

**HONEY LAKE VALLEY RECREATION AUTHORITY
GOVERNING BOARD MEETING
Special Meeting Minutes
March 29, 2016 – 3:00 p.m.
City Council Chambers 66 North Lassen Street Susanville CA 96130**

Meeting was called to order at 3:00 p.m. by President Wilson.

Roll Call of Board of Directors present: Dave Meserve, Tom Hammond, Nicholas McBride, Jim Chapman and Brian Wilson.

Staff Present: Jared Hancock, Executive Officer; Gwenna MacDonald, City Clerk, Diana Wemple, Auditor and Nancy Cardenas, Treasurer.

APPROVAL OF AGENDA: Motion by Board member Hammond, second by Board member McBride to approve the agenda as posted; motion carried unanimously.

APPROVAL OF MINUTES: None.

2 PUBLIC COMMENT: None.

3 MATTERS FOR BOARD CONSIDERATION:

3A Financial Reports for the period of January 1, 2016 to March 18, 2016

Mr. Hancock reported that a request had been presented for the Auditor's Office to provide financial statements for review, and they have been included in the agenda for the period of January 1 to March 18, 2016 for the Board's consideration.

President Wilson asked for clarification regarding the encumbered amount of \$638,000.

Mr. Hancock responded that there was a line for encumbrances and after follow up with Diana Wemple, it was determined that it is almost all encumbered for pool construction.

President Wilson asked if the encumbered amount was in addition to the \$2.3 million that the JPA already has according to the general ledger summary.

Ms. Wemple responded that the cash balance is \$2.683 million, and out of that \$638,000 is encumbered so there is approximately \$2.1 million remaining. The encumbered amount of \$638,000 is what is estimated to be spent for construction costs during this fiscal year.

Board member Chapman asked if that includes the County's contribution of \$200,000 for fiscal year 2015/2016.

Ms. Wemple responded that it does not include the County's contribution.

Board member Meserve asked if the City already made their contribution.

Ms. Wemple answered that the City has made its contribution.

Mr. Hancock commented that the issue of contributions as they relate to the cash balance will be further discussed in the next item on the agenda.

Kathie Garnier asked for clarification regarding the contributions that are expected from the County and City in the upcoming fiscal year, and if it would be the reduced contribution amount.

Ms. Wemple responded that the next contribution made by the City would be for the reduced amount of \$80,000. The County has the 2015/2016 contribution of \$200,000 due for the current year.

Motion by Board member Hammond, second by Board member Meserve, to accept the financials as submitted; motion carried unanimously. Ayes: Hammond, Meserve, Chapman, McBride and Wilson.

3B Review Financial Status and Comparative Operating Budget

Mr. Hancock thanked everyone for being present and for their interest in the project. The purpose of the formation of the JPA is to facilitate the construction of a community swimming pool, and at the forefront of the discussions is how much money is available and how much does the Board want to spend to build the facility. The JPA has entered into a contract with Modern Building Company, Inc. and over the past few months staff has been working with them to develop designs for the project with a budgetary goal of \$2.5 million dollars while incorporating as many of the design features that the JPA has expressed the desire to have in the facility. As the Board was reviewing the financials, Ms. Wemple mentioned that the current cash balance is \$2.683 million and with the County contribution we will have closer to \$2.9 million on hand. After July 1, the contribution from the City and County will be another \$160,000 which will continue in the coming years to assist with the operating expenses and overhead. There are two questions, how much is it going to cost to operate the pool and how much is available for construction. Staff has worked on developing a conservative budget and it is estimated that having \$160,000 to cover deficit operations and put aside money for future enhancements, maintenance and repairs that come up will be a good estimate.

Mr. Hancock explained that in the packet are operating budgets from two facilities that are similar in size, and based upon a 12 to 13 week operation period during the summer. The East Quincy annual operating budget is right at \$60,000 and does not include any revenues that might come in from gate fees. The Idlewild Pool operating budget is \$106,000 annually that includes \$40,000 in building operation costs and revenue in the amount of \$110,000 for an overall annual deficit between \$35,000 and \$40,000 per year. Staff is comfortable that the estimate of \$160,000 for operating revenues is a solid estimate and will allow enough to make improvements, repairs, and not rely on other sources to complete ongoing maintenance.

Staff is working on creating two budgets, one based on the City's fund structure and one based on the County's that will illustrate ongoing operational budgets. Staff plans on using those models as an estimate, and bringing to the Board for review at the next meeting. He requested questions or comments from the Board.

Richard Egan, Lassen County CAO, clarified that the JPA's bylaws are silent on the matter of timing for the contributions made each year by the City and County. It is not specified that the contributions will be made on July 1 of each year.

President Wilson responded that it could be made on July 1st each year.

Mr. Egan responded that it could be, but he would not recommend relying on it being paid on the first day of the new fiscal year.

Mr. Hancock commented that the JPA goal is to be able to send out a letter of request just prior to the expiration of the fiscal year, requesting that the contribution of funds be made as soon as possible and while there are no guarantees until the checks are in the bank, hopefully it will be as close to the beginning of the fiscal year as possible.

Board member Hammond asked if there was a date identified by both agencies regarding the due date.

Mr. Egan responded that as a JPA you have two entities who have agreed to contribute, but there are no established parameters regarding the contributions.

Board member Chapman stated that at the time the JPA was formed, it was intended that the funds would be made available early on and obviously the two agencies have budgets that have to be adopted and appropriation made. Any

time after the appropriations have been available the check could be issued and he is somewhat at a loss as to why that has not happened with the County yet. He would hope that they would be more accommodating for the next payment, and while July 1st is unrealistic there should be no reason that they could not make the contribution by September 1st. The JPA should not have to chase them throughout the year to make the contribution.

Mr. Hancock suggested that the Board members keep the East Quincy and Idlewild budgets handy, as it is good to see the types of line items and expenses that are involved in operating the facility. The East Quincy budget is somewhat light, but the Idlewild budget is more detailed and would be helpful for the JPA in considering the structure of its operating budget.

Board member Chapman commented that it is nice to have a benchmark, but the 12 to 13 week operation period is much shorter than what he hoped to see the Susanville facility operating at. There are issues associated with colder weather and freezing, however with utilizing geothermal heat it should minimize some of those issues, and he hopes that the facility could be used for much longer, and during some milder winters it could feasibly be open nearly all year. In that case, the operating budgets as presented would be the bare minimum that would be required for the facility. The budgets are also not considering the amount raised through gate fees, and it is not unrealistic to expect to be able to bring in an additional \$20,000 - \$30,000. He concluded by stating he would be pushing to operate the pool whenever feasible, and that the budget should not be understated.

Board member Hammond remarked that he has never seen what the revenue was that had been generated annually by the old pool.

Board member Chapman responded that at its peak they were bringing in up to \$100,000 - \$120,000, including college utilization and core users.

Eileen Spencer stated that she thought the Board was down to one design and in the packet there are three choices listed as A, B, and C. She requested an explanation as to what has been cut from the design.

Mr. Hancock responded that those designs were associated with the next item in the agenda and they would be reviewed.

Tony Jonas asked if there was a revenue recovery model associated with the East Quincy pool for their dates of operation.

Mr. Hancock stated that the East Quincy pool did not include that in their budget, and the Idlewild pool lists it at the top line on the first page of their summary.

Mr. Chapman noted that the summary lists the revenue as \$100,720 and expenses as \$106,341.26.

Mr. Hancock explained that it was his understanding that the Roosevelt pool operated at an annual deficit of approximately \$50,000, with a lot of factors that went into that figure including deferred maintenance costs which go up significantly with an older facility. It is estimated that the \$160,000, which will be received from the City and County combined annual contribution, will provide enough revenue to operate the pool, and additional revenue from gate fees and other usage fees will allow funding to be set aside for future improvements, long-term maintenance as well as provide flexibility to adjust programming if the Board decides to extend the operating season. Research and cost analysis has provided a very good idea of what annual operating expenses will be, and he acknowledged that it would not be possible without the contribution of the City and County. At this point, the JPA is headed into the construction phase with \$2.9 million dollars available and it is very exciting that the project is becoming a reality.

Mr. Egan noted that it doesn't appear as if either operating budget includes insurance costs or capital replacement. It seems like capital replacement was a fatal flaw in the Roosevelt Pool operation.

Mr. Hancock agreed, noting that the East Quincy budget seems to list small projects each year, but there were no line items listed for depreciation or replacement funds. Idlewild budgets more for supplies and equipment, but did not call

out insurance costs as a separate line item. Staff will be using these budgets as a model and baseline to create a budget specific for the JPA and will be including costs for insurance and the Board can consider setting aside an amount each year for capital improvements.

President Wilson asked if the revenue figures would be provided for East Quincy.

Mr. Hancock responded that they were working to obtain actual figures for the past two years, rather than budgeted numbers, in case they were falling short. The budget, which will be presented to the Board for review, will be a hybrid and much more detailed than the East Quincy budget, yet shorter than the Idelwild budget, as some of the items for special events and programming that Idelwild has will not be applicable to the JPA budget.

There were no more questions or comments regarding the operating budgets.

3C Design Build Update Modern Building Company Inc.

Mr. Hancock reported that it has been shared that the JPA will have approximately \$2.9 million in fund balance as the final design of the facility is considered. There are other expenses involved, including operating expenses for the first part of the year, equipment and furniture costs, and the discussion today will be to make a determination as to what priorities and features will be included in the final design.

Mr. Hancock stated that staff has worked with Phil Strawn and James Seegert from Modern Building Company, Inc. and they have worked very hard on a compressed time frame, have been responsive and great to work with in putting the numbers together. They started out with the RFP as a baseline for size, scope, and basic outline of the project and discussed features that would be necessary to improve the overall flow and function of the facility. By having those discussions early on, and putting together preliminary sketches, it was possible to produce quantity amounts for things such as drywall and concrete and go out and obtain solid quotes from their subcontractors, allowing a more definite bid on various project components. This has resulted in a lot of consistency with each cost estimate and breakdown in different categories, which provided an opportunity to look at ways to bring back to the desired budget of \$2.5 million dollars. As we went through that process, we were able to come up with a comprehensive facility with a scaled back bath house in the \$2.6 million range and in order to reduce it to \$2.5 million we were looking at significant reductions to the bath house and even to the pool for savings.

It has been discussed at many meetings that what the JPA set out to do was build a swimming pool, and to build a good pool. You only build it once and we have seen that, as the last pool was built almost 100 years ago, the priority would be to keep the square footage of the pool as complete as possible and look at cutting back on other areas first. Nobody is excited about Option C, so we would like to look at Option B or A, or possibly a hybrid. While it is not the recommendation to commit all of the \$2.9 million, \$2.5 million would be feasible and the Board could consider allocating some of the additional funds on hand towards construction to build a facility that would more closely meet the needs of the community.

Mr. Hancock requested that the Board members refer to the budget summary listed in the packet under Option B, he stated that a review of the breakdown of costs would be helpful to see where the majority of the funds were being committed. Mr. Hancock stated that Mr. Strawn and Mr. Seegert from Modern Building Company, Inc. were in attendance to provide more detail on the bidding process, where there might be opportunities for cost savings, and where we are today. He thanked them again for all of their hard work, and stated that we are at the stage where we have 85 – 90 percent of the plans completed for the overall facility so we are well on track to begin construction within the original time frame, which is important for the community.

Mr. Hancock briefly reviewed the budget items listed in Option B, with site demo and well abandonment listed at \$62,515, with the inclusion of excavation, installing site utilities, below ground surge tanks, filtration system, storm drainage and parking, all of the things required to meet minimum development standards. The swimming pool itself is \$715,000 with pool equipment an additional \$177,000, and with these items you are near the \$1.1 to \$1.2 million range. With the landscaping and other site work and frontage improvements, all of the items quickly add up to over the \$2 million mark, so every additional dollar that may be moved towards construction has an exponential impact of being

able to improve the overall feel of the facility. He expressed his appreciation to Modern for preparing the breakdown in such a manner and turned the floor over to Mr. Phil Strawn.

Mr. Strawn stated that he is the project manager and has overseen the design development, and will also be responsible for the oversight of construction development for phase 2 of the project. Initially they began with the RFP and used that as a guideline of what was expected for the project, based on very loose parameters, and early on met with Mr. Hancock who advised that the project budget should be held to \$2.5 million dollars. Through the process, the areas of key savings were identified as well as those items that were more of a want than a need. There are guidelines that must be followed when designing a facility, including the California Building Code, the Health and Safety Code and the ADA Code that lock you into certain dynamics and features that cannot be changed.

The process included three phases which began with the swimming pool which is essentially the crown jewel of the project, with an L-shaped design that is 25 meters by 25 yards with the future addition of adding a diving board. That feature was left alone, and we didn't want to change or revise the pool in any way.

The second phase was to look at the bath house, parking lot and site development. Parking requirements are bound by City standards, ADA requirements, local transit and site utility, and there was not a lot of room to cut parking for any of the options. The parking is a somewhat odd shape, but it is a phased design that can be expanded to the South at the point that the facility expands. It is more than enough space for the start-up, and a limited approach to storm drainage and utilities has been implemented. Geothermal heating was seen as more of a want than a need, and the direct quotes received for floor heating in the bath house and site improvements were approximately \$200,000, so it was removed to help get the project within budget.

Option A was designed as a first model that is more elaborate, has more of a sellable feel for the future, and provides an opportunity for an additional revenue stream by hosting events. It includes a café/food service area where additional revenue could be gained from sales, and the flow and function for staff areas and room for future expansion were some of the features incorporated into that design. With the bath house, you are locked in to a few requirements regarding clearances, the equipment room, and number of bathrooms. With Option A, you have the equipment room on the north side and bathrooms on the south side, so future expansion of the pool, as features are added, would require a corresponding expansion of the equipment room and bathrooms, which could be readily accomplished by expanding both ends of the bath house.

With Option B, there was no opportunity to reduce the bathroom size or equipment room, so it came down to a reduction in office and staffing areas, check in and storage, so we decided on Option B to have all of the access to the pool area be a walk by window. This reduces the interior area and cuts back on drywall, roofing, framing and concrete costs, and the concern from a delivery standpoint is that it places the equipment room on the interior of the building which presents a challenge for future expansion of the facility. If the pool is increased at some point, a separate equipment building would need to be built on site to accommodate the additional equipment space that would be required.

Mr. Strawn concluded that when they looked to design a facility that was capped at \$2.5 million, there was no other choice but to cut the actual pool, so they went back to the pool designer and came up with a smaller 6 lane pool of a much shallower depth, and it is not what is believed that the JPA wants for the community. However, in order to reduce the cost to \$2.5 million, that is what the design looks like and it is listed as Option C.

Mr. Hancock stated that what needs to occur is discussion of the features that have been removed, establish priorities and identify opportunities to accomplish some of the work such as landscaping and site improvements with work crews in order to work within the parameters established for the pool. If there is something that absolutely needs to be included, or if the Board is willing to allocate additional funds to enhance the facility, that is the direction and feedback that is needed at this stage.

Board member Hammond commented that a two percent contingency for both A and B options does not seem to be adequate.

Mr. Hancock responded that two percent is a very low contingency for this type of project, but one of the reasons that it can be kept low is that Modern already has a lot of solid bids in place for the construction.

Mr. Strawn stated that a lot of the costs are already locked in through contractors that will be partnering in the project including the pool, heating and air, concrete will be self-performing and it is to a point where there are relatively few unknown costs. The contractors are locked in as part of the design build project and there is not a lot of risk for anyone, and very little remaining to be bid out.

Board member Hammond responded that two percent still seems awfully light.

Mr. Strawn stated that they did their best to prepare a design based on the \$2.5 million budget and did not pad the contingency amount.

Board member McBride clarified that there would be no geothermal included.

Mr. Strawn said no.

Board member McBride reiterated that there would be no water heated with geothermal.

Mr. Hancock explained that the intent to heat the water with the City's geothermal system is something that is still being worked towards.

Board member McBride asked about the decking area between the pool and the bath house, noting that it went back to being a large area. He asked if that was based upon a State mandate.

Mr. Strawn responded that the RFP which was put out by the JPA called for a certain square footage of decking required. It is slightly less in model A and B, and was scaled back even more for model C, so the amount of decking was requested per the verbiage in the RFP.

Board member McBride noted that the pool shows the location as pushed back towards the property line, and that creates a much larger parking area and the JPA wasn't in favor of that. These are some of the issues that were discussed as a Board and it seems as if they are being neglected. He asked if \$200,000 for land work included the parking lot or if was limited to site demo, excavation and well abandonment.

Mr. Strawn responded that the number is solid and we have a quote from a contractor to perform the work.

Board member McBride stated that the JPA has \$450,000 just into ground work, including the demolition of the old building. He asked for clarification regarding well abandonment, adding that at some point it needs to be designed to tie in to the system.

Mr. Strawn responded that it would be a complete abandonment per County requirements and would include a cap and fill. The location of the well is under the future building so a complete abandonment is recommended.

Board member McBride asked if this was a result of the pool location being pushed to the back of the property.

Mr. Strawn responded that he believed the well has always been located underneath the site of the building footprint.

Mr. Hancock asked if Mr. Strawn had a quote specifically for the cost of well abandonment.

Mr. Strawn answered that he did, and it includes removal of equipment and is approximately \$7,000. That includes costs to pull permits, legally abandon it and have it in a condition to build over the top.

President Wilson asked who the permits were pulled through.

Mr. Strawn answered that it was a process permitted through the County.

Board member Chapman noted that the estimated cost is \$20,000, not \$7,000.

Mr. Strawn explained that the original estimate was \$20,000, but after receiving local quotes, the cost has been reduced to \$7,000.

Mr. Hancock stated that there have been a lot of discussions regarding the well which is fairly unique in nature, and he requested that Mr. Strawn provide an update regarding the research and feedback that Modern received regarding the well.

Mr. Strawn explained that per the Health Code, any water going into the pool must be potable, so the well would have to be tested for water quality. The real issue is the age of the well, and in the process of research, Modern reached out to all areas of the County and State for assistance in determining the age of the well, and the responses they received all stated that the well is believed to be too old to be on record. The records started in 1930, and there are no records on file with the Water Board or State Water Quality, and based upon the age of the facility and when it was built, it is assumed that the well is far beyond its useful life. Trying to incorporate an aged well into a brand new facility of this type is not something that Modern would recommend, and at a minimum, it would need to be inspected and certified. Getting it scoped and a new casing installed, which you would want to do before building over the top of it, would be the minimum, and the cost for new casing or to put in a new well would be hundreds of thousands of dollars.

Board member Chapman asked why the building would have to be on top of it. The JPA enlarged the parcel so there would be plenty of ground and the idea of building on top of the well is crazy. He recommended that the JPA give clear direction that whatever is built, whatever hole is dug to pour a pool be away from where the well is located. It is obvious that Modern Building does not want to use the well, so cap it and drill a new well somewhere there isn't going to be a building and use the hot water that is there. He stated that is the water that needs to be used, and he will insist that the geothermal resource is used because that is the whole reason that site was chosen for the facility. If the geothermal well is not going to be used then put in a new well or rehabilitate the old one, or else we have wasted our time for the past 2-1/2 years.

Board member McBride asked for an explanation regarding pool timing and certification.

Mr. Strawn explained that it includes the timing touch pads, score board, wiring and conduit for racing. The certification is a process that involves an independent third party coming to examine the facility and make sure that any racing that occurs at the facility that sets a record would qualify for national and international records.

Board member McBride asked if the conduit and wiring could be put in with the remainder of the improvements to be added later, and how much of a savings would that be.

Mr. Strawn answered that yes, those could be phased improvements and would result in a savings of about \$20,000.

Board member McBride responded that it could be a good community project to add in later.

Mr. Strawn added that the JPA would own a complete set of design plans that would be available to show exactly what the requirements would be to add in those improvements later. The difference between having it certified or not certified is that if a record was broken at that pool, in order for it to count, it has to be a certified pool. You will still be able to hold competitive swim meets there, hold junior classes, and high school race times still go on to be posted on the USA swim website. It would be a sanctioned facility however if a U.S. or World record is broken then it would not count as a record broken at a certified record qualification pool.

Mr. Hancock added that the timing equipment is important but given the likelihood of a national or world record being broken at the facility and the added cost, the certification is not really necessary.

Board member McBride stated that between Option A and B, it appears that the bath house building square footage is almost identical. He suggested the removal of the center waiting area, lobby and concession, the building size could be reduced and still retain the location of the equipment room on the exterior wall of the building.

Mr. Strawn agreed, but stated that would not allow space for the check-in window pass through area. Model B could be rearranged, but it was designed to provide a good flow from the parking lot past the check in window and to the facility. Keeping facility users out of the interior of the building provided that additional convenience and the design seemed to flow better.

Board member McBride responded that the existing staff area could become the new lobby, and the first aid station could be the entrance out to the pool deck. The staff room could be used for storage, and the walk through window area could be removed. It seems as if the equipment room should be located on the exterior wall so that the facility could be easily expanded at some point in the future.

There was a general discussion regarding the revision of Option A by removing the lobby, waiting and concession areas in the middle, moving the bathrooms and equipment area together, and then modifying so that the staff area becomes the lobby, the family restroom becomes the storage area, and the first aid station is the access point to outdoors. This removed the walkway down the middle and allowed for the equipment storage room to remain on the exterior of the wall.

Board member McBride asked how the future enclosure of the pool would be tied in to the existing design.

Mr. Strawn responded there would be a few issues and it is likely it would be a pre-engineered metal building. A fire wall would be required, between the two structures, and the current building is not designed with a fire wall. Unless there is a 20 foot separation between buildings, it is required to have a fire wall in both buildings. In looking at the existing layout, it is likely that it would be easier to have the pool covered by its own building with a metal awning to cover the walkway between the two structures. This would also be an advantage for the larger pool decking area.

Board member McBride asked if the firewall would be block construction.

Mr. Strawn answered that it would involve two layers of gypsum walls, a fire blanket and additional framing.

President Wilson asked for an explanation regarding the general conditions costs.

Mr. Strawn answered that this amount represents the cost for a superintendent living in town during construction, a job site trailer, site fencing, site water and power, storage boxes, and those types of expenses.

Board member McBride asked if the existing fencing on site would be used.

Mr. Strawn responded that it would be used for three sides.

President Wilson asked that if the Board chose Option B as a final design, what types of things are not included in the proposed budget that would still be required for the project.

Mr. Strawn explained that the budget did not include geothermal heating for the floors, fencing for the pool, landscaping, or furniture for the inside. Once bids are obtained for those items, they will have a better idea of what types of costs can be reduced and negotiated for additional savings.

President Wilson asked if the pool equipment was included in the cost.

Mr. Strawn responded that the pool equipment such as lane lines, covers, and all of the equipment to run the pool as well as the first stocking of supplies has been included in the budget.

President Wilson asked if there was a ball park figure for those additional items, as things such as fencing and landscaping can be expensive.

Mr. Strawn responded that fencing and landscaping costs were backed out to reduce the overall price. The cost for chain link fencing surrounding the pool is about \$30,000 and includes a vehicle gate for the pool area, and an ADA access gate. The upgrade to a nicer panel style iron fence could be about 25 percent higher than that. The landscaping which is included is a minimal style around the bath house and street frontage areas and was between \$20,000 and \$30,000.

President Wilson asked if they were looking at somewhere around \$75,000 for those additional items.

Mr. Strawn responded that it was a safe estimate.

President Wilson stated that because of the timing of when the next payment of \$160,000 comes in, that money cannot be counted on for construction. The earliest it could be paid is July, so the cash balance is really \$2.74 million minus whatever is left on the design contract, minus costs for staff time and so we are under \$2.7 million total dollars available for construction and then the reserve for the first few months of operations.

Mr. Hancock added that the only component missing is the \$200,000 County contribution for 2015/2016.

President Wilson said that he started at \$2.9 million and subtracted \$160,000 for the fiscal year 2016/2017 contribution in his estimate. He asked how much money the JPA has available right now that it is not going to be spent before the payment comes in from the City and County for the 2016/2017 payment of \$160,000.

Mr. Hancock responded that it is \$2.75 million, if funds are also allocated for the first few months of operations and expenses.

President Wilson asked if the \$2.75 million needs to include the estimated \$75,000 needed for fencing and landscaping, stating that he is estimating how much money is really available to spend on the pool with the inclusion of a reserve for the first few months of operations.

Mr. Hancock explained that his calculation was correct, and the target of retaining between \$120,000 and \$150,000 was a good estimate for the first few months of operations. The fence contract, for example, includes labor and materials costs. The cost could be brought down by buying the materials and using a work crew to install it. If the JPA's plan is to take care of the items by putting it out to bid and then paying a contractor to come in and build it, it would be more prudent to leave it included as part of the scope with Modern, and have them work on timing and obtaining contracts. Those types of items, such as landscaping, would be the ones that the JPA would want to do to take advantage of the resources that are unique to the area, such as the prison crews.

Board member Meserve commented that his understanding is that even though the well will be capped and abandoned, that the geothermal would still be used for heating the pool from the City source.

Mr. Strawn responded that it would be a simple thing to look into, but the current design does not reflect that.

Board member Meserve responded that it was one of the things that had been discussed during the beginning of the process, and why they chose that location for the onsite well, which would be used for radiant heating, because it was insufficient to use as a heat exchange for the pool.

Mr. Hancock explained that there are two different heat sources at the site through geothermal; the City's geothermal system which runs at 160 degrees and the line runs right at the street. The intent is to make sure that the design accommodates the heat exchanger so the hot water for the bath house is all heated through that source. The pool maintains the temperature fairly well in the summer but if the facility operation is extended into other months, not using the geothermal heat source would significantly increase heating costs. The primary things that should be considered for the onsite well would be using it to top off the water in the pool if the level was getting lower, and using

it for the radiant floor heating. If the City's geothermal system is already going through the facility, it will be more cost effective to only use that source. Every time the well comes on, it would incur pumping costs for water that is only 106 degrees.

Board member Chapman asked what Options A and B are utilizing for a heat source to heat the pool and building.

Mr. Strawn responded that it is based on natural gas with an in-attic furnace for the building heat, and the pool was designed to be heated by natural gas.

Board member Chapman asked what the estimated heating costs were for Option A based on the floor plan that has been provided.

Mr. Strawn responded that the figures were not readily available.

Board member Chapman responded that he was very disappointed that we don't have the information, as it is important to know what those costs are when considering the design. He stated that he was even more disappointed to learn that the whole project is based upon heating with natural gas, and not geothermal, which was the whole reason for choosing that location. He stated that this was not what we bargained for and excused himself from the meeting.

At 4:20 p.m. Board member Chapman left the meeting and did not return.

An unidentified member of the audience asked why the geothermal was not being used if that is where the pool is being built.

Board member McBride stated that the only reason the JPA agreed to tear down the old pool building and incur a \$250,000 expense was to be able to build the pool at that site because of the geothermal, and that is how the rest of the Board wanted to go.

Tony Jonas asked if Mr. Strawn could talk about the swimming pool.

Mr. Strawn stated that the pool is an L-shaped design with six lanes each direction. The depth goes from 4 feet to 7 feet on one side, and on the other it goes from seven feet to 13.5 feet to allow for the installation of a diving board on the deep end. It is a gutter less pool so it has a two foot perimeter large trench drain, a large backflow tank adjacent to pool, stacked filters in equipment room, an eight inch feed, all automatic chlorination process, tile lane lines and border, tile on the stairs and it is gunnite construction.

Mr. Jonas asked about any soil issues at the site.

Mr. Strawn responded that based on the geological report, the soil compaction is not adequate so the site has to be dug out, put back and re-compacted and then dug out to put the pool in. The soil quality is good but it is not compacted to the strength it needs to be for pool construction.

Mr. Jonas asked about the costs for project permitting.

Mr. Strawn responded that the permits would be obtained from the City and County, but the costs were not included in the budget, and an estimate was not available.

President Wilson asked if the JPA would be making a request to both agencies to waive permitting costs.

Mr. Strawn responded that it was the assumption that permit fees would be waived.

Mr. Egan responded that the request could certainly be made, but cautioned against making assumptions.

Board member Hammond stated that it seems that numbers are so close, but this is an example of why such a low contingency makes him nervous, as there are always hidden costs no matter what.

Mr. Hancock stated that the permitting process would be largely through the City. The County Public Health would be needed and it would be through the City for plan check, building and mitigation fees, and to the Sanitary District and LMUD. Additional research would be required to identify whether or not the project would be exempt from school development fees.

Mr. Seegert spoke regarding the project in general, stating that when the initial request went out, it was a very unique thing to be utilizing geothermal and Modern was intrigued. It is a cool concept, and an interesting project and they were all very excited to be a part of it. A lot of time and research went into using the existing well, and it was discouraging to learn after weeks and months and speaking with numerous experts in the field to learn that it would be cost prohibitive to use it for this project. Anything can be done at a cost, but it doesn't seem like financially the right way to go, and he understands the concern but a lot of time was dedicated to trying to figure out a way to utilize the well for the project and budget was a concern so they shifted gears and it was one of the first items looked at in terms of budget.

Board member McBride stated that the well can be abandoned but there is a geothermal on the street. The well was appealing because it is hot potable water and that was a benefit. The geo heating was intended to be pulled from the street to heat locker rooms and pool water. It was the reason that the project site was chosen and it needs to be included. The decking heat is just a luxury but the JPA chose that location to be able to heat the building and pool with geothermal that was located at that site. There were other sites that would have saved money but the geothermal wasn't there. Board member McBride apologized for Board member Chapman leaving the meeting, adding that he is very passionate about using the geo resource and he fought hard to select that location for the pool site.

Mr. Seegert responded that the design was developed and the geothermal was not intentionally left out. The RFP specified utilizing geo to heat the floors and deck and so an assumption was made that it was only for that purpose. The pool designer understood that it was the intent to use the well to top off the pool, but he had his own reasons for being opposed to that, and didn't understand that the intent was to heat the pool itself with geothermal. He has been contacted and it is only a matter of adding a heat exchanger and some additional site work to get the geothermal to the pool. It is not currently in the budget but it can be looked into.

Board member McBride responded that he feels as if the Board and Modern are close to an agreement and have to just find a few places to save. He is not clear on what is involved in all of the signage, but it is his business and he would be happy to take care of the signage for the facility. He challenged others in the community to do the same, to step up and contribute to make sure that the JPA builds the best facility possible. The challenge should be put in the paper, and community organizations and groups should be asked to contribute for the additional items on the list.

Mr. Strawn noted that the signage cost includes all exterior and interior signage that is required by the ADA prior to being installed and prior to obtaining a Certificate of Occupancy for the facility. The budget was designed with the thought that items could be backed out of the project to work with the established budget. There are also those items that could be added by community groups and donations. Items such as fencing are important and he would not be comfortable walking away from the project with a large item like fencing left out to be added later. If there are other ways to scale back or use work crews, those are items that could be backed out.

An unidentified member of the audience asked if the cost would be cheaper to hook up to natural gas.

Mr. Strawn responded that it would be a short term savings but in the long term, geothermal is essentially free heat.

Mr. Hancock stated that everyone agrees why the site was chosen, and geothermal is very important. It was his understanding with all of these figures that the pool was to be heated by geothermal, and the only thing being removed from the budget was the deck heating and radiant heating in the facility. The City is very experienced with heat exchangers and sizing and they are not that expensive. It would not take much to add them and that was definitely the intent. The discussions to date regarding geothermal largely focused on the constraints of using the on-site well.

President Wilson commented that he is hearing the concern about price, and that nobody seems to like Option C. What the JPA is looking at is some sort of hybrid between option A and B, and he is not optimistic about budget, and at this point we have identified another \$50,000 - \$100,000 in expenses. He said he felt like \$2.696 million is still a little rich.

Mr. Hancock stated that he was taking notes regarding the comments and that what is needed is a budget price that can be utilized to develop the final design. He asked for confirmation that the timing equipment installation would be postponed and the initial construction would include just running the conduit. There was a clear suggestion to take Option A, remove the middle section lobby and concession areas and bring the ends of the building together. It is a suggestion that could be worked with for additional cost savings, but the JPA needs to establish a construction budget cost.

President Wilson asked Mr. Strawn what his experience tells him is the likelihood that if the Board chooses \$2.6 or \$2.65 million as a top figure, that it will actually be built for that cost. He stated that he wanted to get an idea of what type of reserve is actually needed. If he was building a house he could guarantee that it would cost 10 or 20 percent more than he was planning to spend.

Mr. Hancock asked if Modern gives a final design cost, can the JPA expect that the final price is going to be 10 or 20 percent more than contracted.

Mr. Strawn stated that if the price is set at \$2.75 million then that price would be one Modern can work with. He stated that there would be approximately \$75,000 additional costs with landscaping and fencing, a little more to add the geothermal component for heating the pool, but there is going to be savings when proceeding to the public bid phase. The existing quotes based off design are from local subcontractors and they have given feedback and written quotes. Those quotes will be used to put the items out to bid and in a competitive market additional savings will be realized through that process.

Board member Hammond asked if there was any way to reduce the size of the building.

Mr. Strawn responded that was reflected in Option B, with building requirements the bath house is about as small as it can be.

President Wilson asked if stick built was the cheapest option. Mr. Strawn responded that it was, and initially they looked at block construction but it was way too expensive.

Board member Hammond asked if a metal building was an option.

Mr. Strawn responded that there were concerns with a metal building given the level of humidity and chemicals associated with the operation.

President Wilson stated when the JPA originally started down the path, there was a guaranteed price not to exceed, and asked for an update regarding that status.

Mr. Hancock responded that the original bid set a gross maximum price of \$3.1 million with a construction maximum of \$2.98 million. The goal was to enter into a contract for design for the first phase, and then come up with a new gross maximum price for the construction phase. Once the final design is developed, then a new contract will be executed with Modern for the construction phase and will include a gross maximum price.

Mr. Strawn explained that the plan is to use a general budget approach where the JPA decides what the budget needs to be, then Modern develops the final design that is ready to go to permit. That design will be put out to bid for all of the remaining scopes. The contractors that have partnered with Modern for the project, including the pool, heating/electrical, air and concrete have already submitted solid proposals so the items that will be put to bid will be in a competitive market, and once those final numbers are obtained, Modern will prepare a Phase 2 proposal and present

that to the JPA. That proposal will include a new contract that states for these designs, this facility will be built for the price that is established based upon the JPA's budget.

President Wilson clarified that at that point, the JPA either signs the contract or doesn't. He requested comments from the Board regarding design preferences and price.

Mr. Hancock stated that there has been a lot of valuable discussion and requested narrowing down the items to some specific things that the Board is agreeing on.

It was the general consensus of the Board to build an L-shaped pool, heated by geothermal and also to heat the building with geothermal if possible. The Board discussed the well abandonment process, the layout and location of the building and requested to not build over top of the existing well, even if it was going to be abandoned and capped. The parking lot layout was discussed, with the phase 2 implementation expanding it to the property line.

The Board discussed additional items related to the well. Mr. Jonas stated that the on-site well stopped running three years prior to the old pool being closed down. It is over 100 feet in depth, and Mr. Strawn discussed the challenge of scoping and re-casing such an old well. He stated that it would be virtually impossible to have an engineer sign off on the well due to its age.

Mr. Hancock summarized the items that the Board had prioritized through the discussion process as follows:

- An L-shaped pool design with geothermal heated water
- Geothermal heating in the building
- Narrow the parking lot
- Move the building to the south and to the east as much as needed to not be located on top of the old well
- Bring the well casing to the surface for the abandonment procedure
- Reduce the decking area between the pool and building to a minimum.

There was additional discussion and explanation regarding the design of the pool surge system and why the practice to top off the water level by using geothermal heated water was impractical due to the automated nature and speed of the adjustment to the water levels.

President Wilson noted that it sounded as if the Board did not need to worry about moving the building, and abandoning the well as cheaply as possible would be the priority. He invited comments from the Board regarding a maximum budget price, admitting they all probably had varying levels of comfort. Right now, the budget is at \$2.75 million and that does not include furniture.

Mr. Strawn responded that \$2.75 million is a safe number to include fencing and landscaping.

Board member Hammond requested a contingency of \$150,000 for over runs, change orders and those types of items.

Mr. Hancock explained that the reason the contingency is so low, is that Modern is basing the estimated budget on solid bids that have been presented by their subcontractors and project partners.

Mr. Strawn added that they have approximately \$2 million locked in on solid numbers, and the two percent contingency is actually a higher percentage. There is between \$600,000 - \$800,000 in costs that are not locked in and that represents where the outlying risk is, so two percent contingency is based on \$600,000 to \$800,000, and not \$2.75 million.

President Wilson asked what the remaining balance was to be paid on the design contract.

Mr. Hancock responded that it was about \$40,000. He reminded the Board that the facility would not be open to the public until spring 2017, and with the County's 2015/2016 contribution, and the expected 2016/2017 contributions from the City and County, an additional \$360,000 will be received during construction. He stated that he is comfortable with the \$2.75 million figure for construction, and does not want to see the Board in a position when the pool opens that

they have a lot more money than needed for initial operations that could have been dedicated towards the construction of the facility.

There was additional discussion regarding the cost of permitting and fees, and working to generate interest in the community to participate in fund raising and contributions that will enhance the design and provide for added items such as lockers and furniture. Requirements for landscaping installation prior to the facility opening and ways to cut costs by utilizing inmate labor to install improvements was discussed, and it was agreed that the installation of the main irrigation line should be included in the construction cost and not completed by work crew labor. Mr. Hancock suggested that including the landscaping cost estimate in the budget would allow the JPA to obtain a more definitive price and at that point, project components could more easily be backed out of the budget and taken on as community projects to reduce the overall cost of the facility.

Mr. Seegert expressed his concern regarding the \$2.75 million figure including fencing, landscaping, and geothermal costs would be stretching things a bit. He stated that he is nervous about the idea of trying to get the budget down that tight. The low contingency is a sign that the costs as provided are solid, and there are not too many areas left to pick from in terms of bringing down the cost without sacrificing features. He added that if the \$2.75 million budget was firm, he suggested leaving out the landscaping.

Mr. Hancock clarified that the request was to reduce the amount of decking between the bath house and the pool.

Board member McBride stated that the space was needed, but asked if the decking area could be replaced with a concrete walking path.

Mr. Strawn agreed that the decking area could be minimized and concrete could be utilized where feasible. Decking could always be added if there was cost savings in other areas.

It was the consensus of the Board to establish the construction budget at a price of \$2.75 million dollars with the design focus as discussed.

3D Private letter Ruling for Exempt Contributions

Mr. Hancock provided a brief update regarding the status of the HLVR's ability to accept tax deductible contributions for the swimming pool. Staff had been in contact with the IRS to determine the time and cost associated with obtaining the Private Letter Ruling. The IRS requires a written request, and based on the information available, the fee for submitting the written request is \$2,200. He added that the IRS is not able to provide a time frame for completing the Private Letter Ruling, however it would be worthwhile to obtain the determination in writing.

Board member McBride commented that the only way to get large donations is if people are able to write them off.

4 BOARD MEMBER ISSUES/REPORTS: None.

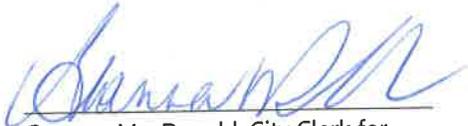
ADJOURNMENT:

Motion by Board member Hammond, second by Board member McBride, to adjourn; motion carried. Ayes: McBride, Hammond, Meserve and Wilson. Absent: Chapman.

Meeting adjourned at 5:40 p.m.


Brian Wilson, President

Respectfully Submitted by



Gwenna MacDonald, City Clerk for
Heidi Whitlock, Project Manager