



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Justice Complex Project

April 29, 2014

Presented By:

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Agenda

- Project History
- Current Status
- Site Analysis
- Results of RFQ Submittal Evaluations
- Technical Advisor
- Timeline
- Next Steps



Project History

- June 2012 Mayor's report to City Council made by Executive Assistant Chief Munden and Director Dowe summarizing the high levels of deferred maintenance at police and municipal court facilities
- June 20, 2012 Council action to expand scope of services with financial advisors, First Southwest, to include advisory services for a Justice Complex
- June 14, 2013 Request for Qualifications issued



Project History

- Aug. 21, 2013 memo to Council Members providing the 7 respondents to the RFQ
- Dec. 10, 2013 Budget and Fiscal Affairs Presentation update of progress and next steps
- Jan. 15, 2014 Council action to retain Hawkins Delafield & Wood LLP as external legal counsel
- Feb. 11, 2014 Public Safety Committee reviewing project history and condition of existing facilities



Current Status

- An evaluation committee has completed a thorough review of the 7 responses to the RFQ
 - Results to be discussed later in this presentation
- An RFQ was issued to engage a technical advisor to assist the City with execution of the Justice Complex RFP and subsequent project agreement
 - Results to be discussed later in this presentation
- City Legal is drafting guidelines for procuring P3s that will be brought to City Council for adoption prior to release of a Justice Complex RFP



Site Analysis

- Characteristics of Sites Evaluated
 - Accessibility from various parts of the City. Proximity to METRORail is ideal.
 - Access to other relevant and related City services and facilities, including jail and related processing facilities. Proximity to downtown is ideal.
 - Traffic ingress and egress (considering both police use and civilian access to the Police and Municipal Courts facilities).



Site Analysis

- Sites identified in real estate scan as meeting the criteria and at least possibly available for acquisition

Criteria	Riesner Site	401 Franklin	Buffalo Bayou Site	Old KBR Site	South of Old KBR Site	Harrisburg Site
Acres	18	16.6	15	136	19	15
Accessibility from the various parts of the City	Bordered on the east by I45, close proximity to I10	Bordered on the west by I45 and the north by I10	Bordered on the north by 59, close proximity to I10	Close proximity to 59 and I10	Just over a mile from 59	Just over a mile north of I45; Just over 2 miles east of 59
MetroRail access (including proposed new lines)	Y	Y	N	N	N	Y
Access to other relevant and related City services and facilities	Y	Y	N	N	N	N
Proximity to downtown (distance from City Hall).	0.8mi	0.7mi	2.3mi	2.6mi	2.4mi	2.9mi
Traffic ingress and egress	Good	Good	Inadequate	Inadequate	Inadequate	Unclear



Site Analysis

- PHASING CONSTRUCTION AT RIESNER
 - Existing operations at Riesner
 - Municipal Courts
 - HPD Information Technology services, Patrol functions, HPD Fleet operations (~1,000 HPD personnel on site)
 - To maintain operations of Municipal Courts, construction will need to be phased, resulting in additional costs of construction and a risk premium for additional legal, procurement, security, safety, and operational impacts
 - Estimated impact on cost of Justice Complex: at least 3%, or \$18 - \$24mm (assuming project is \$600-800mm)



Site Analysis Results

- While it is still our intention to build at the Riesner site, due to the estimated impact of phasing costs, we do want to keep all options open
- 16.6 acres at 401 Franklin has gone up for sale. Due to expected savings and the suitability of the site, the City has submitted a bid on the property
 - First bid submitted 2/26/14; Second round bid submitted 4/11/14
 - Best and final bid was requested on April 22, 2014 and submitted on April 25, 2014
- Public notices of the City's bids were not made in an effort to not impact the competitive bidding
 - Arrangements were made to brief BFA immediately following submission of best and final bids.



Site Analysis Results

- If selected as the preferred bidder, City Council approval to purchase will be required.
 - TIMELINE FROM NOTIFICATION AS PREFERRED BIDDER:
 - 30 days for Council to approve Purchase & Sale Agreement, then
 - 90 day due diligence period – soft earnest money, then
 - 30 days to complete financial close.
 - Sale of Riesner would help offset cost of purchase
 - Fund 4039 Misc. Cap. Projects/Acquisitions (commercial paper) would be issued to pay for 401 Franklin



Results of RFQ Submittal Evaluations

Presenting: Lourdes Coss – Chief Procurement Officer

- August 2013, seven project teams responded to an RFQ for the Justice Complex
- An evaluation committee has completed a thorough review of all submittals



Technical Advisor

- On next week's agenda will be a request to award a contract for a technical advisor. The scope of services includes:
 - Complete drafting of and issue an RFP for the Justice Complex; including detailing performance specifications for construction and operations and maintenance, and specifying criteria for proposal evaluations
 - Project cost estimating
 - Risk analysis and management
 - Management of RFP process with potential respondents
 - Assistance with evaluation of proposals; technical components in particular
 - Assistance with Project Agreement negotiations



Technical Advisor

- Summary of Consultants
 - Costs to date to progress project to complete schematic design and early stages of design development: ~0.8% of project cost
 - Industry standard = ~2%

PURPOSE	VENDOR	COST
Financial advisory services	First Southwest	\$170,000 / \$192,200 still to be approved
Interim technical advisory services	CBRE/ Brinkley Sargent	
Legal Counsel	Hawkins Delafield	\$300,000
Planning & Programming for MCD	National Center for State Courts	\$50,000
Technical Advisory Services	MOCA	\$4,328,880 still to be approved
TOTAL		\$5,041,080



Timeline

Tentative Timeline	Action
May 7, 2014	Council action to engage a technical advisor
May/June 2014	Council action to adopt guidelines for procuring P3
June/July 2014	City to issue RFP for Justice Complex
December 2014	Justice Complex proposals due
Jan. – Mar. 2015	City team, with assistance from the technical advisor, evaluates proposals
Apr. – Jun. 2015	Project Agreement negotiations
Summer/Fall 2015	Proposed Project Agreement brought to City Council for consideration



Next Steps

- Increase scope of services of the City's financial advisors as they continue to develop the Value for Money analysis and provide assistance with structuring of financing
- Presentation to the Public Safety Committee on May 15th discussing procurement methods
- Adopt guidelines for procuring a P3
- Issue Justice Complex RFP



QUESTIONS?



Site Map of "Riesner Complex"

