oxnard Fire Station Project) 2012 Series

California Municipal Finance Authority
Revenue Bonds (Oxnard Fire Station Project) 2012 Series

Summary of the Financing

California Municipal Finance Authority, a joint exercise of powers agency duly established under the laws of the State of California (the "Issuer"), will issue its Revenue Bonds (Oxnard Fire Station Project) 2012 Series (the "Bonds") for the purpose of making a loan to Oxnard Fire Station, LLC, a California limited liability company (the "Borrower/Owner"), whose sole member is Community Finance Corporation, an Arizona nonprofit corporation (the "Member") which has received a determination letter from the Internal Revenue Service recognizing the Member as exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986 (the "Code") because it is described in Section 501(c)(3) of the Code. The Borrower/Owner will use such loan proceeds to finance the construction of a fire station and the acquisition of certain major apparatus meeting the requirements of the City of Oxnard (the "City"), which fire station and major apparatus will be leased to the City pursuant to the Equipment Lease Agreement and the Facilities Lease Agreement, respectively.

The Borrower/Owner will enter into a Development Agreement/Design-Build Agreement with Lutzky + HMC Group (the "Developer") pursuant to which the Developer will oversee the development and construction of the fire station and the acquisition of the major apparatus.

The City will enter into a Ground Lease with the Borrower/Owner pursuant to which the City will lease the site on which the fire station will be constructed. The City and the Borrower/Owner will enter into a Facilities Lease Agreement pursuant to which the City will lease the fire station on a triple-net-lease basis and having terms substantially similar to that found in the Master Lease and Option to Purchase relating to the recently issued City of Oxnard Financing Authority Lease Revenue Refunding Bonds, Series 2011 (see attached). The City and the Borrower/Owner will also enter into an Equipment Lease Agreement pursuant to which the City will lease the major apparatus. At the end of the lease terms (or upon exercise of its option to purchase), the fire station and the major apparatus will revert to the City.

The Issuer, the Borrower/Owner and a bond trustee (the "Trustee") will enter into an Indenture of Trust pursuant to which the Bonds will be issued. The Bonds will be secured by a pledge of the loan payments made by the Borrower/Owner's, which loan payments are secured and payable solely from rent payments received by the Borrower/Owner from the City under the Facilities Lease Agreement and the Equipment Lease Agreement.

Responsibilities of the City

In addition to negotiating the terms of and executing the Ground Lease, Equipment Lease Agreement and the Facilities Lease Agreement, the City will be required to provide the following assistance in connection with the issuance of the Bonds:

- Provide City financial information necessary to prepare the Preliminary Official Statement and Final Official Statement relating to the Bonds.
- Enter into a Continuing Disclosure Agreement agreeing to provide annual report and notice of enumerated events.
- Host a TEFRA hearing.
- City Attorney to provide a standard opinion letter substantially similar to the opinion letter rendered in connection with the City of Oxnard Financing Authority Lease Revenue Refunding Bonds, Series 2011 (includes enforceability, due organization, no conflict, no litigation and negative 10(b)-5 assurance).
- City representative to execute a standard incumbency, signature and no litigation certificate and a 15c2-12 certificate.