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Attachments: 1. Attachment 1 Pool Presentation, 2. Attachment 2. Pool Site Options, 3. Attachment 3. Pool Preferred site Option Plan, 4. Attachment 4. Pool Preferred Site Option Rendering

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Study session regarding two Capital Improvement Projects (CIP) at Orange Memorial Park; the Sports Field Project and Pool Replacement Project with recommended bond funding strategies. (*Sharon Ranals, Assistant City Manager, and Janet Salisbury, Finance Director*)

RECOMMENDATION

It is recommended that the City Council Budget Subcommittee consider and provide direction regarding two Capital Improvement Program (CIP) projects at Orange Memorial Park, including potential funding strategies: construction of a synthetic turf multi-use sports field, which has previously been approved as a CIP project and is in the final design phase; and the proposed replacement of Orange Pool with an Aquatic Center, possibly at a new location within the park.

BACKGROUND

The two projects at Orange Memorial Park which are the subject of this Study Session, a synthetic turf sports field and the proposed replacement of the Orange Pool, are being considered together in this report since their construction could occur within a similar time frame, and both involve significant funding commitments.

This report and presentation will discuss each project, including the following:

- Status of the Sports Field project, which was approved as a CIP project in 2018/19;
- Urgent need to replace the existing pool;
- Results of feasibility study exploring alternative locations for a new Aquatic Center;
- Cost comparison of constructing a new Aquatic Center at the current pool location versus a new location;
- Recommended Aquatic Center location at the corner of Tennis Drive and West Orange Avenue;
- Aquatic Center design and construction process and timeline;
- Estimated project costs and cash flow needs over the anticipated design/construction time frames;
- Forecast of anticipated Parks Impact Fees, which have traditionally been the primary funding source for park projects; and

- Recommended combined bond funding for these projects.

Orange Memorial Park Sports Field Project

The Sports Field project will conserve water, provide for year-round play, significantly expand the number of hours of play that can be scheduled, improve safety for players, and enhance the appearance and beauty of Orange Memorial Park. The project was approved in the 2018/19 Capital Improvement Program and includes: one adult / full size baseball field, one softball field, and two youth baseball fields; one adult soccer field, two junior soccer fields, and four youth soccer fields. Amenities include synthetic turf, lighting and electronic scoreboards, 30 foot chain link backstops with netting, aluminum bleachers, a restroom/concession building, bullpens, dugouts, batting cages, portable goals and fencing, and landscape enhancements.

Sports Field Project Duration and Timing of Expenditures

In November 2020, City Council awarded a contract to Verde Design to develop construction documents, bidding and construction observation services for the Sports Field project, which continues to track to a \$14 million total budget. The project is scheduled to go out to bid in early 2022 with construction to begin in spring 2022 to align with Engineering's early-2022 projected completion of the Orange Memorial Park Stormwater Capture Project. Based on this schedule, staff expects the sports fields to open in late summer 2023.

Orange Pool/Aquatic Center

Orange Pool is South San Francisco's only indoor municipal swimming pool. Opened in 1970, it continues to serve as a community-wide destination for residents of all ages. The pool, which prior to the COVID-19 pandemic of 2020/21 was in operation year-round, seven days a week, offers critical life-skill/safety learn-to-swim programs, recreation, fitness, therapy, health and wellness activities. A list of the programs offered at the pool includes the following:

- Open recreational swimming - includes dedicated time slots for parents with babies or toddlers, adults only (ages 18 years and up), all ages, and Friday Family Swim Nights;
- Sauna - adults 18 years and up;
- Lap swim - adults 16 years and up;
- Aqua-Zumba, aquatic exercise, and water aerobics (fitness exercise with music);
- Swimming lessons and classes for children and adults scheduled on a quarterly basis;
- Swimming lessons/recreational swim;
- Summer Camp programs for P&R and Boys and Girls Club;
- Red Cross lifeguard certification classes;
- Red Cross health and safety classes;
- Volunteer swim aide, instructor training;
- First responder rescue trainings;
- Private pool rentals;
- Co-sponsored competitive swim team, SSF Aquatics Club (SSFAC).

User Data/Number of Participants

Prior to COVID-19, over 100,000 visits were made to Orange Pool annually (including duplicated individuals). The pool serves over 600 users per day during the summer, when program offerings are expanded to serve the demand for more youth programming due to children being out of school for the

summer, and to serve swimming lessons and recreation swim offered through summer camp. During the fall, winter, and spring there are approximately 325 swimmers daily when lessons are in session. When lessons are not in session, which is about a two-week period between each quarter, the pool continues to serve between 180-250 swimmers daily with lap swim and open recreation swim programs.

The average daily attendance of pool patrons by age group is as follows:

| Age Group | # Swimmers |
|-------------------|-------------------|
| Children 0 - 4 | 10 - 40 |
| Youth 5 - 18 | 80 - 450 |
| Adults 18 - 65 | 30 - 90 |
| Seniors 65 and up | 40 - 60 |

Average daily attendance by program, which varies seasonally, is as follows: lap swim, 40; adult recreation swim, 50; the SSF Aquatics Club, 80; exercise classes, 25; swim lessons, 130 (290 summer); summer recreation swim (daily), 140; and weekend recreation swim, 70.

| Program | # Swimmers |
|--------------------------------|-------------------|
| Lap Swim | 40 |
| Adult Recreation Swim | 50 |
| SSF Aquatics Club | 80 |
| Exercise Classes | 25 |
| Swim Lessons | 130 (290 summer) |
| Summer Recreation Swim (daily) | 140 |
| Weekend Recreation Swim | 70 |

Prior to the pandemic, public demand for aquatic programs has grown year over year, well beyond the pool's capacity. There were a total of 4,124 spaces requested on waiting lists for swimming classes and programs in 2019, which represents 1,112 unduplicated individuals, many of whom were on multiple waiting lists.

Annual Maintenance Costs

Operational costs are approximately \$150,000 - \$200,000 per year in personnel and materials for maintenance of the pool systems, not including daily custodial work, which is approximately an additional \$50,000 per year. This does not include periodic capital improvement costs for various repairs that have been made over the years, such as replacing the pool's plaster and ceramic tile bottom, locker and fixture replacement, HVAC system, etc. However, budget requests in recent years for significant renovations have not moved forward, pending a decision on the future of the building.

Facility Description/Existing Conditions

The one-story building has a floor area of approximately 11,500 square feet, and contains a lobby, a 25-yard long six-lane swimming pool, locker rooms, staff offices, and mechanical room. Constant maintenance and ongoing repairs have certainly been made during the pool's 51-year history, and much effort is expended to keep the pool as functional and pleasant as possible. However, high humidity, chlorine vapors, and heavy public use create a very harsh environment. Since its construction, the facility has not undergone any major rehabilitation. Today, the deteriorated condition is obvious upon even casual observation. Issues include crumbling and worn finish materials, dry-rotted wood, rusting steel structural and non-structural elements,

deteriorated light fixtures, cracked, uneven and sometimes slippery floors, corroded aluminum window sashes, and large expanses of non-safety glass. Nearly every architectural element and mechanical/electrical system in the pool is due for replacement, except for the filters, which were recently replaced.

In recognition of these conditions, and the fact that the typical life expectancy of an indoor aquatic facility is 40-50 years, a professional feasibility study was conducted in 2016 by Marcy Wong Donn Logan Architects. Due to the size of the document, it has not been attached to this report, but is available for review in the City Council office. The study's conclusions, architectural concept design studies, and preliminary rough-order-of-magnitude (ROM) opinions of probable costs are based upon findings from a number of sources, including industry experts. Interviews were taken with Parks and Recreation personnel and other city staff. Comments were solicited and documented at several public forums. Input from Orange Pool users and community members was taken via survey forms. Multiple site visits were made by the consultant team for the purpose of technical condition assessments of the existing facility, and remediation recommendations. The existing facility's spatial layout and square foot areas were assessed. A space program for a renovated or new pool was developed based on all of these sources.

The consultant team examined all structural and architectural systems, including mechanical, lighting, plumbing, floor and wall finishes, water treatment systems, and windows and glazing. The report confirms that the building's design and construction are typical of the late 1960's to early 1970's. By today's standards, Orange Pool's architectural, structural and other building systems are significantly below current building code requirements and building owner expectations for seismic resistance, energy efficiency, water efficiency, indoor air quality and comfort, architectural lighting, room acoustics, ADA accessibility, daylight control, sustainability, and a range of family/user accommodations. The existing facility is not compliant with California Title 24 and federal ADA requirements for accessibility and energy efficiency. The building design is well over a dozen code editions behind current applicable building code standards.

Typical of 1970's construction, the building is not energy efficient. The exterior curtain walls and storefronts have the original single glazed windows in aluminum frames. The majority of the building is comprised of uninsulated CMU walls and concrete slab floors. The building's lighting and electrical systems, mechanical units and plumbing systems do not meet current water and energy conservation standards.

Timing for Replacement

Despite the City's attentive custodianship of the building, overall, the building's age and heavy use have resulted in very worn condition of the shell and interior. As noted previously, virtually every observable component and system named above is part of the original construction and is well beyond the point of meriting replacement.

Based on a recent review of the feasibility study, and the known condition of systems in place to date, staff expects the facility will need to be closed within the next 0 to 5 years unless there is significant capital investment or wholesale replacement.

Prior to COVID, Orange Pool was used seven days per week, year-round, with the exception of annual maintenance closures, typically for two to three weeks in December. Understanding the great community benefit provided to residents of all ages, abilities, socio-economic backgrounds, and ability to pay for programs, the City subsidizes aquatics programs, and has adopted affordable and inclusive fees. The Parks and Recreation Department also maintains a donation-backed scholarship fund to provide financial assistance to those unable to pay full fees, and works with customers as much as possible to avoid turning anyone away if

unable to afford full fees. In addition to its adult and youth learn to swim and fitness programs, the pool has a large senior aquatic therapeutic and fitness program.

Location Options for Aquatic Center Replacement

In April 2021 staff presented to the Budget Sub-Committee the Wong and Logan Feasibility Study with recommendation of the construction of a new two-pool facility. In May 2021 staff engaged Group4 Architects from the City's on-call architecture firm list to explore alternative Aquatic Center locations within Orange Park and validate construction costs.

Working from the two-pool facility approach identified in the Wong and Logan study, Group4 refined the program to include an 8-lane/25-meter pool, separate teaching pool, swimmer's lounge, rentable multi-use/party room, staff and pool director offices, locker rooms and support spaces for mechanical equipment within a 28,500 SF single-story facility.

With input from staff and Callander Associates, the consultant developing the Orange Park Master Plan, Group4 assessed Orange Memorial Park to identify six (6) alternative pool locations. See Attachment 2, Site Options. Using an evaluation matrix that considered the facility, site, capital costs and operational costs for each of the 6 alternative locations as well as the current location were evaluated by staff.

The corner of Tennis Drive and West Orange Avenue was identified as the best alternative location for a new facility for several reasons:

1. Comparable cost to current location;
2. Offers high visibility to those passing by and entering the park;
3. Convenient access with connection to both West Orange Avenue and Tennis Drive;
4. Opportunity to utilize the existing parking lot north of Tennis Drive;
5. Good solar orientation with a wall of glass to the South and views across the lawn;
6. Synergy between park buildings and elements;
7. Opportunity to relocate the Veterans Memorial into an accessible plaza space;
8. Minimal disruption to operations anticipated, phased construction will allow the existing pool to remain operational during construction of new facility with minimal closure due to move, commissioning and training.

Attached to this report is a diagrammatic plan of the building, plaza and parking layout along with a conceptual rendering of the Aquatic Facility. A new facility could be designed to complement the architecture of the Fernekes Recreation Building, and create a campus feel to this quadrant of the park.

Aquatic Center Project Duration and Timing of Expenditures

With a projected total project budget of \$33.75 million, including escalation of 4% per year to mid-construction of Q3 2023, the overall project cost would be similar for a new facility were it to be constructed in the existing location or at the proposed Tennis Drive and West Orange Ave. location. Staff anticipates a preliminary project timeline as follows:

| | |
|--------------------------|-----------------------------|
| Programming and Planning | July 2021 - March 2022 |
| Design | April - December 2022 |
| Bid | January - March 2023 |
| Construction | April 2023 - September 2024 |
| Close-Out | October - December 2024 |

If City Council directs staff to move forward with design of a new facility in October 2021, a new Aquatic Facility could open early 2025. With construction of the facility at a new location, the existing pool facility could remain open, allowing for uninterrupted aquatic service to the community. Upon completion of construction of a new pool facility the existing pool facility would be demolished and a parking lot constructed in its place.

FUNDING STRATEGIES

The above project(s), if approved by Council, require a comprehensive funding plan.

Parks Impact Fees

Parks Impact Fees can provide partial funding for these projects. Authorized by the Mitigation Fee Act (Government Code 66000, et seq.), the City of South San Francisco imposes impact fees on new development projects in order to mitigate the impacts caused by new development on public services. While the City has a number of impact fees, the impact fees related to parks consists of two separate categories: Park Construction Fee and Parkland Acquisition Fee (together, the “Parks Impact Fee”).

The following is the available unappropriated Parks Impact Fee fund balances as of June 30, 2021:

| | |
|-------------------------|--------------------|
| Parks Construction: | \$5,171,284 |
| Parks Acquisition: | \$ 561,161 |
| TOTAL Available: | \$5,732,445 |

The following table shows the projected Park Impact Fee revenues over the next five fiscal years (“FY”) based upon the development projects that are expected to be completed:

Table 1: Five Year Parks Impact Fee Projection through FY2025-26

| FY | Estimated Revenue* |
|--------------|---------------------------|
| 21-22 | \$ 4,278,364 |
| 22-23 | \$ 3,664,986 |
| 23-24 | \$ 3,640,800 |
| 24-25 | \$ 4,701,362 |
| 25-26 | \$ 7,322,383 |

**Estimated based on current forecast of development environment; subject to change.*

While the above revenues are dependent upon the size, scale and timing of the private developments throughout the City, based upon current forecasts, it is expected that an additional \$23.6 million may be available by June 30, 2026. With the \$5.7 million already available in the Parks Impact Fee Funds, that is an estimated total of \$29.3 million in Park Impact Fees.

Park Impact Fees for Aquatic Center and Sports Field Improvements

At the April study session earlier this year, Council expressed an interest to pursue both the Orange Memorial Park Aquatic and Sports Field Improvements. The expected total cost for both the Aquatic Center and Field Projects (“Projects”) is \$48 million:

| | |
|----------------------------|----------------------|
| Sports Field Project: | \$ 14,000,000 |
| Orange Pool Project: | \$ 34,000,000 |
| Total Capital Need: | \$ 48,000,000 |

For the \$14.0 million Sports Field Project, we already know that a \$1.7 million Caltrans grant is available stemming from the Storm Water project that is already underway. Therefore, the estimated net capital need to fund both projects is \$46.3 million:

| | |
|-----------------------------|-----------------------|
| Sports Field Project: | \$ 14,000,000 |
| <i>Less Caltrans Grant:</i> | <i>(\$ 1,700,000)</i> |
| Orange Pool Project: | \$ 34,000,000 |
| Total Capital Need: | \$ 46,300,000 |

A possible funding source for a portion of the Sports Field and Orange Pool Projects is Parks Impact Fees, which is discussed in the previous section. There is \$5.7 million of unencumbered cash in the fund, plus the expectation that the completion of development projects will add an additional \$23.6 million over the next five years, for a combined total of \$29.3 million (\$5.7 million plus \$23.6 million). However, there are three key considerations/risks to the use of the Parks Impact Fees:

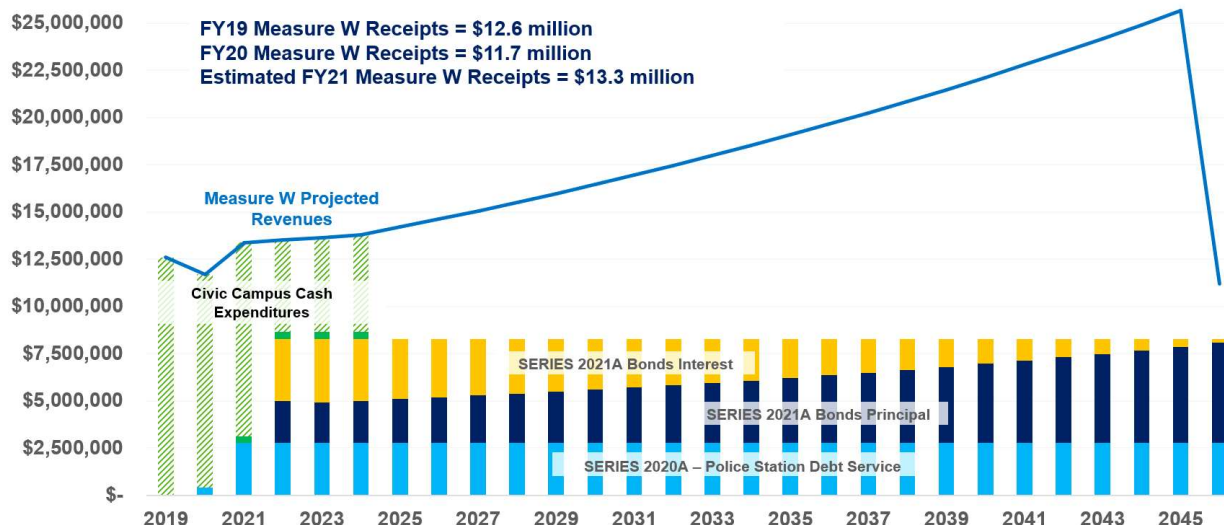
- 1. Revenue Risk.** Impact Fees, in general, are a notoriously unreliable revenue source as the timing of the collection is fully dependent upon the developer. If the development project is halted for any reason, there is real risk that the City may not realize the anticipated revenue. Relying on the availability of all \$29.3 million to fund all of the Sports Field and a portion of the Orange Pool Project may risk the completion of the project itself if monies are not available.
- 2. Timing Considerations.** The Sports Field Project is slated to be completed in summer/early fall of 2023, with the aquatic facility, if approved, to be completed by the end of 2024. Based upon the impact fee projections, only \$17.3 million is expected to be available by the fall of 2024 between the \$5.7 million already available in the fund plus the projections in years one through three (FY 21-22 through FY 23-24). Even if Council elected to fully fund just the Sports Field on a pay-as-you-go basis from the Parks Impact Fees, there may be a mismatch between when bills need to be paid and when revenues are collected.
- 3. Other Parks Projects.** By committing all of the near-term availability of the Parks Impact Fees towards these two projects, capital work for other parks projects, like those identified under Parks 11, may need to be delayed.

Measure W Lease Revenue Bonds for Aquatic Center and Sports Field Improvements

Given the above, the sale of a third tranche of Measure W Lease Revenue Bonds may be the best option to guarantee that funding is fully in place to ensure the successful completion of both projects.

As the Budget Subcommittee members are aware, the City issued the first tranche of Lease Revenue Bonds in March 2020 to finance the Police Station. The City issued the second tranche of Lease Revenue Bonds in June 2021 to finance the (a) Library, Parks and Recreation (LPR) Building; (b) Streets Program, and (c) solar roofs for LPR and the Corp Yard.

The chart below shows a projection of Measure W revenues against all known existing expenditure obligations.

Chart 1: Measure W Revenues vs. Current Debt Service

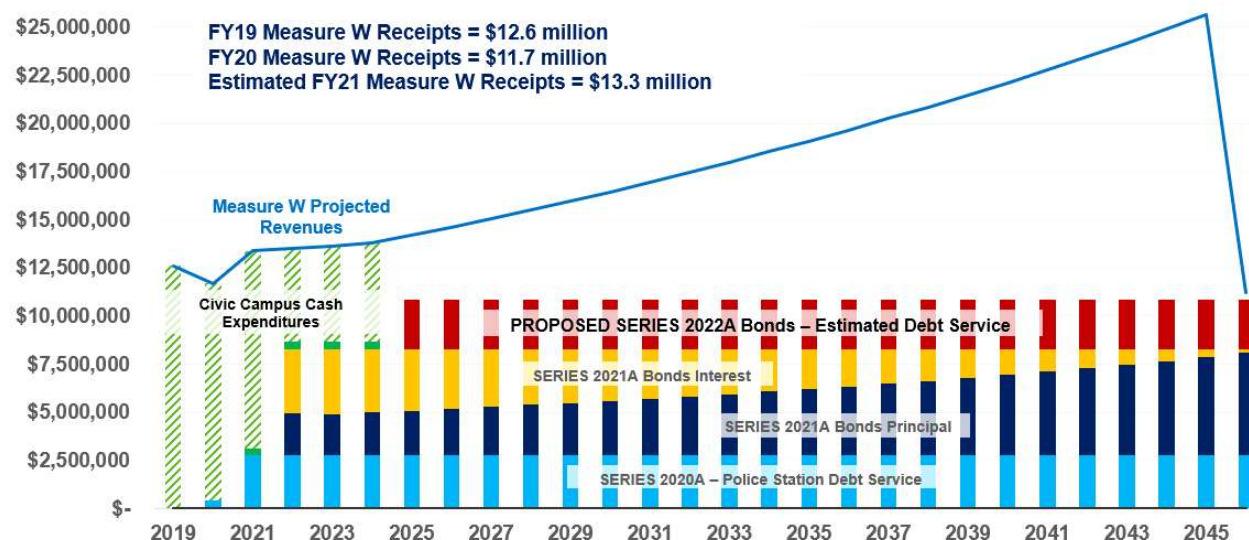
Through FY 2023-24, the difference between Measure W revenues and expenditures (represented by the striped green bar) is reserved and will be used towards the Civic Campus project. However, after FY 2023-24, the City does have the financial capacity to absorb the debt service of a third bond financing. Given the \$48 million cost for both Projects, the following is the current funding recommendation:

| | |
|--|----------------------|
| Lease Revenue Bond Proceeds (Series 2022A - 3 rd Tranche) | \$ 41,000,000 |
| Parks Impact Fee | \$ 5,300,000 |
| Caltrans Grant | \$ 1,700,000 |
| Total Capital Need for Projects: | \$ 48,000,000 |

The allocation of \$5.3 million from the already available Parks Impact Fees would allow the project team to have enough cash flexibility in the early stages of the Projects as it awaits the issuance of the third tranche of Lease Revenue Bonds, which would be issued in summer/fall of 2022, if approved.

The following chart shows the projection of Measure W revenues against all expenditures obligations, including the proposed third tranche of Lease Revenue Bonds:

Chart 2: Measure W Revenues vs. Current Debt Service and Proposed 3rd Tranche



As shown above, Measure W revenues are expected to exceed any debt service obligations, even with the issuance of another \$41 million of debt, with enough of coverage (revenue to debt service) ratio. The following table shows the detailed numbers through the next 10 fiscal years:

Table 2: Measure W Revenues vs. Total Debt Service through FY 2030-31

| Date | Estimated Sales Tax Receipts (Measure W) ¹ | Series 2020A: Debt Service (Police Station) | Series 2021A: Debt Service (LPR, Street Paving, Solar Roofs) | PROPOSED Series 2022A: Debt Service (Ballfield and Pool) ² | Remaining Measure W Funds | Debt Service Coverage Ratio |
|---------|---|---|--|---|---------------------------|-----------------------------|
| 6/30/22 | \$ 13,513,085 | \$ 2,765,450 | \$ 5,522,383 | - | \$ 5,225,252 | 1.63x |
| 6/30/23 | 13,648,216 | 2,766,450 | 5,523,000 | - | 5,358,766 | 1.65x |
| 6/30/24 | 13,784,698 | 2,764,950 | 5,521,800 | - | 5,497,948 | 1.66x |
| 6/30/25 | 14,198,239 | 2,765,950 | 5,522,200 | 2,544,700 | 3,365,389 | 1.31x |
| 6/30/26 | 14,624,187 | 2,764,200 | 5,524,000 | 2,543,100 | 3,792,887 | 1.35x |
| 6/30/27 | 15,062,912 | 2,764,700 | 5,522,000 | 2,543,500 | 4,232,712 | 1.39x |
| 6/30/28 | 15,514,799 | 2,762,200 | 5,526,200 | 2,541,200 | 4,685,199 | 1.43x |
| 6/30/29 | 15,980,243 | 2,764,800 | 5,521,200 | 2,543,600 | 5,150,643 | 1.48x |
| 6/30/30 | 16,459,651 | 2,765,200 | 5,519,200 | 2,544,000 | 5,631,251 | 1.52x |
| 6/30/31 | 16,953,440 | 2,763,400 | 5,523,800 | 2,542,300 | 6,123,940 | 1.56x |

¹ Assumes 1.00% growth in sales tax receipts from FY 2021-24 and 3.00% growth rate thereafter.

² Assumes all-in total interest cost of 3.00% with 1st amortization in FY 2024-25.

Staff would work to refine the numbers above to adjust to the capital markets conditions should the City Council decide to move forward with the discussed capital projects.

CONCLUSION

The two park and recreation assets described in this report, the Orange Park baseball/softball field, and the Orange Pool, have served the community extremely well, providing recreation, fitness, and wellness opportunities for thousands of residents for decades. Both are now well beyond their useful lives, and exhibit all of the challenges that come with antiquated resources. This includes insufficient capacity for a growing population, high maintenance and repair costs, safety concerns, ADA issues, poor energy and water efficiencies,

and poor aesthetics.

Although it would be possible to construct the Sports Field project alone using Park Impact Fees, current economic conditions make the timing of development projects and the receipt of impact fees uncertain. Staff recommends the sale of approximately \$41 million of Lease Revenue Bonds, which would allow the City to fund both the Aquatics Center and Sports Field Projects. This would provide financial certainty that the funds will be available when needed. Addressing both of these needs at the same time is an extraordinary opportunity to create safe, modern, efficient, environmentally sustainable, functional, and beautiful public assets that will be transformative for Orange Memorial Park, and which will serve South San Francisco residents for generations to come.

Attachments:

1. Presentation for City Council Study Session
2. Site Options
3. Preferred Site Option Plan
4. Preferred Site Option Rendering