



# STAFF REPORT

AGENDA NO: 8i

MEETING DATE: September 3, 2019

**To: Honorable Mayor and City Council**

**Date: September 3, 2019**

**From: Lisa K. Goldman, City Manager – (650) 558-7243**

**Subject: Adoption of a Resolution Authorizing the City Manager to Execute an Agreement with the San Mateo Union High School District for the Burlingame Aquatic Center**

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## **RECOMMENDATION**

Staff recommends the City Council adopt a resolution authorizing the City Manager to execute an agreement with the San Mateo Union High School District (SMUHSD, the District) for the Burlingame Aquatic Center.

## **BACKGROUND**

The Burlingame Aquatic Center on the Burlingame High School campus includes a 50-meter by 25 yard competition pool, a smaller, warm pool for lessons, and a pool house that includes locker rooms, offices, and pool equipment. The Center was built in the late 1990s using funds from an anonymous donor (\$1,210,000), the City (\$1,166,695), and the District (\$300,000).

Last summer, the District undertook a pool renovation project that included removal and replacement of the deck, removal and replacement of the pool finish, and the replacement of the interior lights with LED fixtures. The entire project, which was to begin June 1 and be completed by September 21, had a projected budget of \$1,902,659, with the City's share \$951,330, or 50% of the total. The actual demolition began July 2.

Various problems related to corrosion of the rebar and improper concrete coverage, among other challenges, arose throughout July, August, and September, and work on the pool ceased. In October, District staff recommended to their Board that the District replace the pool rather than repair it given the many problems uncovered. At their October 25 meeting, the District Board approved proceeding with a replacement of the pool, rather than continuing with the repair of the pool.

## **DISCUSSION**

The City Council has held a number of discussions about the pool since the problems were discovered, including study sessions on November 19, 2018, January 7, 2019, and March 18, 2019, and a Council meeting on October 15, 2018. The discussions primarily focused on how much the City would contribute to the reconstruction of the pool.

City staff and District staff, with the assistance of a Council subcommittee (Mayor Colson and Councilmember Brownrigg) and District Board subcommittee (Board President Land and Clerk of the Board Griffin) developed a Term Sheet that lays out the City's financial contribution to the pool construction project and other items. The District Board approved the Term Sheet at their meeting on May 15, and the City Council approved the Term Sheet on May 20, 2019.

Since that time, City staff and District staff have worked together to craft the attached Second Amended and Restated Agreement between the City of Burlingame and the San Mateo Union High School District for the Use, Operation and Maintenance of the Burlingame High School Aquatic Center. The major terms of the Agreement are:

- The City's contribution toward the construction project will be \$2.7 million; this amount includes the funds the City has already paid toward the project. The City's contribution is payable in two installments: \$1,269,203 (less the \$605,800 the City has already paid) due upon receipt of an invoice, likely this fiscal year, and \$1,430,797 payable upon the City's completion of the Community Center.
- The agreement will be extended from 2026 to 2040, with the provision that on or after January 1, 2035, but no later than January 1, 2039, either Party may give the other Party notice that it does not intend to negotiate an extension of the Term.
- The City's share of maintenance and operations expenses will be 50% for the first year after the pool reopens (anticipated in December 2019 or shortly thereafter). After this one-year period, the City's share will be based on a formula using the hours each Party uses the pool, the hours of shared use, and the hours of unused time. The formula is included in Exhibit C to the agreement.
- The City's share of capital expenses will be 50%. However, the City's share of capital expenditures does not include the unamortized portion of Capital Expenditures based on a 10-year amortization schedule. As an example, if the cost of a Capital Expenditures project is \$100,000, and the remaining term of the agreement is two years at the time payment of the City's share of capital expenditures is due, then the City's share will be \$10,000, i.e., 20% of \$50,000.
- The District at its sole cost and expense will initiate an audit of the Burlingame Aquatic Center Facility no later than the first quarter of 2020. The City shall have the opportunity to review and approve the selection of the auditor. Once the audit is completed, the City and the District will meet and negotiate in good faith to determine which projects, if any, should be included on the list of Approved Capital Expenditures based on the audit.
- The District will close the pool at various times for major maintenance and will make alternate District pools available depending on the length of the closure.
- The District and the City will share the pool as before.
- The City, at its sole cost and expense, may make physical changes to the Pool House, such as improving the locker rooms, subject to the prior written consent of the District.

### **FISCAL IMPACT**

The City's total contribution to the pool project is \$2.7 million, with \$605,800 previously paid, and \$663,403 due this fiscal year. Funds for this purpose are included in the City's Capital Improvement

Budget for fiscal year 2019-20. The remaining \$1,430,797 will be need to be appropriated in the fiscal year that the payment becomes due. The City would also like to explore improving the locker rooms; additional funds in a yet-to-be-determined amount will be required should the City proceed with such improvements.

Exhibits:

- Resolution
- Agreement