



Administrative Report

N.2., File # 24-1199

Meeting Date: 7/16/2024

To: MAYOR AND CITY COUNCIL
From: LUKE SMUDE, ASSISTANT TO THE CITY MANAGER

TITLE

DISCUSSION AND POSSIBLE ACTION RELATED TO THE ISSUANCE OF BONDS TO FINANCE THE RENOVATION OR REPLACEMENT OF CRITICAL PUBLIC INFRASTRUCTURE AND THE ACQUISITION OF PUBLIC OPEN SPACE

RECEIVE AND FILE A PRESENTATION FROM FAIRBANK, MASLIN, MAULLIN, METZ & ASSOCIATES, INC. (FM3) ON PUBLIC OPINION POLLING RELATED TO THE POTENTIAL BOND ISSUANCE

EXECUTIVE SUMMARY

The City of Redondo Beach has a number of key public facilities that are in need of renovation or replacement. The City Council directed staff to research financial vehicles that could assist the City in funding these improvements and discussed the issuance of General Obligation (GO) Bonds at its June 11, 2024 Council meeting. A Facilities Cost Analysis completed by Griffin Structures, Inc. (Griffin) detailing the investment required to renovate or replace Fire Station 1, and Fire Station 2, the Police Department Headquarters, Police Department Annex, the Public Works Yard, and City Hall was also presented at the time. Following the initial review, the City Council asked that Griffin update the Cost Analysis to include the cost and feasibility of expanding the fire stations and consolidating the police headquarters and annex buildings. That information is included/attached to this report.

This item also provides an opportunity for Fairbank, Maslin, Maullin, Metz, & Associates, Inc. (FM3) to present the information they have gathered related to the public's opinion on the possible GO Bond. FM3 was hired in June to prepare and conduct a survey designed to gauge public support for a Bond to renovate or replace the above facilities, along with the possibility of including additional funding for open space acquisition in the City. FM3 has completed polling of over 400 randomly selected voters in the City and will present their findings at the July 16 City Council meeting.

After reviewing Griffin's updated facilities cost analysis and receiving FM3's presentation, it is recommended the City Council give direction on whether or not to proceed with preparation of a GO Bond Ballot Measure for voter consideration on the November 2024 General Election Ballot, what City facilities to include in the Bond, and in what total amount.

BACKGROUND

Prior to the June 11, 2024 City Council meeting, staff engaged Griffin, an on-call consultant, to complete a Facilities Cost Analysis detailing the costs associated with renovating or replacing Police

Department Headquarters, Police Department Annex City Hall, Police Department Headquarters, Police Department Annex, Public Works Yard, Fire Station 1, and Fire Station 2. Following the preliminary discussion, Griffin updated their Facilities Cost Analysis to reflect a stronger focus on the Police, Fire, and Public Works Facilities under review, based on Council direction.

The results of the enhanced effort are included in the table below:

Facility	Option 1: Renovation	Option 2: New Construction (Police HQ Site)	Option 2B: New Construction (PD Annex Site)
Police Department Headquarters	\$12,705,507	\$94,763,316	Included Below
Police Department Annex	\$10,777,123	Included above	\$95,644,316
Public Works Yard	\$6,157,859	\$19,621,970	\$19,621,970
Fire Station #1	\$11,423,924	\$17,536,326	\$17,536,326
Fire Station #2	\$7,851,486	\$26,149,389	\$26,149,389
TOTAL PROJECT COSTS	\$48,916,000	\$158,071,000	\$158,952,000

The table is presented in a pick-and-choose format where Council can elect to either renovate or replace buildings based on the desired overall cost and outcome for each facility. Renovations included as part of Option 1 are classified as “gut-and-replace” renovations that will modernize all critical building systems, ensure compliance with current building codes, and modify existing floor plans, within the same overall footprint, to enhance operational efficiency.

The New Construction options are based on a “replace-in-kind” approach with the exception of the police buildings and Fire Station #2. The updated Department replacement costs reflect the possibility of a consolidated Police facility at either the current Police Headquarters site (Option 2A), or the current Police Annex site (Option 2B). The consolidated facility is sized to serve the current, and future, operational needs of the Police Department. The high cost of the replacement option for the consolidated Police facility is due, in large part, to the parking requirements that would need to be satisfied to consolidate the Department into a single facility. For Fire Station #2, it is assumed the facility square footage would be increased to accommodate relocation of the ladder truck unit from station #1, through a new three-bay facility serving 15 on-duty personnel each day, with the potential of adding ambulance service at some point in the future. Relocation of the ladder truck would also have the benefit of providing more room at Station #1 inside the building’s existing footprint that could be used to better accommodate fire administration personnel and/or add a future ambulance unit.

At the June 11, 2024 meeting, the Council also directed staff to engage a public opinion research firm to poll City voters to project how a GO Bond issuance may be viewed by the community. The City selected FM3 to conduct the poll research. FM3 came highly recommended from other cities and organizations in the South Bay and was able to complete a statistically-valid survey, and deliver results, in the timeline required for this discussion. From June 29th - July 3rd, FM3 surveyed 438 likely voters across each Council District in the City. Survey respondents were selected randomly to generate a survey sample that reflects the likely voters in the City so that the survey data represents the opinions of all likely voters within a margin of error of +/-4.9%. The survey was administered both

by telephone (cell phones and landlines) and online, with invitations to the online survey distributed by email and text message. The survey was available in both English and Spanish. The survey results will be presented to the public at the City Council Meeting on July 16. The presentation slides will be made available following the meeting.

Staff has also engaged Fieldman, Rolapp & Associates, Inc. as a Municipal Advisor to prepare various GO Bond scenarios to calculate the cost of the bond to homeowners in Redondo Beach. The revised estimate for the cost of a potential GO Bond is roughly \$18 per \$100,000 of assessed value for every \$100M of bonds issued. This is a conservative figure and could fluctuate depending on the total amount of the bond, market conditions at the time of bond issuance, as well as whether the City elects to offer the bonds in a single issuance, or over multiple tranches. Richards, Watson & Gershon is serving as the City's Bond Counsel and has been working to prepare a timeline and draft documents should the City Council direct staff to proceed with preparing a GO Bond item for the November 2024 General Election.

Should Council elect to pursue a GO Bond Measure, immediate action would be necessary to prepare a Resolution of Necessity to initiate the GO Bond proceedings for consideration at the July 30, 2024 City Council meeting, along with an ordinance ordering the submission of the GO Bond Measure to the voters. The Ordinance must be introduced at least 5 days prior to adoption, and be approved at a regular City Council meeting. If approved for introduction on July 30, the item would return for second reading on August 6 and become effective immediately upon adoption.

This item provides an opportunity to consider the revised costs presented in the Griffin Facilities Cost Analysis, discuss the results of the FM3 survey, and direct staff on whether or not to prepare the required Resolution and Ordinance needed to initiate the GO Bond proceedings and ordering the submission of the item to the voters on the November 2024 General Election ballot. In order to do so, Council would also need to determine the desired amount of the GO Bond Measure as well as the facilities and/or open space acquisition to be funded through the issuance.

COORDINATION

This item was coordinated with the City Treasurer and Public Works Department.

FISCAL IMPACT

There is no fiscal impact associated with this item. If directed by Council, future costs will be incurred to employ a Bond Underwriter, and to continue working with the City's Municipal Advisor and Bond Counsel to prepare the necessary ordinance and ballot measure documents. The cost of the survey prepared and conducted by FM3 was \$33,750.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Study - Updated Facilities Cost Analysis completed by Griffin Structures, Inc.
- Admin Report - City Council, June 11, 2024