

Meeting Date: 12/10/2013

Report Type: Staff/Discussion

Report ID: 2013-00738

Title: Suspension of Competitive Bidding for the Sacramento Entertainment and Sports Center (ESC) Project (Two-Thirds Vote Required)

Location: Downtown Plaza, District 4

Issue: The ESC is a public project. However, the Sacramento Entertainment and Sports Center Term Sheet, approved by the Council on March 26, 2013, provides that Sacramento Basketball Holdings LLC (SBH) is responsible for all phases of the planning, design, development, and construction of the ESC. SBH circulated requests for proposals (RFPs) for both architectural services and pre-construction services. City staff participated in the interview and selection process. Turner Construction and AECOM have been selected by SBH as their primary design and pre-construction services teams. Although the City is not awarding any contracts now, suspension of competitive bidding now is critical to ensure timely completion of the ESC, and to take advantage of the services to be rendered by AECOM and Turner in the coming months.

Recommendation: Pass a Resolution suspending competitive bidding for the ESC project.

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Presenter: John Dangberg, Assistant City Manager, (916) 808-5704, Office of the City Manager

Department: City Manager

Division:

Dept ID:

Attachments:

1-Description/Analysis

2-Resolution

City Attorney Review

Approved as to Form

Matthew Ruyak

12/5/2013 8:31:43 AM

Approvals/Acknowledgements

Department Director or Designee: John Dangberg - 12/4/2013 1:10:10 PM

Description/Analysis

Issue Detail: As set forth in the Term Sheet that was approved by the City Council on March 26, 2013, both the City and Sacramento Basketball Holdings, LLC (SBH) are to provide the financing for the Entertainment and Sports Center (ESC) project. The Term Sheet also establishes that SBH is responsible for the planning, design, development, and construction of the ESC. Given the City's investment and that the ESC will be owned by the City, the ESC is a public project as defined in Article XIV, Section 204 of the City Charter.

As a public project, the ESC is subject to the City's competitive bidding requirements as set forth in Article XIV, Section 201 of the Charter. Under Article XIV, Section 203 and as set forth in City Code Section 3.60.170, the City Council has the authority to suspend competitive bidding upon a two-thirds vote if such an action is in the best interests of the City.

The City Manager recommends that Council suspend competitive bidding for the ESC because it is in the City's best interests for the following reasons:

- The Council approved the preliminary Term Sheet on March 26, 2013 that made SBH responsible for the planning, design, development, and construction of the ESC;
- The project has an aggressive schedule, with completion planned for October 2016;
- If the City was to utilize its formal competitive bidding process starting after Council makes its decision on the project in April 2014, SBH and the City would not be able to meet the current construction schedule.
- The City has participated in the interviews and selection process for the project manager (ICON Venue Group), architectural and engineering team (AECOM), and the pre-construction services firm (Turner Construction);
- The City should take advantage of the work done to date by these high-quality professionals that SBH has selected and has been working with since the summer of 2013;
- An arena must be completed by 2017 or SBH and Sacramento are at risk of losing the Sacramento Kings to another jurisdiction and ownership group; and
- SBH has prepared a plan to ensure opportunities for local business involvement in the project.

While City staff is recommending that the Council suspend the competitive bidding requirement, this does not mean that work on the ESC project will not be competitively bid. As noted above, both the design and the pre-construction services firms were selected through a competitive process with City involvement. In fact, AECOM, which was chosen as the architectural and engineering firm for the project, was selected from proposals from some of the best national and international design teams. Similarly, Turner Construction, which was selected as the pre-construction services firm, was chosen from among a half-dozen of the nation's premier sports facility construction firms. Future work, including contractors and subcontractors for the project, will be competitively bid by the ESC Project Team, including Turner Construction and other contracting firms, to achieve the best value and quality for the City and SBH.

Suspending competitive bidding now does not commit the City to ultimately approve the ESC project or the definitive legal documents.

Policy Considerations: The City's Charter allows the Council to suspend the competitive bidding requirement if it finds that it is in the City's best interests.

Economic Impact: None at this time.

Environmental Considerations: This report involves only the suspension of competitive bidding for the potential development of the ESC project. The action in this report does not have any potential for significant effect on the environment and is exempt under CEQA Guidelines section 15061(b)(3). The actual development of the ESC is subject to review pursuant to the California Environmental Quality Act (CEQA).

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Given the aggressive schedule for the project, the NBA deadline, and the work already begun by SBH and its professionals, it is in the best interest of the City to suspend competitive bidding to ensure the project can meet its construction schedule.

Financial Considerations: None. While the project will not be subject to the City's competitive bidding process and requirements, the project has been and will be competitively bid by the ESC Project Team, including Turner Construction and other contracting firms, to ensure that SBH and the City get the best value for their investment.

Emerging Small Business Development (ESBD): Not applicable.

RESOLUTION NO. 2013-

Adopted by the Sacramento City Council

APPROVING THE SUSPENSION OF COMPETITIVE BIDDING FOR THE ENTERTAINMENT AND SPORTS CENTER (ESC) PROJECT

BACKGROUND

- A. The Council approved the preliminary Term Sheet on March 26, 2013 that made Sacramento Basketball Holdings LLC (SBH) responsible for the planning, design, development, and construction of the ESC;
- B. Since the City will own the ESC once it is completed, the project is a public project and as such is subject to the City's competitive bidding requirements as set forth in Article XIV of the City Charter;
- C. The City Council may suspend the competitive bidding requirements with a two-thirds vote if that action is in the best interests of the City, as set forth in Article XIV of the City Charter and Section 3.60.170 of the City Code;
- D. Suspension of competitive bidding is in the best interests of the City because the project has an aggressive schedule with completion planned for October 2016;
- E. Furthermore, if the City was to utilize its competitive bidding process starting after Council makes its decision in April 2014, SBH and the City would not be able to meet the current construction schedule;
- F. The City should take advantage of the work done to date by the high-quality professionals that SBH has selected and has been working with since the summer of 2013; and
- G. An arena must be completed by 2017 or SBH and Sacramento are at risk of losing the Sacramento Kings to another jurisdiction and ownership group.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Council finds and determines that it is in the best interest of the City to suspend competitive bidding for the ESC Project, and hereby suspends competitive bidding for the ESC Project.