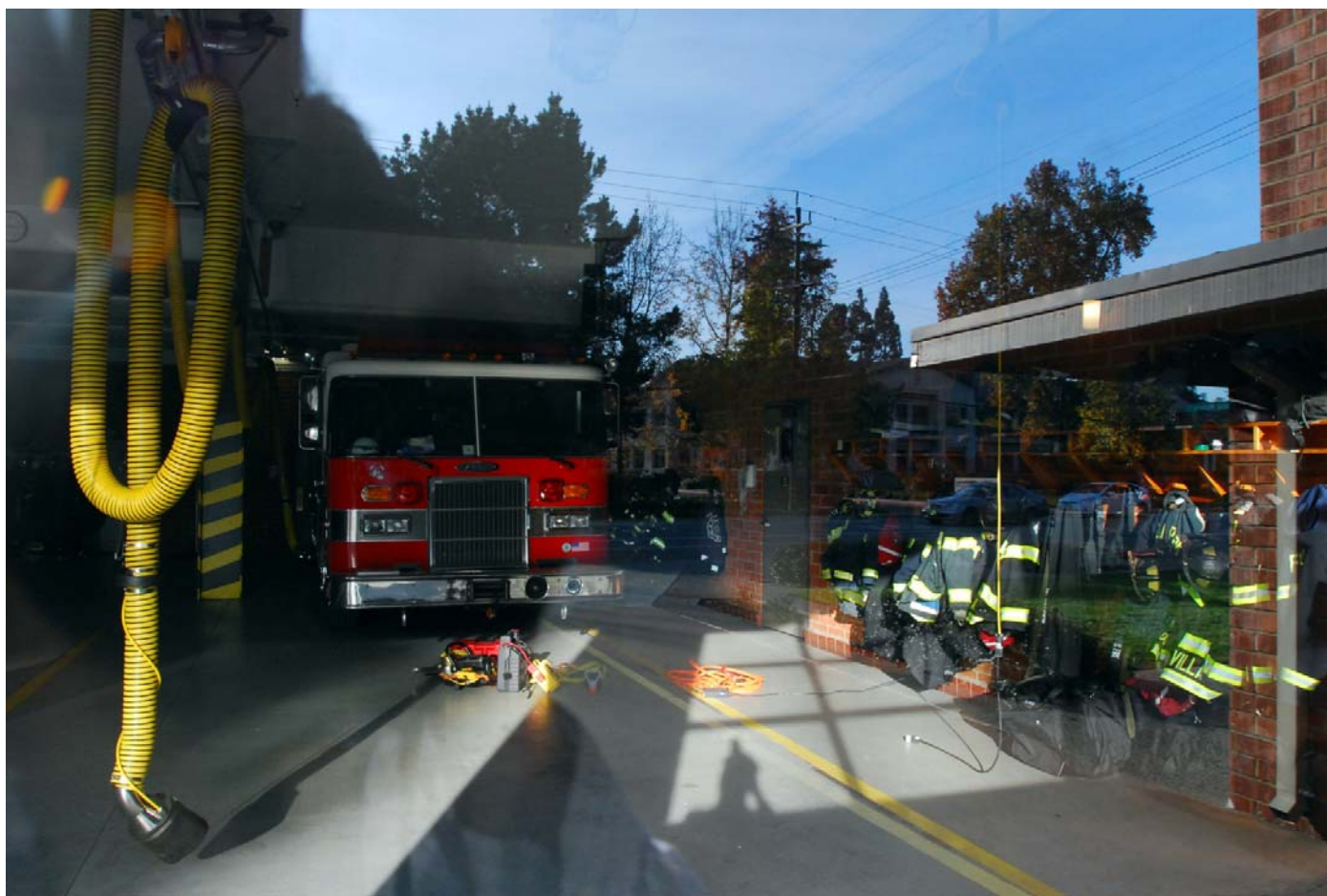


Menlo Park Fire Protection District

Debt Service and Capital Improvement Projects



Adopted by the Board Directors on 6-26-12 Resolution
#1539-2012

Summary Source & Use of Funds

The following tables provide an overview of the source and use of funds for the Debt Service Funds and the Capital Improvement Funds. Net transfers are predominately a source of funds from the General Fund.

<u>Summary Source and Use of Funds</u>					
	Estimated				Estimated
	Fund Bal. & Res.	Plus	Less	Transfers	Fund Bal.
	@ 7/1/2012	Revenue	Expenses	Net	@ 6/30/2013
Debt Service Funds	1,836,700	226,400	1,004,600	950,100	2,008,600
Capital Improvement Projects Funds	7,824,700	-	8,233,000	2,522,200	2,113,900
Grand Total	\$ 9,661,400	\$ 226,400	\$ 9,237,600	\$ 3,472,300	\$ 4,122,500

<u>Source and Use of Funds by Fund</u>					
	Estimated				Estimated
	Fund Bal. & Res.	Plus	Less	Transfers	Fund Bal.
	@ 7/1/2012	Revenue	Expenses	Net	@ 6/30/2013
<u>Debt Service Funds</u>					
Series A Certificates	701,500	-	356,700	328,400	673,200
Series B Certificates	1,135,200	226,400	647,900	621,700	1,335,400
Total Debt Service	\$ 1,836,700	\$ 226,400	\$ 1,004,600	\$ 950,100	\$ 2,008,600
<u>Capital Improvement Project Funds</u>					
170 Middlefield	12,300				12,300
Station 1	28,700	-	-	-	28,700
Station 2	7,712,200		8,233,000	2,522,200	2,001,400
Station 6	71,500	-	-	-	71,500
Total Capital Improvement Funds	\$ 7,824,700	\$ -	\$ 8,233,000	\$ 2,522,200	\$ 2,113,900

Debt Service – Certificates

(# 3XX-39XX)

At its special meeting on December 1, 2009, the Board of Directors adopted Resolution No. 1347-2009 authorizing the issuance of lease financing of certain capital projects with the Public Property Financing Corporation of California. The lease financing provides funds for the District for acquisitions or construction improvement projects.

Bond proceeds of \$8,900,000 are designated for the reimbursement of capital improvement project costs associated with the purchase of sites for Stations #2 and #6, and the purchase and renovation of the new Administration and Fire Prevention office at 170 Middlefield Road. \$2,000,000 is designated for future capital improvement projects and the remaining \$1,084,505 is restricted by the Trustee, Bank of New York, for future payment obligations.

The restricted funds from bond proceeds of \$2,000,000 have a use limitation of three years as established by the federal government. To extend the time limit the District Bond Counsel, Jones Hall, must be notified. The Rebate Report for restricted funds is due prior to December 2012. At that time, the District will seek assistance in preparing the report.

For fiscal year 2012-13, renovation costs of Station #2 are budgeted at \$8,233,000, which will absorb the balance of the previously designated \$2,000,000 in bond proceeds. This budgeted amount was authorized by Resolution #1502-2012. Part of these funds, \$137,000, were expended in FY 2010-11. An analysis of the committed cash is as follows:

<u>Source of Funds :</u>			Series A	Series B
Principal Amount of Certificate			3,055,000	8,935,000
Original Issue Premium			225,165	-
Total Source of Funds			3,280,165	8,935,000
<u>Use of Funds:</u>				
Capital Improvement Projects			2,918,174	7,981,826
Reserve Fund			305,500	779,005
Cost of Issuance			32,051	102,689
Underwriter's Discount			24,440	71,480
Total Use of Funds			3,280,165	8,935,000
<u>Cash Flow Analysis:</u>				
Beginning Balance			2,918,174	7,981,826
Interest Earnings			3,387	
Sub - Total			2,921,561	7,981,826
<u>CIP - Completed:</u>				
Purchase @ 170 Middlefield			(918,174)	(2,742,190)
Purchase @ Station #2				(693,700)
Purchase @ Station #6				(1,558,269)
Improvement @ 170 Middlefield				(2,354,645)
Improvement @ Station #1				(102,591)
Improvement @ Station #2				(405,803)
Improvement @ Station #6				(124,628)
Station #2 - Phase II, III			(2,003,387)	
Balance Remaining			-	-

Debt Service – Certificates
(# 3XX-39XX)

The following table shows the capital improvement project expenditures of \$8,900,000 that were reimbursed by leased financing:

	FY 07-08	FY 08-09	FY 09-10	Total
Purchase Cost:				
Admin./Fire Prevention	3,662,500			3,662,500
Station #2 @ 2293 Capitol	693,700			693,700
Station #6 @ 1231 Hoover	114,100	1,444,100		1,558,200
Total Purchase Cost	4,470,300	1,444,100	-	5,914,400
Improvement Cost:				
Admin./Fire Prevention	51,600	324,300	1,978,800	2,354,700
Station #1 @ 300 Middlefield	9,400	64,100	29,100	102,600
Station #2 @ 2293 Capitol	188,000	27,700	190,000	405,700
Station #6 @ 1231 Hoover			124,600	124,600
	249,000	416,100	2,322,500	2,987,600
	4,719,300	1,860,200	2,322,500	8,902,000

The \$2,000,000 that were restricted for the capital improvement projects have been allocated as outline in the following table.

Stations	Fiscal Year	Expenditures	Interest Earned	Balance Remaining
Fund Received	FY 2009-10			2,000,000
Station 2	FY 2009-10	(77,900)	3,400	1,925,500
Station 2	FY 2010-11	(137,000)	-	1,788,500
Station 2	FY 2011-12	(154,600)	2,900	1,636,800
Station 2	FY 2012-13	(1,636,800)		-

Debt Service – Series A Certificates
(# 392-3902)

A total principal amount of \$3,055,000 was issued under series A. The average coupon rate is 4.41908%. The interest earned and paid to bond holders for Series A certificates is exempt from Federal income taxes. The detail of the debt obligation is provided in the Appendix.

The table below provides the Series A debt amortization.

Payment Date	Coupon	Payment	Interest	Principal	Balance
8/1/2010	2.000%	74,483	74,483	-	3,055,000
2/1/2011	2.000%	61,500	61,500	-	3,055,000
8/1/2011	2.000%	61,500	61,500	-	3,055,000
2/1/2012	2.000%	61,500	61,500	-	3,055,000
8/1/2012	2.000%	296,500	61,500	235,000	2,820,000
2/1/2013	3.000%	59,150	59,150	-	2,820,000
8/1/2013	3.000%	299,150	59,150	240,000	2,580,000
2/1/2014	3.000%	55,550	55,550	-	2,580,000
8/1/2014	3.000%	300,550	55,550	245,000	2,335,000
2/1/2015	3.000%	51,875	51,875	-	2,335,000
8/1/2015	3.000%	306,875	51,875	255,000	2,080,000
2016-2022		2,504,400	424,400	2,080,000	-

The following table shows a summary of the debt payments and the transfers from the General Fund to make those payments. The annual General Fund transfer of \$328,400 is based on the average total coupon payment of \$2,504,400, less the final two payments which are part of the reserve balance requirement.

Debt Service / Certificates of Participation #1 Source & Use of Funds					
	2010-11	2011-12	2011-12	2012-13	2013-14
	Actual	Adopted	Yr End Est.	Adopted	Planned
Source of Funds:					
Fund Balance @ 7/1		496,900	497,100	701,500	673,200
Reserve Funds in BNY	305,500				
Transfer from General Fund	328,400	328,400	328,400	328,400	328,400
Total Source of Funds	633,900	825,300	825,500	1,029,900	1,001,600
Use of Funds:					
<i>Debt Service :</i>					
Interest	136,000	123,000	123,000	120,700	114,700
Principal	-			\$235,000	240,000
Agent & Trustee Fees	800	1,000	1,000	1,000	1,000
Total Use of Funds	136,800	124,000	124,000	356,700	355,700
Fund Balance @ 6/30	\$497,100	\$701,300	\$701,500	\$673,200	\$645,900

Debt Service – Series B Certificates
(# 393-3903)

A total principal amount of \$8,935,000 was issued under series B. The average coupon rate is 7.252435%. The Series B certificate obligations are treated as “Build America Bonds”, for which 35% of the interest payable is refundable from the United States Treasury. The refundable credits are collected by the Trustee, Bank of New York. The detail of the debt obligation is provided in the Appendix.

The table below provides the Series B debt amortization.

Payment Date	Coupon	Principal	Interest	Payment	Balance
8/1/2010	7.138%	-	391,725	391,725	8,935,000
2/1/2011	7.138%	-	323,443	323,443	8,935,000
8/1/2011	7.138%	-	323,443	323,443	8,935,000
2/1/2012	7.138%	-	323,443	323,443	8,935,000
8/1/2012	7.138%	-	323,443	323,443	8,935,000
2/1/2013	7.138%	-	323,443	323,443	8,935,000
8/1/2013	7.138%	-	323,443	323,443	8,935,000
2/1/2014	7.138%	-	323,443	323,443	8,935,000
8/1/2014	7.138%	-	323,443	323,443	8,935,000
2/1/2015	7.138%	-	323,443	323,443	8,935,000
8/1/2015	7.138%	-	323,443	323,443	8,935,000
2016-2039		8,935,000	11,080,746	20,015,746	296,465,000

The following table shows a summary of the debt payments and the transfers from the General Fund to meet those obligations. The annual General Fund transfer of \$621,700 is based on the average total coupon payment of \$20,015,700, less the final two payments which are part of the reserve balance requirement.

Debt Service / Certificates of Participation #2		Source & Use of Funds			
	2010-11	2011-12	2011-12	2012-13	2013-14
	Actual	Adopted	Yr End Est.	Adopted	Planned
Source of Funds:					
Fund Balance @ 7/1		155,800	155,800	355,900	556,100
35% of Interest Payment Credit	250,300	226,400	226,400	226,400	226,400
Reserve Funds in BNY	779,200	779,100	779,200	779,300	779,300
Transfer from General Fund	621,700	621,700	621,700	621,700	621,700
Total Source of Funds	1,651,200	1,783,000	1,783,100	1,983,300	2,183,500
Use of Funds:					
<i>Debt Service :</i>					
Interest	715,200	646,900	646,900	646,900	646,900
Principal	-				
Agent & Trustee Fees	1,000	1,000	1,000	1,000	1,000
Total Use of Funds	716,200	647,900	647,900	647,900	647,900
Fund Balance @ 6/30	\$935,000	\$1,135,100	\$1,135,200	\$1,335,400	1,535,600

Capital Improvement Funds

(5xx-59XX)

On November 27, 2007, the Menlo Park Fire District Board approved by Resolution Nos.1185-07, 1186-07 and 1187-07 the purchase of three properties. These properties were obtained to relocate the Administration and the Fire Prevention Division, rebuild Station #2 in East Palo Alto and rebuild Station #6 in Downtown Menlo Park. Station #1 will also be remodeled due to the additional space freed up with the Administration and Fire Prevention divisions relocating.

- **Administration and Fire Prevention @ 170 Middlefield Road, Menlo Park**

The District purchased 170 Middlefield Road on December 21, 2007 for \$3,600,000. With the purchase of this property, Menlo Park Fire District assumed an outstanding loan in the amount of \$1,958,004.61. On February 19, 2009, the District Board approved, by Resolution #1200, a contract appointing Skyline Partners as Capital Project Management. On April 21, 2009, by Resolution #1291-2009 the Board of Directors approved a contract with SC Builders for construction management risk services. The notice of completion was approved by the Board of Directors on January 19, 2010. The total construction project cost was \$2,425,900. In December 2009 the Fire Prevention Office and, in February 2010, the Administration office were relocated to the new building.

- **Station #1 Training Tower @ 300 Middlefield Road, Menlo Park**

One of the projects that the Fire District is looking at executing is constructing a new training tower. The existing training tower was built in 1955 and no longer adequately meets important training requirements. The current training tower also holds communications equipment which restricts the use of the tower for training purposes. The District is currently in a Phase I design and configuration. A newly designed multi-story training tower with a sub surface basement is needed to adequately prepare firefighters for the challenges faced prior to actual emergencies.

- **Station #1 Old Administration and Fire Prevention @ 300 Middlefield Road, Menlo Park**

Remodel of the old Administration and Fire Prevention office spaces. The District is currently in a Phase I design and configuration.

- **Station #2 @ 2293 Capitol Avenue, East Palo Alto**

The District purchased 2293 Capitol Avenue on November 29, 2007 for \$685,000. This property along with a property purchased on June 27, 2006 at 2299 Capitol Avenue will join together with the existing Station #2 property. The new Station #2, which is to be rebuilt on these three properties, will also house a new communications tower. Construction of Station #2 is the highest priority based upon population growth in the City of East Palo Alto, the deteriorating condition of the facility, critical communications and emergency power needs to be replaced or improved. On March 16, 2010, the District Board approved, by Resolution #1360-2010, a contract appointing Beverly Prior Architects for Phase II work for Station #2. At the November 15, 2011 Board meeting, the Board of Directors approved several trade contracts in conjunction with the completion of Station 2 Phase 2 Site Improvements. In January 2012, by Resolution #1502-2012 the District Board approved proceeding with Phase III construction.

- **Station #6 @ 1231 Hoover Street, Menlo Park**

The District closed escrow for 1231 Hoover Street on July 31, 2008 for \$1,507,300. 1231 Hoover Street is located behind Station #6. These two properties will be used to form a larger footprint on which the District can rebuild Station #6.

Capital Improvement Projects- Summary
Source & Use of Funds

The following table provides an overview of the source and use of funds for the District's current capital improvement projects. This budget will be revised in the event the Board of Director's allocates additional funds to these projects. Sources of funds include; Certificates of Participation; Build America Bonds; Grant Funds; participation by the City of East Palo Alto; and Internal Service Fund for Stations.

Capital Improvement Source & Use of Funds					
	2010-11	2011-12	2011-12	2012-13	2013-14
	Actual	Adopted	Yr End Est.	Adopted	Planned
Source of Funds:					
Fund Balance @ 7/1	775,600	1,990,700	584,800	7,824,700	2,113,900
Interest Earnings	-	2,900	2,900	-	-
Transfer - General Fund	-	-		-	-
Transfer In - Station 1 CIP Fund	-	-	-	-	-
CAPMARK Loan-Close of Escrow	2,400		-		
Funded by Series A Certificate	1,788,600	-	1,788,600	-	-
Transfer-Internal Service Fund-Stations	-		7,928,100	2,522,200	-
Transfer from 170 Bldg CIP Fund	-		43,200	-	
Transfer from CAPMark Debt Svc Fund	53,100			-	
Total Source of Funds	2,619,700	1,993,600	10,347,600	10,346,900	2,113,900
Use of Funds by Project :					
170 Middlefield	98,000	-	53,900	-	-
Station #1	-	-	-	-	-
Station #2	137,000	1,835,200	2,433,000	8,233,000	-
Station #6	11,300	-	36,000	-	-
Total by Project	246,300	1,835,200	2,522,900	8,233,000	-
Use of Funds by Category :					
Transfer Out	-		43,200		
Encumbrances		-	-		
Architect & Engineering (G)	90,400		-		
Land & Building	2,500	-	-	-	-
Architect & Engineering	138,500	134,500	134,000	585,000	-
Construction - Phase II		1,361,000	1,520,000	-	
Construction - Phase III	1,400	-	-	4,437,000	-
Furniture, Fixtures & Generator	3,700	-	-	-	-
Project & Construction Management	-	59,800	504,000	931,000	-
Other	6,000	54,900	96,700	505,000	-
Contingency	3,800	225,000	225,000	1,775,000	-
Training Tower	-	-	-	-	-
Total by Category	246,300	1,835,200	2,522,900	8,233,000	-
Fund Balance @ 6/30	\$ 2,373,400	\$ 158,400	\$ 7,824,700	\$ 2,113,900	\$ 2,113,900

Administration Services & Fire Prevention @ 170 Middlefield
(# 590-5900)

The District purchased 170 Middlefield Road on December 21, 2007 for \$3,600,000. The project was completed in January 2010 and both the Fire Prevention and Administration Divisions have taken occupancy. The project funds will not be closed until the cost of the HVAC system upgrade is determined. At that time, staff will present the costs to the Finance Committee.

The following table provides an overview of the source and use of funds for the Administration and Fire Prevention building capital improvement project.

Administration & Fire Prevention Building Source & Use of Funds					
	2010-11	2011-12	2011-12	2012-13	2013-14
	Actual	Adopted	Yr End Est.	Adopted	Planned
Source of Funds:					
Fund Balance @ 7/1	161,800	65,900	66,200	\$12,300	12,300
Transfer In - Station 1 CIP Fund			-		
CAPMARK Loan-Close of Escrow	2,400		-		
Transfer In - IS Fund Stations	-				-
Total Source of Funds	164,200	65,900	66,200	12,300	12,300
Use of Funds:					
<i>Land & Building</i>					
Land					
Building					
Other Related Fees & Relocation Cost	2,500				
<i>Land & Building</i>	2,500	-	-		
Transfer Out CIP Station 6			43,200		
Encumbrances					
Architect & Engineering (G)	90,400				
Architect & Engineering					
Construction & Seismic Upgrade	1,400				
Landscaping			10,700		
Furniture, Fixtures & Generator	3,700				
HVAC System Upgrade					
Total Use of Funds	98,000	-	53,900	-	-
Fund Balance @ 6/30	\$66,200	\$65,900	\$12,300	\$12,300	\$12,300

Station #1
(# 591-5901)

Construction of a new training tower is the District's most pressing training need. The current tower holds communication equipment, which restricts the use of the tower for training purposes. The training tower is a critical component of the District's Safety personnel training program. The construction of a new, multi-story, tower will allow the Fire District to properly train and prepare its staff for the challenges and difficulties experienced in multi-story structures and other environments. Challenges associated with multi-story structures include proper search and rescue techniques, advancement of hose lines aloft, other physical difficulties and technical fire ground operations.

For fiscal year 2011-2012, the architectural design drawings for the new tower and for the renovation of the space formerly occupied by District Administration staff was delayed due to finding of this project.

Station #1 Source & Use of Funds					
	2010-11	2011-12	2011-12	2012-13	2013-14
	Actual	Adopted	Yr End Est.	Adopted	Planned
Source of Funds:					
Fund Balance @ 7/1-Includes Encu	28,700	28,600	28,700	28,700	28,700
Transfer In - General Fund					
Funded by Series A Certificate					-
Total Source of Funds	28,700	28,600	28,700	28,700	28,700
Use of Funds:					
Transfer Out					
Architect & Schematic Design					
Total Use of Funds	-	-	-	-	-
Fund Balance @ 6/30	\$28,700	\$28,600	\$28,700	\$28,700	\$28,700
Total to Date :					
Actual FY 2007-08	\$ 9,400				
Actual FY 2008-09	190,000				
Actual FY 2009-10	-				
Actual FY 2010-11	-				
Estimated FY 2011-12	-				
Cost to Date	\$ 199,400				

Station #2
(# 592-5902)

The District purchased 2293 Capitol Avenue on November 29, 2007 for \$685,000. This property, along with an adjacent property purchased on June 27, 2006 at 2299 Capitol Avenue, will join together with the existing Fire Station lot to form a 100 feet wide by 200 feet deep area on which to construct a new, improved, modern and energy efficient three bay, drive through, 12,261 square foot fire station, which will also include a new detached communication tower. The District submitted a Firefighter Fire Station Construction Grant request to the U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA), however FEMA did not approve the District's request. The District plans to submit a new grant request for facility equipment, such as a generator.

In fiscal year 2011-2012, the District entered into two new contracts for Phase II construction of Station # 2, one with HMC Architects for architectural design and engineering services and one with S.C. Builders for construction. It is expected that S.C. Builders will complete the demolition work and Phase II construction should be completed by June 30, 2012. Phase III construction of Station #2 is budgeted for the fiscal year 2012-13. Any remaining funds after completion will be transferred back to the internal service Stations fund.

Station #2 Source & Use of Funds					
	2010-11	2011-12	2011-12	2012-13	2013-14
	Actual	Adopted	Yr End Est.	Adopted	Planned
Source of Funds:					
Fund Balance @ 7/1-Includes Encumbrance	509,500	1,832,300	425,600	7,712,200	2,001,400
Transfer In-IS Funds Stations			7,928,100	2,522,200	
Funded by Series A Certificate	1,788,600		1,788,600		
Interest Earnings		2,900	2,900		
Transfer from 170 Bldg CIP Fund					
Transfer from CAPMark Debt Svc Fund	53,100				
Total Source of Funds	2,351,200	1,835,200	10,145,200	10,234,400	2,001,400
Use of Funds:					
Transfer Out - General Fund					
Transfer Out - Station #6					
Architect & Engineering	127,200	134,500	98,000	585,000	
Construction - Phase II		1,361,000	1,520,000		
Construction - Phase III				4,437,000	
Furniture & Fixtures					
Construction Management		59,800	504,000	931,000	
Other-Includes Permits	6,000	54,900	86,000	505,000	
Contingency	3,800	225,000	225,000	1,775,000	
Total Use of Funds	137,000	1,835,200	2,433,000	8,233,000	-
Fund Balance @ 6/30	\$ 2,214,200	\$0	\$ 7,712,200	\$2,001,400	\$2,001,400
Total to Date :					
Actual FY 2007-08	\$ 881,700				
Actual FY 2008-09	1,014,400				
Actual FY 2009-10	211,200				
Actual FY 2010-11	137,000				
Estimated FY 2011-12	2,433,000				
Cost to Date	\$ 4,677,300				

Station #6
(# 596-5906)

Station 6 was built in 1953 and is in need of replacement. On July 31, 2008, the District purchased property behind the station, at 1231 Hoover Street, at a cost of \$1,402,000 in order to establish enough functional area to be used to support a new, code compliant, Fire Station. The total construction cost is estimated at \$6 million and is anticipated to start in the fiscal year 2014-15. The replacement of Station #6 will also support the Battalion Chief and Career Development program, which will move to Station #6 in order to centralize oversight within the District and improving overall operations.

The total construction cost is estimated at \$6,000,000. At the time a funding source is identified and a time line is established the budget will be revised.

Station #6 Source & Use of Funds					
	2010-11	2011-12	2011-12	2012-13	2013-14
	Actual	Adopted	Yr End Est.	Adopted	Planned
Source of Funds:					
Fund Balance @ 7/1	75,600	63,900	64,300	71,500	71,500
Rent					
Transfer In - General Fund					
Transfer In - CIP 170 Bldg			43,200		
					-
Total Source of Funds	75,600	63,900	107,500	71,500	71,500
Use of Funds:					
Transfer Out					
Land & Building					
Architect & Engineering	11,300		36,000		
Construction - Phase II					
Furniture & Fixtures					
Project Management & Other					
Total Use of Funds	11,300	-	36,000	-	-
Fund Balance @ 6/30	\$64,300	\$63,900	\$71,500	\$71,500	\$71,500
MIP Balance @ 6/30					
Total to Date :					
Actual FY 2007-08	\$ 114,100				
Actual FY 2008-09	2,290,700				
Actual FY 2009-10	44,400				
Actual FY 2010-11	11,300				
Estimated FY 2011-12	36,000				
Cost to Date	\$ 2,496,500				

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