

CLERK'S OFFICE
APPROVED
Date: 1-11-15
IMMEDIATE RECONSIDERATION
FAILED 1-11-05

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Department of Economic &
Community Development
For reading: December 14, 2004

ANCHORAGE, ALASKA
AO NO. 2004-179

1 AN ORDINANCE APPROVING A NEW CONVENTION FACILITY, INCLUDING
2 SITE SELECTION, SITE PLANS, LANDSCAPING, AND A MULTI-YEAR
3 DEVELOPMENT AGREEMENT FOR CONSTRUCTION WITH ALASKA CENTER
4 FOR CONVENTION & TRADE, LLC.
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6
7 WHEREAS, on March 2, 2004, the Assembly approved AO 2004-54, waiving certain
8 public facilities site selection, site plan review, and project landscaping provisions of
9 title 21, and certain procurement provisions of chapter 7.20, for a new convention center
10 facility, subject to review of the facility site selection, site plans, and project landscaping,
11 and any contract entered into pursuant to the request for proposal (RFP) process; and
12

13 WHEREAS, RFP 24-P009 resulted in a successful proposal from Alaska Center for
14 Convention & Trade, LLC (ACCT) for construction of a new convention center on Block
15 80, Original Townsite of Anchorage (Block 80), and negotiation of a Development
16 Agreement; and
17

18 WHEREAS, the Development Agreement commits and allocates how proceeds and other
19 funds for renovations to the Egan Civic and Convention Center, together with
20 connectivity between the two convention centers, existing or new parking facilities, the
21 acquisition and replatting of Block 80, and financing; now, therefore,
22

23 THE ANCHORAGE ASSEMBLY ORDAINS:
24


25 **Section 1.** The site selection, site plans, and landscaping plans for the new convention
26 center are approved.
27

28 **Section 2.** The Development Agreement, the essential terms and conditions of which
29 are set out in the accompanying Assembly Memorandum, is approved.
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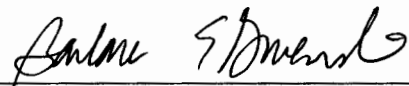
31 **Section 3.** The Municipality is authorized to perform the Municipality's obligations
32 under the Development Agreement, including approval of Final Plans, Final Budget, and
33 Final Schedule and determination of financial feasibility, without further review or
34 approval by the Anchorage Assembly.
35

Section 4. This ordinance shall be effective immediately upon passage and approval by the Anchorage Assembly.

PASSED AND APPROVED this 11th day of January, 2005.


Chair of the Assembly

ATTEST:


Municipal Clerk



MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM

No. AM 941-2004

Meeting Date: December 14, 2004

From: MAYOR

Subject: AN ORDINANCE APPROVING A NEW CONVENTION FACILITY, INCLUDING SITE SELECTION, SITE PLANS, LANDSCAPING, AND A MULTI-YEAR DEVELOPMENT AGREEMENT FOR CONSTRUCTION WITH ALASKA CENTER FOR CONVENTION & TRADE, LLC.

SUMMARY

Pursuant to Request For Proposal 24-P009 (RFP), Alaska Center for Convention & Trade, LLC (ACCT), was chosen as the successful proposer for development of a convention center on Block 80, Original Townsite of Anchorage (Block 80). The projected cost of the convention center, together with upgrades to the existing Egan Civic and Convention Center, parking, and connectivity between them (Project), is expected to be approximately \$93 million, to be paid for principally through the sale of revenue bonds financed with receipts from a 2005 ballot proposition authorizing a four percent (4%) increase in the Municipality's room tax.

An essential goal and purpose of the Development Agreement is to transfer the risk of cost overruns from the Municipality to the developer and its owners, contractors, insurers, and bonding company. The Development Agreement and financing plan does not require Anchorage property taxpayers to pay for construction or operation of the new convention center.

To protect against construction cost overruns, the final budget must include a minimum contingency fund of \$6 million, and a guaranteed maximum price construction contract. In addition, 4 principals of ACCT are providing up to an additional \$2M each. The Project also will be bonded and insured, and under the guaranteed maximum price design/build contract (GMP Contract), the design builder assumes the risk of the cost overruns.

During construction, ACCT is entitled to (1) reimbursement of costs, not to exceed the final budget line items; (2) a development fee of \$3 million; and (3) the possibility to collect a completion fee equal to one-half the balance, if any, of the contingency fund remaining (not to exceed \$3 million) upon substantial completion of the Project. Some or all of the remainder of the contingency fund will be deposited in an operating reserve fund.

NEW CONVENTION CENTER PROJECT

The new convention center project has three phases:

Phase I

Phase I began with release of RFP 24-P009, and ends with passage of the ballot proposition to increase the hotel-motel room tax on April 2005.

Phase II¹

Phase II is completion of 35% design plans, adjustment of Project budget and schedule, subject to Municipality review, comment, and approval, and entering into the guaranteed maximum price contract. Upon approval, financial feasibility of the Project will be examined, in light of then-existing financial markets. If the costs of the Project *exceed* the anticipated available Project funds, the Municipality may either:

1. Suspend development of the Project, and pay ACCT certain costs and fees incurred from increased room tax revenues; or
2. Convey land, in lieu of portion of ACCT's development fee (valued at no more than \$1.5 million), decreasing the amount of cash required for the Project; or
3. Reduce the scope of the Project, so costs are less than anticipated available Project funds, and proceed under the Development Agreement.

In the event the costs of the Project are *equal to or less* than anticipated available Project funds, the GMP Contract will be executed, per the RFP proposal, and the Project will advance to Phase III.

Phase III

During Phase III, the design of the Project is finalized, incorporating the design previously developed by the Municipality and ACCT, and complete construction of the Project completed within the budget and schedule agreed upon by the Municipality and ACCT. Completion of the Project is scheduled for fall 2008. Upon completion, Phase III ends and the Development Agreement terminates, except for any warranty or other provisions thereof (or of the GMP Contract) that survive termination.

1. If the voters do not approve the room tax increase, the Municipality agrees to pay ACCT \$60,000 for the costs of its proposal, and the Development Agreement terminates without further obligation to ACCT or the MOA.

ESSENTIAL AGREEMENT TERMS

The essential terms of the development agreement are summarized below:

A. **Developer:** Alaska Center for Convention & Trade LLC

B. **Contract Price:**

1. **Estimated Construction Costs:** \$93M payable from 4 non-property tax sources (for no cost to property taxpayers):
 - a. Revenue bond proceeds (net);
 - b. Bed tax increase receipts;
 - c. \$500K annually (escalated annually for inflation) from MOA ; and
 - d. Investment earnings on 3 sources listed above.
2. **April 2005 Ballot Proposition:** In the event the ballot proposition for an increase in the bed tax is not approved by the voters in April 2005, the agreement provides for \$60K payment to ACCT as partial reimbursement of cost to prepare preliminary plans, budget and schedule, and 10% design package.
3. **Financial Feasibility Determination:** If the MOA suspends the project following the financial feasibility determination in Phase 2, contract provides for payment to ACCT from the sources listed in B.1.b. above:
 - a. Reimbursement of cost of proposal submittal plus \$150,000, as partial reimbursement for developer costs;
 - b. \$250,000 as partial payment of development fee (in B.4. below); and
 - c. A sum sufficient to meet the obligation set forth in Phase II, Addendum 1 of RFP (\$150,000).
 - d. If, after suspension, the project is resumed, these amounts are applied to the total amount due ACCT in accordance with the budget.
4. **Development Fee:** \$3M paid in quarterly installments during construction (from combination of sources in B.1. above).

- C. Nature & quality of performance:**

- D. Using agency:**

- ### E. Estimated Time for Performance:

1. Phase 1: May 2005, when April 2005 election results certified.
2. Phase 2: October 31, 2005.
3. Phase 3: Actual construction begins Spring 2006, with completion expected early summer 2008, and occupancy by early fall 2008.

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2 THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ORDINANCE
3 APPROVING THE SITE SELECTION, SITE PLANS, AND LANDSCAPING FOR A NEW
4 CONVENTION CENTER FACILITY, AND FURTHER APPROVING THAT CERTAIN
5 MULTI-YEAR DEVELOPMENT AGREEMENT WITH ANCHORAGE CENTER FOR
6 CONVENTION & TRADE LLC.

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8 Prepared by: Department of Law
9 Approved by: Mary Jane Michael, Executive Director
10 Dept. of Economic & Community Development
11 Concur: Denis C. LeBlanc, Municipal Manager
12 Respectfully submitted: Mark Begich, Mayor
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