

Project Delivery & Financial Analysis for the Emergency Operations Facility

Presented to:

Marin County Board of Supervisors

July 29, 2008

Marin County Emergency Operations Facility Project

The County of Marin retained the services of The Staubach Company to advise on strategies for financing and overall project delivery methods for this project. In the analysis, several key drivers were evaluated,

- Total project costs
- Timeliness to construction completion
- Allocation of risks
- Availability of County financial and staff resources
- Including community input to address neighborhood issues in building design
- County oversight of design & construction
- Ability to complement the Frank Lloyd Wright Civic Center Building

- Design Competition
- Project Delivery Methods
- Financial Analysis of Scenarios

- Design Entire Project Building Program under any construction phasing scenario
- County To Determine Scope and level of Funding Ability
- Pursue “at Risk” 3rd Party Partner (design/management or general contractor team) to design and implement project
 - A) Have 3rd Party Partner contractually obligated to manage the project to a Guaranteed Maximum Price (GMP) and Schedule
 - B) Establish key points for community input in building design
- Implement Design Competition for Design/Management team selection using a 2-stage Request for Concept (RFC)/Request for Proposal (RFP) selection process
 - A) County to retain an architect and other consultants to develop Program of Requirements and Design Parameters prior to solicitation for Design/Management team
- Accept Certificate of Participation (COPS) as preferred method for financing the balance of this project
- Upon selection of scope by the County, create the detailed project delivery plan and project schedule

- **Stage 1 – Request for Concept (RFC)**
 - Open to all architecture/management firms
 - Judging based on qualifications & initial design concept
 - Conclude by short listing 4 teams to compete for final award

- **Stage 2 – Request for Proposal (RFP)**
 - The teams will develop their concept to early schematic level
 - Community can comment on 4 team designs instead of 1 design
 - Jury group will evaluate design, technical and pricing merits of submissions and recommend winning team for BOS approval
 - Losing teams will receive honoraria that ranges \$25,000-\$40,000 for each team

- Draws more design talent at roughly same costs
- Provides the most effective format for community participation & input
- Offers more design options than traditional “select one” process

Opportunities for Community Input will occur at:

- During the Board of Supervisors' review of the Request for Concept (RFC) document before released
- When firms submit conceptual proposals and the selection of finalists
- Outreach session with the design competition finalists
- When finalist submit their final proposal
- When winning firm is recommended to the Board of Supervisors

Project Delivery Methods

Design Bid Build (DBB)

- Traditional public works delivery method of obtaining contractor after design completion and at lowest bidder

Design Build (DB)

- A single entity (architect, developer and/or contractor) is obtained based on qualifications and team that is able to collaborate throughout the design process. This method is typically faster and costs less than DBB.

Management Methods

3rd Party Partner

- Experienced 3rd Party Partner is responsible for managing project to a guaranteed maximum price (GMP) at a set schedule
- Risk for schedule and cost over runs is borne by the 3rd Party
- Slightly higher professional fees for taking on additional risk (1 to 2 percent of total project cost above the cost of a CM firm not “at risk”)
- Design Control is still maintained by the County

Public Works – Design Build

- Hire a Construction Management Firm (CM) to oversee the project on County's behalf during Design and Construction
- Risk for schedule and cost overruns is borne by the County
- Would be first Design Build project done by County

Primary assumptions include but are not limited to:

	Assumptions
1. County Capital Contribution	\$30mm
2. Projected Operating Expenses	\$12 per square foot
3. Estimated Savings for using Design Build	10% of Construct. Costs
4. Estimated time for Phase 2 start	5 years after Phase 1

Note, the following financial slides for each scenario assume design build method of project delivery.

- Total Project Costs: Phase 1: \$88,445,000
 Phase 2: \$0

- Annual Cost (Year 1) Phase 1: \$4,725,000
 (Debt & Operations) Phase 2: \$0

- Facts:
 - Lowest overall project cost (Phase 1) and NPV
 - Best efficiency managing the operations-driven public safety and security functions
 - Achieves program goals in the fastest time
 - Most effective in relieving space constraints of Civic Center

- Policy Considerations:
 - Limitations of County budget

- Total Project Costs:
 - Phase 1: \$69,231,000
 - Phase 2: \$34,075,000
 - Total: \$103,306,000

- Annual Cost (Year 1):
 - Phase 1: \$2,825,000
 - (Debt & Operations) Phase 2: \$3,091,000

- Facts:
 - Reduced Upfront Costs compared to Scenario 1
 - Undergo only one major construction process for County & neighborhood
 - Of the phasing scenarios, this offers most flexibility in adding space as funds become available
 - Increased costs for future tenant improvement work
 - Patrol would be next top priority move

- Policy Considerations:
 - May require lease other space until Phase 2 is complete
 - Limitations of County budget

- Total Project Costs:
 - Phase 1: \$56,813,000
 - Phase 2: \$51,754,000
 - Total: \$108,567,000

- Annual Cost (Year 1):
 - Phase 1: \$2,299,000
 - (Debt & Operations) Phase 2: \$3,930,000

- Facts:
 - Inclusion of Patrol will help department recruit and retain quality personnel and allow for better command resources after a major disaster
 - Less efficient Sheriff operations management / challenges
 - Increased costs for future construction

- Policy Considerations:
 - May have visual impact of partially built facility
 - Limitations of County budget
 - May require other lease space until Phase 2 is complete

- Total Project Costs: Phase 1: \$47,720,000
 Phase 2: \$65,549,000
 Total: \$113,269,000

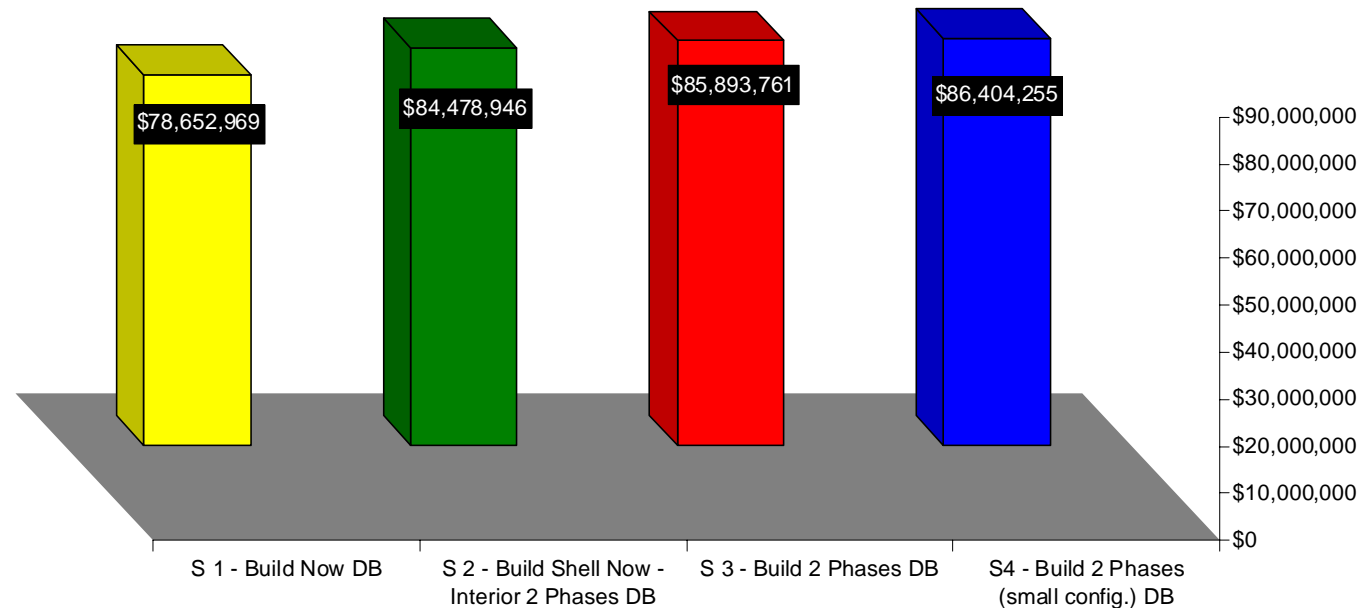
- Annual Cost: Phase 1: \$1,658,000
 (Debt & Operations) Phase 2: \$4,925,000

- Facts:
 - Achieves EOC, IST, MERA & Dispatch services within limited County resources
 - Less efficient Sheriff operations management / challenges
 - Sheriff would need to reconfigure Civic Center space if not move Patrol, possibly negating net space gain for other County functions
 - Increased costs for future construction

- Policy Considerations:
 - May have visual impact of partially built facility
 - Limitations of County budget
 - May require other lease space until Phase 2 is complete

Net Present Value Comparison

The chart depicts the net present value of the stream of cash flows for the various scenarios over time and allows for the time value of money. It demonstrates that constructing the entire facility under either scenario 1 or 2 is the most efficient method of constructing a facility to meet the entire programmatic needs of the Emergency Operations Facility.



Summary of Financial Analysis

COPS Financing Summary				
	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Cost to Construct Phase I	\$ 83,524,000	\$ 65,655,000	\$ 53,158,000	\$ 44,470,000
Design Option Contingencies	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 83,524,000	\$ 65,655,000	\$ 53,158,000	\$ 44,470,000
Construction Premium DBB	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 83,524,000	\$ 65,655,000	\$ 53,158,000	\$ 44,470,000
Professional Fees	\$ 1,252,860	\$ 984,825	\$ 797,370	\$ 667,050
Furniture Fixtures & Equipment	\$ 2,568,000	\$ 1,491,000	\$ 1,758,000	\$ 1,483,000
IST and Radio Equipment	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000
Subtotal	\$ 88,444,860	\$ 69,230,825	\$ 56,813,370	\$ 47,720,050
One Time Capital Contribution	\$ (30,000,000)	\$ (30,000,000)	\$ (30,000,000)	\$ (30,000,000)
Amount to be Financed	\$ 58,444,860	\$ 39,230,825	\$ 26,813,370	\$ 17,720,050
Debt Service	\$ 3,406,059	\$ 2,286,300	\$ 1,562,634	\$ 1,032,692
Year 1 Operating Expenses	\$ 1,318,672	\$ 539,084	\$ 736,124	\$ 625,530
Total Occupancy Costs Year 1	\$ 4,724,731	\$ 2,825,385	\$ 2,298,758	\$ 1,658,222
Cost to Construct Phase II	\$ -	\$ 32,252,000	\$ 49,635,000	\$ 62,953,000
Design Option Contingencies	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ 32,252,000	\$ 49,635,000	\$ 62,953,000
Construction Premium DBB	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ 32,252,000	\$ 49,635,000	\$ 62,953,000
Professional Fees	\$ -	\$ -	\$ 496,350	\$ 629,530
Furniture Fixtures & Equipment	\$ -	\$ 1,823,000	\$ 1,623,000	\$ 1,966,000
IST and Radio Equipment	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ 34,075,000	\$ 51,754,350	\$ 65,548,530
One Time Capital Contribution	\$ -	\$ -	\$ -	\$ -
Amount to be Financed	\$ -	\$ 34,075,000	\$ 51,754,350	\$ 65,548,530
Debt Service	\$ -	\$ 2,104,317	\$ 3,196,113	\$ 4,047,979
Year 1 Operating Expenses	\$ -	\$ 986,427	\$ 733,784	\$ 877,027
Total Occupancy Costs Year 1	\$ -	\$ 3,090,744	\$ 3,929,897	\$ 4,925,006
Stabilized Costs at Completion Phase II, Year 1				
Total Construction	\$ 88,444,860	\$ 103,305,825	\$ 108,567,720	\$ 113,268,580
Total Financed	\$ 58,444,860	\$ 73,305,825	\$ 78,567,720	\$ 83,268,580
Total Combined Debt Service (Both Phases)	\$ 3,406,059	\$ 4,390,617	\$ 4,758,747	\$ 5,080,671
Total Operating Expenses	\$ 1,318,672	\$ 1,525,511	\$ 1,469,908	\$ 1,502,557
Total Occupancy Costs (Phase II, Year 1, Stabilized)	\$ 4,724,731	\$ 5,916,128	\$ 6,228,654	\$ 6,583,227

Staff Recommendations

- Pursue Scenario 3 scope of work and construction phasing plan
- Pursue 3rd Party Partner as preferred project delivery method
- Accept Design Competition technique to select Design/Management Team
- Seek Certificates of Participation (COPS) financing to limit impact on next 5 -7 years County budget consistent with useful life of building

Next Steps

- We will return to BOS in 90 days with detailed project delivery plan, financial strategy and detailed project schedule
- Explore inclusion of adjacent San Rafael fire station remodel into EOF project. Partnership will be at no net cost to County budget



EOF Financing: Comparison of Existing vs. Proposed Payments

