

STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: MATTHEW BRONSON, CITY MANAGER
BRUCE BUCKINGHAM, COMMUNITY DEVELOPMENT DIRECTOR *BAB*
SUBJECT: UPDATE ON GROVER BEACH LODGE & CONFERENCE CENTER PROJECT

BACKGROUND

The Grover Beach Lodge and Conference Center project is a long-standing economic development priority consisting of a 150 room hotel, 11,000 square foot conference center, and restaurant on approximately 13 acres located at the end of West Grand Avenue within Pismo State Beach. The project developer is Pacifica Companies (Pacifica) and the Council approved the project in April 2014 along with a previously approved financing plan. The project plans are available for viewing on the City's website at <http://www.grover.org/DocumentCenter/View/4783>.

The City's adopted Capital Improvement Program (CIP) contains the Grover Beach Lodge Public Improvements project (CIP #3275) that includes the construction of an 11,000 square foot conference center and public improvements that support the development of the project. The public improvements consist of water and sewer mains, dry utilities, public parking lots, landscaping, lighting, LeSage Bridge, public plaza, and relocation of the LeSage dump station.

From November 2015 to March 2016, the Council held several discussions relating to project financing culminating in the Council's decision to cancel a State grant tied to an integrated conference center within the main lodge building. Following this action, the City has worked with Pacifica and the City's Joint Authority (JA) partner the State Parks System on planning and design for the public improvements and conference center. This work includes the Council's award of contract to Garing Taylor and Associates on May 16, 2016 for the design of public improvements on the lodge site. The City's efforts are guided by a Council subcommittee consisting of Mayor Shoals and Mayor Pro Tem Lee and supported at the staff level by the City Manager, Community Development Director, and Public Works Director.

As the project moves forward, staff would like to provide periodic updates to keep the Council informed on the project process and identify issues that require Council direction. The focus of this first update is to have Craig Smith with CRSA Architecture provide a presentation on the proposed conference center design and preliminary cost estimate and allow for Council comments or questions. Staff has also provided updates on the public improvements and hotel construction plans. No action is required by the Council on this update.

APPROVED FOR FORWARDING



MATTHEW BRONSON
CITY MANAGER

Please Review for the Possibility of a
Potential Conflict of Interest:

- None Identified by Staff Bright
 Shoals Nicolls
 Lee Shah

Meeting Date: August 15, 2016

Agenda Item No. 10

DISCUSSION

Conference Center

The entitled conference center design was an initial conceptual design prepared by Pacifica's architect. Given the City's intent to move forward with the separate conference center, there was a need to evaluate the design with a focus on a more efficient floorplan and a cost effective design that minimizes project construction costs. Consequently, the City hired Craig Smith with CRSA Architecture to evaluate and prepare a revised conference center floor plan, building elevations, and preliminary cost estimate for Council consideration. Mr. Smith has had several meetings with staff and the Council subcommittee during the preparation of the revised conference center plan.

Staff has requested Mr. Smith provide a presentation to the Council on the revised conference center design and preliminary cost estimates. The revised design is shown in Attachment 1 with the primary revisions listed below:

- Rotated the main entry and focal point from the west to the southwest.
- Reduced the overall size from 11,130 to 9,200 square feet while maintaining a ballroom of 4,500 square feet divisible into two banquet rooms and a courtyard.
- Added 1,600 square feet of meeting space that is divisible into two or four rooms of either 800 square feet or 400 square feet, respectively.
- Created a 4,774 square foot outdoor open event area.

In addition, Mr. Smith has worked with JW Design, a local contractor, on preparing a detailed preliminary cost estimate as follows:

Site Construction	\$ 1,100,000
Building Construction	\$ 3,100,000
Furniture, Fixtures & Equipment (FF&E)	\$ 400,000 ¹
Contingency at 5%	\$ 250,000
Soft Costs	\$ 550,000 ²
Total Construction Costs	\$ 5,400,000

¹ Based on Pacifica's previous FF&E estimate less items included in the Building Construction costs.

² Average soft cost range provided by CRSA. Does not include City costs for Construction Management or Building Permits.

The soft costs include architectural, interior design, civil engineering, environmental mitigation, and other related services. The total preliminary cost of \$5.4 million is approximately \$800,000 lower than the \$6.2 million estimated cost of the initial design due to updated local market costs and use of more cost-efficient materials. The Council could provide direction for staff to continue working with CRSA Architecture to further reduce costs by value engineering the conference center and identify where site construction costs may overlap with Pacifica's work on the lodge.

Staff is requesting the Council provide comments on this proposed conference center design and cost estimate. To inform staff's work in updating the project financing plan, the Council is also asked to provide input on a funding approach where Pacifica would pay the upfront cost for constructing the conference center and the City would provide reimbursement for this cost over a period of time. City and State representatives from the Joint Authority are meeting with Pacifica later this month to discuss the project and the City's intent to design and construct the conference center with Pacifica responsible for the operation and maintenance of the

conference center as required by the Concession Agreement during the 50-year lease period. The final conference center design and financing plan would ultimately be brought to the Council for approval.

Public Improvements

The Council awarded the contract for the design of the public improvements to Garing, Taylor & Associates (GTA) in May 2016. GTA is scheduled to have the first cost estimate for the public improvements upon 30% completion of the plans next week. However, the public improvement plans for the public plaza and LeSage Bridge require review and approval of a conceptual plan by the Joint Authority prior to beginning the improvement plans. Therefore, the cost estimates based on 30% completion of the plans will be delayed until after the next JA meeting later this week. Staff will provide an update to the Council once the plans are 30% completed.

As part of the approved project, the existing dump station on LeSage Avenue is to be relocated to the North Beach Campground within Pismo State Beach. State Parks filed a Coastal Development Permit (CDP) application with the City of Pismo Beach in June 2015. The application is tentatively scheduled for a public hearing before the Pismo Beach Planning Commission in September. If approved, and no appeals are filed with the Pismo Beach City Council and/or Coastal Commission, GTA would begin design immediately. If the CDP was ultimately appealed to the Coastal Commission, it could delay the relocation of the dump station and other short or long-term solutions would need to be discussed.

Hotel Construction Drawings

Pacifica has submitted the 50% Design Development Plans for the hotel to the JA for review and comment. The JA has established a design sub-committee to review the plans and provide recommendations to the JA. The design sub-committee met in late July and will provide an update to the JA at its next meeting. As part of these plans, Pacifica is proposing a roof deck that was not part of the entitled project. If the JA approves the schematic plan for this revision consistent with the requirements of the Concession Agreement, an amendment to the Council approved Coastal Development Permit would be required since the elevator access would exceed the 40-foot maximum building height.

Next Steps

As mentioned earlier, the JA will meet later this week to discuss project status and meet with Pacifica later this month. The Council subcommittee can provide a brief update on these discussions and next steps at the next Council meeting. Staff will schedule another project update to the Council as soon as GTA has completed preliminary construction costs for the public improvements based on 30% complete plans. The public improvements cost estimates combined with the preliminary cost estimates provided for the conference center will be the basis for future Council direction on revisions to the previously approved financing plan. The City also continues to recruit for a Capital Improvement Project Manager to manage this and other high-priority capital projects and will provide further information on this recruitment at the Council meeting.

ALTERNATIVES

The City Council has the following alternatives to consider:

1. Provide comments on the proposed conference center design and preliminary cost estimate; or
2. Provide alternative direction to staff.

RECOMMENDED ACTION

It is recommended that the City Council provide comments on the proposed conference center design and preliminary cost estimate.

FISCAL IMPACT

The City will be revising the project financing plan with the updated cost estimates for the conference center and public improvements. The financing plan will reflect annual revenues generated by this project including new Transient Occupancy Tax, lease payments, and sales tax revenues as well as highlight additional indirect revenue generated through room bookings, retail and restaurant sales, and other activities related to the lodge and conference center. This plan will be developed based on Council direction and brought to the Council for final consideration and approval.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act.

ATTACHMENTS

1. Conference Center Plans