

NOTICE OF SPECIAL MEETING

Pursuant to Section 54956 of the Government Code of the State of California, a Special Meeting of the **PARKS AND COMMUNITY SERVICES COMMISSION** is hereby called for:

Date/Time: Monday, April 22, 2024, at 5:00 p.m.
(or as soon thereafter as possible)

***** PLEASE NOTE: DAY AND TIME CHANGE*****

Location: City Hall Council Chambers
333 Civic Center Plaza, Tracy

THIS MEETING WILL BE OPEN TO THE PUBLIC FOR IN-PERSON PARTICIPATION PURSUANT TO GOVERNMENT CODE SECTION 54954.3 WHICH STATES THAT EVERY PUBLIC MEETING SHALL PROVIDE AN OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE COMMISSION ON ANY ITEM, BEFORE OR DURING CONSIDERATION OF THE ITEM, HOWEVER, NO ACTION SHALL BE TAKEN ON ANY ITEM NOT ON THE AGENDA.

MEETING AGENDA

1. Call to Order
2. Roll Call
3. Pledge of Allegiance
4. Items from the Audience - In accordance with Council Meeting Protocols and Rules of Procedure, adopted by Resolution No. 2019-240, and last amended by Resolution No. 2023-102 a fifteen minute maximum time limit will apply for "Items from the Audience/Public Comment". For non-agendized items, the Commission may briefly respond to statements made or questions posed by individuals during public comment; ask questions for clarification; direct the individual to the appropriate staff member; or request that the matter be placed on a future agenda or that staff provide additional information to Commission.
5. New Business
 - a. **THAT THE TRACY PARKS & COMMUNITY SERVICES COMMISSION RECOMMEND, BY MOTION, THAT THE CITY COUNCIL, FOR THE AQUATIC CENTER CAPITAL IMPROVEMENT PROJECT 78054 (PROJECT), 1) REJECT THE USE OF DEVELOPER'S DESIGN DEVELOPMENT PLANS; AND 2) AUTHORIZE STAFF TO PROCEED WITH BASE PROGRAM – OPTION B WITH A \$55 MILLION PROJECT BUDGET FOR CITY-LED DEVELOPMENT OF THE PROJECT**
6. Items from the Commission
7. Adjournment

AGENDA POSTEDA: April 18, 2024

The City of Tracy complies with the Americans with Disabilities Act and makes all reasonable accommodations for the disabled to participate in public meetings. Persons requiring assistance or auxiliary aids in order to participate should call City Hall at (209) 831-6000 at least 24 hours prior to the meeting.

Any materials distributed to the Parks and Community Services Commission regarding any item on this agenda will be made available for public inspection in the Parks and Recreation Department located at 333 Civic Center Plaza, Tracy, during normal business hours.

Full copy of the agenda can be found at the Tracy Library as well on the City's Website:

<https://www.cityoftracy.org/government/boards-and-commissions/parks-and-community-services-commission>

CITY OF TRACY
PARKS & COMMUNITY SERVICES COMMISSION SPECIAL MEETING
April 22, 2024

AGENDA ITEM 5.a

REQUEST

THAT THE TRACY PARKS & COMMUNITY SERVICES COMMISSION RECOMMEND, BY MOTION, THAT THE CITY COUNCIL, FOR THE AQUATIC CENTER CAPITAL IMPROVEMENT PROJECT 78054 (PROJECT), 1) REJECT THE USE OF DEVELOPER'S DESIGN DEVELOPMENT PLANS; AND 2) AUTHORIZE STAFF TO PROCEED WITH BASE PROGRAM – OPTION B WITH A \$55 MILLION PROJECT BUDGET FOR CITY-LED DEVELOPMENT OF THE PROJECT

BACKGROUND

The City of Tracy and Surland Communities LLC (Surland) have been parties to a longstanding development agreement, dating as far back as 2009, the original of which was restated in 2013 and then amended (collectively, the Development Agreement), with respect to the Surland's development of real property located within the Ellis Specific Plan. As a part of this Development Agreement, the Surland was required to dedicate 16 acres of land within the Ellis Specific Plan through an irrevocable offer of dedication (IOD) to the City for the future home of the Project and to pay the City \$10 million towards the development, construction, operation, and maintenance of the facility. Surland submitted to the City an IOD for approximately 16 acres of land located at the corner of Corral Hollow Road and Summit Drive (Property) in January 2021 and, on July 5, 2023, the City Council accepted the IOD (Resolution 2023-139). After due diligence on the title condition of the land, the City recorded the acceptance of the IOD on February 28, 2024. Due to various public improvements made by Surland, the net useable land is approximately 13.46 acres.

Of the \$10 million owed, Surland made an initial payment of \$2 million to the City on September 5, 2014. Through various tolling agreements, the parties extended the dates by which Surland had to grant the IOD and pay the remaining \$8 million owed. The last extended dates are reflected in that certain Fourth Agreement To Toll And Extend The Dedication Acceptance Period And The 60-Day Cure Period For The Second Swim Center Payment Under The Amended And Restated Development Agreement By And Between The City Of Tracy And Surland Communities, LLC, dated April 3, 2018 (Fourth Tolling Agreement).

In addition to the tolling agreements, the parties also amended the 2013 Development Agreement twice. The most recent amendment occurred in 2018, pursuant to that certain Second Amendment to the Amended and Restated Development Agreement By and Between the City of Tracy and Surland Communities, LLC, effectuated by the adoption of Ordinance 1253 by the City Council (2018 Second Amendment to Development Agreement). The 2018 Second Amendment to Development Agreement provided a process by which Surland could ask the City Council to exercise its legislative discretion to approve a further amendment to the 2013 Development Agreement to add additional property, which properties could be eligible for residential growth allotments under the 2013 Development Agreement. In addition, the 2018 Second Amendment to

the Development Agreement revised the City's and Surland's respective responsibilities, rights, and obligations regarding the development of the Project. A key revision the 2018 Second Amendment made was to allow Surland to assume, from the City, responsibility for the design and construction management of the Project. This request to shift responsibilities for the Project was made by Surland, and the City was required to reimburse Surland for such services, from the initial \$2 Million that had been paid to the City by Surland.

On February 26, 2024, the City filed a formal complaint against Surland for Breach of Contract as it relates to the \$10 million owed, amongst other things.

To comply with the Writ of Mandate in the *Mitracos v. City of Tracy* case, the City Council rescinded the previously approved Final Conceptual Plan for the Project that was adopted by the City Council in 2020 (Resolution 2022-134).

While the original Final Conceptual Plan has been rescinded, the ideas behind this plan were the result of extensive public input. In fact, an extensive public outreach campaign was conducted in 2016; after which community consensus was reached on the elements that were incorporated into the now rescinded Final Conceptual Plan designed by Surland. Based on this community input, the City Council established the following program priorities for the Project, listed in order of importance starting with the most desirable to least desirable:

1. 50-meter pool
2. Recreation/warm-up pool
3. Lazy River
4. Water slides
5. Toddler area
6. Indoor pool (optional)
7. Fitness center (optional)

The established budget for the Project is \$65 million, which includes \$55 million from the City and the \$10 million from the Developer required pursuant to the terms of the Development Agreement.

Staff is bringing this item to the Commission as per Chapter 7.16 of the City of Tracy Municipal Code, Parks and Community Services Commission, 7.16.030 Powers and Duties (e) *Advise the Council on the subject of recreation and facility master planning and development.*

Staff is planning to present this item along with the Parks & Community Services Commission's recommendation to the City Council at a Special Meeting to be held on April 30, 2024, at 5:00pm in the City Council Chambers.

DISCUSSION

Developer's Design Development Plans (Surland's Plans)

On September 5, 2023, the City Council approved a professional services agreement with Griffin Structures (Griffin) to provide project management services for the Project

(Resolution 2023-183). Since that time, Griffin has been actively working through preconstruction services, mostly focused on program development for the Project.

Recently, Surland provided the City with a 334-page Design Development package (Developer Plans) for the Project that seemed to have been developed over a period of time. Design Development is a typical stage in the design process in which the design team is tasked with analyzing various systems and materials and estimating costs. At this stage of the design process, a project is not yet ready for construction.

Although requested, Surland would not provide a cost estimate or implementation timeline with their plans. Surland has been advocating for the City to move the Project forward with their plans. At the City Council's request, staff enlisted Griffin's team to evaluate Surland's Plans including the completion of a comprehensive cost estimate. This work was in addition to other services being provided by Griffin for the Project.

Surland completed a Design Development package for the Project using a consultant team hired by Surland. Surland's Plans propose a two-phase approach to building out the Project. An evaluation consisting of a high-level program assessment, a detailed cost estimate, and a basic operational study was completed for Surland's Plans.

It should be noted that Surland did not consult with the City during the development of their plans, and to date, their plans have not included any City review of local codes, regulations or other requirements that may or may not impact the overall design or cost to construct.

Surland's Plans consist of the following major amenities:

- 50-meter Competition Pool
- Warm-Up Pool
- Leisure Pool
- Kid's Pool
- Splash Pad
- Lazy River and Wave Pool
- Waterslide Complex
- Whirlpool 1
- Whirlpool 2
- Lounge Pool – Phase 2
- Mini Lazy River – Phase 2
- Plunge Pool & Slide Complex – Phase 2

In addition to the major amenities listed above, Surland's Plans have a discernible distinction that emerges when compared to the base Project discussed below. Surland's Plans distinctly lean towards a resort-oriented approach, evident in the emphasis on retail-style entrances, expansive ticketing spaces, and a layout reminiscent of a luxury facility. With over 17,500 square feet allocated to Administration and related support areas, Surland's Plans prioritize a lavish and accommodating experience for visitors. Notably, the inclusion of a bar service, VIP cabana area, and 7 additional pools for varying age/functions contributes to the resort-like ambiance.

A detailed cost estimate was completed on Surland's Plans which includes the following:

- | | |
|------------|----------------------|
| • Phase 1: | \$156.6 million |
| • Phase 2: | <u>\$8.5 million</u> |
| Total: | \$165.1 million* |

**Assumptions*

- *City has spent \$1.37 million against project budget to date.*
- *Estimated construction cost based on 30 months of cost escalation.*

An operating expenses range of \$3.5-3.8 million annually should be expected for Phase 1 and \$4.4-4.7 million annually for Phase 1 & 2.

With a Phase 1 cost of \$156.6 million, Surland's Plans do not present a project that is financially feasible for construction based on available funding. The Project currently has \$55 million in City funding committed which would leave an approximately \$100 million shortfall. As noted above, the cost estimates are based on 30 months of cost escalation, meaning the Project essentially needs to be designed and breaking ground within the next 12 months for the estimates to be accurate. This is not achievable with the City's current financial commitment to the Project. If the timeline was to be extended to allow for additional funding to be secured, cost escalation would increase and so would the Project budget.

A complete redesign of the Phase 1 would be required to meet the City's current funding available. Another challenge with Surland's Plans is that most design firms will not take on the liability associated with using another entity's design, which would essentially mean the City would only be able to use the design team hired by Surland to move the Project forward using Surland's Plans. Based on the large funding discrepancy between the Developer's proposed Phase 1 and the challenges associated with other design firms using the Surland's Plans, staff does not recommend proceeding with the Surland's Plans on the Project moving forward.

It should also be noted that a Council-appointed group of community members known as the Aquatic Task Force, was officially disbanded in 2007 by Resolution 2007-081. This is important because a website at <https://www.tracyaquaticcenter.com/> was created by the "Tracy Concerned Citizens for an Aquatic Center" and it makes note of the Aquatic Task Force still being active at this time. This website is not hosted or managed by the City and if the Aquatic Task Force is still active it is not operating by City Council direction.

Programming Priorities

To move the Project forward, staff is requesting that the City Council reaffirm programming priorities to ensure the Project has clear parameters for the design team that is ultimately selected. The basis of the program development is the site, the budget, and the previously approved City Council Program Priorities which include (in priority order):

1. 50-meter pool long course competition pool
2. Recreation/warm-up pool
3. Lazy River
4. Water slides
5. Toddler area
6. Indoor pool (optional)
7. Fitness center (optional)

Based on this, two programming options have been developed by staff: Program Option A and Program Option B, discussed in detail below.

Program Option A has a \$65 million project budget, and Project Option B has a \$55 million project budget considering that there is currently a funding gap in the Project without Surland's full contribution. It is important to understand that the program development effort is focused on feasibility of the Project scope and budget. The program priorities do not dictate final scope or budget, but rather provide key information to the design team to try and deliver as many of the program priorities as possible given all of the Project's opportunities and constraints.

Each program option takes into consideration all costs required to deliver the Project. This includes necessary site improvements, parking improvements, soft costs (design/engineering contracts, surveys, geotechnical, environmental, special inspections/testing, construction management, etc.) and contingencies.

Base Program – Option A (Project Budget: \$65 million) *

Based on the program budget, the following City Council Program Priorities could be fulfilled in this option:

- 50-meter pool long course competition pool
- Recreation/warm-up pool with Toddler Area, and
- Three (3) waterslides.

The Recreation/warm-up pool is estimated to be approximately 6,000 square feet of water with a warmer water temperature than the 50-meter pool which will facilitate recreational swim activities, warm-up lanes for competition, and a zero-beach entry with play elements for toddlers. The Recreation/warm-up pool and Toddler area were combined into one body of water to work with the currently budget. The addition of toddler areas within a recreation pool is a very common approach for municipal aquatic centers to maximize utilization.

The lazy river, indoor pool, and fitness center components would not be included due to budget constraints of the \$65 million total budget allocation.

This option also includes three (3) buildings: 4,900 square feet of administration, 6,400 square feet of service, and 5,000 square feet of support. This option would also provide enough parking for day one operations (approximately 240 stalls) and does not include expansion areas.

Base Program – Option B (Project Budget: \$55 million) *

Based on the program budget, the following City Council Program Priorities could also be fulfilled in this option:

- 50-meter pool long course competition pool
- Recreation/warm-up pool with Toddler Area, and
- Three (3) waterslides.

The lazy river, indoor pool, and fitness center would not be included due to budget constraints of the \$55 million budget allocation.

As compared to Option A, there would be some value engineering required to reduce the Project budget by \$10 million which could potentially include:

- Building sizes would be reduced.
- Storage areas reduced and/or moved outdoors.
- Spectator area for 50-meter pool reduced in size.
- Shaded multi-purpose space reduced in size.
- Shaded cabana areas reduced.
- Pool decking square footage reduced.
- Parking reduced.
- Developed area of project reduced.
- Other cost savings mostly from percentage-based reductions to Project soft costs.

The annual operating expenses for Program Option A and Program Option B, are expected to range between \$2.6-2.9 million.

*Assumptions

- City has spent \$1.37 million against project budget to date.
- Estimated construction cost based on 30 months of cost escalation.

Based on the two Program Options summarized above, staff is recommending the “Indoor Pool” and “Fitness Center” be removed from the City Council Program Priorities list as they are not feasible within the current Project budget. The lazy river is an amenity that could still be incorporated into the Project, however further consideration by the design team is necessary to determine how this element can possibly be incorporated within the budget parameters.

The program priorities, identified through the program development process, currently consists of the following (in priority order):

1. 50-meter pool long course competition pool
2. Recreation/warm-up pool with combined Toddler Area
3. Water slides
4. Lazy River
5. Indoor pool (optional) – Proposed to be removed.
6. Fitness center (optional) – Proposed to be removed.

The program development summary provided above highlights what is financially feasible given the current project budget and funding availability. In previous discussions, the City Council has expressed a desire to build the Project as expeditiously as possible. Due to the ongoing potential litigation related to Surland’s \$10 million contribution, staff strongly encourages the City Council to consider Program Option B with a \$55 million budget to move the Project forward as quickly as possible.

Next Steps & Project Timeline

Based on the direction received at the City Council Special Meeting on April 30, 2024, the next step would be to return to City Council on May 21, 2024, to receive direction on a specific Project budget and construction delivery method.

A tentative Project timeline based on the recommendations in this report is as follows:

Task	Timeline
• City Council: Project Delivery and Budget Discussion	May 2024
• Architectural and Engineering Team Procurement	June – November 2024
• Design	November 2024 – December 2025
• Construction & Project Close Out	September 2025 – May 2027
• Grand Opening	May 2027

RECOMMENDATION

That the Tracy Parks & Community Services Commission recommend, by motion, that the City Council, for the Aquatic Center Capital Improvement Project 78054 (Project), 1) Reject the use of the Developer’s Design Development Plans; and 2) Authorize staff to proceed with Base Program – Option B with a \$55 million project budget for the City-led development of the Project.

Prepared by: Richard Joaquin, Parks Planning & Development Manager

Reviewed by: Jolene Jauregui, Interim Director of Parks, Recreation, & Community Services
Brian MacDonald, Interim Director of Public Works