

Item 18 ADDITIONAL BACKUP

Travis County Civil and Family Court House Project

Contract with URS Corporation for Program Management Services

Additional Information Requested by the Commissioners Court

In the Commissioners Court meeting on Tuesday, October 29, 2013, staff was directed to provide the list of changes from Commissioner Gomez concerning the proposed URS contract, and an analysis of the changes from the staff's perspective. Staff was also directed to meet with each Commissioners Court member and based on their input, the nature of any the proposed changes, and the impact on the contract, decide whether or not to contact URS to discuss further. The need for a few minor corrections and clarifications of an administrative nature were discovered as part of this review process so far. Those changes have been discussed with URS and are reflected in the contract that will be considered by the Commissioners Court on Tuesday, November 5, 2013.

Provided below are the issues grouped by topic, followed by staff responses.

Phase I

1. Timeline and Phase I cost

- a. There is no timeline for any of the activities. I question the need to spend \$359K to kick off the project.

- **Staff Response**

Part of project kick off, which is a loose phrase used to capture all of the start- up activities for a project, is to establish a baseline schedule that the Commissioners Court will approve. To date, a draft timeline has been used for contract negotiation purposes and it will provide the basis for more refined schedule development. This draft schedule is attached. Going forward, the schedule will continued to be refined, and will include more specificity for each task and any changes as the Project Management Team goes through the initial work in Phase I.

Phase I will include the development of:

- all templates for standard documents that will be used in the project
- project protocols for both internal and external communications with project participants
- establishment of an electronic portal for exchanging files
- organization structures/ governance structures for the management of the project
- stakeholder and community committees, as well as focus groups, to provide input to the Commissioners Court
- structure for committee charters and involvement/roles

This phase tries to capture all general management issues, consolidate them into one set-up phase and then place a cost on the hours it takes to do all of these time-intensive and critical tasks.

A specific list of deliverables for Phase I is included on page 41 of the proposed contract.

Phase II

2. Development of cost projections and real estate analysis

- a. I want deliverables to be in plain English that can be understood by taxpayers.

- **Staff Response**

Staff will work with URS to ensure that their deliverables are clearly written and can be understood by the taxpayer.

- b. I need cost estimates and operating cost projections for ballot language.

- **Staff Response**

URS will be working throughout Phase II with the Independent Representative/Compliance Architect (IRCA), County staff and the Commissioners Court to refine the project costs in preparation for a bond election. There will be a series of discussions with the Commissioners Court about various issues that may impact costs. URS will be developing the master budget representative of the total project cost. As is the case with many projects, not all costs are appropriate for long-term financing, and the budget that URS develops will consider capital, operating and any other applicable costs. The projections will also include the estimated timing of project cash flows.

- c. The contract talks about other potential uses for the remainder of the site and we are being asked to pay for that.

- **Staff Response**

Phase II of services to be provided by URS are focused on assisting the Commissioners Court to make key decisions regarding the size and scope of the civil and family court house and the parking garage.

Decisions that will help refine cost projections include real estate decisions about:

- whether to develop the garage as a parking concession or not, or any other parking options suggested by the Commissioners Court and URS as this analysis progresses
- how much of the site is left for Travis County's future expansion needs
- what to do with the site after the construction of the Civil and Family Court House is completed, but before it is fully developed to meet future growth needs

- d. Shouldn't we be asking bond counsel if it is permissible before we go on and shouldn't the Court be addressing this?

- **Staff Response**

The scope of work currently includes services for URS to outline what may remain as the undeveloped portion of the site as the civil and family court house is developed. There are various options open to the Commissioners Court as to how to treat this portion of the site. All options will have cost implications to

the project and URS will need to have the direction of the Commissioners Court on which option best meets the needs of the program and the taxpayer.

Such options could include:

- a public plaza
- green space
- surface parking
- other options that URS or the Commissioners Court may identify

Some options may have revenue potential and or risks to the project that will need to be considered so that the Commissioners Court can make an informed decision about the best approach to take... Bond counsel, as well as the other County Advisors as defined in the contract on page 2, will be key participants to these discussions. The timing of these discussions will be planned to ensure that the appropriate parties are involved in sufficient time to provide the feedback that will be needed by the Commissioners Court to reach key project decision points.

- e. The “Program” talks about commercial facilities. This sounds like a P3 and I am not supportive. We do not need to spend \$70,143 on Real Estate Market Analysis. We have already paid for the E&Y study and if this is not a P3, it is not needed. We already have a broker on contract. “The Program” should be a description of the civil court house project in plain English so that all taxpayers can understand what we are talking about. Commercial facilities should not be included. The parking lot should be a part of the building. If the county wants to and can legally lease out spaces that can be done in the same manner that we are charging for spaces in 700 Lavaca and the parking lot on the surface lot at 4th and Guadalupe. I have an issue with searching for “other potential uses of the remaining site.” Perhaps we ought to sell the lot and get a smaller one. Subtask 2E – Real Estate Market Analysis is unnecessary for a traditional design build. Financial modeling is not necessary. The Planning and Budget Office and the Auditor’s staff should be able to do this.

- **Staff Response**

“Commercial facilities” is a term used to describe any use that is general office space in nature, as well as any retail space for a café or cafeteria to support the building. This can include considerations for offices for other governmental entities, such as:

- State of Texas or City of Austin
- non-profit agencies, such as CASA of Travis County, Safeplace, Austin Travis County MHMR, Any Baby Can, Austin’s Children’s Shelter, Foundation Communities, Communities for Recovery, Center for Child Guidance
- other family service oriented organizations that might wish to have a small space in the building to ease constituent access to services
- Austin Bar Association
- space to support the needs of attorneys who may be working in the building on behalf of their clients

These are just a few of the options that may be considered.

The real estate analysis will determine the physically possible, legally permissible and feasible uses for Travis County's site in addition to its use for the new court house. It is during Phase I that the Commissioners Court will have the opportunity to decide what other uses should be included on the site, if any.

Decisions regarding an exact potential tenant mix are less important during discussions with URS, and the real estate tasks in the contract do not encompass brokerage services. The overall discussion about any leased space in the court house and to what extent it might be feasible is important for purposes of project cost analysis. These discussions should and will include bond counsel since there are limitations that need to be considered regarding the amount of revenue that might be generated under various scenarios. As mentioned previously, URS and the County's advisors, including bond counsel, are defined in the contract on page 2, and will be key participants in these discussions.

Retail uses on the site and in the ground floor of the court house have been discussed at various times. There are different construction and security measures that are considered when analyzing the development of a secure building when open access to some store front on the ground floor is considered. URS will assist the Commissioners Court in understanding the potential costs and revenue implications related to the potential for ground floor retail in the building. Over the last three years, downtown constituents have been vocal about their desire to have access to the food services offered in both the Heman Marion Sweatt Court House and the proposed civil and family court house. The real estate services task can provide the Commissioners Court with information to consider how this might be achieved without impacting the primary purpose of the building, which is a court house. Staff believes these facts will be important to the Commissioners Court regardless of the final decision on whether to incorporate retail space.

3. General Management and Internal Controls

- a. What are the duties of the Project Director? Will those duties include keeping up with all paperwork that might be needed in case of litigation?

- **Staff Response**

The Project Director is a URS position that is synonymous with the County's Project Executives. This URS position is a resource for the Project Manager to obtain additional resources from within URS, if and when needed on the project. URS will maintain the official project files, but it will be the responsibility of many individuals within the URS team. These protocols are internal to the company, but how the County accesses and receives the project files will be developed during the Phase I services for the project.

Travis County will maintain a project file, particularly related to internal documents created for the project. These protocols will also be discussed and developed with the internal project team and URS during Phase I to ensure that document retention for the project as a whole is complete, and that adequate back-up systems are in place.

- b. I also think it is a conflict of interest for a Planning and Budget Office staff member to run an operational program with a budget that is the responsibility of the Planning and Budget Office as it manages the budget and oversees expenditures on behalf of the Commissioners Court. I suggest that Roger El Khoury be the project manager as he is the director of the operating department that builds and maintains county facilities and is a structural engineer.

- **Staff Response**

The County Executive of Planning and Budget has several direct reports within the Planning & Budget Office, as well as departments that are outside of the office. The direct reports internal to the Planning and Budget Office include:

- Budget Director
- Investment Manager
- Strategic Planning Manager
- Corporations Administrator

These positions function independently from the Budget Director who is responsible for the development of the budget and oversees expenditures for the Commissioners Court. The Strategic Planning Manager has never been a direct report to the Budget Director.

Additional direct reports to the County Executive who are not in the Planning and Budget Office include:

- Director of the Facilities Management Department
- Director of the Human Resources Management Department
- Interim Chief Information Officer

The contract with URS is written to be executed in phases, with a change in the County Project Manager as designated by the Project Executives. The current planning phases are intended to be managed by the Strategic Planning Manager with support from the Director of Facilities Management or his designee, and after the planning phases of the contract are completed, it is appropriate for those roles to reverse. This has been anticipated by the Strategic Planning Manager and the Director of Facilities Management, and has also been discussed with the Project Executives.

The primary consideration is to maintain a single point of day-to-day contact for the URS contract and that any transition between phases, including leadership roles, occurs seamlessly. This necessitates direct communication between staff and support for each other during all phases of the contract and the project.

4. **Financing and Funding Strategy Development**

- a. We do not need to spend \$61,985 on funding strategies. A traditional design build method will utilize traditional bond funding and we have a staff that can provide this kind of analysis. We also have a financial advisor on contract.

- **Staff Response**

The URS contract as proposed includes a limited scope of services for work to be performed by a subcontractor in conjunction with the County's advisors, including the Auditor and Budget Director, to

develop a funding plan for the Commissioners Court that will address long-term and short-term funding requirements for the project. It will also consider any sources of revenue that might be generated that could help offset costs to the taxpayer for the project. This task is not intended to supplant the services of the County's current financial advisor, who assists the Commissioners Court with the County's annual debt financing process and who would also be integrally involved in issuing future general obligation debt to fund the court house project. Rather, this task is intended to "leave no stone unturned" regarding the identification of alternate revenue sources or creative financing techniques that might be available to the County under applicable laws. The intended scope of this task has been discussed with the County's financial advisor, who will be involved in meetings and discussions during this limited scope of work. It is also not contemplated in the contract that the subcontractor will perform underwriting services. The Planning and Budget Office, with the assistance of the County's financial advisor and the Auditor's staff, will complete much of the debt service projections and analysis of taxpayer impact.

- b. We do not need real estate advisory services and capital markets advisory services for a total of \$126K. These services are not necessary for a traditional design build with traditional bond financing approved by voters.

- **Staff Response**

These issues were addressed under items 2 a-e and 4a.

- c. Subtask 4C concerning risk transfer is unnecessary for traditional design build.

- **Staff Response**

This task deals with the analysis of potential risks and costs of risks to the project for the real estate scenarios developed for the Commissioners Court, the benefits of which are discussed in item 2. This part of the discussion with the Commissioners Court will assist in making final decisions on the options presented and provide facts that will be needed to support the decision of the Commissioners Court, regardless of the final outcome of that decision. Examples of risk consideration that also have potential cost implications that need to be evaluated might include:

- Placement of parking on the site and how it is operated – The Commissioners will need to consider the need and costs and the risks associated with blast barriers and security for parking beside and/or under the court house. These risks can be mitigated, but they need to be analyzed
- Type of retail tenants considered for the ground floor – If retail space is considered there are costs and varying levels of risk associated with the bars or restaurants that sell alcohol. These may be analyzed and risks mitigated but the risk

Although not associated with this task, there are also many types of construction risks that will be evaluated from a risk transfer perspective as URS moves through the project and finalizes an estimated budget for the project. Where risk is placed in an agreement always relates to cost, but it may be that some become operating costs for the County rather than construction costs. The advantage of design build over design – bid – build is that you can achieve some risk transfer for the project.

5. Public Information and Education Program

We should not be spending \$312,449 on a public information and education initiative. County elected officials who are promoting this project should be able to present facts to constituents. Subtask 5A, public information and education program, on page 47 and subtask 5C, education initiative materials, on page 48 are not appropriate for public funding.

- **Staff Response**

Staff recommends these services due to the nature of the work that needs to be completed in Phase II. A communication plan with the public will be developed to assist URS in outreach efforts for public input during project definition development, to be submitted to the Commissioners Court to consider and take appropriate action. This will be particularly beneficial during the development of a court house project.

The information gathered and the actions taken by the Commissioners Court will be developed into fact sheets and answers to frequently asked questions to assist County officials when they are asked to speak about the project.

This information will assist in the development of web content for use on a project web site that is anticipated to be developed for the project. Project web sites are typical for this type of project, the County's Information Technology Services Department assisted with the web site developed for the Downtown Master Plan. Of note was that lack of time available to create and maintain content for the web site and keep the information current and relevant during the project.

These services are recommended as contract services from individuals trained in communications and public outreach rather than increasing County staff resources to provide these services over the duration of the project. While the initiative is most intense in Phase II, these services are needed to maintain web content and periodic outreach throughout the project.

No advocacy services are included in the URS contract.

6. URS Contract Costs and Cost Breakdown

It appears to me that we primarily need oversight on design and construction. None of that is included in the \$2.9 million in this contract. I need to have an estimate for phase 5. The initial URS proposal which was P3-oriented appeared to be in the price range of \$7.5 to \$8 million. I am assuming that since the bulk of the assistance we need should be in the area of construction and that Phase 5 will likely cost more than phase 1-4. Will we ultimately pay in the \$7.5 million range regardless of the delivery method? Staff recommends that only Phase I and II be addressed at this time. I concur.

- **Staff Response**

The attached synopsis of negotiations with URS has been developed by the Purchasing Office.

Staff has recommended waiting to negotiate Phase V services with URS until the time that the Commissioners Court adopts the construction budget for the program. Currently, there are enough

unknowns, which will affect the scope and size of the program. Accordingly, it is not to the County's advantage to lock in the price of management services based on master plan level information. The business risks for URS associated with the unknown elements in the project would have likely driven the price higher than it will otherwise be once there are more definite answers to the scope of the program. Additionally, the construction cost used during the proposal stage of the contract represent master plan level estimates, and it is anticipated that the next several months of work in Phase II will help to refine and reduce the construction cost estimate, which will be used for benchmarking anticipated construction management services. These fees will again be negotiated as a fixed fee, but the ability to have a more realistic benchmark figure going into negotiations is to the County's advantage.

Costs for program management services for a design build delivery and P3 delivery are very similar in terms of the overall costs. The services themselves are different at each phase and this is reflected in the costs per phase.

Travis County Civil and Family Court House Draft Schedule

Summary of Phases

Phases I & II – 12 Months

(Nov. 2013 – Nov 2014)

October 9 – March 7, 2014	Procurement of IR/CA services
October 9, 2013 – April 1, 2014	Development of Project Definition
February 28 - November 10, 2014	Development of Design Criteria Package
October 9, 2013 – May 1, 2014	Development and Initiation of Public Information Initiative
October 9, 2013 – May 1, 2014	Refinement of Project Budget
May 1 – August 1, 2014	Finalize Construction Estimate for ballot

Phase III – 6 months

August 1 – November 10, 2014	Develop RFQ for Design-Build Team
November 24, 2014 – February 3, 2015	DB Team Procurement Phase III; Release RFQ for Design-Build Team; Technical Review and Evaluation of Design-Build Teams; Short-list of Design Build Teams developed; Recommendation made for Short-list to participate in RFP phase announced

Phase IV – 11 months

February 4, 2015	DB Team Procurement Phase IV; RFP released to Short-listed DB Teams; RFP closes; technical compliance review; Rank RFP teams and select best value offer
April 8, 2015	Announce best value offer to Commissioners Court
April 9 – June 2, 2015	DB Team Negotiations and contract award for Design-Build team
June 2, 2015 – January 4, 2016	DB Team completes design

Phase V – 24 months

January 11, 2016	Ground Breaking Ceremony
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Travis County Civil and Family Court House Draft Schedule

January 12, 2016	Construction Begins (20 months)
November 13, 2017	Commissioning begins (3 months)
February 12 – 16, 2018	Occupancy
November 13, 2017 – November 13, 2018	Standard Warranty Period

SUMMARY OF COMMISSIONERS COURT WORK SESSIONS AND REGULAR MEETINGS

The outline below does not include regular meeting dates that have historically been “consent only” in the summary number for the month. Please note that it may be possible to get a work session scheduled in December 2013, but it will need to be a special request and the full Commissioners Court may not be available to attend.

Month	# Regular Meeting dates	# of potential Work Session dates
Nov 2013	3	0
Dec 2013	2	0
Jan 2014	4	1
Feb	4	2
Mar	4	2
Apr	5	2
May	4	2
Jun	4	2
Jul	5	1
Aug	4	0
Sep	4	0
Oct	4	0
TOTAL	46	12

It is not likely that all 46 regular meeting dates can be used for the project as the schedule needs to allow 2 weeks for posting an item. If the Commissioners Court approve placing the project on the November of 2014 election it is unlikely that any actions for the project can be taken in September and October dropping the actual number of available dates to **38**. Please also note that work sessions in August and September are usually dedicated to County budget discussions

Synopsis of Negotiations, Program Manager for New Travis County Civil and Family Court House

	INITIAL PROPOSAL	FINAL FEES	COST SAVINGS
PHASE I	\$506,515.00	\$359,323.50	(\$147,191.50)
PHASE II	\$1,638,312.00	\$1,420,086.80	(\$218,225.20)
PHASE III	\$1,096,291.00	\$599,917.50	(\$496,373.50)
PHASE IV	\$704,322.00	\$600,618.90	(\$103,703.10)
PHASE V	TBD*	TBD*	TBD*
PHASE I-IV TOTAL (EXCLUDES PHASE V*)	\$3,945,440.00	\$2,979,946.70	(\$965,493.30)

**Phase V fee negotiations to be completed upon setting of the Program Construction Budget.*