



**Agenda Item:** Discuss Beach Patrol Headquarters Needs and Opportunities

**Background:** The Beach Patrol Headquarters/Stewart Beach Pavilion is well past its intended use. The current building was not designed or intended for a professional lifeguarding headquarters. The lack of a strategically designed facility combined with structural failures, utility challenges, and safety issues has presented challenges to effective lifesaving operations. There is an urgent need to plan and build a new headquarters.

If the organization immediately moves forward with the schematic design phase, using money that is allocated for this in the Beach Patrol budget, the estimate for completion of a new headquarters is 2026. There are significant costs and operational barriers associated with remaining in the present location longer than necessary.

When this issue was last discussed at FOC (April 2022) the committee voted 3 -1 to recommend approval to the Board of Directors to move forward with the schematic design.

**Beach Footprint and Location / Square Footage and Room Justifications:**

With more than 140 lifeguards and dispatchers, 120 Junior Lifeguards, and another 60+ volunteers, a safe, 24-hour, all-weather sand-based facility is critical for training, working space, and supervision. To mitigate risk for children, workers, and guests, direct access to the beach is a critical requirement. Avoiding the danger of crossing Seawall Boulevard while carrying rescue equipment, responding to medical emergencies, lost children, and command and control of our most populated beach. See the enclosed documentation for more detailed justifications.

**Options for Temporary Office/Storage Space & TWIA Required Repairs on Existing Pavilion:**

TWIA recently inspected the pavilion and issued a report to the Park Board that includes required repairs to keep the pavilion insured (current wind policy expires in October 2022). These repairs, and likely some additional repairs, will be necessary to keep the building safe should it be decided to keep Beach Patrol at the pavilion until a new headquarters is built.

If it is decided to move Beach Patrol out of the pavilion before the completion of a new headquarters, the cost to rent office space is estimated at \$102k to \$116k per year. That does not include the cost to buildout the space to meet Beach Patrol's needs. The cost for storage is estimated at \$1,600 to \$2,000 annually. It should be noted that the cost estimates are from June 2021 and there is a good chance the cost has gone up since then.

**Loan Term Specifics:**

Staff reached out to Moody Bank and determined that construction loans terms include the following options:

- 3, 5, 7, or 10-year terms – they do not offer construction loans for longer than 10-years
- The interest rate on a 3-year term is 4.25%. For a 5-year term its 4.75%, and for a 7-year or 10-year term, its 5%

The projected financing plan has been updated to reflect these terms and is included in the supplemental documentation.

**Potential Grant/Donation Opportunities:**

One of the immediate tasks for the new Grants Manager will be looking for grants and donation opportunities for a new Beach Patrol headquarters and operations space for Stewart Beach. Their search will include, but will not be limited to the following:

- Texas Department of Park and Wildlife (provided funds for the construction of the existing pavilion)
- Texas Department of Public Safety
- Federal Sources – work with the Park Board’s federal advocate to find potential funding for this project
- Donations – use the Beach Patrol’s non-profit organization to solicit donations from groups like the Moody Foundation and Kempner Foundation
- Industrial Development Corporation

**HOT Penny Performance and Beach Patrol Expense Projections:**

When analyzing potential funding scenarios, staff looked at HOT and Beach Patrol expense trends over the last 5 years. Staff also considered economic forecasts for the tourism industry and projected that a HOT penny value of \$2.3 million is sustainable for the foreseeable future. Historically, Beach Patrol’s operational expenditures, which included capital outlay, are between 90% and 92% of total operational revenue. The potential funding scenarios assume Beach Patrol will maintain operational expenditures at 90% of operational revenue.