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TO: Members of the Common Council
FROM: Mayor Timothy M. Hanna 
DATE: February 3, 2016
RE: Exhibition Center Opening Process

In a truly remarkable show of regional cooperation, ten municipalities approved intergovernmental agreements this past November that laid the basis for moving ahead with the Fox Cities Exhibition Center (EC). The City has spent the past two months taking steps in furtherance of that goal and would now like to take the opportunity to share with you the process to be used to make the EC dream an operating reality.

In deciding the best path forward, we must remind ourselves of the reason we are building the EC in the first place. The objective of building the exhibition center is to bring visitors to the Fox Cities communities who will stay overnight in area hotels while doing business, dining, and shopping in our communities. We must recall that the economic impact resulting from the construction of the EC is estimated to be \$6,500,000 annually, which correlates into \$541,000 monthly or \$17,800 a day.

For every day that the opening of the EC is delayed we lose \$17,800 plus the direct revenue from the operation of the EC itself.

The process used to make the EC a reality is not about the people involved, the personalities or who will receive credit, but rather about two things: 1. Time to opening, and 2. Efficient use of resources (i.e., keeping costs low).

The exhibition center is an extraordinary project for the City of Appleton. Except for some professional fees along with the costs associated with planned infrastructure as well as costs in keeping with the City's Purchase Agreement with Outagamie County, the costs to construct the EC are not included in the 2016 Budget because this project is not a normal City project. We must remember that while the City will be the owner of the EC we have a responsibility to, and will be acting on behalf of, nine other municipalities through the approved Intergovernmental Cooperation Agreement.

One of the concerns expressed by some of our partnering municipalities during the process to have the intergovernmental agreement approved concerned the process the City would use to develop and construct the EC. To address that concern we shared with them the Primer on Project Delivery produced by the American Institute of Architects (AIA) and the Association of General Contractors (AGC). (We have shared this with you in the past, but I've included the link at the end of this memo and have also attached a copy for your reference.) This Primer on Project Delivery was a joint project of two of the most important associations involved in the construction industry.

The AIA and the AGC concluded that the system of Integrated Project Delivery (IPD) was the best method to bring projects such as the EC to a successful completion.

Why is that? One of the key aspects of the IPD is that each critical professional (whether it is the architect, owner's agent, engineer or construction manager) is tasked with fulfilling the function they are best at delivering. This is a great use of the division of labor. For example, the architect's core competency should be to design the structure. Architectural core competency is neither inspection nor budget management. In contrast, an owner's agent must have as its core competency the ability to assure, on the owner's behalf, that the plans are faithfully followed and budgets are expertly managed. The point is that each party is tasked with doing what they do best. An owner's agent is an important aspect of utilizing the IPD model.

I have looked at other public projects that have utilized the IPD method and found excellent results. A common question regarding the use of an owner's agent is the question of fees. Often, but not always, the total professional fees in such a project are lower when utilizing an owner's agent because fees for the architect and construction manager are often reduced. In addition, having specialized skill sets looking at the important issues brings about better results which saves time and money. The result is a better project.

I have all the confidence that City staff is capable of handling the EC project without the use of an owner's agent. But the question is not whether the City is capable. The question is what is the best way to meet the objectives of the project and to get the EC open as soon as possible?

Adding a project such as the EC on top of the projects already scheduled to be undertaken by the City could necessitate a longer construction period simply because each project would receive allocated time to keep all projects moving ahead. In contrast, an owner's agent will have one dedicated task: to open the EC as soon as possible while keeping costs in line and assuring the complex requirements of the project are satisfied.

The opening of the EC is not only a question of construction. The City also has the responsibility to oversee the financing and to ensure the obligation to the municipalities and other stakeholders are satisfied. The communication needs of this project require a central and uniform approach. This complex job should not fall entirely on City staff or me. A project such as this requires a specific skill set to carry out, which is why I believe that we need to seek qualifications from parties capable of meeting the needs of this project.

We are in the process of preparing a Request For Qualifications (RFQ) for an owner's agent consistent with the needs of this project. The plan moving forward is to solicit responses to the RFQ and present a recommendation to Council for approval.

Professional services contracts for the EC project will be approved according to City policy. That policy requires that contracts over \$15,000 for professional services must be approved by Council. It is anticipated that all professional services contracts related to the construction of the EC will be in excess of \$15,000.

All construction contracts for the project will be competitively bid and approved according to Wisconsin State Statute and City policy. Thus, all construction contracts will come to Council for action.

The following is a list of potential items that will need your approval over the coming months:

- Approval of a professional services contract for owner's agent services;
- Approval of a professional services contract for architectural services;
- Approval of a professional services contract for construction management services;
- Approval of construction contracts as they are received and recommended as per statute.

Recommendations on contracts will come from an internal team tasked with overseeing this project. That team consists of Directors Gazza, Harkness, Saucerman, Vandehey and Attorney Walsh. It will also include other City staff as needed along the way. Members of this team have already begun to identify and address issues related to the project. My expectation is that this team will make a recommendation on an owner's agent contract and thereafter work with that agent to make recommendations on subsequent contracts. It is also my expectation that the owner's agent will meet with this team on a regular basis (at least bi-weekly or more often if needed) as well as provide monthly updates to Council, which can be shared with our partnering municipalities, at the first Council meeting of each month through project completion.

The path ahead is clear. We need to move forward quickly, efficiently, and prudently so all of the partners and stakeholders across the Fox Cities can begin to reap the benefits of this exciting new facility.

As always, should anyone have questions or need further clarification please do not hesitate to contact me. Let's keep this project moving ahead together!

Primer on Project Delivery link:

<http://www.aia.org/aiaucmp/groups/aia/documents/pdf/aiab093116.pdf>