



COUNCIL AGENDA REPORT

City of Anaheim DEPARTMENT OF PUBLIC WORKS

DATE: MARCH 11, 2014
FROM: DEPARTMENTS OF PUBLIC WORKS, AND CONVENTION, SPORTS AND ENTERTAINMENT
SUBJECT: AWARD A DESIGN-BUILD CONTRACT FOR THE ANAHEIM CONVENTION CENTER EXPANSION PROJECT (BETTERMENT VII)

ATTACHMENT (Y/N): YES **ITEM #**

RECOMMENDATION:

That the City Council, by Motion:

1. Determine that the proposal submitted by Turner Construction Company (Turner) of Anaheim, California, Contractors License No. 210639 Classification A & B, in response to a City of Anaheim (City) solicitation dated August 19, 2013 represents the best value to the City;
2. Award to Turner a contract to design and construct the Anaheim Convention Center Expansion Project (Betterment VII) at Car Park 1 (Project), in the amount of \$155,000,000, and waive any irregularities in any of the documents of the responsive, responsible, and qualified vendor deemed to offer the best value in this procurement process;
3. Authorize the Mayor to execute the Contract in substantial form attached hereto, authorize the Director of Public Works or designee to execute any related documents and take such actions as necessary to implement and administer the Contract through completion; and
4. Authorize the City Manager or designee to execute the stipend agreements for the two non-selected respondents in a total of \$50,000 each; and
5. Authorize the Director of Finance to execute the Escrow Agreement pertaining to contract retentions in accordance with Public Contract Code section 22300.

SUMMARY:

The Public Works Department (PWD), in collaboration with the Convention, Sports & Entertainment Department (CS&E), requests that Council award this contract to provide comprehensive Design-Build services for the Anaheim Convention Center Expansion Project (Betterment VII), to Turner. The PWD staff will perform the contract administration, manage and oversee all facets of the design and construction activities, and facilitate the timely commissioning of the completed facility. The CS&E staff will be an integral part of the City project team throughout the execution of the project and will be responsible for the operation and maintenance of the newly completed facility.

Additionally, the CS&E staff, in conjunction with the Anaheim/Orange County Visitors and Convention Bureau (VCB), will begin marketing and pre-booking the new LEED Silver asset upon award of this contract by Council. This new asset will add 200,000 square feet of leasable “flex space,” space that can be used as exhibit, ballroom, or meeting rooms, and increase the Convention Center’s available exhibit square-footage to more than 1 million square-feet, the most on the west coast. Market research indicates that the flexibility of this new leasable space will accommodate a myriad of convention requirements and enable Anaheim to 1) meet the growth demands of existing annual clients; 2) attract new clients with meeting-intensive needs; 3) support scheduling of concurrent conventions; and 4) replace the existing Carpark 1 parking structure.

The expansion will enhance Anaheim’s first class Convention Center and will further improve its ability to meet the needs of its current and future clients. Anaheim, as a destination, provides attendees and visitors the opportunity to experience a world class convention facility and combine their visit with unparalleled sports and entertainment attractions. This project will not only continue to support the growth potential of our existing clients, but it will also make the Convention Center a more attractive and competitive venue for clients needing more space than we are currently able to accommodate, and the additional flex space will maximize facility occupancy and provide the ability to hold concurrent conventions.

BACKGROUND:

The Convention Center has undergone six betterment projects, enabling Anaheim to remain a viable and competitive convention destination. The Anaheim Convention Center is one of the pillars of our Resort District and must remain a competitive attraction in the convention industry to continue its contribution to the success of the Resort District, which directly and indirectly supports the health of the City’s General Fund. Even when the convention industry experiences a slowdown, the uniqueness of Anaheim, coupled with its peripheral attractions, help it to retain its desirability, and thus its competitiveness when vying for limited convention dollars. Conversely, during a more robust economy, Anaheim as a convention destination becomes desired by even smaller conventions, which can easily be accommodated given the flexibility designed into the new space, wherein multiple smaller conventions can be held concurrently, allowing a more complete maximization of both the exhibit halls and meeting room areas.

Moreover, the maintenance effort necessary to keep Car Park 1 operational has been increasing for several years and the semi-annual survey of the structure by a professional structural engineering consultant shows a steady increase in the number of slab crack repairs as well as column supports, spall repairs, and lack of ceiling height to allow for seismic retrofitting. This increasing maintenance and repair cost will be eliminated by this project because a new parking structure is included as part of this Betterment VII Expansion Project.

DISCUSSION:

In January 2013, with both departments in agreement on the feasibility of the project, PWD issued a public request for qualifications (RFQ) to provide Design-Build services for the Convention Center Expansion Project at Car Park 1. Qualification responses were received from six teams. Staff from the PWD, CS&E, VCB, and subject matter specific consultants reviewed and rated all submittals based on the criteria established and published in the RFQ document pursuant to the requirements and authorities of Municipal Code Chapter 10.06, Design-Build Contracting for Public Works Projects.

After compiling the scores, the top four teams were invited to participate in the request for proposal (RFP) phase of the procurement process.

In August 2013, PWD issued the RFP document to the four qualified teams. Three proposal responses were received and once again staff from the PWD, the CS&E and subject matter specific consultants reviewed and rated all submittals based on the criteria established and published in the RFP document pursuant to the requirements and authorities of Municipal Code Chapter 10.06, Design-Build Contracting for Public Works Projects. After compiling the scores, the three vendors were invited to participate in the interview/presentation phase of the procurement process. Based on the proposals and interviews/presentations, staff recommends the City Council award the Contract to Turner.

Turner's proposal is deemed to be the most advantageous offer because it includes several infrastructure components that exceed by 75% the design capacity required in the RFP documents without exceeding the stated budget of \$155M. Turner, a construction contractor, has teamed with design firm Populous to provide the design-build services for this project. Turner is one of the leaders in design-build contracting and, teamed with Populous, possesses the depth of experience in designing and building large scale convention centers in an urban environment, while minimizing impacts to existing and ongoing operations, vehicular and pedestrian circulation, and nearby businesses.

Both Turner and Populous have enjoyed massive success and longevity in their respective fields and are known as leaders in the convention center design and construction industry as well as design-build contracting. Similarly, the City has enjoyed success on a variety of levels utilizing design-build type contracting for several high-profile, strategically vital, and politically sensitive projects; ranging in cost from about \$20M to \$70M. The underground Electric Utility Substation, Park Substation, was built in East Anaheim underneath a park and amidst homes in the Festival Area. The Electric Substation, Anaheim Substation, was constructed with an exterior façade to match the aesthetics of the surrounding buildings and homes in the neighborhood just south of City Hall. Another project, the redundant feed from Edison into the Lewis Substation, lacked a significant architectural component, but was a successful electrical design-build project. Staff from PWD and Public Utilities considered the benefits of design-build contracting, surveyed sister agencies for their experiences with this type of contracting and collaborated to successfully complete these and other design-build type projects.

Our design-build contracting experience has systematically reduced the project schedules by allowing early construction to begin while design is continuing on other components. The City's exposures to change orders are limited to unknown underground issues and enhancements by the City. Typical changes related to Requests for Information (RFIs), such as seeking clarification of ambiguities throughout the design plans, are eliminated because the details of the design are the responsibility of the design-builder. In comparison, the standard design-bid-build procurement process would likely require a schedule of about 48 months versus the 32 months proposed by the design-build team. A reasonably efficient schedule for the traditional model from start of design through completion of construction would typically require 14 months for design, 4 months for bidding and 30 months for construction, an estimated time of 48 months, or 25% longer. This accelerated construction provides for delivery of replacement parking and leasable space sooner than a design-bid-build process.

Project design is anticipated to begin in March 2014; Car Park 1 demolition is planned to begin in late summer and project completion is anticipated for Fall 2016.

ENVIRONMENTAL DETERMINATION:

On December 18, 2012, the Anaheim City Council adopted Resolution No. 2012-158, certifying Final Supplemental Environmental Impact Report No. 2008-00340 and adopting Findings and a Statement of Overriding Considerations, Mitigation Monitoring Program 85C, and a Water Supply Assessment for the Amendment No. 14 to the Anaheim Resort Specific Plan Project and required and related discretionary actions, including the proposed Anaheim Convention Center Betterment VII Expansion Project. Review and approval of a Final Site Plan by the Planning Commission will be required for the expansion project prior to the issuance of building permits. A Mitigation Monitoring Plan, which will include all applicable mitigation measures from Mitigation Monitoring Program 85C, will be created for the expansion project. Implementation of the mitigation measures will be a requirement of the approval of the Final Site Plan.

IMPACT ON THE BUDGET:

Funding for this project is made available via the debt refinancing instrument or lease revenue notes which is before the Council under a separate item on the consent agenda and is co-authored by the Finance Department, CS&E and PWD.

Respectfully submitted,

Concurred:

Natalie Meeks
Director of Public Works

Tom Morton
Executive Director,
Convention, Sports and Entertainment

Attachments:

1. Contract
2. Aerial Exhibit of Proposed Location