

<b>Item 4</b> <b>File 10-1166</b>	<b>Department(s):</b> Fire Department, San Francisco Redevelopment Agency (SFRA)
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objective</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would amend the existing five-year Cooperative Agreement between the United States Navy (Navy) and the Fire Department to (a) continue providing fire suppression and emergency medical services at the Hunters Point Naval Shipyard, and (b) increase reimbursements by the Navy to \$1,132,084 for costs incurred by the Fire Department for the one-year period from October 1, 2010 through September 30, 2011.</li> </ul> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• In April 2004, the Navy and the San Francisco Redevelopment Agency (SFRA) entered into a Conveyance Agreement that established the process for the Navy to transfer 929 acres of Navy-owned property at the Hunters Point Naval Shipyard (Shipyard) to the SFRA at no cost to the SFRA, after the Navy completed environmental remediation on those parcels. In December 2004, the Navy conveyed 75 acres, out of the total 929 acres, to the SFRA.</li> <li>• In August 2004, the Board of Supervisors approved a resolution which authorized the Fire Department to enter into a five-year Cooperative Agreement with the Navy for the provision of fire suppression and emergency medical services on the Navy-owned property at the Shipyard, effective October 1, 2004 through September 30, 2009 (File 04-0992).</li> <li>• In October 2009, the Board of Supervisors approved a second five-year Cooperative Agreement between the Navy and the Fire Department for the Navy to annually reimburse the Fire Department for continued fire suppression and emergency medical services on 336 acres of the 929 acres of Navy-owned property at the Shipyard until all parcels are conveyed to the SFRA (File 09-1114). The Cooperative Agreement covers Fire Department services to 336 acres of the total 929 acres because 75 acres have already been transferred from the Navy to the SFRA and the remaining 518 acres are partially or fully submerged underwater.</li> <li>• The current Cooperative Agreement requires the Navy and the Fire Department to amend the Agreement each year to establish the annual reimbursement amount.</li> </ul> <p><b>Fiscal Impacts</b></p> <p>Approval of the proposed resolution would result in \$1,132,084 in reimbursement revenue paid by the Navy to the Fire Department, for the one-year period from October 1, 2010 through September 30, 2011. This represents an increase of \$43,542 or four percent from the \$1,088,542 reimbursed by the Navy to the Fire Department in FY 2009-2010, and fully reimburses the Fire Department for its costs.</p> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

## MANDATE STATEMENT / BACKGROUND

### Mandate Statement

City Charter Section 9.118 (c) requires that any lease or lease modification, amendment or termination having anticipated revenue to the City and County of \$1,000,000 or more be approved by resolution of the Board of Supervisors.

### Background

In April 2004, the Navy and the San Francisco Redevelopment Agency (SFRA) entered into a Conveyance Agreement<sup>1</sup> that established the process for the United States Navy (Navy) to transfer eight Navy-owned parcels, totaling 929 acres, at the Hunters Point Naval Shipyard (Shipyard) to the SFRA at no cost to the SFRA, after the Navy completed environmental remediation on those parcels. In accordance with the Conveyance Agreement, until all of the Navy-owned property is transferred to the SFRA, the Navy is required to either (a) directly provide fire suppression and emergency medical services to those Shipyard parcels still owned by the Navy, or (b) reimburse the Fire Department to provide fire suppression and emergency medical services to such Navy-owned parcels.

In August 2004, the Board of Supervisors approved a resolution which authorized the Fire Department to enter into an initial five-year Cooperative Agreement with the Navy for the Fire Department to provide fire suppression and emergency medical services on 929 acres of Navy-owned property at the Hunters Point Naval Shipyard, effective October 1, 2004 through September 30, 2009 (File 04-0992). Of the 929 acres of Navy-owned property, the Fire Department is reimbursed by the Navy for the Fire Department's services on 411 acres (defined as Parcels A, B, C, and D). The remaining 518 acres (929 total acres less 411 acres), which are to be transferred from the Navy to the SFRA, are either partially or fully submerged underwater. In December 2004, the Navy transferred Parcel A (75 acres) to the SFRA. Prior to October 1, 2004, the Navy provided its own fire suppression and emergency medical services to the entire Shipyard.

On September 30, 2009, the Board of Supervisors approved a resolution (File 09-1114) that authorized the Fire Department to enter into a second five-year Cooperative Agreement from October 1, 2009 through September 30, 2014. According to Mr. Mark Corso, Chief Financial Officer of the Fire Department, the existing Cooperative Agreement is essentially identical to the previous Cooperative Agreement in that the Navy reimburses the Fire Department for providing fire suppression and emergency medical services on Parcels A, B, C, and D at the Hunters Point Naval Shipyard, as specified in the Cooperative Agreement. With the Navy's

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<sup>1</sup> According to Ms. Elaine Warren, Deputy City Attorney, the Conveyance Agreement was entered into between the Navy and the SFRA in accordance with Section 2824(a) of the National Defense Authorization Act for FY 1991, as amended by Section 2834 of the National Defense Authorization Act for FY 1994. The Act, as amended, provides for the Secretary of the Navy to convey the closed Hunters Point Naval Shipyard to the City or the City's designated local reuse authority. The SFRA is the City's designated local reuse authority for purposes of the federal statute. The SFRA is authorized by the Hunters Point Shipyard Redevelopment Plan, approved by the Board of Supervisors, and in accordance with redevelopment law and City Code, to acquire land in furtherance of the redevelopment process.

transfer of Parcel A (75 acres) to the SFRA in December 2004, the Navy now owns 336 acres (411 less 75). Therefore, the Fire Department is reimbursed for services provided to Parcels B, C, and D, which total 336 acres.

Under the terms of the existing Cooperative Agreement, in the first year, from October 1, 2009 to September 30, 2010, the Navy reimburses the Fire Department for the Fire Department's costs related to fire suppression and emergency medical services up to a maximum of \$1,088,542, and in each of the subsequent four years, the Cooperative Agreement is amended subject to approval of the Board of Supervisors, to either increase the reimbursement up to a maximum of 4.0 percent or decrease the reimbursement based on the amount of property transferred from the Navy to the SFRA.

Mr. Corso noted that the Cooperative Agreement was structured so that, as the Navy transfers ownership of the remaining Navy-owned parcels of the Shipyard property to the SFRA, the future year reimbursements for fire suppression and emergency medical services would be reduced according to the proportion of parcels transferred. As the SFRA takes ownership of the property from the Navy, the City is then financially responsible for the fire suppression and emergency medical services for those properties transferred to the SFRA. When all of the properties previously owned by the Navy are transferred to the SFRA, the Fire Department will no longer receive reimbursements from the Navy. At that point, all of the costs of the Fire Department's services at the Hunters Point Naval Shipyard will be paid by the City.

Table 1 below shows the parcels covered under the initial Cooperative Agreement, the size of each parcel, and the anticipated ownership transfer date of each parcel from the Navy to the SFRA.

Table 1: Parcels Included in the Cooperative Agreement between the Navy and the Fire Department

Parcel	Acres	Estimated Transfer Date
A	75	December 2004 (actual)
B	59	September 2011
C	78	August 2013
D	199	September 2012
<b>Total</b>	<b>411</b>	

The Navy originally anticipated transferring Parcel B (59 acres) to the SFRA in 2010. However, according to Mr. Thor Kaslofsky, Project Manager for the Hunters Point Naval Shipyard at the SFRA, the Navy will not be conveying any parcels to the SFRA in 2010 due to the longer than anticipated environmental cleanup which was required on Parcel B. As shown in Table 1 above, Parcel B is currently anticipated to be transferred from the Navy to the SFRA in September 2011. Because Parcel A was transferred from the Navy to the SFRA in December 2004, Parcels B, C, and D, totaling 336 acres of the original 411 acres, are the only parcels currently covered under the existing Cooperative Agreement between the Navy and the Fire Department.

## DETAILS OF PROPOSED LEGISLATION

As required by the Cooperative Agreement between the Fire Department and the U.S. Navy (Navy), the reimbursement amount paid by the Navy to the Fire Department for fire suppression and emergency medical services provided by the Fire Department at the Hunters Point Naval Shipyard is set each year by an amendment to the Cooperative Agreement. With the Navy's conveyance of 75 acres to the SFRA in December 2004, the Fire Department is reimbursed for services provided on 336 acres of the Navy-owned property at the Hunters Point Naval Shipyard.

The proposed resolution would amend the existing Cooperative Agreement to increase the amount paid by the Navy to the Fire Department from \$1,088,542, the previously estimated maximum reimbursement amount (see Background Section above), to \$1,132,084, an increase of \$43,542, or 4.0 percent, which is the maximum increase allowed under the existing Cooperative Agreement. The proposed increase in the reimbursement amount would be effective for the one-year period from October 1, 2010 through September 30, 2011. Mr. Corso reports that the agreement between the Fire Department and the Navy "adequately reimburses the Department for costs of services provided..."

The proposed resolution also authorizes the Fire Department to accept and expend the funds received from the Navy for the reimbursement of the Fire Department's costs for providing services under the Cooperative Agreement.

Based on the data provided by the Fire Department, Table 2 below shows the Fire Department's costs from the first year of the existing Cooperative Agreement, from October 1, 2009 through September 30, 2010, and the anticipated costs for the subject proposed second year, from October 1, 2010 through September 30, 2011, based on the type of Fire Department units provided. Because the Navy conveyed no property to the SFRA during 2010, the reimbursement amount was not subject to any decreases according to the proportion of land transferred.

**Table 2: Reimbursements from the Navy to the Fire Department**

<b>Fire Department Unit Type<sup>2</sup></b>	<b>2009-2010</b>	<b>2010-2011</b>
Engine 25	\$ 133,249	\$ 138,579
Engine 17	496,175	516,022
Truck 17	253,584	263,727
Battalion 10	95,971	99,810
Ambulance	109,564	113,947
<b>Total</b>	<b>\$ 1,088,543</b>	<b>\$ 1,132,085</b>

According to Mr. Corso, the intent of the original agreement in 2004 was for the Fire Department to staff the old Hunters Point Fire Station, which was previously staffed by Navy firefighters. However, due to the physical condition of that fire station, the Fire Department, with the consent

<sup>2</sup> This column describes the type of unit that may be sent in response to fire suppression or emergency medical services at the Hunters Point Naval Shipyard. The number after each unit identifies the fire station the unit originates. For example, Engine 25 is based at Fire Station 25. Because ambulances are not based at any fire station, they do not have a number after the unit.

of the Navy, instead responds to fire suppression and emergency medical incidents at the Hunters Point Naval Shipyard from City Fire Stations in surrounding areas. In most cases, Fire Station 25 (3305 3<sup>rd</sup> Street) and Fire Station 17 (1295 Shafter Street) are currently the primary responders to incidents at the Shipyard, but depending on the scope of the incident, other Fire Department Stations may also respond. In addition, ambulances are not deployed out of Fire Stations; rather, ambulances are deployed throughout the City such that there are not specific ambulances that respond solely to incidents at the Hunters Point Naval Shipyard.

### **FISCAL IMPACT**

Approval of the proposed resolution would result in the Navy reimbursing the Fire Department \$1,132,084 for the Fire Department to provide fire suppression and emergency medical services at the Hunters Point Naval Shipyard. According to Mr. Corso, the proposed reimbursement amount of \$1,132,084 is included as revenue in the Fire Department's FY 2010-2011 budget, as previously approved by the Board of Supervisors.

### **RECOMMENDATION**

Approve the proposed resolution.