

MEMORANDUM

TO: City Council

FROM: John L. Fitzwater, Acting City Manager

SUBJECT: Contract Award, Project Management for New Indoor Sports Facility
R-52-16

DATE: August 29, 2016

A legal notice advertising a Request for Proposals (RFP) for Project Management for the New Indoor Sports Facility was placed in the Bowie Blade, on eMaryland Marketplace and on the City's website on June 2, 2016. Proposals were received from the following firms on June 23, 2016:

*Arcadis	Hanover, MD
*Hill International	Washington, DC
*Johnson, Mirmiran & Thompson, Inc.	Sparks, MD
*Kramer Consulting Services, PC	Washington, DC
Mark G. Anderson Consultants, Inc.	Washington, DC
Owner Rep Consulting	Annapolis, MD
The Sports Facilities Advisory & Management	Clearwater, FL

Proposals were evaluated by a five (5) member panel made up of City staff. The proposals were evaluated as required by City Charter and the Procurement Policy. Criteria for selection included the firm's experience, qualifications, capacity, reputation and understanding of the City requirements. The selection panel also heard oral presentations and conducted interviews with the top four (4) firms (as indicated with *).

After careful review and negotiation, it was determined that Hill International of Washington, DC had submitted the most responsive and responsible proposal in the amount of \$795,300. This is within the amount budgeted for FY17 CIP for Indoor Sports Facility.

I concur with the above recommendation and request your approval of R-52-16.

In addition, Councilman Esteve has requested additional information about the Indoor Sports Facility. Attached to this memorandum is a summary which shows project milestones, project specifications, project time frame, project capital budget, projected debt service cost and projected operating costs.

JLF/GS/cs

RESOLUTION
OF THE COUNCIL OF THE CITY OF BOWIE, MARYLAND
ACCEPTING A BID PROPOSAL FOR PROJECT MANAGEMENT
FOR NEW INDOOR SPORTS FACILITY

WHEREAS, pursuant to Section 61 of the City Charter, a Request for Proposals was issued in the Bowie Blade, on eMaryland Marketplace, and on the City’s website for Project Management for New Indoor Sports Facility; and

WHEREAS, on the June 23, 2016 due date, the City received seven (7) proposals; and

WHEREAS, after evaluation and review of the proposals, oral presentations and interviews were conducted with the top four (4) firms; and

WHEREAS, after careful evaluation and review of all the proposals submitted, it was determined that Hill International of Washington, DC had submitted the most responsive and responsible proposal.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Bowie, Maryland, that the Council hereby accepts the proposal of Hill International of Washington, DC and authorizes the City Manager to enter into a contract with Hill International in the amount of \$795,300.

INTRODUCED AND PASSED by the Council of the City of Bowie, Maryland at a meeting on September 6, 2016.

ATTEST:

THE CITY OF BOWIE, MARYLAND

Awilda Hernandez
City Clerk

G. Frederick Robinson
Mayor

Indoor Sports Facility

Project Milestones

June 3, 2013 – Sports Facilities Advisory (SFA) presented a report to City Council at a public hearing showing their analysis of the need for a court facility, an ice facility, an aquatic facility and a turf facility in the City of Bowie. The SFA analysis also provided construction cost estimates and operating cost estimates for each of these types of facilities. Finally the SFA report provided recommendations regarding the scope of improvements for each of the above activities. The City had engaged the services of SFA to provide the above analysis.

May 13, 2014 – A special Council Worksession was held concerning constructing an Indoor Sports Facility looking at five options as designated by City Council as follows: a) no build; b) construction of a replacement ice facility only; c) construction of a court facility only; d) construction of a court facility and construction of an ice facility; and e) construction of a replacement ice facility followed by construction of a court facility. Cost information, using the SFA analysis, was presented and timelines developed for each option. The time lines were established using the time frame for the City Hall Project as an example.

May 19, 2014 – City Council adopted a budget CIP for FY 2015 that included the recommendation to construct a court facility and an ice facility. Specifications for the court and ice facility were as recommended in the SFA analysis. Budgeted costs were based on those established by SFA.

May 18, 2015 – City Council adopted a budget for FY 2016 that again included the recommendation to construct a court facility and ice facility using the same information as contained in the FY 2015 budget. The reason this was done is that the City was unable to locate a property that was sufficient to begin this project in FY 2015.

May 16, 2016 – City Council adopted a budget for FY 2017 that once again included the recommendation to construct a court facility and ice facility using the same information as contained in the FY 2015 budget. Again, the reason this was done is that the City was unable to locate a property that was sufficient to begin this project in FY 2016.

June 23, 2016 – The deed was recorded on the acquisition of the Church Road property with MNCPPC to acquire a 20 acre site for \$210,000 on which to construct the Indoor Sports Facility.

Project Specifications

The specifications for this project were as established in the SFA analysis. The program requirements for this facility are as follows:

Court: 61,373 square feet

- Five hardwood basketball courts
- Six volleyball courts (overlying the basketball courts)
- Support spaces and meeting rooms

Ice: 70,045 square feet

- One NHL sized rink
- One Olympic sized rink
- Support spaces

Parking for 525 vehicle spaces

Project Timeframe

- Project Management Firm Hired: September 2016
- Architect/Engineering Firm Hired: December 2016
- Construction Documents Complete: February 2018
- Building Permits Obtained: September 2018
- Construction Contractor Hired: September 2018
- Construction Complete: March 2020

Project Capital Budget

Expenditures

FY 2017

- Project Management: \$1,015,000
- Architect/Engineer: \$2,030,000

FY 2018

- Financial Advisor/Bond Counsel: \$75,000

FY 2019

- Construction: \$20,300,000

Total Project Costs \$23,420,000

Funding

FY 2017

- General Fund Revenues: \$3,045,000

FY 2018

- General Fund Revenues: \$75,000

FY 2019

- General Fund Revenues: \$3,300,000
- Debt Issue: \$17,000,000

Total Funding: \$23,420,000

Projected Debt Service Costs

The City's investment advisor, Davenport and Associates, calculated the following costs for a debt issuance of \$17,000,000.

- Debt Service \$17,475,000 (includes issuance costs)
- 30 year maturity
- Average Coupon Rate - 3.501%
- Annual Payment - \$940,000
- Net Payoff - \$28,407,500

Projected Operating Costs

- SFA provided detailed revenue and expenses for the first through fifth year of operations. (see attached)
- For the Ice facility, the SFA analysis showed expenditures exceeding revenues by \$362,368 for the first year of operations to expenditures exceeding revenues by \$224,339 in the fifth year of operation.
- For the Court facility, the SFA analysis showed expenditures exceeding revenues by \$719,919 for the first year of operations to expenditures exceeding revenues by \$530,196 in the fifth year of operation.
- Cost recovery for the Ice facility is projected in the SFA study at 70% for the first year of operation to a cost recovery of 84% by the fifth year of operation.

- Cost recovery for the Court facility is projected in the SFA study at 39% for the first year of operation to a projected cost recovery of 60% by the fifth year of operation.
- Current cost recovery at the Ice Arena is 74%.
- Current cost recovery at the Gymnasium is 29%.
- The SFA study recommended that the City change our rates to more approximate market rates. This will require higher user rates at the Indoor Sports Facility than the current rates the City charges.
- Another potential option staff will consider is a public/private partnership for the operation of this facility. Staff will begin the process shortly of looking at the best way to manage these facilities and will report back to Council our recommendation.

May 2013

Court

The chart below summarizes all revenue and expenses for the facility:

Total Facility Revenue & Expenses- Total COURT					
Revenue	Year 1	Year 2	Year 3	Year 4	Year 5
Basketball Rental	\$235,230	\$287,709	\$348,912	\$399,802	\$455,580
Basketball Programs	\$41,450	\$43,523	\$47,984	\$50,383	\$55,547
Volleyball Rental	\$41,988	\$50,937	\$61,619	\$70,186	\$79,877
Volleyball Programs	\$33,200	\$34,860	\$38,433	\$40,355	\$44,491
Wrestling Rental	\$5,000	\$6,160	\$7,502	\$8,639	\$9,872
Cheer/Twirl Rental	\$3,000	\$3,696	\$4,501	\$5,184	\$5,923
Indoor Court Events	\$20,750	\$20,750	\$21,788	\$30,975	\$32,524
Court Rental	\$8,275	\$9,103	\$10,513	\$11,039	\$12,171
Secondary Areas	\$6,250	\$6,563	\$6,891	\$7,235	\$7,597
Food & Beverage	\$70,885	\$74,429	\$78,151	\$82,059	\$86,161
Total Revenue	\$466,028	\$537,728	\$626,293	\$705,856	\$789,743
Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Basketball Rental	\$19,163	\$21,043	\$23,111	\$24,249	\$25,443
Basketball Programs	\$19,362	\$18,589	\$20,250	\$21,262	\$23,172
Volleyball Rental	\$2,924	\$3,194	\$3,491	\$3,654	\$3,826
Volleyball Programs	\$16,212	\$15,628	\$16,995	\$17,845	\$19,415
Secondary Areas	\$375	\$413	\$454	\$476	\$500
Cheer/Twirl Rental	\$225	\$248	\$272	\$286	\$300
Indoor Court Events	\$2,075	\$2,075	\$2,179	\$3,098	\$3,252
Court Rental	\$422	\$442	\$463	\$475	\$488
Secondary Areas	\$1,250	\$1,313	\$1,378	\$1,447	\$1,519
Food & Beverage	\$47,364	\$49,732	\$52,219	\$54,830	\$57,572
Total Cost of Goods Sold	\$109,372	\$112,676	\$120,812	\$127,622	\$135,487
Gross Margin	\$356,656	\$425,053	\$505,481	\$578,234	\$654,256
<i>% of Revenue</i>	77%	79%	81%	82%	83%
Facility Expenses	\$373,821	\$385,036	\$396,587	\$408,485	\$420,739
Operating Expense	\$0	\$0	\$0	\$0	\$0
Management Payroll	\$421,720	\$430,154	\$438,757	\$447,533	\$456,483
Payroll Taxes/Benefits/Bonus	\$94,633	\$97,248	\$99,961	\$102,712	\$105,464
Existing Facility & Operating Expenses	\$186,400	\$190,128	\$193,931	\$197,809	\$201,765
Total Operating Expenses	\$1,076,575	\$1,102,566	\$1,129,235	\$1,156,538	\$1,184,452
<i>% of Revenue</i>	231%	205%	180%	164%	150%
Net Operating (Loss)	(\$719,919)	(\$677,513)	(\$623,755)	(\$578,304)	(\$530,196)
<i>% of Revenue</i>	-154%	-126%	-100%	-82%	-67%
Annual Debt Service	\$0	\$0	\$0	\$0	\$0
Total Net (Loss)	(\$719,919)	(\$677,513)	(\$623,755)	(\$578,304)	(\$530,196)
Cost Recovery	0.39	0.44	0.50	0.55	0.60

Note that the subcategory of "operating expenses" has been omitted. That line accounts for a specific set of administrative/overhead expenses that will be incurred but are not scalable to each individual facility type. Total operating expenses for the facility would likely range from \$100,000-\$200,000 annually, depending on which line items would be encapsulated by existing City of Bowie services (e.g. legal fees). If more than one facility were to be built, these costs would not increase dramatically, so it is impossible to assign a proportion of expense to each facility. In order to have a reliable side-by-side analysis, those costs are not shown.

May 2013

Ice

The chart below summarizes all revenue and expenses for the facility:

Total Facility Revenue & Expenses- ICE					
Revenue	Year 1	Year 2	Year 3	Year 4	Year 5
Ice Hockey Rental	\$347,531	\$364,908	\$402,311	\$422,426	\$465,725
Ice Program Rental	\$193,824	\$203,516	\$224,376	\$235,595	\$259,743
Ice Programs	\$172,750	\$181,388	\$199,980	\$209,979	\$231,502
Ice Events	\$51,000	\$51,000	\$53,550	\$75,600	\$79,380
Secondary Areas	\$6,250	\$6,563	\$6,891	\$7,235	\$7,597
Food & Beverage	\$80,902	\$84,947	\$89,194	\$93,654	\$98,337
Total Revenue	\$852,257	\$892,320	\$976,301	\$1,044,489	\$1,142,283
Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Ice Hockey Rental	\$13,987	\$14,686	\$15,421	\$16,192	\$17,001
Ice Program Rental	\$31,081	\$27,639	\$29,912	\$31,403	\$34,005
Ice Programs	\$81,774	\$78,502	\$86,322	\$90,533	\$99,585
Ice Events	\$5,100	\$5,100	\$5,355	\$7,560	\$7,938
Secondary Areas	\$1,250	\$1,313	\$1,378	\$1,447	\$1,519
Food & Beverage	\$54,057	\$56,760	\$59,598	\$62,578	\$65,707
Total Cost of Goods Sold	\$187,250	\$184,000	\$197,985	\$209,712	\$225,755
Gross Margin	\$665,008	\$708,320	\$778,316	\$834,776	\$916,528
<i>% of Revenue</i>	78%	79%	80%	80%	80%
Facility Expenses	\$620,634	\$639,253	\$658,431	\$678,184	\$698,529
Operating Expense	\$0	\$0	\$0	\$0	\$0
Management Payroll	\$333,320	\$339,986	\$346,786	\$353,722	\$360,796
Payroll Taxes/Benefits/Bonus	\$73,422	\$75,123	\$77,135	\$79,400	\$81,541
Total Operating Expenses	\$1,027,376	\$1,054,362	\$1,082,352	\$1,111,306	\$1,140,867
<i>% of Revenue</i>	121%	118%	111%	106%	100%
Net Operating (Loss)	(\$362,368)	(\$346,042)	(\$304,036)	(\$276,529)	(\$224,339)
<i>% of Revenue</i>	-43%	-39%	-31%	-26%	-20%
Annual Debt Service	\$0	\$0	\$0	\$0	\$0
Total Net (Loss)	(\$362,368)	(\$346,042)	(\$304,036)	(\$276,529)	(\$224,339)
Cost Recovery	0.70	0.72	0.76	0.79	0.84

Note that the subcategory of “operating expenses” has been omitted. That line accounts for a specific set of administrative/overhead expenses that will be incurred but are not scalable to each individual facility type. Total operating expenses for the facility would likely range from \$100,000-\$200,000 annually, depending on which line items would be encapsulated by existing City of Bowie services (e.g. legal fees). If more than one facility were to be built, these costs would not increase dramatically, so it is impossible to assign a proportion of expense to each facility. In order to have a reliable side-by-side analysis, those costs are not shown.