



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works		(2) MEETING DATE 11/7/2017		(3) CONTACT/PHONE Jeff Lee, Capital Projects Manager (805) 781-1043	
(4) SUBJECT Request to receive and file a project update on city participation in the new Animal Shelter project and provide direction, as necessary. All Districts.					
(5) RECOMMENDED ACTION It is recommended that the Board receive and file a project update on city participation in the new Animal Shelter project (WBS 320088) and provide direction, as necessary.					
(6) FUNDING SOURCE(S) Fund Center 230 Capital Project		(7) CURRENT YEAR FINANCIAL IMPACT Total Project Costs = \$13,701,500.00		(8) ANNUAL FINANCIAL IMPACT \$0.00	
(9) BUDGETED? Yes					
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input checked="" type="checkbox"/> Board Business (Time Est. 30 min)					
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A					
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A				(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached		(15) BUSINESS IMPACT STATEMENT? No		(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: 2/28/17, #20; 9/19/17, #23	
(17) ADMINISTRATIVE OFFICE REVIEW David E. Grim					
(18) SUPERVISOR DISTRICT(S) All Districts					

Reference: 17NOV07-BB-2



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Public Works
Jeff Lee, Capital Projects Manager
Dave Flynn, Deputy Director of Public Works

VIA: Wade Horton, Director of Public Works

DATE: 11/7/2017

SUBJECT: Request to receive and file a project update on city participation in the new Animal Shelter project and provide direction, as necessary. All Districts.

RECOMMENDATION

It is recommended that the Board receive and file a project update on city participation in the new Animal Shelter project (WBS 320088) and provide direction, as necessary.

DISCUSSION

The current Animal Services shelter was constructed around 1975 on a former landfill utilized in the 1940's by the U.S. Army and Camp San Luis Obispo. As initially designed, the structure totaled 6,600 square feet and was intended primarily for the kenneling of dogs, with less than 38 square feet dedicated to the care and housing of cats; no accommodations were made for other types of animals. Since then, additional building modifications have been built to accommodate dog runs adjacent to the kennels, corrals for ranch animals, a small structure for cats, night drop-off kennels, an expansion for staff administration, and renovation for the public lobby.

Current codes, energy standards, and public expectations for animal shelters have shifted substantially. Many of the shelter's original design features and characteristics are now outdated or inconsistent with the current understanding of humane animal sheltering. Moreover, the energy and water conservation measures at the shelter are not consistent with County objectives. Past efforts in incrementally improving the facility have been hampered by a multitude of issues, and on April 7, 2015, the Board recognized that further investment in the current facility would not be cost effective. On April 12, 2016, the Board directed staff to proceed with development of a new Animal Shelter utilizing the Design-Build project delivery method.

This direction resulted in execution of a consultant services agreement on February 28, 2017 with Kitchell for construction management and SWATT/MIERS Architects providing master architect services consistent with the first phase of the design-build process. Also on February 28, 2017, the Board approved a Memorandum of Agreement (MOA) with the Cities of Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach and San Luis Obispo for the allocation of construction and financing costs for a replacement Animal Shelter. A copy of the MOA is attached as Exhibit B.

The MOA addresses the following general terms, among others:

- Total cost of the project, estimated at \$13.7 million, excluding County only costs for existing property, remaining depreciation of the existing shelter and possible future costs for demolition or repurposing of the existing facility;
- Allocation of the principle and financing costs among the eight jurisdictions, based on a rolling three-year average of shelter usage data. The current utilization data would require that the County contribute 38% of the project costs while the cities would collectively contribute 62%.
- Procedures for a city or cities to discontinue their participation in the MOA and exit the Animal Shelter Project. A city may end participation in the project as outlined within the Agreement; however, there are potential cost implications and notification requirements. The most recent decision point was "written notification to the County by" October 31, 2017 whereby each city determined whether to participate in future project financing. The absence of written notification was considered acceptance.

On October 30, 2017, the City Councils of Atascadero and Paso Robles individually held special meetings to discuss each city's continued participation in the new Animal Shelter project. Depending on the outcome of those discussions, the County and the other participants in the project have the following options:

- Continue project implementation with participation between the cities of Arroyo Grande, Grover Beach, Morro Bay, Pismo Beach, San Luis Obispo and the County. Attached as Exhibit C is a table outlining the revised participation percentages for each city and the county without participation from both Atascadero and Paso Robles. This scenario assumes a \$500,000 reduction in project cost.
- Provide alternative direction to County staff and the Steering Committee regarding project implementation.

OTHER AGENCY INVOLVEMENT/IMPACT

A Steering Committee was formed to direct project implementation and includes city representatives, County representatives from Administration (for finance oversight and governance), Public Works (as the project manager), the Auditor's Office (for project financing), and the Health Agency (as client department and operator).

The Steering Committee has been provided a copy of this staff report.

Attached is a table indicating percentage of participation and annual range of costs for Cities and the County; with and without the Cities of Atascadero and Paso Robles participation.

FINANCIAL CONSIDERATIONS

The New Animal Shelter project is a multi-year project in the Facilities Capital Fund – WBS 320088. On February 28, 2017, the Board approved a budget adjustment in the amount of \$1,741,600 to fund the project through this first project phase.

The current total to design and construct the New Animal Shelter project is estimated at \$13.7 million. Outside project participants will pay a portion of the construction cost per the MOA. Staff will return to the Board to fund the Design-Build construction contract phase of the project at a later date.

Please see Exhibit “A” for the current cost estimate of the design phase.

RESULTS

Support of the project’s progress and the ability to continue to the next phases will lead to the development of an Animal Shelter facility which will result in a safe, healthy and well-governed community.

ATTACHMENTS

1. Vicinity Map
2. Exhibit A – Project Cost Estimates
3. Exhibit B – Project MOA adopted February 28, 2017
4. Exhibit C – Table of Participation Percentages by City and County
5. Exhibit D – Timeline of Board Actions
6. PowerPoint Presentation

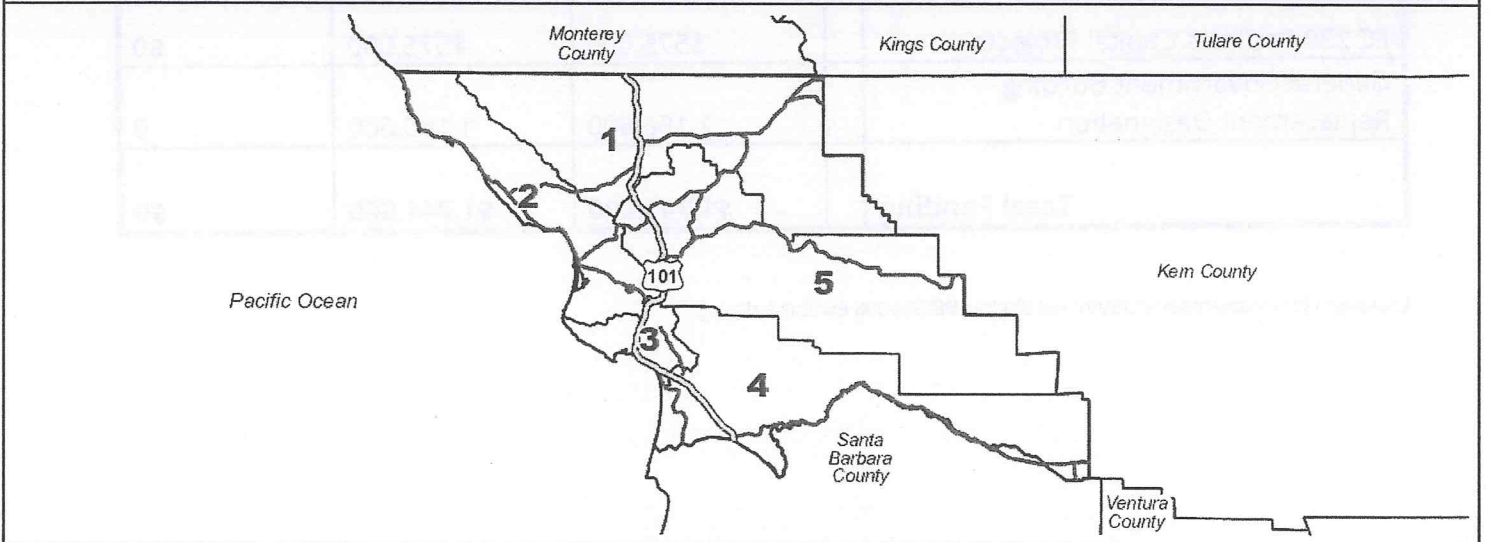
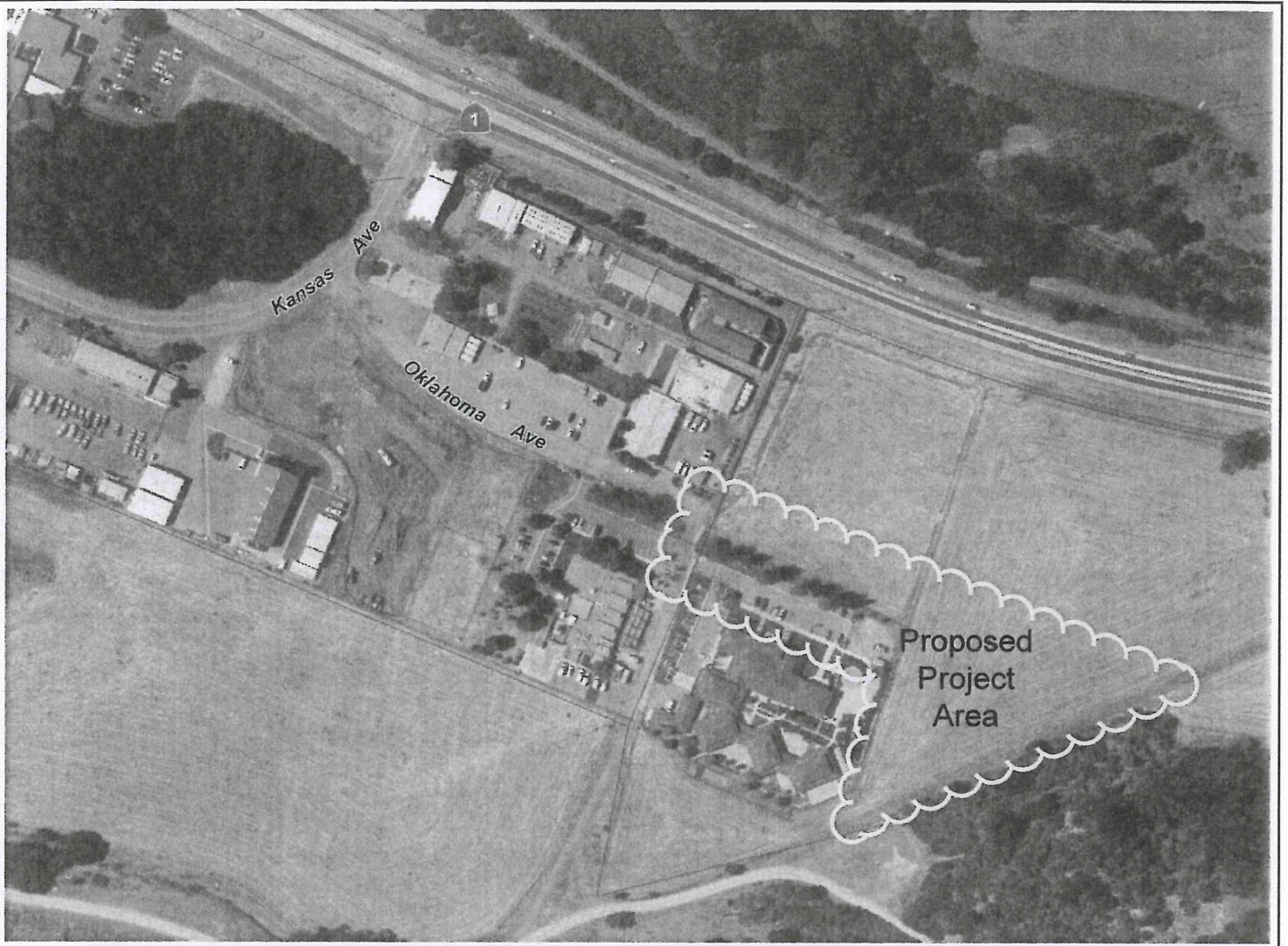
c: Jeff Hamm, Health Agency Director
Dr. Eric Anderson, Animal Shelter Director
Animal Shelter Steering Committee

File: 320088

Reference: 17NOV07-BB-2

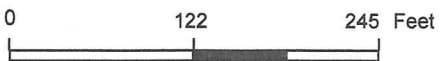
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Vicinity Map



Project Location Map
Design-Build Project
New Animal Services Facility
COUNTY OF SAN LUIS OBISPO PUBLIC WORKS DEPARTMENT

1:2,936



Created by: Staff

Printed: 10/21/2016



EXHIBIT A

Project Cost Estimates - Phase I

Animal Shelter Design-Build Project
San Luis Obispo CA

Expenditures:	Total Project Budget	Estimated Project Costs	Variance
Construction Management and Master Architect Services	\$1,241,600	\$1,241,600	\$0
Environmental, Utility Coordination, Soils Engineering and Other Engineering Consultants	228,000	228,000	0
Public Works Project Administration	272,000	272,000	0
Construction	0	0	0
Construction Support	0	0	0
Total Expenditures	\$1,741,600	\$1,741,600	\$0
Funding Source:			
FC 230 Facilities Capital Projects	\$575,000	\$575,000	\$0
General Government Building Replacement Designation	1,166,600	1,166,600	0
Total Funding	\$1,741,600	\$1,741,600	\$0

L:\Design\2017\November\BOS\Animal Shelter BB\320088 Exhibit A.docx,jc

Exhibit B

AGREEMENT FOR ALLOCATION OF CONSTRUCTION AND FINANCING COSTS FOR AN ANIMAL SERVICES SHELTER AT 865 OKLAHOMA AVENUE IN SAN LUIS OBISPO, CALIFORNIA, BETWEEN THE CITIES OF ATASCADERO, ARROYO GRANDE, GROVER BEACH, MORRO BAY, PASO ROBLES, PISMO BEACH, AND SAN LUIS OBISPO AND THE COUNTY OF SAN LUIS OBISPO

THIS AGREEMENT, dated for reference as of February 1, 2017 (the "Agreement"), is entered into by and between the COUNTY OF SAN LUIS OBISPO (the "County"), and the cities of ATASCADERO, ARROYO GRANDE, GROVER BEACH, MORRO BAY, PASO ROBLES, PISMO BEACH, AND SAN LUIS OBISPO (each, a "City," and collectively, the "Cities," and, together with the County, the "Parties," or individually "Party").

RECITALS

The County and each of the Cities are parties to a separate but similar Contract for Animal Care and Control Services ("Services Contract") effective as of July 1, 2016 and expiring, unless sooner terminated, on June 30, 2019, pursuant to which the County provides animal control services throughout San Luis Obispo County, including within the jurisdictional boundaries of each of the Cities.

In conjunction with and pursuant to the Services Contract, the County operates an existing Animal Services Shelter located at 885 Oklahoma Avenue in San Luis Obispo, California. Owing to the obsolescence of the existing shelter, it is necessary to construct a new Animal Services Shelter ("Shelter" or "Project") as generally described in Exhibit A, at an address preliminarily identified as 865 Oklahoma Avenue, and as generally depicted in Exhibit B ("Shelter Property").

The Parties acknowledge the benefit of collaborative and joint efforts in constructing the Shelter.

The Parties enter into this Agreement to memorialize their participation and corresponding obligations with regards to the allocation and repayment of the construction and financing costs for the Shelter.

NOW, THEREFORE, the Parties agree as follows:

1. Recitals.

The above Recitals are true and correct.

2. Estimated Project Construction Costs.

- a) The Project construction costs, excluding the portion of the Oklahoma Ave./Utility Extension costs to be borne solely by the County, and excluding the County-only costs of the remaining depreciation value of the existing facility, demolition of the existing facility, and land costs, and excluding costs to be shared proportionally only by the Cities, for the Shelter are estimated at this time to be Thirteen Million One Hundred Seventy Six Thousand Five Hundred Dollars (\$13,176,500) as shown in Exhibit D (the "Estimated Project Construction Costs"). The Estimated Project Construction Costs include expenses for soft costs, such as architectural and engineering services; County costs for administration, project management service, environmental review, planning and building fees, and inspections; and hard costs, such as actual construction costs.
- b) The Estimated Project Construction Costs shall only include those expenses and costs generally described above, which are incurred by the County specifically for the Shelter construction project. Notwithstanding anything to the contrary below, the total Project Costs, as defined in Paragraph 5(a) below shall not exceed Fourteen Million Five Hundred Thousand Dollars (\$14,500,000) without a written amendment to this agreement signed by all Parties.

- c) The Project will be managed as a “Design / Build” project, as approved by the County of San Luis Obispo Board of Supervisors on April 12, 2016.

3. Excess Construction Costs

- a) Prior to Authorization for Construction to Begin (“Construction Contract”).
 - (i) If the County receives information in the design or bidding process indicating that the Estimated Project Construction Costs for the Shelter will exceed \$13,176,500 by less than ten percent (10%), the County shall provide written notice to each member of the Executive Board (as defined in Section 9(b) below) of the revised estimated construction costs within a reasonable period of time before such additional construction costs are incurred. The Executive Board shall either approve or disapprove the additional construction costs, if any, by written notice to the County, delivered within ninety (90) days after receipt of the County’s notice of the revised construction costs. If any Executive Board member fails to timely approve in writing, the Executive Board shall be deemed to have not approved and the County shall promptly confer with all Cities regarding the additional construction costs and any means by which such additional construction costs may be minimized.
 - (ii) If the County receives information as part of the design or bidding process indicating that the Estimated Project Construction Costs for the Shelter will exceed \$14,500,000, the County shall immediately provide written notice to each City of the revised estimated construction costs (“Excess Construction Costs”) and confer with the Cities as to whether to authorize the Construction Contract or reject all bids. Each City shall either approve or disapprove the Excess Construction Costs resulting in Estimated Project Construction Costs exceeding \$14,500,000 by written amendment delivered to the County within ninety (90) days after receipt of the County’s written amendment. If the decision is to authorize the contract, the County shall prepare and deliver to the Cities a written amendment to this Agreement amending Section 2(b) to increase the not-to-exceed amount. If any City fails to timely approve in writing, the City shall be deemed to have disapproved. Should a City(ies) disapprove the Excess Construction Costs, the County will immediately confer with all Cities in an attempt to reconcile the disagreement. Should the Parties be unable to reach agreement, the measures shall be taken to reduce the costs below \$14,500,000 and in no such event shall the Parties be liable for Excess Construction Costs absent a written amendment to this agreement.
 - (iii) If a City chooses to not participate in the shelter construction at that time, the City is allowed to withdraw from this agreement and pay its proportionate share of all costs incurred as of the date of withdrawal. The date of withdrawal shall be defined as the date that written notice is received by the County of the City's desire to withdraw due to Excess Construction Costs beyond amounts previously agreed. The County will recalculate future payments of the remaining Parties using revised percentages of shelter use with the methodology in Section 6(a).
- b) Authorization for Construction to Begin
 - (i) Upon County’s authorization for Construction to begin, total costs for the Project including any incurred or future hard costs, soft costs, contingencies, and other miscellaneous costs related to Shelter construction will be added to the estimated final construction costs (“Estimated Final Construction Costs”). The Estimated Final Construction Costs will not exceed the Estimated Project Construction Costs (or Excess Construction Costs), unless agreed to in writing by all of the Parties in a written amendment to this Agreement. Should the Parties be unable to reach agreement, measures shall be taken to reduce the costs below

\$14,500,000 and in no such event shall the Parties be liable for Excess Construction Costs absent a written amendment to this agreement.

- (ii) If a City chooses to not participate in the shelter construction at that time, the City is allowed to withdraw from this agreement and pay its proportionate share of all costs incurred as of the date of withdrawal. The date of withdrawal shall be defined as the date that written notice is received by the County of the City's desire to withdraw due to Excess Construction Costs beyond amounts previously agreed. The County will recalculate future payments of the remaining Parties using revised percentages of shelter use with the methodology in Section 6(a).

c) After Authorization for Construction to Begin

- (i) If the County becomes aware, after its authorization for Construction to begin, that the costs of construction will exceed the Estimated Final Construction Costs due to unforeseen or other conditions, the County shall provide written notice, to each City of the revised estimated construction costs within a reasonable period of time before such additional construction costs are incurred. Each City shall either approve or disapprove the additional construction costs, if any, by written notice to the County, delivered within ninety (90) days after receipt of the County's notice of the revised construction costs. If any City fails to timely approve in writing, the City shall be deemed to have not approved and the County shall promptly confer with all Cities regarding the additional construction costs and any means by which such additional construction costs may be minimized. No additional construction costs shall be incurred that exceed \$14,500,000 without a written amendment signed by all the Parties. Should the Parties be unable to reach agreement, measures shall be taken to reduce the costs below \$14,500,000 and in no such event shall the Parties be liable for Excess Construction Costs absent a written amendment to this agreement.
- (ii) If a City chooses to not participate in the shelter construction at that time, the City is allowed to withdraw from this agreement and pay its proportionate share of all costs incurred as of the date of withdrawal. The date of withdrawal shall be defined as the date that written notice is received by the County of the City's desire to withdraw due to Excess Construction Costs beyond amounts previously agreed. The County will recalculate future payments of the remaining Parties using revised percentages of shelter use with the methodology in Section 6(a).

4. Financing

- a) County Advance of Funds. The County shall advance funds required to pay for the costs of construction of the Shelter. The County intends to finance the funds it advances, including County in house soft costs.
 - i) County Sole Discretion as to Financing Terms. The County, at its sole discretion, shall determine financing terms based on market rates and terms available at the time of financing. The anticipated financing interest rate is estimated to be between 3.5%-5%, based on a 25-year term, see Exhibit D. The County may finance the Estimated Final Construction Costs (hard, soft, design, etc.) for the Shelter in addition to customary out of pocket costs to obtain financing, if any. The County may choose to provide in-house financing, provided the interest rate charged to the Cities does not exceed commercially available rates for like projects and terms of financing are equal to or more favorable to Cities than terms otherwise available to the County.
 - (1) The County will provide notification to the Shelter Executive Board of its intentions regarding external or in-house financing at least 30 days prior to taking action on

financing. Said notification will include final estimates of financing costs and anticipated interest rates.

- (2) Should the Cities desire to have costs identified as “Costs Shared Proportionally by Cities Only” in Exhibit D included in any financing, the Cities shall provide written notification to the County by October 31, 2017. Should all Cities fail to provide written notice, the “Costs Shared Proportionally by Cities Only” will be proportionally allocated to each of the Cities as shown in Exhibit C and billed accordingly, with a payment due date of January 1, 2018.
 - ii) Estimated Project Financing Costs. The financing costs are estimated to range from \$7,556,392 to \$11,618,328, as shown in Exhibit D, depending on the applicable interest rate and whether there are out of pocket costs to obtain financing (collectively “Estimated Project Financing Costs”). If the actual interest rate is higher or lower than that estimated on Exhibit D, the actual financing costs will vary.
5. Total Estimated Project Costs/Total Project Costs.
- a) The Estimated Final Construction Costs and the Estimated Project Financing Costs are jointly referred to as the Total Estimated Project Costs. Once the Shelter has been constructed and financed, the County will prepare a final cost summary of the actual construction and financing costs incurred by County in connection with the Shelter, excluding any costs that this Agreement expressly provides shall be excluded from the calculation, to establish the total project costs and annual repayment schedule based on the financing. Upon request, a City may review back up material for the summary. After review and adjustment (if any) of the final cost summary by all Parties, the approved final cost summary shall be known as the Total Project Costs. No City shall unreasonably delay or disapprove the Total Project Costs.
6. Allocation of Total Project Costs.
- (a) Allocation Based on Percentage of Shelter Use. Each Party shall pay its share of the Total Project Costs, based on the annual repayment schedule associated with the financing. Each Party’s share shall be based upon that individual Party’s percentage of shelter use. Shelter use is defined as the number of shelter services (impounds, quarantines, animal surrenders, confiscations, euthanasia requests, etc.) originating from, or requested by, an individual Party’s jurisdiction and/or its residents. Each Party’s share shall be determined annually by the County as part of their normal record keeping processes. The individual Party’s shelter use percentage shall be calculated using the total number of shelter services allocated to an individual Party over the preceding three full fiscal year periods, divided by the total number of all shelter services provided to all Parties over the same preceding three full fiscal year periods.

$$\%Shelter\ Use = \frac{(Party\#\Shelter\ Services_{year1} + Party\#\Shelter\ Services_{year2} + Party\#\Shelter\ Services_{year3})}{(Total\#\Shelter\ Services_{year1} + Total\#\Shelter\ Services_{year2} + Total\#\Shelter\ Services_{year3})}$$

Exhibit C indicates the percentage of each Party’s actual use of the existing Animal Services shelter for the Fiscal Years 2013-14, 2014-15, and 2015-16. Adjustments to each Party’s annual allocation of Total Project Costs shall be adjusted annually based on the previous 3-year trailing average of the percentages of shelter use.

- b) Reallocation in the Event of Withdrawal or Termination. In the event that a Party withdraws or terminates under Section 8 below, the allocation of each Party’s share of Total Project Costs shall be adjusted upward for the remaining parties for the subsequent calendar year. The annual calculation and any associated adjustments shall be made by December 31st of each year and shall be due on July 1st of the next fiscal year.

7. Use of Shelter

- a) The Shelter shall only be used as an Animal Services facility. No other County department or agency or other person or entity shall use any portion of the Shelter without the prior written consent of the Operations Committee (as defined in Section 9 (a) below). Such use shall be accompanied by the payment of an appropriate rental charge.

8. Termination and Withdrawal

- a) Withdrawal Prior to Authorization of Construction/Payment of Allocation of Soft Costs.
 - i) Any Party may withdraw from this Agreement prior to County's authorization of the Construction to begin by giving a minimum of one (1) year's written notice to all Parties and by payment of its share, based on the allocation set forth in Section 6, above, of costs incurred by County prior to date of receipt of notice of withdrawal. Notice shall be deemed received on the date of personal delivery, or if mailed by U.S. mail, five (5) days after date of mailing. Such costs shall be reasonably determined by County and a majority of the Parties of the Executive Board, excluding any Party(ies) electing to withdraw. Any withdrawing Party shall pay its share by the effective date of its withdrawal. A withdrawing Party who withdraws prior to October 31, 2017 shall not be required to pay any portion of financing costs, regardless of whether outside financing or in-house County financing is ultimately provided. Any payment of soft or hard costs by a withdrawing Party shall be deleted from the amount to be financed. The County will recalculate future payments of the remaining Parties using revised percentages of shelter use with the methodology in Section 6(a).
- b) Withdrawal After Construction Begins /Payment of Allocation.
 - i) Any Party may withdraw from this Agreement after the County's authorization of construction begin, by providing a minimum of one (1) year's written notice to all of the other Parties and prepaying its entire allocation of the Total Project Costs by the effective date of its withdrawal. If a Party withdraws from this Agreement prior to October 31, 2017, any estimated financing costs shall be deducted from the Total Project Costs before calculating the withdrawing Party's Total Project Costs share. If County provides in-house financing, any finance or interest charge accruing or payable after the withdrawal shall be deducted from the Total Project Costs before calculating the withdrawing Party's share of the Total Project Costs. Withdrawal from the Agreement shall be effective as of December 31 of the year stated in the written notice. The County will recalculate future payments of the remaining Parties using revised percentages of shelter use with the methodology in Section 6(a).
- c) The County shall not terminate a City's access to or use of the Shelter if the City is not in default of its payment obligations. For the purposes of this Agreement, a City shall be deemed to be in default if said City is sixty (60) calendar days or more in arrears on any payment required under this Agreement.
 - (i) Should the County desire to terminate a City's access or use of the Shelter for default of its payment obligations, the County shall include any non-defaulted Cities, at the non-defaulted Cities' sole discretion, in negotiations with the defaulted City, prior to their termination.
 - (ii) The County shall retain final decision authority to terminate any City's access to or use of the Shelter for default of said City's payment obligations.

9. Termination for Government Non-appropriation

- a) For each annual payment any City may owe related to repayment of the Total Project Costs as defined herein, whether a proportionate annual payment or lump sum payment pursuant to, but not limited to, provisions 4, 5, 6 and 8 of this Agreement, Cities represent and

warrant: that they have appropriated and budgeted the necessary funds to make all necessary payments required pursuant to this Agreement for the remainder of the fiscal year in which this Agreement commences, if any; and that it currently intends to make further payments for the full term of this Agreement as scheduled in the above enumerated provisions if funds are appropriated for such payments in each succeeding fiscal year by its governing body. Without contractually committing itself to do so, Cities reasonably believe that moneys in an amount sufficient to make all payments can and will lawfully be appropriated therefor. Cities will direct the persons in charge of their budget requests to include the subject payments required under this Agreement payable during each fiscal year in the budget request presented to Cities' governing body for such fiscal year; provided, that Cities' governing body retains authority within their sole discretion to approve or reject any such budget request. All payments shall be payable out of legally available revenues of Cities appropriated therefore. County agrees that no payment or obligation under this Agreement will be a general obligation of Cities and no payment herein shall constitute a pledge of either the full faith and credit of Cities or the taxing power of Cities.

- b) If Cities' governing body fails to appropriate sufficient funds in any fiscal year for annual payments under this Agreement, then a "Non-Appropriation Event" shall be deemed to have occurred. If a Non-Appropriation Event occurs, then the Non-Appropriating City shall give County immediate notice of such Non-Appropriation Event and provide written evidence of such failure by the City's Governing Body; and this Agreement shall terminate as to the City giving notice of a Non-Appropriation Event without penalty or costs to that City, provided that the City shall pay all payments and other amounts payable under this Agreement for which funds have been appropriated by the City's governing body.

10. Animal Shelter Operations

- a) An Operations Committee comprised of the County's Health Agency Director or his/her designee and a subset of City Managers or their designees shall be formed. At their sole discretion, all Parties may be represented on the Operations Committee.
- b) An Executive Board composed of the County Administrative Officer (CAO) and a subset of the City Managers (2-3) for each of the Cities, or their designees, shall consider significant policy or budget changes and make recommendations prior to policy implementation or budget adoption for the Shelter.
- c) The Executive Board meetings shall be held as needed and in conjunction with the existing monthly City Manager/CAO meeting. At a minimum, "*Animal Services*" shall be a standing item that is considered twice in a calendar year. While any Party may request that "*Animal Services*" be added to the agenda of any City Manager/CAO monthly meeting, it will be the responsibility of the chair of the meeting to ensure *Animal Services* is placed on the agenda and satisfies the minimum number of meetings required by this Agreement.
- d) If the City Managers' recommendation is different from that of the CAO on budget or policy matters, the County shall include the City Managers' recommendation in any related staff report to the Board of Supervisors and provide a summary of the nature of any disagreement.
- e) Final policy and budgetary authority for Shelter operations reside with the County Board of Supervisors.
- f) Future Services Contracts shall be for 3-year terms.
- g) If a City chooses to provide its own field services, it must provide to all Parties, a one (1) year's written notice of its intent to provide its own services and to terminate, or (if applicable) not to

renew, its Services Contract with the County, except as otherwise expressly provided in its Services Contract with the County,

- h) Service Contracts shall be separate from the Parties' obligations to finance and pay their proportional and allocated shares of Total Project Costs for the Shelter.
- i) The County's repayment obligation of its share of the Total Project Costs shall not be included in the calculation of the Shelter's operating costs. The County shall charge no rent for the Shelter or Shelter Property or otherwise attempt to obtain compensation from the Cities for those items identified in Appendix D as "County Only Costs".
- j) Any City shall have the ability to provide its own separate field services. The costs for accessing the Shelter shall be reasonably determined by the County after consulting with the Executive Board and shall only be for the fair share reasonable operating costs for Shelter operations.
- k) Any City that elects to not participate in Shelter Total Project Costs shall immediately cease as a Party to this Agreement and the County shall not be required to provide any animal services to such City. Such City shall be required to provide its own animal services and shelter, in accordance with all applicable laws and statutes, effective on a date mutually agreed to by the City and the County. If the City and the County are unable to mutually agree to a date, termination will be effective upon the expiration of the City's existing Service Contract or the date a Certificate of Occupancy is issued for the new Shelter, whichever occurs first.

11. Animal Shelter Planning

- a) The Parties agree to form an ad-hoc value engineering team consisting of up to three (3) City representatives and a minimum of two (2) County representatives. City representatives shall fully participate with the County to assist with investigating and identifying the most effective and efficient methods to construct a Shelter that meets all Parties' existing and future animal service's needs. The value engineering team shall meet as needed and provide input with architects, designers, construction managers, and engineers during the development of plans and specifications for the Shelter.
- b) Prior to the authorization of the Construction Contract, the Executive Board shall be presented project plans and estimated budgets, and provide a recommendation that will be included in the CAO staff report to approve the contract by the Board of Supervisors.

12. Effective Date

- a) Except as set forth above, this Agreement shall be effective for the period from January 5, 2017 until each Party has made the last payment required under Section 6 or, if applicable, Section 8, of this Agreement

13. Entire Agreement

- a) This is the entire agreement among the Parties with respect to the Project and supersedes any prior written or oral agreements with respect to the Project. In the event of a conflict between the terms of this Agreement and the Services Contract, the terms of this Agreement shall prevail.

14. Assignability

- a) Except as otherwise expressly provided for herein, no Party shall assign any of its obligations or rights hereunder without the written consent of all Parties.

15. Notices

- a) Any notices required to be given pursuant to this Agreement shall be given in writing and shall be mailed to all Parties to the Agreement, directed to the County Administrative Officer and County Counsel, and to the City Manager or City Administrative Officer and City Attorney of each City.

16. Audit

- a) The Cities may inspect and/or audit all records and other written materials used by County in preparing the Total Project Costs and annual invoices to each City.

17. Good Faith Efforts

- a) The Parties shall each act in good faith in performing their respective obligations as set forth in this Agreement and shall work diligently to maintain their longstanding cooperative relationships.

18. Amendment

- a) This Agreement may only be amended in writing, signed by all Parties.

IN WITNESS WHEREOF, by their execution below, the Parties agree to be bound to the obligations stated herein, and the Board of Supervisors of the COUNTY OF SAN LUIS OBISPO has authorized and directed the Chairperson of the Board of Supervisors to execute this Agreement for and on behalf of the County, and the Cities of ATASCADERO, ARROYO GRANDE, GROVER BEACH, MORRO BAY, PASO ROBLES, PISMO BEACH, AND SAN LUIS OBISPO have caused this Agreement to be subscribed by each of their duly authorized officers and attested by their Clerks.

Dated: _____


COUNTY OF SAN LUIS OBISPO

Clerk of the Board

Dated: 2-28-2017


City Clerk

CITY OF ATASCADERO


By: Rachelle Pickard, City Manager

Dated: _____

CITY OF ARROYO GRANDE

City Clerk

By:

Dated: _____

CITY OF GROVER BEACH

City Clerk

By:

Dated: _____

CITY OF MORRO BAY

City Clerk

By:

Dated: _____

CITY OF PASO ROBLES

16. Audit

- a) The Cities may inspect and/or audit all records and other written materials used by County in preparing the Total Project Costs and annual invoices to each City.

17. Good Faith Efforts

- a) The Parties shall each act in good faith in performing their respective obligations as set forth in this Agreement and shall work diligently to maintain their longstanding cooperative relationships.

18. Amendment

- a) This Agreement may only be amended in writing, signed by all Parties.

IN WITNESS WHEREOF, by their execution below, the Parties agree to be bound to the obligations stated herein, and the Board of Supervisors of the COUNTY OF SAN LUIS OBISPO has authorized and directed the Chairperson of the Board of Supervisors to execute this Agreement for and on behalf of the County, and the Cities of ATASCADERO, ARROYO GRANDE, GROVER BEACH, MORRO BAY, PASO ROBLES, PISMO BEACH, AND SAN LUIS OBISPO have caused this Agreement to be subscribed by each of their duly authorized officers and attested by their Clerks.

Dated: _____

COUNTY OF SAN LUIS OBISPO

Clerk of the Board

Dated: _____

CITY OF ATASCADERO

City Clerk

By:

Dated: 2-28-17

CITY OF ARROYO GRANDE

Kelly Wehner

City Clerk

Jim Hill

By: MAYOR JIM HILL

Dated: _____

CITY OF GROVER BEACH

City Clerk

By:

Dated: _____

CITY OF MORRO BAY

City Clerk

By:

Dated: _____

CITY OF PASO ROBLES

16. Audit

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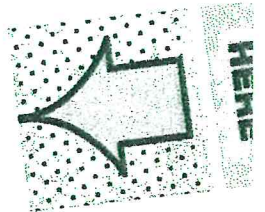
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Dated: _____

COUNTY OF SAN LUIS OBISPO

Clerk of the Board



Dated: _____

CITY OF ATASCADERO

City Clerk

By:

Dated: _____

CITY OF ARROYO GRANDE

City Clerk

By:

Dated: February 21, 2017

CITY OF GROVER BEACH

Donna L. McMahon
Donna L. McMahon, City Clerk

John P. Shoals
By: John P. Shoals, Mayor

Dated: _____

CITY OF MORRO BAY

City Clerk

By:

16. Audit

- a) The Cities may inspect and/or audit all records and other written materials used by County in preparing the Total Project Costs and annual invoices to each City.

17. Good Faith Efforts

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Dated: _____

COUNTY OF SAN LUIS OBISPO

Clerk of the Board

Dated: _____

CITY OF ATASCADERO

City Clerk

By:

Dated: _____

CITY OF ARROYO GRANDE

City Clerk

By:

Dated: _____

CITY OF GROVER BEACH

City Clerk

By:

Dated: 3/2/17

CITY OF MORRO BAY

Dana Swanson

City Clerk

David W. Buckingham

By: David W. Buckingham, City Manager

Dated: _____

CITY OF PASO ROBLES

City Clerk

Dated: 04-6-17



City Clerk

Dated: _____

City Clerk

By:

CITY OF PISMO BEACH



By: JAMES R. LEWIS
CITY MANAGER

CITY OF SAN LUIS OBISPO

By:

City Clerk

Dated: _____

By:

CITY OF PISMO BEACH

City Clerk

Dated: 2/28/2017

Carrie Gallagher

City Clerk

By:

CITY OF SAN LUIS OBISPO

Heidi Harmon

By:

APPROVED AS TO FORM:

[Signature]

CITY ATTORNEY

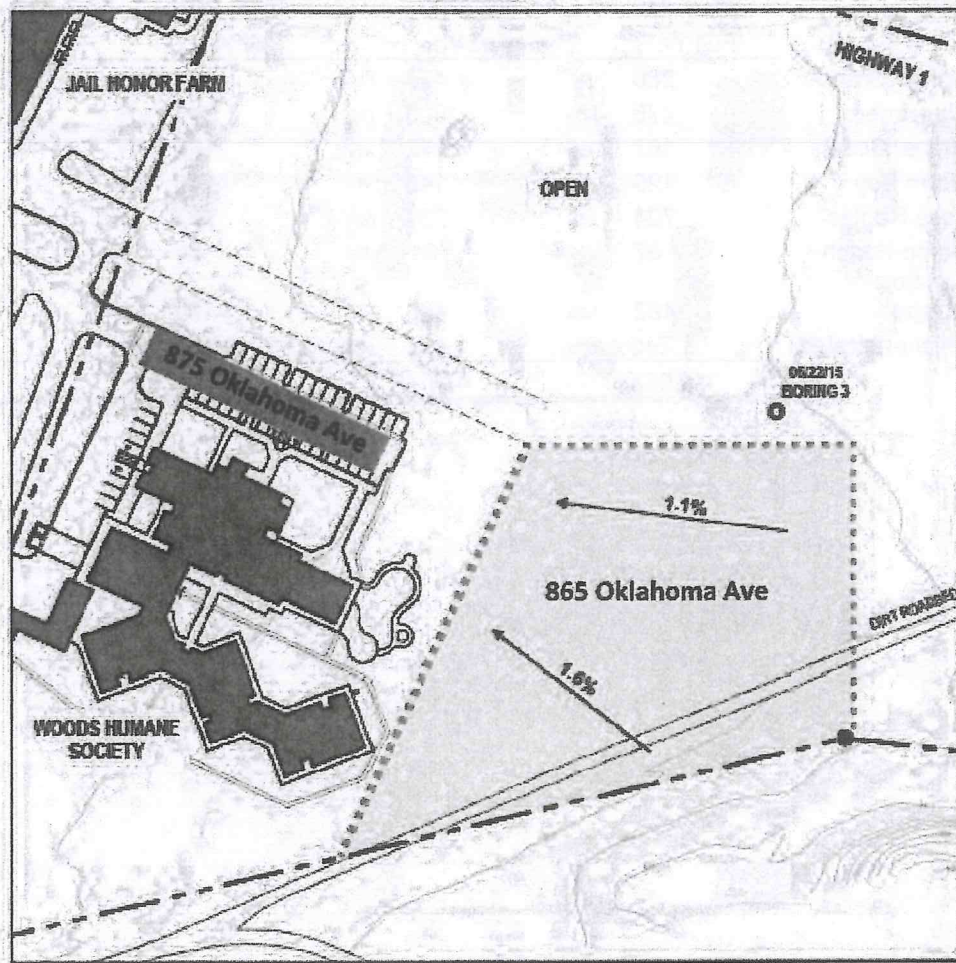
EXHIBIT A

Animal Services Facility

The quantities listed below were derived from a review of the existing Animal Services facility, the 2010 "Needs Assessment, Feasibility, and Building Program Study" by Shelter Planners of America, and meetings with Animal Services Manager Eric Anderson.

Building Floor Area:	16,000 square feet
Outdoor Runs:	3,000
Incinerator, Cold Storage:	2,000
Sally Port, Truck Wash, Truck Parking (8 trucks):	4,200
Disaster Response Equipment:	1,200
Visitor Parking (15 spaces):	5,300
Staff Parking (20 spaces):	7,000
Large Animal Pens:	27,000
Subtotal:	65,700
Additional 20% for Circulation, Landscaping:	13,140
TOTAL:	78,840 square feet

EXHIBIT B



LEGEND

----- SITE BOUNDARY



SAN LUIS OBISPO COUNTY OPERATIONS CENTER
PHASE I MASTER PLAN

EXHIBIT C

Cities	City Name	(Number of Shelter Service Provided)						Total	Percent
		2013-14		2014-15		2015-16			
		Full Yr.		Full Yr.		Full Yr.			
1	Arroyo Grande	286	7%	427	11%	291	8%	1,004	8.39%
2	Atascadero	476	12%	600	15%	643	17%	1,719	14.37%
3	Grover Beach	167	4%	142	4%	135	4%	444	3.71%
4	Morro Bay	126	3%	143	4%	118	3%	387	3.23%
5	Paso Robles	724	18%	734	18%	792	21%	2,250	18.81%
6	Pismo Beach	57	1%	61	2%	54	1%	172	1.44%
	San Luis								
7	Obispo	482	12%	486	12%	479	12%	1,447	12.09%
99	Unincorporated	1,745	43%	1,464	36%	1,332	35%	4,541	37.96%
		4,063		4,057		3,844		11,964	100.00%

EXHIBIT D

	Initial Estimate (a)	County-Only Costs (b)	Estimated Costs after County-Only costs (a-b)	Costs Shared Proportionally by Cities Only (c)	"Estimated Project Construction Costs" (a-b-c)
BUILDING & SITE HARD COSTS					
Construction (Building & Site Improvements)	\$ 7,840,000		\$ 7,840,000		\$ 7,840,000
Construction Contingency	836,500		836,500		836,500
Oklahoma Ave./ Utility Extension	525,000	348,967	176,033	176,033	
BLDG & SITE HARD COSTS SUBTOTAL:	9,201,500	348,967	8,852,533	176,033	8,676,500
INTERIOR HARD COSTS					
Fixtures, Furniture & Equipment	400,000		400,000		400,000
Telephone/Data/Security	160,000		160,000		160,000
INTERIOR HARD COSTS SUBTOTAL:	560,000		560,000		560,000
HARD COSTS SUBTOTAL:	9,761,500	348,967	9,412,533	176,033	9,236,500
SOFT COSTS					
ADMINISTRATION					
County Administration & Project Management	500,000		500,000		500,000
PROFESSIONAL SERVICES					
Architectural/Engineering Design Consultants	920,000		920,000		920,000
Construction Management	450,000		450,000		450,000
Testing & Inspection	310,000		310,000		310,000
Surveys, Geotech., Env. Mitigation	250,000		250,000		250,000
Permits & Fees	105,000		105,000		105,000
Storm Water Pollution Prevention Plan	170,000		170,000		170,000
MISCELLANEOUS					
Project Development Contingency	650,000		650,000		650,000
Escalation	585,000		585,000		585,000
SOFT COSTS SUBTOTAL:	3,940,000		3,940,000		3,940,000
OTHER COSTS					
Remaining depreciation value of existing facility	168,800	168,800			
Demolition of existing facility	200,000	200,000			
Land Cost (2 acres)	737,500	737,500			
OTHER COSTS SUBTOTAL:	1,106,300	1,106,300			
	\$ 14,807,800	\$ 1,455,267	\$ 13,352,533	\$ 176,033	\$ 13,176,500
Financing Costs- Low end estimate					
Estimated Project Construction Costs					\$ 13,176,500
Estimated Project Financing Costs @ 3.5%					\$ 7,556,982
Annual Debt Service					\$ 829,316
Financing Costs- High end estimate					
Estimated Project Construction Costs plus 10%					\$ 14,494,150
Estimated Project Financing Costs @ 5.0%					\$ 11,618,328
Annual Debt Service					\$ 1,044,499

EXHIBIT "C"
Percentage by Jurisdiction

All Cities and County	Animal Utilization				Percent	\$13.7M Estimate
	13-14	14-15	15-16	Total		
Arroyo Grande	286	427	291	1,004	8.39%	\$ 1,149,808.26
Atascadero	476	600	643	1,719	14.37%	\$ 1,968,645.81
Grover Beach	167	142	135	444	3.71%	\$ 508,480.94
Morro Bay	126	143	118	387	3.23%	\$ 443,202.98
Paso Robles	724	734	792	2,250	18.81%	\$ 2,576,761.53
Pismo Beach	57	61	54	172	1.44%	\$ 196,979.10
San Luis Obispo	482	486	479	1,447	12.09%	\$ 1,657,143.97
County/Uninc	1,745	1,464	1,332	4,541	37.96%	\$ 5,200,477.39
Totals	4,063	4,057	3,844	11,964	100.00%	\$ 13,701,500.00

W/O Atascadero & Paso Robles	Animal Utilization				Percent	\$13.2M Estimate	Difference
	13-14	14-15	15-16	Total			
Arroyo Grande	286	427	291	1,004	12.56%	\$ 1,657,636.02	\$ 507,827.76
Atascadero	476	600	643	-	0.00%	\$ -	\$ (1,968,645.81)
Grover Beach	167	142	135	444	5.55%	\$ 733,058.16	\$ 224,577.22
Morro Bay	126	143	118	387	4.84%	\$ 638,949.34	\$ 195,746.36
Paso Robles	724	734	792	-	0.00%	\$ -	\$ (2,576,761.53)
Pismo Beach	57	61	54	172	2.15%	\$ 283,977.49	\$ 86,998.38
San Luis Obispo	482	486	479	1,447	18.10%	\$ 2,389,043.15	\$ 731,899.18
County/Uninc	1,745	1,464	1,332	4,541	56.80%	\$ 7,497,335.83	\$ 2,296,858.44
Totals	4,063	4,057	3,844	7,995	100.00%	\$ 13,200,000.00	

EXHIBIT "D" – Timeline of Board Actions

- 1975, construction of existing Animal Shelter
- FY07-08; Board approves \$997,000 for remodel of existing Animal Shelter to expand and improve the division's cat housing facilities.
- FY08-09; Animal Services contracted with the Humane Society of the United States (HSUS) to conduct a general review and assessment of the Division's operations. The Study's findings cause the remodel to be reassessed. The County contracted with Shelter Planners of America (SPA) to conduct a Needs Assessments.
- FY09-10; County contracts with Ravatt, Albrecht & Associates to continue plan development for Phase I of an Animal Shelter remodel.
- October 2013 – January 2014; Board authorizes public bidding of the Animal Services Cattery and Lobby Expansion project. In January 2014, Board, per staff recommendation, rejects all bids due to bids received exceeding the estimated cost by approximately 40%. Staff reassesses the existing structure and develop options for moving forward.
- April 7, 2015; your Board received a report regarding options for the improvement to the County's Animal Shelter, and directed staff to proceed with recommendations for a new animal shelter project.
- April 12, 2016; your Board approved a pilot design build project delivery method for the New Animal Services Facility and Co-Located Dispatch at the County Operational Center.
- February 28, 2017; your Board approved the capital improvement project for a new Animal Shelter, approved a consultant services to provide Bridging Documents to establish the project requirements for a design build delivery process for the project, and authorized the augmentation of \$1,741,600 to fund the initial phases of the project.
- February 28, 2017; your Board approved the "Agreement for Allocation of Construction and Financing Costs for an Animal Shelter at 865 Oklahoma Avenue in San Luis Obispo, California, between the Cities of Atascadero, Arroyo Grande, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo and the County of San Luis Obispo"
- September 26, 2017; your Board received an update on the progress of the project, reviewed the preferred concept site plan and floor plan and provided input on value-engineering items.

New Animal Shelter Design-Build Project

WBS 320088

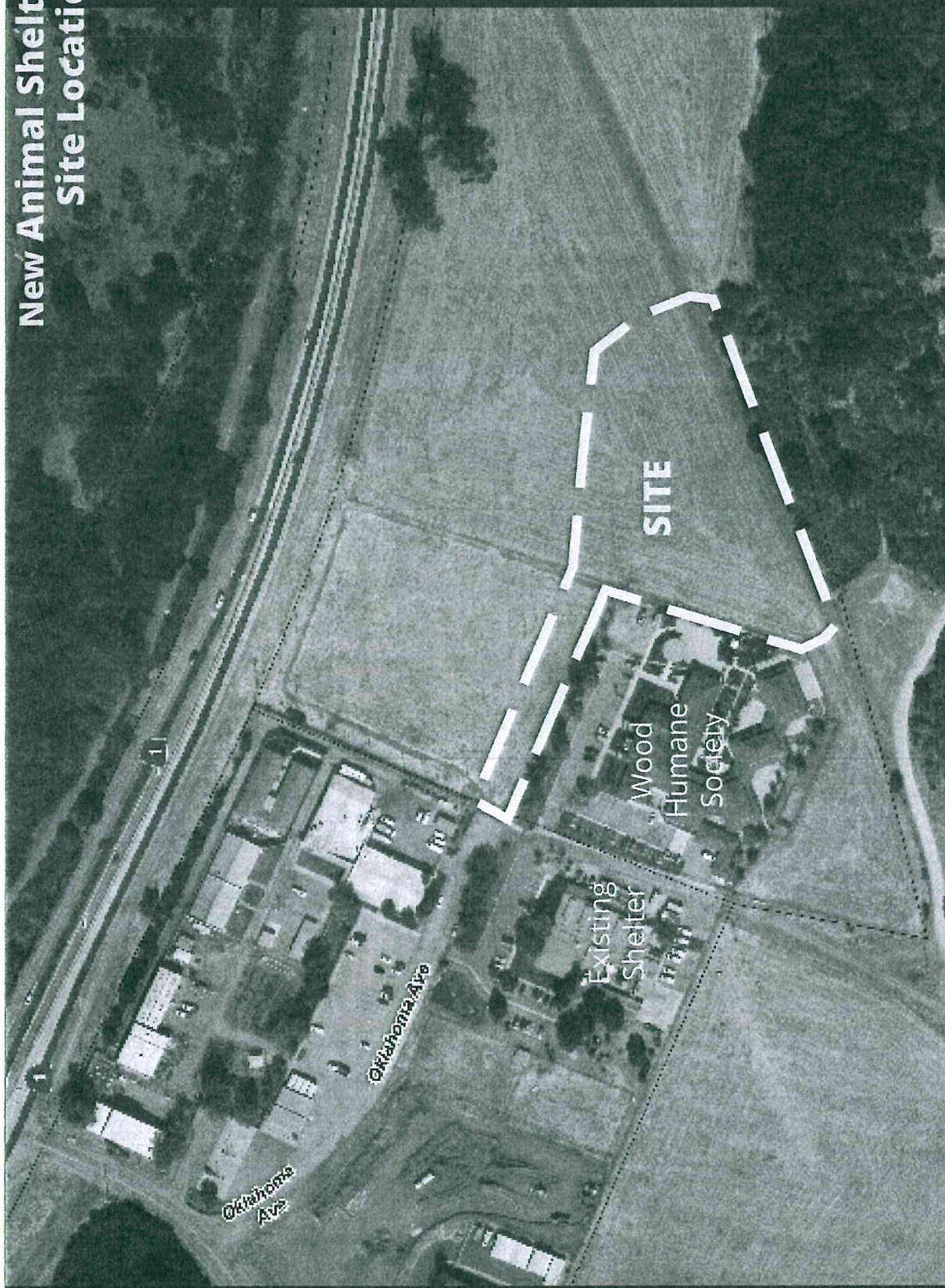


COUNTY OF SAN LUIS OBISPO

1 of 12

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New Animal Shelter Site Location



COUNTY OF SAN LUIS OBISPO

New Animal Shelter Agreement "Costs Shared Proportionally by Cities Only"

EXHIBIT C

(Number of Shelter Service Provided)

Cities	City Name	2013-14		2014-15		2015-16		Total	Percent
		Full Yr.	%	Full Yr.	%	Full Yr.	%		
1	Arroyo Grande	286	7%	427	11%	291	8%	1,004	8.39%
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7	San Luis	482	12%	486	12%	479	12%	1,447	12.09%
99	Unincorporated	1,745	43%	1,464	36%	1,332	35%	4,541	37.96%
		4,063		4,057		3,844		11,964	100.00%



COUNTY OF SAN LUIS OBISPO

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New Animal Shelter Agreement "Costs Shared Proportionally Without Atascadero and Paso Robles"



COUNTY OF SAN LUIS OBISPO

New Animal Shelter Agreement "Costs Shared Proportionally Without Atascadero and Paso Robles"

All Cities and County	Animal Utilization				Percent	\$13.7M Estimate
	13-14	14-15	15-16	Total		
Arroyo Grande	286	427	291	1,004	8.39%	\$ 1,149,808.26
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Paso Robles	724	734	792	2,250	18.81%	\$ 2,576,761.53
Pismo Beach	57	61	54	172	1.44%	\$ 196,979.10
San Luis Obispo	482	486	479	1,447	12.09%	\$ 1,657,143.97
County/Uninc	1,745	1,464	1,332	4,541	37.96%	\$ 5,200,477.39
Totals	4,063	4,057	3,844	11,964	100.00%	\$ 13,701,500.00

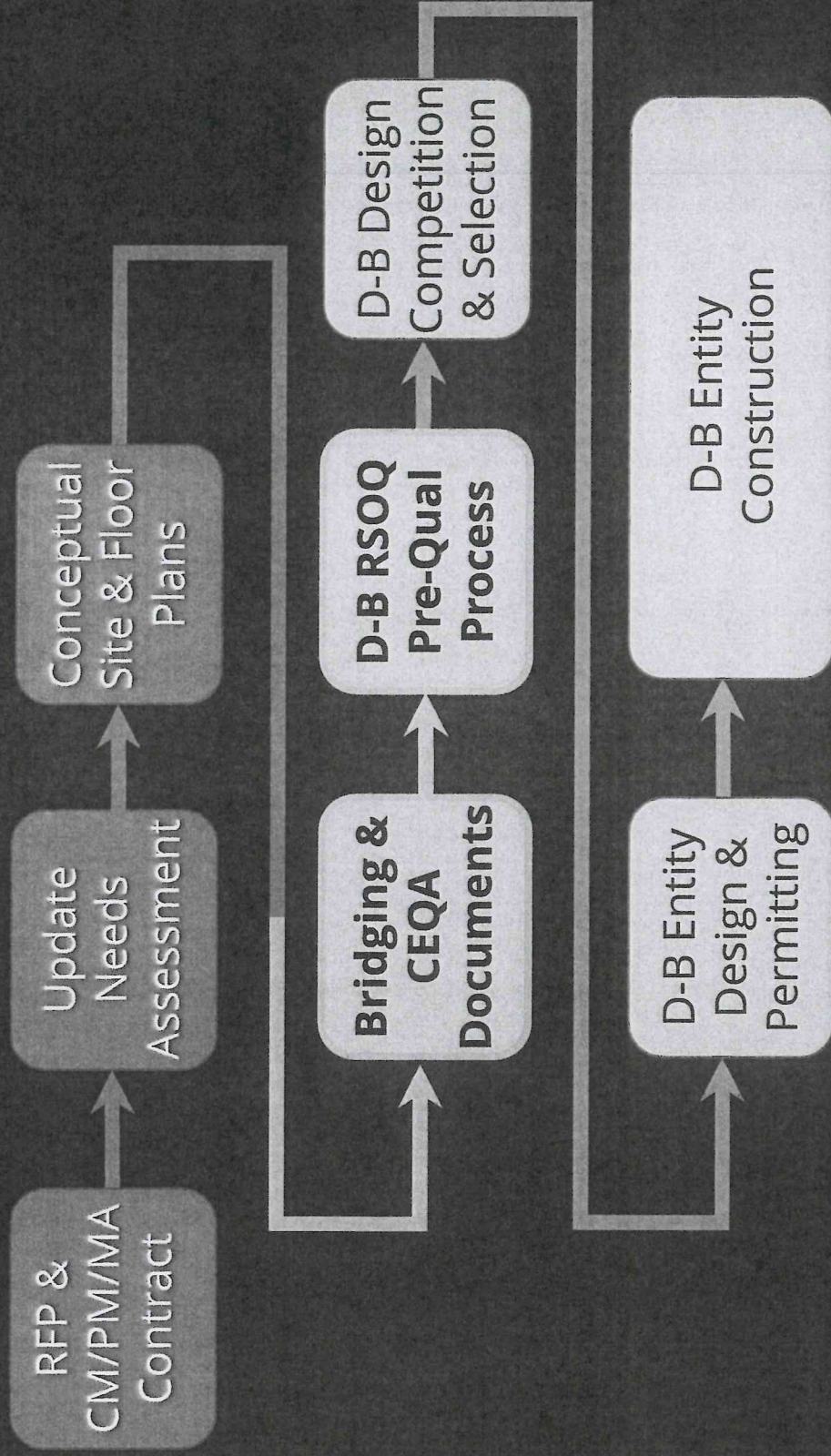
W/O Atascadero & Paso Robles	Animal Utilization				Percent	\$13.2M Estimate	Difference
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COUNTY OF SAN LUIS OBISPO

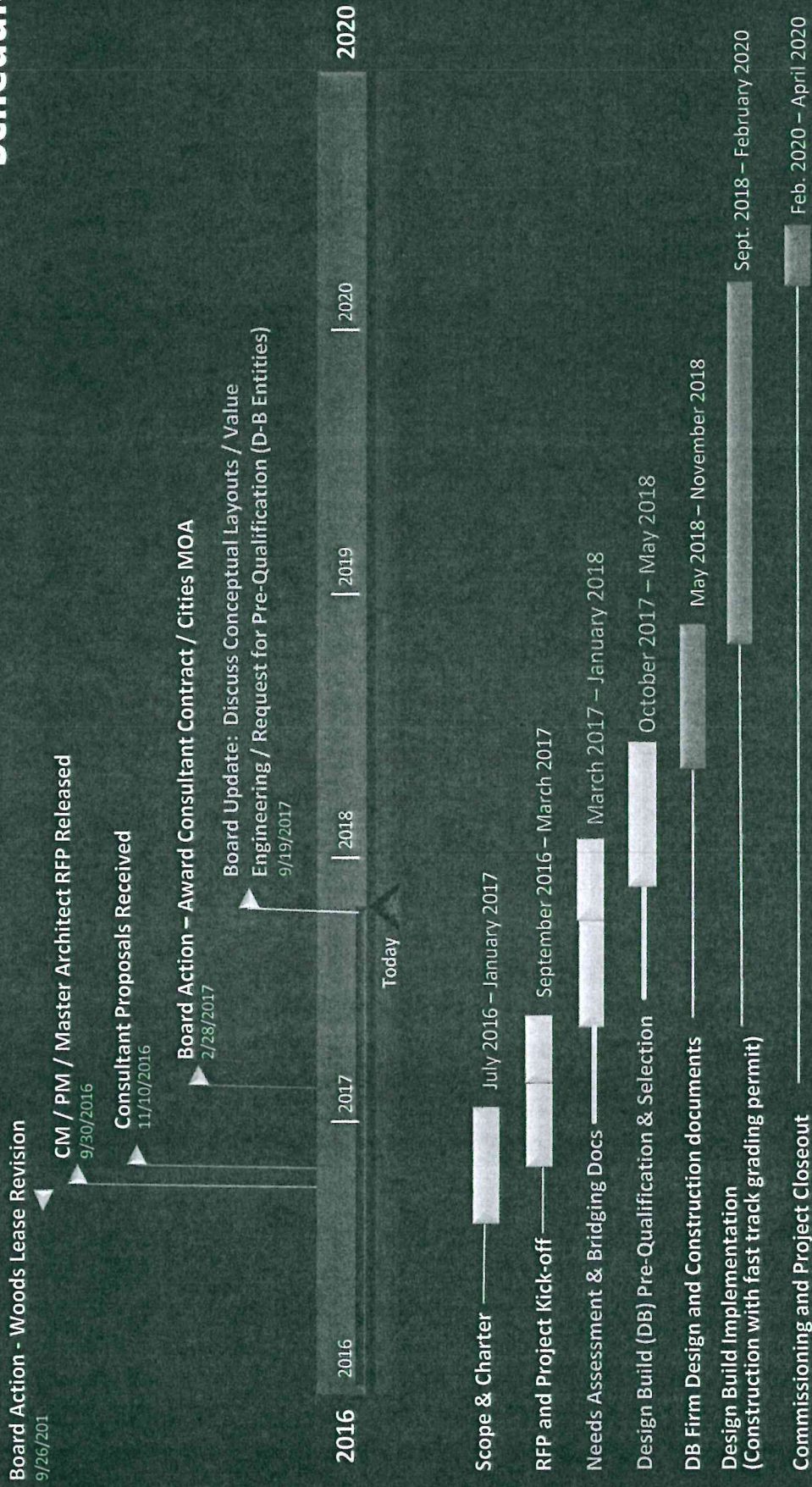
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New Animal Shelter Flowchart



COUNTY OF SAN LUIS OBISPO

New Animal Shelter Schedule



**New Animal Shelter
Project Cost Summary - October 2017**

Description	Current Budget	Oct 2017 Committed / Expended	Balance
Construction (Building and Site)	8,070,000	0	8,070,000
Construction Contingency	836,500	0	836,500
Oklahoma Ave/ Utility Extensions	525,000	0	525,000
Interior Hard Costs Total	330,000	0	330,000
Building & Site Hard Costs Subtotal	9,761,500	0	9,761,500
Total Soft Costs	2,705,000	1,380,418	1,324,582
Project Contingency & Escalation	1,235,000	0	1,235,000
Total Hard and soft costs	13,701,500	1,380,418	12,321,082



COUNTY OF SAN LUIS OBISPO

New Animal Shelter Next Steps

	Description	Scheduled	Actual
1	Board Authorization of Request for Pre-Qualification of Design Build Entities	October - November	11.7.2017
2	Steering Meeting – project update to Stakeholders		11.15.2017
3	Pre-Qualifications due and top DB Entities Selected	November - February	
4	Steering meeting - project update to Stakeholders	January	1.17.2018
5	Board update, Certification of CEQA, authorize Request for Proposals and Bridging Documents for the Design Build Teams	February	2018
6	Design and Best Value Proposals due	May	2018
7	Recommendation to award construction Contract to County Board	May-June	2018



Questions & Comments



COUNTY OF SAN LUIS OBISPO

Animal Shelter Project: Review of Agreement to Determine "opt-out" points

Who	When / Timing / Occurrence	Action? ⁽²⁾	What Cost Impact if Disapprove/Exit Project?
3. Excess Construction Costs a) Prior to Authorization for Construction to Begin			
Executive Board ⁽¹⁾	(i) Costs exceed \$13,176,500 by less than 10%	Deem approved or disapproved within 90 days.	Not applicable
City / Cities	(ii) Costs exceed \$14,500,000	County contacts each City for approval or disapproval within 90 days	Pay its proportionate share of all costs as of date of withdrawal; defined as date written Notice received by County of City's desire to withdraw
3. Excess Construction Costs b) Authorization for Construction to Begin			
City / Cities	City decision with Notice per Section 15 of the Agreement ⁽³⁾	City can withdraw by written Notice	Pay its proportionate share of all costs as of date of withdrawal (defined as above)
3. Excess Construction Costs c) After Authorization for Construction to Begin			
City / Cities	Costs are expected to exceed Estimated Final Construction Costs	County contacts each City for approval or disapproval within 90 days	Pay its proportionate share of all costs as of date of withdrawal (defined as above)
8. Termination and Withdrawal a) Withdrawal Prior to Authorization of Construction / Payment of Allocation of Soft Costs			
City / Cities	City decision with Notice per Section 15 of the Agreement	Withdrawal with 1 year written Notice, or by October 31, 2017	<ul style="list-style-type: none"> - Costs incurred up to "notice" of withdrawal - Shall pay its share by effective date of withdrawal; 1 year after "notice" of withdrawal - Shall not be required to pay any portion of financing costs
8. Termination and Withdrawal b) Withdrawal After Construction Begins / Payment of Allocation			
City / Cities	City decision with Notice per Section 15 of the Agreement	Withdrawal with 1 year written Notice, or by October 31, 2017	<ul style="list-style-type: none"> - Shall pre-pay its entire allocation of Total Project Costs (less financing costs) by effective date (Dec. 31st of Notice year) of withdrawal

Definitions / Notes:

(1) 10.b) An **Executive Board** composed of the County Administrative Officer (CAO) and a subset of the City Manager (2-3) for each of the Cities, or their designees, shall consider policy or budget changes and make recommendations prior to policy implementation or budget adoption for the Shelter.

(2) Inaction within 90 days: considered disapproval of the item in question

(3) **Notice:** shall be given in writing and mailed to all Parties, directed to the CAO and County Counsel and City Manager/City Admin Office and City Attorney of each City.

8. Termination and Withdrawal

- a. Withdrawal Prior to Authorization of Construction / Payment of Allocation of Soft Costs

Costs Incurred	Time to Payback Costs
Withdrawal Notice Date, or Oct 31, 2017	Effective Date 1-year later



COUNTY OF SAN LUIS OBISPO

8. Termination and Withdrawal

- b. Withdrawal after Construction Begins / Payment of Allocation

Costs incurred

Pre-pay entire Allocation of Total Project Costs

Withdrawal Notice Date, or Oct 31, 2017
Effective date is Dec 31st of that year

