



# City of Chula Vista

## Staff Report

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**File#:** 15-0634, **Item#:** 5.

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RESOLUTION NO. 2016-016 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING THE TERMS FOR A TRANSFER AGREEMENT AND OPERATING AGREEMENT BETWEEN THE UNITED STATES OLYMPIC COMMITTEE (USOC) AND THE CITY OF CHULA VISTA (CITY) PROVIDING FOR USOC TRANSFER TO CITY OF THE CHULA VISTA OLYMPIC TRAINING CENTER PROPERTY AND FACILITIES, AND CITY OPERATION OF THE FACILITY WITH THE USOC AS ITS PRIMARY TENANT FOR A PERIOD OF FOUR YEARS (WITH EXTENSIONS)

### **RECOMMENDED ACTION**

Council adopt the resolution.

### **SUMMARY**

In 2014, the United States Olympic Committee ("USOC") approached the City to inquire if the City would be interested in taking title to the Chula Vista Olympic Training Center ("CVOTC") land and improvements and to continue operating the facility as a USOC Training Site. Negotiations commenced and in June 2015, the City and the USOC entered into a memorandum of understanding to establish exclusive negotiating terms and to establish preliminary terms and a framework for creating final terms and conditions for transfer. The City's negotiating team has been working diligently to develop the terms, conditions and framework for the proposed transfer. This action brings forward for the Council's consideration and approval the key provisions of the proposed transfer and operating agreements. City staff will provide additional details during its presentation on this item and, if approved by the Council, will return on February 16, 2016 with the final agreements for approval.

### **ENVIRONMENTAL REVIEW**

#### **Environmental Notice**

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act ("CEQA") State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

#### **Environmental Determination**

The Director of Development Services has reviewed the proposed for compliance with CEQA and has determined that the activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines because the activity consists of approval of proposed business terms for transfer and operating agreements for the USOC site, and does not involve a potentially significant physical impact on the environment. Therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

**BOARD/COMMISSION RECOMMENDATION**

Not applicable.

**DISCUSSION**

The Chula Vista Olympic Training Center is the first USOC training center to be master-planned from the ground up and is dedicated to the development and performance of America's future Olympic Athletes. The Olympic Training Center was opened in 1995 and operates under a declaration of Covenants, Conditions and Restrictions specific to operating an Olympic Training Center for training in Olympic Sporting Events or other similar athletic or sporting events excluding professional-for-profit sports teams as a primary use and other uses reasonably related to such athletic training, including without limitation, educational or recreational uses; exhibits, touring, visitors center, gift shops, athlete housing, dining hall, offices, concessions, restaurant and snack shops.

The Chula Vista Olympic Training Center rests on a 155-acre complex adjacent to the Lower Otay Reservoir and has benefited thousands of Olympic hopefuls, local youth, numerous community groups and countless visitors from around the globe. Thousands of student-athletes and coaches also gain access to the Chula Vista Olympic Training Center for clinics and competitions when venues are not being utilized by Olympic athletes-in-training. Current resident athletes include Archery, Rugby, Track & Field and Paralympic Track & Field. Other frequent users include Beach Volleyball, BMX, Canoe/Kayak, Cycling, Field Hockey, Rowing, Soccer, Tennis and Triathlon.

In 2014, the USOC approached the City to inquire if the City would be interested in taking title to the CVOTC land and improvements and to continue operating the facility as a USOC Training Site. Negotiations commenced and, in June 2015, the City and the USOC entered into a memorandum of understanding (MOU) to establish exclusive negotiating terms and to establish preliminary terms and a framework for creating final terms and conditions for transfer. The MOU was extended in September 2015. During the initial period of negotiation, the City and USOC entered into an agreement with JMI Sport to do a feasibility study for the potential transfer of the CVOTC. As a result of the JMI study and with further analysis conducted by the City and USOC, an operating model has been developed that will allow the City to continue operation of the CVOTC, (to be known as the, "Chula Vista Elite Athlete Training Facility") as an Olympic and Paralympic Training Site with other uses and events reasonably related to sports consistent with the CC&R's. The model includes the construction of additional athlete dorms, creation of a non-profit oversight entity and selection of a third-party operator to minimize risk to the City's general fund.

In July 2015, the City issued a Request for Expressions of Interest (RFEI) for an operator. Eleven potential operators responded. Through a series of evaluations, the City and the USOC narrowed the selection and ultimately selected the Point Loma Trust (PLT) as our preferred operator.

**Key Provisions**

Transfer:

1. Property to be Transferred.

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USOC will transfer to City the land, facilities and equipment comprising the Chula Vista Olympic Training Center. The transfer will include an assignment of all leases and contracts, including all agreements pertaining to the Easton Archery Center and the Otay Lakes Boathouse.

2. Purchase Price.

One Dollar.

3. Conditions to Close.

- a. Due Diligence. City to review and approve or disapprove the physical and legal condition of the Property.
- b. Operator Contract. City to enter into an agreement with Point Loma Trust on terms satisfactory to the City for the operations of the Facility.
- c. Housing Agreement. City to have entered into a contract for the development of a one hundred bed coach/athlete housing facility.

All of this shall occur on or before March 31, 2016.

4. Transfer Date.

December 31, 2016.

Core Operating Agreement:

1. City Responsible for Facility Operations

On the Transfer Date the City will assume total responsibility for operation of the Facility. The City can assign this responsibility to a third party operator subject to USOC reasonable approval. The Point Loma Trust is designated as a “pre-approved” operator. The USOC will continue to operate and control access to Sports Medicine Facilities, with priority access to the Weight Room, Track and Field Office and High Altitude Dorm Rooms.

2. Term.

Four years, with options to extend upon mutual agreement.

3. USOC Minimum Commitment

As part of the agreement, the USOC has agreed to make a minimum annual payment to the City of \$3 million per year in consideration for guaranteed use of 60 beds, facilities access and meals at agreed-upon rates. USOC can pay for additional beds, access and meals at City established “market” rates. The current and newly constructed dorms would be programmed and rented to the USOC, National Governing Bodies (NGB’s), international athletes, college

and high school teams for training and sport clinics. Use by the USOC exceeding \$3 million minimum would be billed established rates. Non-USOC users (other than USOC-approved NGB's) would be billed separately and would not count toward the \$3 million minimum.

4. City Duty to Maintain and Operate Facility Consistent with Elite Athlete Standards

City to maintain and operate the facility consistent with Elite Athlete Standards as necessary to support USOC Minimum Commitment usage, but otherwise as City deems appropriate. City to meet and confer with USOC to address any adverse impacts to elite athletes caused by City operations.

5. Insurance and Indemnities

Each party to provide insurance and indemnify the other for negligence or misconduct.

6. Facility Name, Olympic Marks and Sponsors.

- a. The initial name of the facility shall be the "Chula Vista Elite Athlete Training Facility."
- b. USOC agrees to designate the Facility as an official "U.S. Olympic and Paralympic Training Site." City can use this designation on Facility signage, banners and, promotional materials per standards established by USOC.
- c. City to work with USOC to give USOC sponsors priority opportunities for special event and facility sponsorships; non-USOC sponsors can also participate subject to agreed-upon standards.

7. Operations Plan.

USOC and City to coordinate reservations system and facility resource allocation to assure USOC effective use of its Minimum Commitment capacity, and City's ability to effectively market its Discretionary Capacity to NGBs and other facility users. The Chula Vista Elite Athlete Training Facility can be programmed and used for special events and other non-Olympic training not materially adverse to elite athlete training.

8. Non-Discrimination and Athlete Safety

City shall impose and enforce standards for non-discrimination and athlete safety.

**DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 500 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(11), for purposes of the Political Reform Act (Cal. Gov't Code §87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

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**LINK TO STRATEGIC GOALS**

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. The operations of the Olympic Training Center support the Economic Vitality goal as the City will be able to maximize the use of this valuable asset as an economic driver.

**CURRENT YEAR FISCAL IMPACT**

Approving the terms of the agreement will have no fiscal impact in the current fiscal year.

**ONGOING FISCAL IMPACT**

The ongoing fiscal impacts will be determined once the negotiations with the operator have been finalized. The agreement with the operator will be brought back for City Council consideration at which time a fiscal analysis will be provided.

**ATTACHMENTS**

None.

*Staff Contact: Kelley Bacon, Deputy City Manager*