



San Bernardino County

Legislation Text

File #: 1144, Agenda Item #: 58

**REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS
OF THE BIG BEAR VALLEY RECREATION AND PARK DISTRICT
AND RECORD OF ACTION**

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION**

October 8, 2019

FROM

LUTHER SNOKE, Interim Director, Special Districts Department

SUBJECT

County General Fund Loan and Construction Contract Revisions for the Big Bear Alpine Zoo Relocation Project

RECOMMENDATION(S)

1. Acting as the governing body of the Big Bear Valley Recreation and Park District (BBVRPD):
 - a. Approve a cooperative agreement with the County of San Bernardino (County) for a loan of \$5,500,000 from the County General Fund for costs related to the Big Bear Alpine Zoo Relocation Project (Project) and allow BBVRPD to repay such loan over a 30-year term with interest at the County Treasurer's Investment Pool rate.
 - b. Approve adjustments to BBVRPD's 2019-20 budget, as detailed in the Financial Impact section, and authorize the Auditor-Controller/Treasurer/Tax Collector to post these adjustments as needed for the Project (Four votes required).
 - c. Approve Amendment No. 2 to Contract No. 16-258 with M.S. Construction Management Group in the amount of \$604,824.26 (increasing the total contract amount from \$8,848,693.22 to \$9,453,517.48) and extend the Final Completion Date to June 25, 2019 for required and agreed upon changes during construction to facilitate completion of the Project (Four votes required).
 - d. Approve Change Order No. 3 to Contract No. 16-258 with M.S. Construction Management Group in the amount of \$56,779.47 (increasing the total contract amount from \$9,453,517.48 to \$9,510,296.95) and extend the Final Completion Date to July 1, 2019 for required and agreed upon changes to facilitate completion of the Project (Four votes required).
2. Acting as the governing body of the County of San Bernardino:
 - a. Approve a cooperative agreement with BBVRPD for a loan of \$5,500,000 from the County General Fund for costs related to the Project and allow BBVRPD to repay such loan over a 30-year term with interest at the County Treasurer's Investment Pool rate.
 - b. Approve the use of \$1,700,000 set aside in General Fund Reserves for the Big Bear Alpine Zoo to partially fund the \$5,500,000 BBVRPD loan.
 - c. Authorize the Auditor/Controller/Treasurer/Tax Collector to record the loan between the County General Fund and BBVRPD, if approved.

(Presenter: Luther Snoke, Interim Director, 386-8811)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Ensure Development of a Well-Planned, Balanced, and Sustainable County.

FINANCIAL IMPACT

Planning and construction of the Project has taken place over many years and consists of items including land acquisition, project management, planning, design, and construction of both the zoo and an adjacent parking lot. In 2016 it was communicated to the Board that the total cost of the project was estimated to be \$10.2 million, of which \$1.7 million was unfunded. This did not include an additional \$2.1 million in land acquisition costs that were expended in 2010, making that total \$12.3 million. This assessment was inadequate and did not take into account a number of additional items required to construct the zoo site, which led to this number being understated.

During the compilation of the overall Project budget, staff did not account for the numerous changes that would be required to construct the Project to the appropriate United States Department of Agriculture Animal Welfare standards and Association of Zoos & Aquariums best practices and standards, as well as the architectural and site challenges that have presented themselves during the course of construction. In addition, the cost of constructing a parking lot with access to the Project site was not contemplated as it was believed that a lease agreement at no cost would be reached with a third party which was unsuccessful. It is estimated that the total cost of the Project is \$18.2 million.

An in-depth analysis was performed on both costs and sources to determine what funding gap exists and what the best manner to fund this gap which led to a total project need of \$5.5 million which is detailed below. The following table summarizes the original projected costs and the current projected costs for all known work of the Project (excluding demolition of the existing Zoo):

Description	2016 Projected Costs (in millions)	2019 Projected Costs (in millions)
Construction/Engineering/Design	\$9.5	\$13.3
Project Contingency	\$0.0	\$0.7
Administration/Project Management	\$0.2	\$0.7
Various Other Costs (including signage, parking lot)	\$0.5	\$1.4
Total Projected Construction Costs	\$10.2	\$16.1
Land Acquisition	\$2.1	\$2.1
Total Projected Costs	\$12.3	\$18.2

Not included in the projected costs above is an amount for demolition of the current leased Zoo site, which site must be returned to bare land prior to termination of the lease. This cost is currently being evaluated and a future item requesting additional Discretionary General Funding, if needed, will be submitted to the Board for consideration and approval.

BBVRPD is seeking a loan from the County General Fund to assist with funding costs of the Project. The \$5.5 million loan request is comprised of the following:

- \$1.7 million of existing funding that is currently set aside in County General Fund reserves, as

approved by the Board of Supervisors (Board) on December 6, 2016 (Item No. 91), to fund a potential loan for the Project.

- \$3.8 million of additional funding:
 - \$2.3 million to complete the construction and parking lot aspects of the Project that are not currently funded.
 - \$1.5 million for BBVRPD to repay funding borrowed from County Service Area (CSA) 70 that was approved by the Board on May 24, 2016 (Item No. 197) to address an immediate funding need associated with the Project.

The following table, which assumes Board approval of the \$5,500,000 County loan, summarizes the various funding sources for the Project:

Description	Sources (in millions)
Discretionary General Funding	\$5.8
Loan from County General Fund	\$5.5
BBVRPD Funds	\$2.9
Donations	\$1.9
Grants	\$1.5
Various Other Funding Sources	\$0.6
Total Sources	\$18.2

Of the \$1.9 million in donations, it should be noted that \$1.2 million is still pending and will require acceptance by the Board in accordance with County Policy No. 06-01.

In order for BBVRPD to utilize the \$5.5 million loan proceeds this fiscal year (\$4.0 million for construction costs and \$1.5 million for repayment of funding borrowed from CSA 70), the following budget adjustments are needed:

Fund/ Cost Center	WBSE	Commitment Item	Description	Increase (Decrease)
<i>Big Bear Alpine Zoo - Operating Fund:</i>				
6200002582		53003325	Debt Service - Principal	\$1,500,000
6200002582		55305030	Operating Transfers Out	\$4,000,000
6200002582		40909985	Long Term Debt Proceeds	\$5,500,000
<i>Big Bear Alpine Zoo - Construction Fund:</i>				
6200003164	30.30.0002	54104010	Improvements to Land	\$2,300,000
6200003164	30.30.0002	40909975	Operating Transfers In	\$2,300,000

The budget increase for the Zoo Construction Fund is \$2.3 million, rather than \$4.0 million, as the \$1.7 million from the use of County General Fund reserves is already included in the Project's budget for 2019-20.

Approval of this item will fund the Project to completion and ensure the operational and cash flow stability of the Zoo. BBVRPD will repay the \$5.5 million County loan, including interest at the Treasurer's Investment Pool rate, over a period not to exceed 30 years commencing upon approval of the loan agreement.

The average amount of the debt service payment is estimated at approximately \$250,000 per year over the term of the loan based on the current rates. BBVRPD will fund this cost primarily through an expected increase in annual revenue from admissions at the new Zoo. Appropriation for future debt service payments will be included in BBVRPD's annual recommended budget.

BACKGROUND INFORMATION

BBVRPD operates the Big Bear Alpine Zoo. The current facility, which is located in the Moonridge area of Big Bear, is small and outdated making it difficult to care properly for the animals. In 2010, BBVRPD purchased property to relocate and expand the Zoo. At that time, BBVRPD also began working on conceptual plans for this new site.

Construction Contract:

On May 24, 2016 (Item No. 197), the Board awarded a construction contract in the amount of \$8,544,000 with M.S. Construction Management Group (MSCMG) to build the new Zoo facility. The notice to proceed for construction was issued on June 15, 2016 but was later changed to July 5, 2016. The following are changes that have occurred to this contract:

- On September 27, 2016, the Director of Special Districts, as authorized by the Board pursuant to Public Contract Code section 20142, approved an administrative change order (Change Order No. 1) to MSCMG to add \$48,589.63 to the contract amount and 7 days to the contract time to address excessive, oversaturated soil conditions that caused the need for additional excavation, and rock stabilization under building foundations. This action increased the contract amount from \$8,544,000 to \$8,592,589.63.
- On January 23, 2018 (Item No. 54), BBVRPD and MSCMG mutually agreed to Contract Amendment No. 1, increasing the contract amount by \$150,000 and extending the contract time to December 30, 2018 for the construction of the Grizzly Stream feature in the Grizzly Bear enclosure, which was funded by donations. This action increased the contract amount from \$8,592,589.63 to \$8,742,589.63.
- On May 10, 2018, the Director of Special Districts, as authorized by the Board pursuant to Public Contract Code section 20142, approved an administrative change order (Change Order No. 2) to MSCMG in the amount of \$106,103.59 to address plan conflicts, code requirements, and constructability issues. This action increased the contract amount from \$8,742,589.63 to \$8,848,693.22.

The recommended Amendment No. 2 to Contract No. 16-258 compensates MSCMG in the amount of \$604,824.26 for the cost of additional storm drain lines, animal caging modifications, footings for a viewing platform, concrete curbing, and animal anti-dig barriers, which were all added due to unforeseen site conditions, plan omissions, building and animal code requirements, and plan conflicts. The contract time with MSCMG will be extended to allow for completion of the additional unforeseen scope of work set forth in this amendment. Additionally, Amendment No. 2 corrects a clerical error to add 264 calendar days to the contract time that had been inadvertently omitted from Amendment No. 1. Board approval of Amendment No. 2 will increase the contract amount from \$8,848,693.22 to \$9,453,517.48 and revise the contract completion date to June 25, 2018.

The recommended Change Order No. 3 to Contract No. 16-258 compensates MSCMG in the amount of \$56,779.47 for the additional scope of work related to modifications to the building and wall structures, movement of boulders for use onsite, interest payments for delayed invoices, and animal caging modifications which were all added due to unforeseen site conditions, plan omissions, building and animal code requirements, and plan conflicts. Contract time with MSCMG will be extended to allow for completion of the change order work, placing the revised Contract completion date at July 1, 2019. Board approval of Change

Order No. 3 will increase the contract amount from \$9,453,517.48 to \$9,510,296.95.

There are additional contract changes under negotiation for both compensation and time that will be brought before the Board in a future agenda item(s) and will be covered under the total projected cost of \$18.2 million.

Cooperative Loan Agreement:

The loan requested from the County General Fund (\$5.5 million) is expected to fund construction of the Project (including the recommended contract amendment and change order) and parking lot through completion, provide funding for a future contract related to the Project's signage, and allow BBVRPD to repay \$1.5 million borrowed from CSA 70 as referenced in the Financial Impact section.

Currently, overall completion of the Project and move-in of animals, staff, and equipment is currently under negotiation. This date may be affected based on the severity of the upcoming winter season. When completed, the new Zoo will enhance the size and quality of the inhabitant enclosures, advance the health and welfare of the animals, and improve the overall visitor experience at the facility.

PROCUREMENT

The additional cost items in Amendment No. 2 and Change Order No. 3 to Contract No. 16-258 are related to events that took place after the competitive bid processes that resulted in the original contract to MSCMG. Therefore, no additional procurement activities are required.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Sophie Akins, Deputy County Counsel, 387-5455 on September 17, 2019 and Dawn Martin, Deputy County Counsel, 387-5455 on September 30, 2019); Auditor-Controller/Treasurer/Tax Collector (Lisa Lazzar, General Accounting Manager, 382-3196) on September 30, 2019; Finance (Tom Forster, Administrative Analyst, 387-4635) on September 30, 2019; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on October 1, 2019.