

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

<p>AGENDA TITLE: Civic Center Project Information Update DEPARTMENT: City Manager's Office PRESENTED BY: Robert L. Olander, City Manager Jesus Sanchez, Civic Center Project Manager Bill Angle, Project Consultant</p>
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PROBLEM / ISSUE STATEMENT:

On February 21, 2007, the City of Shoreline issued a Request for Qualifications (RFQ) to seek qualified development teams to plan, design, and construct a build-to-suit, lease-to-own civic center building for Shoreline. A community meeting was held on March 20, 2007 to provide an opportunity to the public to give feed-back regarding what they would like to see in a new Civic Center Project. A survey was also made available to the public on the City's website to receive public comment on the project.

Six highly qualified development teams responded to the RFQ. Three finalists were selected by a Selection Committee, comprised of the City Manager, the Civic Center Project Manager (Public Works Operations Manager, Jesus Sanchez), the Public Works Director, the Finance Director, the Planning and Development Services Director, and the City Attorney. The process was overseen and staffed by Bill Angle our Project Consultant.

Successful applicants included Opus Northwest, L.L.C., M.A. Mortenson Development, Inc. and Nitze-Stagen & Co., Inc. These finalists were invited to participate in the Request for Proposal (RFP) process, issued in accordance with RCW 36.34.205. In April 2007, the City of Shoreline issued the RFP with each finalist to submit a detailed proposal. Final submissions in response to the RFP were received on May 30, 2007. The Selection Committee reviewed, scored and ranked the submissions and then conducted interviews with each of the finalists on June 4, 2007.

This report will introduce the Selected Developer and its development team. In addition this report will describe the "Pre-development Agreement" the City and the Selected Developer will first enter into. This will effectively program and outline the collaborative pre-development process leading next to the final Development Agreement and Lease, and ultimately to the City of Shoreline's new Civic Center

FINANCIAL IMPACT:

No financial impact at this time.

RECOMMENDATION

No action is required. This report provides a status update to the Council on the Civic Center Project and is presented for Council review, questions and discussion.

Approved By: City Manager  City Attorney ____

INTRODUCTION

The Selection Committee has completed its selection of the Developer and its development team for the Shoreline Civic Center Project. **Opus Northwest, L.L.C.** was unanimously selected for the Civic Center Project. This report will introduce Opus Northwest, L.L.C. (hereafter, "OpusNW") and its development team, including their qualifications. It will also describe the "Pre-development Agreement" into which the City and the development team will enter.

Execution of the Pre-development Agreement will mark the formal beginning a collaborative pre-development process for the construction of a new Civic Center building.

BACKGROUND

City Council Goal #3 is to "implement an affordable civic center and city hall project".

To carry forth this goal, in June 2006 the Council authorized the purchase of two pieces of property located on the corner of North 175th Street and Midvale Avenue North for the site of the Shoreline Civic Center Project. The purchases were consummated in November 2006.

In January of 2007, Council authorized and approved the design-build, build-to-suit and lease-to-own delivery method to develop the Shoreline Civic Center and authorized the City to contract with a consultant to guide the Project.

A Request for Qualifications (RFQ) for the Civic Center Project was issued on February 1, 2007. Out of the six qualified development teams that submitted an RFQ, three finalists were selected to participate in the Request for Proposal (RFP).

In April 2007, the City of Shoreline issued a Request for Proposal to the three finalists. Final submissions in response to the RFP were received on May 30, 2007. The submissions were scored on a point system in the following areas:

- Team Qualifications and Individual Commitments
- A Narrative Description of a Proposed Development Plan
- Affirmative Statement accepting the Development Agreement
- Estimated Budget
- Interview by Selection Committee
- Financial Guarantees (Pass or Fail)

The Selection Committee reviewed, scored and ranked the submissions. On June 4, 2007 the Selection Committee conducted interviews with each of the finalists. Opus Northwest, L.L.C. was unanimously selected for the Civic Center Project.

DISCUSSION

OpusNW will enter into a collaborative pre-development process to plan, design, develop, finance and construct the Civic Center Project.

- The Developer and its Team

- Opus Northwest, L.L.C. is a vertically integrated, full service commercial real estate development company offering the disciplines of development, construction, architecture, engineering, property management, financing and leasing under one roof. As one of the largest developers in both the Puget Sound region and in the nation, OpusNW is known for delivering on-time, on-budget, high-quality, environmentally-sound and award winning projects at a competitive price. Opus has constructed more than 2,300 office, industrial, retail, residential and institutional properties across the country since inception (1953) and did more than \$2 billion in business in 2006. It's most recent public-private project in the Puget Sound was the 401 Broadway project ("Pat Steel Building") on behalf of Harborview and King County, receiving the Office Building of the Year Award in 2004 from the National Association of Office and Industrial Properties (NAIOP).
- LMN Architects focuses primarily on designing for the public sector. The majority of their projects include performing arts facilities, higher education facilities and convention centers. In the last 25 years, LMN has provided architectural services for more than 75 cultural facilities, 55 convention centers and 60 higher education projects. LMN has also designed successful municipal buildings, including the Bremerton Government Center and the 401 Broadway Building (in conjunction with OpusNW). All of these projects depended, at least in part, on public funding and community and governmental support and a consultant team who has successfully navigated and delivered public facilities.
- Karen Kiest Landscape Architects has been active for nearly 20 years providing landscape architectural services to a wide variety of public and private clients in the United States and in Asia. Today, the majority of the firm's work is focused on the civic realm. Ongoing and recent projects are for public sector clients that include Sound Transit, Washington State Department of Transportation, Seattle Department of Neighborhoods, Seattle Parks and Recreation, etc. Ms. Kiest served on the Seattle Landmarks Preservation Board from 1999-2004 and currently serves as Chair of the Seattle Design Commission.
- ArchEcology is a woman-owned sustainable design consulting firm.
- Cary Kopczynski and Co. provides structural engineering excellence for major projects throughout the United States.
- MacDonald Miller Facility Solutions provides design-build mechanical engineering services and construction.
- Valley Electric provides design-build electrical engineering services and construction.

- RW Beck is the civil engineer.
- Terra & Associates is the geo-technical engineer.
- Graelic L.L.C. is the parking consultant.
- 4 Culture is the 1% for arts consultant.

Detailed information on each of these firms and the specific individuals committed to work on the Civic Center are available in both the RFP and RFQ responses from OpusNW. We would be happy to supply this information if desired. More specifically, based upon the RFP request, OpusNW's response identified every individual slated to work on the Civic Center Project; and approximated how many hours each named individual is projected to work each month during the project.

- The Development Plan

- The OpusNW team identified three “alternative” approaches to buildings that would become a focal point / catalyst creating a sense of place and a “center” of Shoreline city life. The proposal noted that while the new building is in a good position to have a visible presence from Aurora, it is set back just enough to buffer itself from speedy traffic and a parking lot context. Located as such, the new Civic Center has an opportunity to anchor a “Midvale corridor” with a main street feel. With the right landscaping and public space, the Civic Center can tie in with Heritage Park while maintaining a respectable scale with regards to the neighborhood to the north and east.
- The selection committee was very impressed with the creative energy spent on neighborhood vision / community vision. OpusNW clearly understood the value placed on the public process during the ensuing months and the need to hear from the public, City officials and building users what are the priorities in developing a final design.
- The OpusNW team did an excellent job identifying a how possible second and third phase developments would likely occur for each of the alternative buildings proposed.
- The actual process of design / development / construction was thoroughly described in light of how a vertically integrated design-build development company efficiently delivers projects. In addition, OpusNW engaged a sustainability consultant and is committed to carrying out whatever level of LEEDs certification the City requests.
- It was clear from the interview presentation that the City's Selection Committee was talking with extremely professional and skilled business people that had a real passion for creating superb buildings. Shoreline's Civic Center / City Hall

Project clearly fired their imaginations and generated excellent concepts and ideas. It was equally obvious that they relish the opportunity to make this a gem of a civic center.

- Development Agreement – OpusNW was the only developer that was entirely unambiguous about entering into the form development agreement attached to the RFP. Quote: “We affirmatively state our willingness to enter into the proposed development agreement with no changes that materially affect scope, responsibilities, and/or risk.”
- Budget – The OpusNW team identified soft cost line item categories (e.g. engineering, architectural, overhead, development fees, etc.) guaranteed by the developer at \$5,169,990. This is approximately \$977,000 less than the next closest budget commitment, and \$4,417,000 less than the other proposal.
- Financial Guarantees – OpusNW is tremendously strong financially. There will be no difficulty structuring arrangements that will assure complete financial protection for the City.

Pre-Development Agreement:

The immediate next step will be for OpusNW and the City to enter into a “Pre-development Agreement” (“Agreement”) which authorizes the Developer to proceed with certain pre-development activities required for the Civic Center Project.

Under the Agreement, the City reserves the right to terminate or suspend the Agreement at any time, with or without cause, by giving fourteen (14) days notice to the OpusNW in writing. In the event of such termination or suspension, all work product shall be turned over to the City. OpusNW reserves the right to terminate this Agreement with not less than thirty (30) days written notice.

The following highlights the scope of services OpusNW will perform under the Pre-development Agreement. Pre-development activities for the Civic Center include but are not limited to:

- **Project Design**

OpusNW will conduct public workshops to review various site, building, and sustainability options; coordinate the consultants to design a building to meet the space requirements and design parameters; coordinate surveys and all engineering input for the project through 30% design development; and establish a schedule for the project scope of work phase, with an additional master schedule for the entire project through construction completion with all distinct milestones.

- **Permits and Approvals**

Coordinate required entitlements and permits with City and other required agencies; coordinate design review.

- **Administration**

Prepare development budgets and schedules for the Project and maintain updates of each; establish an accounting system to monitor all Project costs and provide cash flow projections for the term of the Project; prepare a monthly report to document all design decisions i.e., permit status, consultant contracts and Projects costs; review and approve payment of all consultant invoices; prepare a monthly summary of Project costs and submit to City with a request for payment; and oversee disbursement of funds. An important element of the pre-development process will be to develop a detailed budget and Guaranteed Maximum Price for the project.

Through the collaborative pre-development process, the City of Shoreline and the developer will negotiate and ultimately formalize a "Development Agreement" for the construction of the Shoreline Civic Center Facility. Most of the material terms of the Development Agreement have already been determined and agreed to by the Developer as part of its RFP submittal. Opus will be reimbursed for their out of pocket expenses related to pre-development activities. Work product will be owned by the City.

Next Steps

- June 25, 2007: Present Council with a motion to authorize the City Manager to enter into a "Pre-development Agreement" with Opus Northwest, L.L.C. and to proceed with pre-development activities.
- Hold public forums to obtain public feedback on preliminary, proposed designs.
- Proceed through the identified pre-development activities.
- Memorialize all agreements and proceed towards a closing on the Development Agreement, Lease, and other necessary documentation.

RECOMMENDATION

No action is required. This report provides a status update to the Council on the Civic Center Project and is presented for Council review, questions and discussion.