

BEFORE THE COUNCIL OF THE  
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF AUTHORIZING ) RESOLUTION NO.91-1537  
THE CLOSING OF THE REAL ESTATE )  
TRANSACTION TO ACQUIRE THE SEARS )  
BUILDING AND THE ADJACENT ) Introduced by Rena Cusma  
PARKING GARAGE ) Executive Officer

WHEREAS, in October 1991 the Council of the Metropolitan Service District approved Resolution No. 91-1494 -C which authorized the execution of a sale agreement for the acquisition of the Sears Building, excluding the adjacent parking garage, as the site for Metro's administrative offices; and

WHEREAS, in November 1991 the Council of the Metropolitan Service District approved Resolution No. 91-1529 which authorized the execution of an Option Agreement to purchase the adjacent parking garage simultaneous with the purchase of the Sears building; and

WHEREAS, a condition precedent to the closing of the real estate transaction was the receipt of a suitable and affordable design/build proposal; and

WHEREAS, the design/build proposal submitted by TVA/Cole & Hoffman Construction Company has been determined to be both suitable and affordable by the Selection Jury; and

WHEREAS, both Resolution Nos. 91-1494-C and 91-1529 require the approval of the Metro Council prior to proceeding to closing of both the Sears building and the adjacent parking garage; now therefore,

BE IT RESOLVED, that

The Council hereby authorizes the Executive Officer to proceed to closing and finally acquire the Sears Building and the adjacent parking garage.

ADOPTED by the Council of the Metropolitan Service District this 12<sup>th</sup> day of December, 1991.

  
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Tanya Collier  
Presiding Officer

**ESTIMATED PROJECT COSTS  
FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION  
METROPOLITAN SERVICE DISTRICT**

Real estate	
Purchase of land and building	\$5,150,000
Brokers and other fees	317,000
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	\$5,467,000
Project management	2,196,000
Design/build contract	
Design services	\$580,000
Renovation/new construction	7,725,000
Tenant improvements	1,800,000
Miscellaneous	250,000
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	\$10,355,000
Other	\$1,441,000
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<b>Total Project costs</b>	<b>\$19,459,000</b>

## STAFF REPORT

### CONSIDERATION OF RESOLUTION 91-1537 FOR THE PURPOSES OF AUTHORIZING THE CLOSING OF THE SALE AGREEMENT TO ACQUIRE THE SEARS BUILDING AND THE ADJACENT PARKING GARAGE

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Date: November 25, 1991

Presented by: Neil Saling

#### FACTUAL BACKGROUND AND ANALYSIS

At its October 10, 1991 meeting, the Metro Council approved Resolution No. 91-1494 C authorizing the Executive Officer to execute a Sales Agreement for the Sears building. In addition, at its November 26, 1991 meeting, the Metro Council approved Resolution No. 91-1529 which authorized the execution of an Option Agreement for acquisition of the adjacent parking garage. Both Resolutions require the Executive Officer to gain final approval from the Metro Council prior to closing these real estate transactions.

Headquarters Project staff solicited and received three design/build proposals from the three selected design/build teams on November 15, 1991. The three proposals were reviewed by both a technical review team and a seven person selection jury. The selection jury was made up of representatives from Council, Executive Management, Regional Facilities, MERC, and the local architectural committee. The evaluation criteria used during evaluation of the proposals were 1) design, 2) project costs, 3) team qualifications, 4) compliance with performance standards and program, 5) project approach/management, and 6) schedule.

After a full day of presentations by the three teams and a three hour session reviewing the strengths and weaknesses of the three proposals, the jury selected the proposal from TVA/Cole and Hoffman Construction Company as the proposal which most closely met the the criteria as stated in the RFP. The selection jury noted that the TVA/Cole and Hoffman proposal was within the stated maximum budget, substantially complied with the performance standards and program, and met the required 396 calendar day schedule. In addition, the jury was impressed with the team's qualifications and believed that the the team has the ability to manage the project successfully. Lastly, the jury concurred that the innovative and contemporary design most closely captured Metro's image of a young, dynamic and progressive government. The jury pointed out that the glass facade spoke to Metro's accessibility to the citizens of the region and that the overall strong design made a bold statement regarding Metro's forward-thinking approach to problem

solving. The jury was also impressed with the affordability of the design which came within the \$9.36 million budget.

Simultaneous with the design/build competition, Pacific Development Inc. has progressed with the abatement activities in accordance with the sales agreement. The removal of the underground tank, which has the most potential for excessive costs due to hazardous waste, will be complete by December 9, 1991. To date, no unforeseen additional hazardous waste has been uncovered on site.

Project staff have reworked the project budget based on recent activities including the receipt of the design/build proposals and the addition of the parking garage to the project. The current project budget is approximately \$19.4 million which includes real estate acquisition, FF&E costs, and moving costs. An Exhibit A showing detailed project costs is attached. Financing costs including the funding of debt service reserves and issuance costs are estimated to be approximately \$3.9 million.

Our sales agreement with PDI requires closing no later than December 16, 1991.

**Recommendation:**

The Executive Officer recommends approval of Resolution No. 91-1537 by the Metro Council.

## REGIONAL FACILITIES COMMITTEE REPORT

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### RESOLUTION NO. 91-1537, AUTHORIZING THE CLOSING OF THE SALE AGREEMENT TO ACQUIRE THE SEARS BUILDING AND ADJACENT PARKING GARAGE

Date: December 11, 1991

Presented by: Councilor Bauer

**COMMITTEE RECOMMENDATION:** At its December 11, 1991 meeting the Regional Facilities Committee voted 3-2 to recommend Council adoption of Resolution No. 91-1537. Voting aye were Councilors Knowles, Bauer, and Buchanan. Councilors Gardner and McFarland voted no.

**COMMITTEE DISCUSSION/ISSUES:** Regional Facilities Director Neil Saling presented the staff report. He discussed the history of the Sears Building project, saying there had been six resolutions introduced. Two of these led to the abandonment of the project in April 1991. Three were adopted in October, authorizing execution of the Sale Agreement and payment of \$250,000 earnest money, and authorizing the RFQ/RFP process. One resolution was adopted in November authorizing purchase of the parking garage. The RFP process for selection of a design/build team has been completed with the selection of the Hoffman-TVA/Cole team and satisfaction that Metro's objectives can be achieved within budget. The three competing teams will each receive a \$25,000 honorarium.

Resolution No. 91-1537 would authorize the Executive Officer to close the deal on the main building and the garage. Closing is to take place on December 16. Title documents are now being reviewed by Metro's attorneys. Two interim agreements with Pacific Development are being drafted, one for management of the parking structure and another for building security. Both functions will be the subject of long-term contracts, following standard Metro procedures. Work is ongoing to coordinate Hoffman's demolition work and Pacific Development's hazardous materials remediation. Mr. Saling concluded by pointing out that the design/build contract selection was a prerequisite to final closing.

There were no committee questions. Councilor Gardner said he would vote no on the resolution, for reasons that he has explained previously. Councilor McFarland announced she would also vote no, unless that would keep the resolution from going to the Council in general.