

PRC Project Application - GCCM, January 2, 2015
City of Federal Way
Performing Arts and Conference Center

- 1. The application indicates that \$10 million of the \$32.3 million total cost is currently funded – please explain the plan for the remainder and when that would be in place. What is the plan in case the remainder does not materialize? How would the internal bridge loan be repaid in case of funding shortfalls or delays? Has the City agreed to provide long term financial guarantees in the event of shortfalls?**
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Please explain the plan for the remainder and when that would be in place?

The following is the breakdown of the funding source for the project:

	BUDGET		AVAILABLE
CITY	\$ 9.95		\$ 9.95
4 CULTURE GRANT	2.15		
CDBG	3.00		
STATE GRANTS	2.00		
NAMING RIGHTS	3.50		
PRIVATE DONATIONS	1.00		0.60
NEW MARKET TAX CREDITS	10.00		
SALE OF HOTEL PAD	1.00		
	\$ 32.60		\$ 10.55

4 CULTURE GRANT

CDBG = 3 MILLION -The City reviewed the letter of award last year and our current project plan includes steps to meet the requirements of the grant. This will be paid back with future CDBG funding.

STATE GRANTS = \$2 MILLION-The City has put together, through a state representative, an application for the funding.

NAMING RIGHTS = \$3.5 MILLION – The City hired a Naming Rights Consultant to identify potential companies and individuals. The consultant feels very good about our chances, and we are moving to the second phase of the contract which is, to contact the identified companies and individuals. The consultant fee is based on the Naming Rights amount.

PRIVATE DONATIONS = \$1.00 MILLION – The City signed a Menu of Understanding (MOU) with the Federal Way Coalition for Performing Arts (FWCPA) to contact individuals for donation. As of January 6, 2015 they have received more than \$597, 00.00 of the \$600,000 pledged.

SALE OF HOTEL PAD - \$1.00 MILLION – The city plans to sell a portion of the land for development of a hotel to serve the Performing Arts and Conference Center. The hotel pad will be identified during the planning phase of the Town Center 3 development and sold prior to the completion of the PACC. The minimum sales price is expected to be \$1.00 million.

NEW MARKET TAX CREDIT = \$10 MILLION-The City submitted an application to 9 CDEs last year and we have been in contact with most of them. The Mayor, Chief of Staff, and Economic Director will be attending a Novogradac Conference in San Diego from January 21 through January 23. They will meet with the CDEs to further increase interest in our project. We feel very comfortable with the prospects.

What is the plan in case the remainder does not materialize?

The City Council passed a resolution providing a bridging loan of up to \$13 million to fund the preliminary project. At the end of 2013, the city had more than \$75 million in the City's cash reserve balance and debt capacity to bond of more than \$158 million. The City may issue councilmanic debt without a vote of the citizens of up to \$84.94 million and may issue additional bond of up to \$73.33 million with a 3/5 majority vote of the citizens. The city's current cash balance and expected revenue stream from property tax, REET, and sales tax will be able to support the debt payment.

How would the internal bridge loan be repaid in case of funding shortfalls or delays?

As of the end of 2014, the city had in its strategic reserve fund \$3 million in addition to the expected revenue growth to service the debt if and when needed.

Has the City agreed to provide long term financial guarantees in the event of shortfalls?

As of July 1, 2014, the staff presented to the council that the city has the capacity to have a long term bond of up to \$9.00 million, if needed, and service the debt, making an annual payment of up to \$604,942 per year.

2. The application indicates that the design is currently at 75% design completion. What is the plan to engage the GC/CM to provide value to the project at this stage of design?

75% design completion was perhaps not the best way to describe the state of the project. A more accurate portrayal is that the design development phase has been completed and the construction document phase is scheduled to begin in February 2015. At this point in the design process, we consider that on the order of 40-50% of all the design decisions have been made for the PACC. Although many of the macro scale decisions have been made, at least half of the design decisions are yet to be made and most of the finer grain detail of the design is yet to be worked out. Additionally, due to the elimination of the hotel that was planned on the northern portion of the project site, the site design will now be subject to a major redesign. The design team and owner will be meeting frequently during the site revisions and construction documents phase to review the continued

development of the design and it is highly desirable to have a knowledgeable GC/CM in those meetings to inform the decision making as to costs, constructability and schedule implications. The GC/CM's immediate connection to construction cost information will be crucial to delivering the project on budget.

- 3. If the GC/CM consultant has not yet been selected (as of the date of the application) how will the City provide sufficient time for generating an RFP and RFPF tailored to the project, including internal staff education and reviews of the draft RFP and RFPF/contract, prior to selecting a GC/CM?**

Lorax Partners and their GC/CM consultant Marc Estvold were notified of their selection to assist the City of Federal Way on this project Friday January 9th, allowing two weeks to prepare for the Project Review Committee presentation and to draft the initial RFQ. The draft RFQ has already been circulated to the team for review and comment and will be complete well in advance of the PRC presentation on Thursday January 22. Over this same period will prepare the final Request for Proposal (RFQ) and work with legal counsel to complete the GC/CM contract. Having reviewed the schedule we proposed in the CPARB application submittal, Marc is recommending we move the final GC/CM interview / selection from February 20 to March 2nd, to allow the submitters additional time to prepare the required information. Regarding internal staff training of the GC/CM process, our GC/CM consultant Marc Estvold will be the single point of contact to the submitting contractors and will provide applicable training to staff as the selection / implementation of the GC/CM process progresses.

- 4. Please provide information on the GC/CM, PM and CM team selected, including their qualifications and time commitment to the project. If assigned part time, what other time commitments do they have (i.e., what is the assurance that they will have sufficient time available to meet their commitments to this project)?**

The project management team has managed numerous, similar scaled projects and are well aware of the time commitment required. The GC/CM consultant Marc Estvold, having been through this process numerous times, is well aware of the specific GC/CM commitment involved and has confirmed that he has the availability to assist the city of Federal Way in the selection and implementation of the GC/CM process for this project including the selection phase, pre-construction management, the bidding phase and construction services. In addition, the Project Manager, PJ Santos, and the Construction Manager, Brian Fyall, have the Federal Way Project as their primary focus and are available through the completion of the project.

The following is information on the selected team:

GC/CM Consultant – Marc Estvold Consultant to Lorax Partners

Marc Estvold joins the team as the GC/CM consultant for the City of Federal Way. Marc joins Lorax Partners with 39 years of design, construction and project

management experience. In particular, Marc was the lead GC/CM project manager on several GC/CM delivered projects including McIntyre Hall Performing Arts and Conference Center (PACC) in Mt. Vernon. McIntyre Hall is very similar to the envisioned Federal Way PACC and shares the same 700-seat configuration, conference center component, kitchen and sophisticated acoustic and theatrical infrastructure that make the PACC project uniquely challenging.

Project Manager (PM)/Owner's Representative – PJ Santos – Lorax Partners

23 years of diversified Project Management experience, PJ Santos joins the Federal Way team with a deep resume of public-private experience with cities across the state including work in Bremerton, Shoreline, Richland, Federal Way and Sequim. PJ's point Project Manager experience includes the City of Bremerton's Park Plaza and Harborside projects, as well as the City of Shoreline's City Hall.

Construction Manager – Brian Fyall – Lorax Partners

One of the leading Construction Managers and Owner's Representatives in Puget Sound, Brian Fyall brings 39 years of diverse experience as an architect, general contractor and owner's representative. Some noteworthy projects as Owner's Representative/Construction Manager include the City of Bremerton's Park Plaza and Harborside projects (with PJ Santos), the Exchange Building, 5th and Madison Condo Tower and the Bank of California, all in downtown Seattle.

5. How have consultant funding needs been established, and on what basis is it known that the funding and budget are sufficient?

Consultant funding needs have been established through developing the appropriate scope, assessing the level of effort needed to complete that scope and ensuring that an appropriate design contingency is in place to allow for changes. Taking steps to ensure that budgeted amounts are in line with projects of similar magnitude and complexity has also helped to ensure that adequate funding is available. Additionally, selecting consultants with a high level of familiarity with the project type has been beneficial at ensuring that scope development and level of effort are realistic with respect to delivering the design products within budget and on schedule.

6. What experience and expertise in GC/CM does the legal counsel have? If none, what is the plan for the expertise to be acquired?

Although legal counsel on staff does not have direct experience with alternative project delivery methods such as GC/CM, they are very familiar with the design /bid/build delivery method and construction related contracting. Foster Pepper, PLLC is currently under contract with the City of Federal Way to provide legal services as needed and has the expertise in GC/CM to ensure that the process is followed correctly. City legal staff will consult outside counsel on GC/CM matters as necessary.

- 7. Explain the process utilized by the City to arrive at the use GC/CM as the best option for the project given the lack of experience with its use by the City's personnel.**

The City understands the challenges associated with the design/bid/build delivery method extremely well and given the complexity of the PACC project felt strongly that an alternative method should be explored. Consequently the City consulted with LMN Architects and investigated delivery methods use on other performing arts centers in the region to determine the best way to move forward through the balance of design and construction. After receiving feedback on approaches to minimizing construction risk on complex projects, controlling costs while ensuring quality and approaches to successfully implementing aggressive construction schedules, it was determined that an alternative delivery method was best suited for the project and to move forward with project approval for using GC/CM.