

Cleveland Division of Police New Headquarters

Finance, Diversity, Equity and Inclusion Committee
March 20, 2023



CITY OF CLEVELAND
Mayor Justin M. Bibb

Agenda

- 01** Project History
- 02** RFP Summary
- 03** ArtCraft Proposal Overview
- 04** Project Comparison
- 05** Bond Sales & Deal Structure

Project History

- **Opp. Corridor site announced in 2019**
 - “Groundbreaking” held 12/21; currently at schematic design
 - **\$115m bonds issued (\$110m for Police HQ; \$5m for Public Safety Training Facility)**
- **Revisited initial site selection due to:**
 - Rising budget costs exceeding allocated bonds
 - Costs of program needs which didn’t fit on OC
 - Operational issues with splitting program
 - Extended timeline for OC project (2026 delivery)
 - Receipt of unsolicited proposals from other sides
- **Solicited RFP Oct. 2022 with three goals**
 1. Deliver a first-class facility that meets all of CDP's operational needs
 2. Reduce costs to within budget/use city funds responsibly
 3. Get CDP into permanent home ASAP



RFP Responses

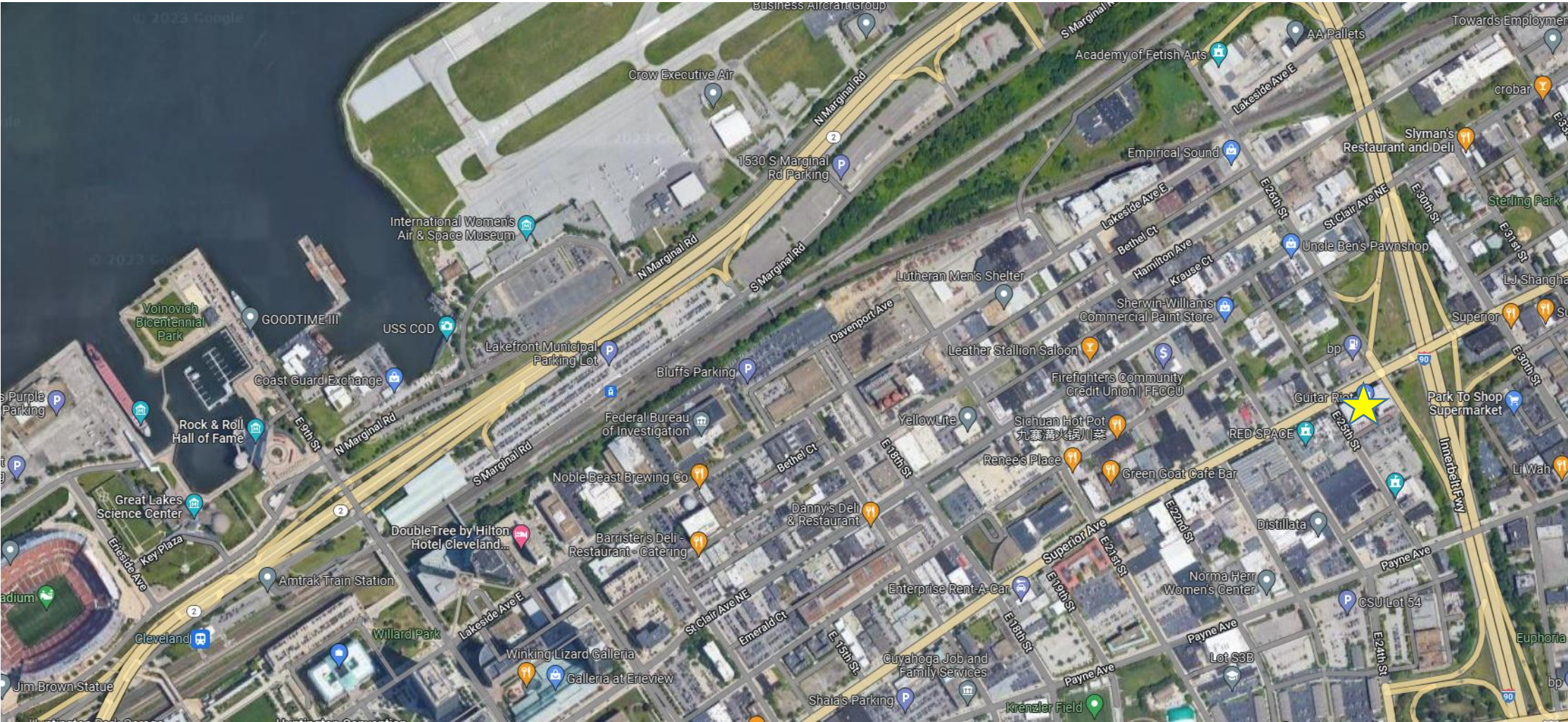
- Six responses to RFP
- These responses compared to two internal options: existing OC plan and plan to split between OC and Payne Ave

• ArtCraft / TurnDev	\$75.3MM*
• Brandywine / E55	(cost not submitted)
• Cresco / Tyler Village	\$83.0MM
• ICP / 1801 Superior	\$85.1MM
• InSite / 2001 Payne	\$127.9MM
• KRA / Bluffs	\$30.60/SF NNN rent
• Opportunity Corridor	\$161.6MM
• OC / 2001 Payne Split	\$143.5MM

*Includes incentives / tax credits



Selected Site: ArtCraft Building / TurnDev Development



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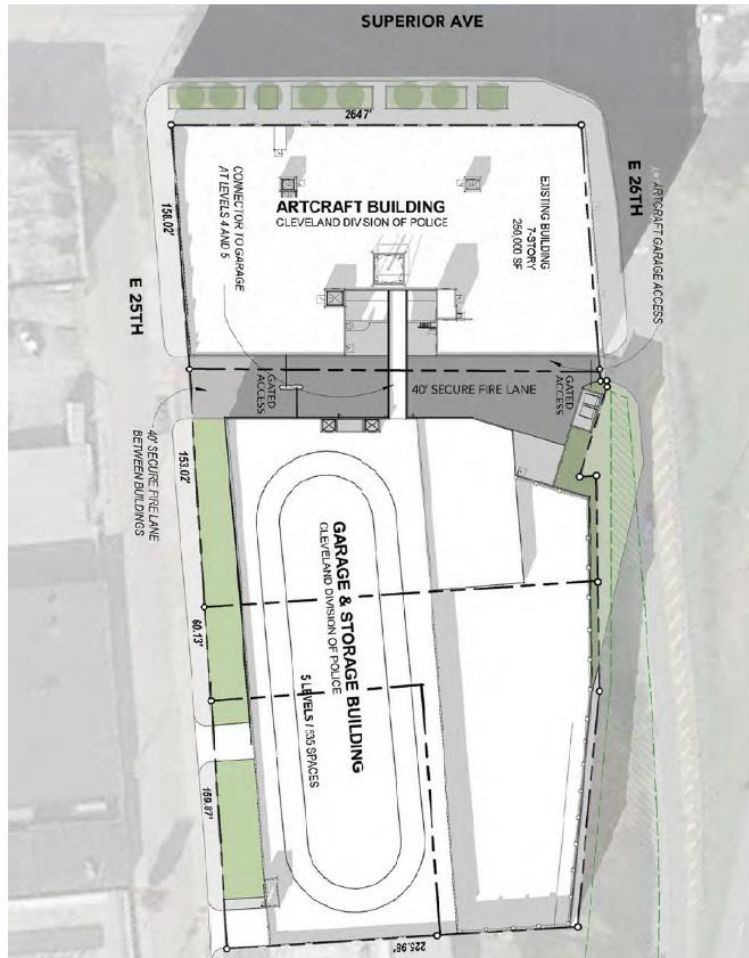
ArtCraft Building Preliminary Rendering



ArtCraft Building Preliminary Rendering



ArtCraft Building Preliminary Site Plan



- Gut-rehab of historic building – entirely new building systems including HVAC, roof, elevators
- New parking deck behind building
- Visibility from Superior and Innerbelt



SELECTION CONSIDERATIONS

- **Sole occupant, City ownership**
- **Best combination of location, functionality, and cost**
- **Faster delivery time**
- **CDP HQ functions to be on one site**
- **Support from CDP and Public Safety leadership**
- **Public accessibility (near downtown + on 24-hour bus line)**
- **Strong development + design team with adaptive re-use track record on similar style buildings**



Project Comparison: Site + Logistics

Opportunity Corridor

- 180,000 SF at new OC new building
- 44,000 SF “Overflow Program” at location TBD – does not fit at OC
 - Traffic, Narcotics, Environmental Crime, Police Museum, Storage, some Evidence, Fusion Center, Various Equipment Parking
- OC completion 4Q 2026
- Overflow completion 2027+ TBD
- \$2.9M annual Justice Ctr lease cost

ArtCraft

- 250,000 SF at ArtCraft rehab – all overflow fits
- 2Q 2025 move-in
- Saves 1.5 yrs of lease cost

Justice Center

- 295,167 square feet occupancy when sold to Cuyahoga County



Project Comparison: Cost

Opportunity Corridor (estimated)

• OC Project Cost:	\$110MM
• “Overflow Program”:	\$20MM
• Soft Costs:	\$23MM
• <u>Interim Rent:</u>	<u>\$8MM</u>
• Total:	\$161MM

ArtCraft (proposed)

• Project Cost:	\$90MM
• Savings & Incentives:	(\$15MM)
• Soft Costs (est.):	\$10MM
• <u>City Contingency:</u>	<u>\$5MM</u>
• Total NTE:	\$90MM

- Incurred to-date on Opportunity Corridor site: ~\$9.5MM
- Some design work on OC helpful in layout for ArtCraft
- Savings + incentives including Port sales tax financing; reducing in financing costs due to deal structure; value engineering now underway
- Cost savings worth switching locations despite costs incurred



Bond Sales for Police HQ

Bonds issued for Police HQ

Ord. Authority
Ord 509-2018
Ord 161-2021

Bond Amt. Authorized
\$ 64,000,000
\$ 65,000,000
\$129,000,000**

Bond Amt. Issued
\$ 55,000,000
\$ 60,000,000
\$115,000,000*

*\$5,000,000 allocated for Public Safety Training Facility

**If we need to borrow additional funds, we would need additional legislative authority to issue those bonds



Police HQ Project Financing 101

Opportunity Corridor (estimated)

- OC Total Project Cost: \$161MM
- +Available Bonds \$110MM
- Total: - \$51MM**

ArtCraft (proposed)

- ArtCraft Total Project Cost: \$90MM
- +Costs Expended: \$ 9,500,473.50
- +Available Bonds: \$110MM
- Total : \$10,499,526.50***

*Estimated to be absorbed by project below-the-line costs.

- Some design work on OC helpful in layout for ArtCraft
- Cost savings worth switching locations despite costs incurred
- Certain costs are outside of the Total Project Costs, such as public art, moving costs, and computer upgrades



Deal Structure

- **Development + Sale Agreement with TurnDev**
 - TurnDev to serve as project manager for design and build of project to City specifications
 - Project team includes Turner, Ozanne, Vocon, Karpinski
- **Strong CBA and Project Labor Agreement in process**
- **Reduced financing costs – City pays construction draws directly secured by mortgage and completion guaranties**
- **Open book pricing formula NTE \$90M**
 - **City-approved GMP contracts**
 - **Building + land acquisition at developer cost basis**
 - **Fixed developer fee**
- **Closing 120 days from certificate of occupancy**



CBA Highlights

- **Contractor and Workforce Project Awareness and Introduction Event**
- **Development Team Diversity**
 - **20% CSB (including minor MBE & FBE %s) Participation for Non-Construction Work**
- **Construction Team Diversity (surpasses RFP and Cleveland Business Code %s)**
 - **20% MBE Participation**
 - **10% FBE Participation**
 - **10% CSB Participation**
- **Workforce Utilization Goals (surpasses Fannie Lewis Law requirements)**
 - **25% Cleveland Resident Participation**
 - **5% Cleveland Resident Low Income Persons**
 - as defined by § 188.01(f) of the Fannie M. Lewis Cleveland Resident Employment Law (“Fannie Lewis Law”)
 - **20% Union Construction Trade Apprentice**



CBA Highlights (continued)

- **Project Labor Agreement**
- **Workforce Development**
 - Internships for Cleveland resident students
 - Collaborations with schools, ACE Cleveland, Cleveland Builds, Greater Cleveland Career Consortium
 - Two in person or virtual student opportunities in the areas of: real estate development, law, architecture, civil engineering, mechanical electrical plumbing engineering, and historic preservation
- **Local Artists**
 - Developer will commission local artists (at its cost) to develop art for the space in coordination with the City



CBA Highlights (continued)

- **Neighborhood Project Commitment:**
 - Developer will contribute a portion of profits and/or cost savings to assist with the capitalization and execution (as a joint venture partner) in connection with a project that will advance redevelopment in City neighborhoods in partnership with the Department of Economic Development.
- **Sustainability**
 - LEED Silver
 - Carbon Neutral/Net Zero
 - Historic Preservation
- **Commitment to Cleveland Public Power**
- **Incorporate Transportation Demand Management Planning Best Practices**



Questions?



CITY OF CLEVELAND
Mayor Justin M. Bibb

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CLEVELAND DEPARTMENT OF PUBLIC SAFETY

ArtCraft Estimate Summary

Based on Turner Construction's preliminary estimates with assumed escalation and before value engineering.

BUILDING COSTS

CPD HQ - Redevelopment Budget	Updated Development Budget	Cost/GSF	Notes
Demolition	\$1,000,000	\$4.02/SF	
Sitework & Perimeter Security	\$1,000,000	\$4.02/SF	Includes landscaping, security buffering, garage perimeter, and surface parking
Windows, Restoration, Roofing, Entrances, Window Shades and Water Tower	\$10,000,000	\$40.24/SF	Assumes new windows and roof and full exterior restoration
Infrastructure + Core/Shell Work:			
- Elevators and Shaft Work	\$2,500,000	\$10.06/SF	Includes new passenger and freight elevators for four (4) banks
- Mechanical, Plumbing & Fire Suppression Equipment	\$6,000,000	\$24.14/SF	Selected VRF HVAC System to achieve increased LEED points and cost effective design
- Electrical Equipment & Feeders	\$3,000,000	\$12.07/SF	
- Emergency Generator Requirements	\$850,000	\$3.42/SF	Includes two (2) 750 kw generators for full building backup
ArtCraft 1st Floor (Main Lobby, CPD Museum, and Interior Parking)	\$2,500,000	\$70.42/SF	Partition, door and finish parameters were taken from Opp Corridor project.
ArtCraft 2nd Floor	\$2,500,000	\$70.42/SF	Partition, door and finish parameters were taken from Opp Corridor project.
ArtCraft 3rd through 7th Floors	\$12,500,000	\$70.42/SF	Partition, door and finish parameters were taken from Opp Corridor project.
Network Cabling	\$1,500,000	\$8.45/SF	Includes 2 CAT6 data runs per user
Audio/Visual/Security	\$1,500,000	\$8.45/SF	Estimated allowance subject to vendor selection and bid
Signage (Exterior and Wayfinding)	\$350,000	\$1.97/SF	Estimated allowance subject to vendor selection and bid
Total	\$45,200,000	\$181.89/SF	



GARAGE BUILDING COSTS

CPD HQ - Redevelopment Budget	Updated Development Budget	Cost/GSF	Notes
Parking Garage	\$9,000,000	\$54.51/SF	Post tensioned concrete garage w/450+ spaces
Ground Floor Storage + Category IV	\$3,800,000	\$64.55/SF	Assumes 59k SF and construction is concrete and masonry
Garage Design Services	\$500,000	\$8.49/SF	Will explore design/build option with design services included
Total	\$13,300,000	\$59.38/SF	

SOFT COSTS

CPD HQ - Redevelopment Budget	Updated Development Budget	Cost/GSF	Notes
Other Soft Costs	\$1,000,000	\$4.02/SF	Includes legal, permitting, diligence etc. but assumes 100% RE tax abatement
Total	\$1,000,000	\$4.02/SF	

DEVELOPMENT SERVICES

CPD HQ - Redevelopment Budget	Updated Development Budget	Cost/GSF	Notes
Building & Land Acquisition	\$5,000,000	\$20.12/SF	Includes building and land for parking garage at developer's cost basis
Professional Design Services	\$2,500,000	\$10.06/SF	Includes engineering but remains subject to bid once a final program is determined
Construction Contingency	\$1,740,000	\$3.68/SF	3% of hard costs (built into GMP)
General Conditions, Overhead, and Supervision	\$2,486,250	\$5.26/SF	4.25% of hard costs for project supervision, office exp., and other overhead (built into GMP)
Project Insurance	\$1,591,200	\$3.37/SF	General Liability, Builder's Risk, Subcontractor Liability
Construction Management Fee (Profit)	\$1,740,000	\$3.68/SF	3% of hard costs (built into GMP as profit to the GC)
Financing/Carry Costs	\$4,000,000	\$8.47/SF	Carry costs during construction period (24 months)
Total	\$19,057,450	\$40.33/SF	
Total Redevelopment Costs Before Developer Fee:	\$78,557,450	166.26/SF	



TOTAL DEVELOPER FEES & CONTINGENCY

CPD HQ - Redevelopment Budget	Updated Development Budget	Cost/GSF	Notes
Developer Fee	\$7,855,745	\$16.63/SF	10% of redevelopment costs
Developer/Owner Contingency	\$3,927,873	\$8.31/SF	5% of redevelopment costs to account for design development and unforeseen conditions
Total Redevelopment Costs Before Potential Incentives and Savings	\$90,341,068	\$191.20/SF	Assumes full use of the 8% contingencies and no cost savings

ESTIMATED INCENTIVES AND SAVINGS

Assumes full use of the 8% contingencies

CPD HQ - Redevelopment Budget	Updated Development Budget	Cost/GSF	Notes
Estimated Net Incentives	\$10,000,000	\$21.16/SF	Total estimated incentives net of increased legal, accounting, and admin required
Estimated Sales Tax Exemption Savings	\$2,000,000	\$4.23/SF	Based on Port Authority lease financing structure
Estimated Potential Value Engineering	\$3,000,000	\$6.35/SF	Cost Estimates include escalation, before VE process
Total Net Development Costs	\$75,341,068	\$159.46/SF	

ALTERNATES

ALT #	Description	Cost
01	Deck to Building Skybridge	\$1,500,000
02	Add Rooftop Deck and Track on Parking Garage	\$1,800,000
03	Add Rooftop Community Room on ArtCraft	\$1,500,000
04	Add Garage Screening w/ Greenery	\$550,000
05	New Furniture Systems	\$2,000,000
	Total	\$7,350,000

ADDITIONAL NOTES

- This budget does not include an estimated 3-5% VE savings
- GMP costs savings to be split between the City and the development team (60% City / 40% development team)



Proposal Scores

RFP for: Police HQ

TEAM EVALUATION SCORING SHEET

EVALUATION/SELECTION MEMBER NAMES: Reviewer 1 Reviewer 2 Reviewer 3 Reviewer 4

DATE: 11/21/2022

SELECTION CRITERIA		ArtCraft / TurnDev	Brandywine / E55	Cresco / Tyler Village	ICP / 1801 Superior	InSite / 2001 Payne	KRA / Bluffs	Opportunity Corridor	OC / 2001 Payne split
A	Facility Criteria 30 points possible	28	5	12	20	16	5	17	15
B	Quality of Proposal and Team 20 points possible	18	10	10	15	10	10	18	18
C	Community Benefit 15 points possible	15	7	10	10	10	4	8	10
D	Location 15 points possible	15	8	7	10	12	5	8	9
E	Cost 20 points possible	20	0	18	17	12	10	5	7
F	Schedule 20 points possible	15	15	15	18	10	15	3	5
GRAND TOTAL		111	45	72	90	70	49	59	64

EXPLANATION OF SCORING SCALE

