



City of San Antonio

Agenda Memorandum

File Number: 15-2787

Agenda Item Number: 16A.

Agenda Date: 4/30/2015

In Control: City Council A Session

DEPARTMENT: Transportation & Capital Improvements

DEPARTMENT HEAD: Mike Frisbie, P.E.

COUNCIL DISTRICTS IMPACTED: Council District 6

SUBJECT:

Northwest Area Recreation Center & District 6 Library

SUMMARY:

Consideration of the following actions related to the Northwest Area Recreation Center and District 6 Library, both 2012-2017 Bond Projects:

- A. An ordinance authorizing the execution of a Funding Agreement with the YMCA in an amount not to exceed \$4,000,000 for the design and construction of the Northwest Area Recreation Center and District 6 Library, both 2012-2017 Bond Projects, located in Council District 6, and authorizes the reallocation of 2007 General Obligation Park Bond funds and 2012 General Obligation Park Bond funds.
- B. Authorizing the execution of a 25 year no-cost lease of a 45,000 square foot building and related parking located at 8765 Highway 151 from the YMCA and a license of approximately 40,000 square feet of the facility to the YMCA for their operations of a recreation center.
- C. An ordinance authorizing the acquisition of a 12-acre parcel located at the corner of Richland Hills and Ingram Rd. in the amount of \$2,815,000.00 payable to SAWS for the development of multipurpose athletic fields and appropriating funds in the amount of \$1,500,000.00 and authorizing three annual payments in the amount of \$438,333.34 each in March 2016, 2017, and 2018, contingent upon approval of budgets in subsequent fiscal years.
- D. An ordinance authorizing a Development Agreement with 210 Development Group doing business as Mission Development Group for the construction of multipurpose athletic fields and a Senior

Independent Living Facility at the corner of Richland Hills and Ingram Rd., and authorizing the City to accept annual lease payment in the amount of \$12,000.00 and annual investment income in the amount of 5% of the net operating incoming of the development until the project is sold and 5% from the net proceeds of the sale.

BACKGROUND INFORMATION:

In 2011, City Council District 6 provided funds for a study of the need for a new Recreation Center in the northwest quadrant of San Antonio. This study revealed interest exists for a new YMCA community center serving District 6 and the location at the corner of Potranco and Highway 151 was considered “very convenient” by 86% of the respondents. Additionally, the primary prospective member groups of a new recreation facility include families with children, aging baby-boomers and health seekers. The consultant recommended a 37,000 square foot or larger recreation facility with an indoor pool. Additionally due to the population of children, the YMCA felt that outdoor athletic fields were an essential component of the recreation center.

In preparation of the 2012-2017 General Obligation Bond Program, community meetings were held in each City Council District requesting priorities to be included on the ballot initiative. The bond committees recommended funding for a recreation center and a new library site in Council District 6 to be included on the ballot. Both projects were partially funded through the Bond in anticipation of leveraging funding from other sources.

In May of 2012, voters approved the 2012-2017 General Obligation Bond Program, \$3 million was designated for a project titled the Northwest Area Recreation Center in Council District 6 and \$1.4 million was designated for a Library site in Council District 6.

In October 2014, YMCA purchased a former grocery store building at the corner of Potranco Road and Highway 151 with the intent to partner with the City to repurpose the old grocery store into a new co-located recreation center and library. In the first phase, the City will contract with YMCA using the Bond funds to design and construct a 5,000 square foot San Antonio Branch Library and 40,000 square foot YMCA recreational center that will include a gymnasium, exercise rooms and locker rooms. The Library Board’s Facilities Committee and Library Board of Trustees have approved the co-location of the Council District 6 Branch Library with the YMCA and the lease terms. Two public meetings were held in Council District 6 to gather input from the community on services to be provided.

The Funding Agreement with the YMCA will be executed in compliance with the Small Business Economic Development Advocacy (SBEDA) Program, which requires contracts be reviewed by a Goal Setting Committee to establish a requirement and/or incentive unique to the particular contract in an effort to maximize the amount of small, minority, and women-owned business participation on the contract. The Goal Setting Committee set a 33% Small Business Enterprise (SBE) subcontracting goal, a 21% Minority/Women Business Enterprise (M/WBE) subcontracting goal and 3% African American Business Enterprise (AABE) subcontracting goal. The YMCA has committed to meeting these goals.

The second phase of the project will be accomplished through a Public-Private Partnership (P3) to include the construction of multi-purpose athletic fields on a 12 acre parcel currently owned by SAWS. This council action includes authorization for the City Manager to acquire the 12 acre parcel, at the corner of Richland Hills and Ingram Rd., from SAWS for use in this project. The athletic fields will be constructed on 6 of the 12 acres and the remaining 6 acres will be used for development of a market rate Senior Independent Living Facility. The facility will contain 176 units valued at approximately \$19 million.

On November 1, 2012, City Council adopted the P3 guidelines in accordance with Chapter 2267 of the Texas Government Code. Per the adopted P3 guidelines in September 2013, the City issued a Request for Qualifications (RFQ) on December 9, 2014, to identify qualified developers that would build the athletic fields on 6 of the 12 acres. The RFQ was advertised on the City's Bidding Opportunities website, TVSA Channel 21, and through the Urban Land Institute. In addition, TCI conducted outreach efforts to ten developers. Responses were due on January 9, 2015 and one firm was responsive.

The P3 statute requires a developer to be selected through a 2-step process. The first step is to ensure a developer is qualified. Then, the City would request detailed proposals only from qualified developers. The Selection Committee, consisting of representatives from the City Manager's Office, the City Attorney's Office, Finance Department and Parks & Recreation Department evaluated the developer's qualifications and invited the developer to submit a detailed proposal. The detailed proposal was received on February 20, 2015, and the Selection Committee interviewed the developer on February 27, 2015.

In the development agreement, Mission Development Group will use its resources to design and build the athletic field estimated at a \$1.2M cost. Additionally the developer will lease 6 of the 12 acres from the City for 75 years for an annual payment of \$12,000.00 per year and will design, build and operate a 176 unit Senior Independent Living Facility. The City will receive 5% interest in the senior housing project which is estimated to return an \$80,000.00 dividend to the City annually until the project is sold, at which time the City will receive 5% from the net proceeds of the sale.

ISSUE:

This item requests the following actions related to the Northwest Area Recreation Center and District 6 Library, both 2012-2017 Bond Projects:

- A. Authorizing the execution of a Funding Agreement with the YMCA in an amount not to exceed \$4,000,000 for the design and construction of the Northwest Area Recreation Center and District 6 Library, both 2012-2017 Bond Projects, located in Council District 6. This ordinance also authorizes the reallocation of 2007 General Obligation Park Bond funds and 2012 General Obligation Park Bond funds.

Under the terms of the agreement, YMCA will design and build a 5,000 square foot San Antonio Branch Library, shared spaces and parking, in accordance with the programming documents and a 40,000 square foot YMCA recreational center that will include a gymnasium, exercise rooms and locker rooms. The project is expected to begin upon execution of the Funding Agreement and completed in summer 2016.

- B. Authorizing the execution of a 25 year no-cost lease of a building and related parking located at 8765 Highway 151 from the YMCA and a license of approximately 40,000 square feet of the facility to the YMCA for their operations of a recreation center.

In order to provide funding needed for non-City owned facilities, as approved by the voters in the 2012 Bond, the City is required to have a long-term interest in the property. Therefore, a lease agreement is being proposed as the means to fulfilling that requirement. The library will occupy 5,000 square feet of the facility for 25 years at no cost.

- C. An ordinance authorizing the City Manager to acquire a 12-acre parcel located at the corner of Richland Hills and Ingram Rd. in the amount of \$2,815,000.00 payable to SAWS for the development of

multipurpose athletic fields and appropriating funds in the amount of \$1,500,000.00 and authorizing three annual payments in the amount of \$438,333.34 each in March 2016, March 2017, and March 2018, contingent upon approval of budgets in subsequent fiscal years.

The property is currently owned by SAWS and is needed in order to move forward with the second phase of the project. The City is proposing the City Manager acquire the 12-acre parcel from SAWS in the amount of \$2,815,000.00 of which the City will provide \$1,500,000.00 from 2015 Certificates of Obligation for the property and then provide \$438,333.34 over the next three years to until the remaining balance is paid off.

- A. D. An ordinance authorizing a Development Agreement with 210 Development Group doing business as Mission Development Group for the construction of multipurpose athletic fields and Senior Independent Living Facility at the corner of Richland Hills and Ingram Rd. and authorizing the City to accept annual lease payment in the amount of \$12,000.00 and annual investment income in the amount of 5% of the net operating incoming of the development until the project is sold and 5% from the net proceeds of the sale.

A Development Agreement is being proposed in order to provide for the construction of the multipurpose athletic fields which could not be constructed at this time without this partnership. The Development Agreement is contingent upon the City's acquisition of the 12-acre property from SAWS.

ALTERNATIVES:

City Council could choose not to approve this action; however, the City would need to identify an alternative location which may not meet the needs of the community and would adversely affect the timely completion and funding of this Project. Additionally, without an existing building and the YMCA as a partner, the City would need an additional \$10,500,000 in funding to build a new recreation center and library.

FISCAL IMPACT:

- A. This is a one-time capital improvement expenditure in the amount not to exceed \$4,000,000.00, authorized payable to YMCA. Funds are available from 2012 - 2017 General Obligation Bonds and are included in the FY 2015-2020 Capital Improvement Budget. Of this amount, \$1,000,000.00 will be from the District 6 Library project and \$3,000,000.00 will be from the Northwest Area Recreation Center. The Library will receive \$1,000,000.00 in benefits from this partnership including 5,000 square feet, shared space use, parking lot, and exterior and building systems upgrades. This ordinance also authorizes the reallocation of 2007 General Obligation Park Bond funds and 2012 General Obligation Park Bond funds.
- B. The lease is at no cost for 25 years and will provide significant benefit to the Library Department for its operations.
- C. The City will acquire the 12-acre parcel in the amount of \$2,815,000.00 payable to SAWS, of which \$1,499,139.46 will be paid from various Certificates of Obligation and \$860.54 from 2012 General Obligation Bonds. The remaining balance will be paid in three installments of \$438,333.34 in FY 2016, \$438,333.34 in FY 2017 and \$438,333.34 in FY 2018 from the following sources:
 - 1. Sale of land from the Southwest Technology & Business Park
 - 2. Sale of City property to SAWS

3. Project savings
4. Proceeds from P3 Project
5. Future debt financing

D. The developer will pay the City a \$12,000.00 per year lease and a dividend of 5% per year of net profits from the Senior Independent Living Facility annually including 5% return of net profits if and/or when the facility is sold.

RECOMMENDATION:

Staff recommends that the City Council authorize the following items related to the Northwest Area Recreation Center and District 6 Library, both 2012-2017 Bond Projects:

- A. An ordinance authorizing the execution of a Funding Agreement with the YMCA in an amount not to exceed \$4,000,000 for the design and construction of the Northwest Area Recreation Center and District 6 Library, both 2012-2017 Bond Projects, located in Council District 6, and authorizes the reallocation of 2007 General Obligation Park Bond funds and 2012 General Obligation Park Bond funds.
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