

Birmingham N.O.W. Project (North Old Woodward Parking Structure and Bates Street Redevelopment) Frequently Asked Questions

What is the project?

The City of Birmingham is pursuing the reconstruction and expansion of the North Old Woodward parking structure along with the extension of Bates Street and inclusion of mixed-use developments to surround the new parking structure. This project will include a new parking garage with expanded capacity at the existing parking structure location, extend Bates Street and serve as a home to a flagship Restoration Hardware (RH) retail store in the first phase of the project. A second phase, yet to be approved, would create a public plaza and connection to Booth Park, as well as, provide a residential and a mixed-use building on publicly owned land in downtown Birmingham in accordance with the Downtown Master Plan. Conceptual illustrations are highlighted below:



- Building Program**
- Phase 1**
- 1A Parking Garage
 - 1B Bates Street Road Extension
 - 2 5 Story Mixed-Use Building
 - 3 Retail Storefront
- Phase 2**
- 1C Plaza & Booth Park Connection
 - 4 4 Story Retail / Residential Building
 - 5 4 Story Mixed-Use Building

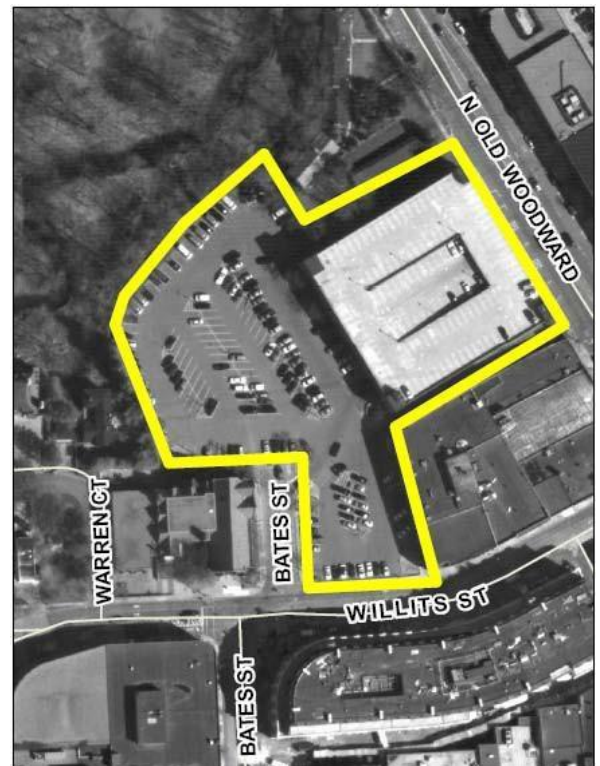


Proposed Site Plan

N. Old Woodward / Bates St.
Parking and Site Development
City of Birmingham
April 18, 2019

Where is this project located?

The site for this proposed project is at the current location of the North Old Woodward Parking Structure and surface parking lot located at 333 North Old Woodward. This location is north of Willits and west of N. Old Woodward, just south of Booth Park, as outlined on the image to the right.



Why this project?

It is no surprise that parking in the downtown has been a hot topic over the past few years, but the reality is the North Old Woodward parking structure is over 50 years old and the costs to maintain and meet safety standards are escalating. A preliminary estimate for repairs required to improve the current condition of the structure is more than \$6 million. Once the Parking Demand Study was completed, the City explored locations to pursue expansion. When the options were evaluated, it was determined by the Ad Hoc Parking Study Committee (AHPSC) to move forward with the Birmingham N.O.W. site, because the adjoining surface lot provided the greatest opportunity to increase parking capacity. The need to proceed with addressing this parking structure, the oldest garage in the system, is growing. Efforts to plan for its replacement while incorporating elements of the Downtown Master Plan for this site development have been ongoing for the past few years.

What was the genesis of this plan?

The N. Old Woodward /Bates Street extension project has its origins in the Downtown Birmingham 2016 Master Plan that was adopted in 1996. Expanded parking capacity and the potential for added mixed-use developments were contemplated at the time and included in the plan. The Willits building and 325 N. Old Woodward, often referred to as the Google building, were built as a result of this Master Plan. The project site is the final and only element of the plan that has yet to be implemented.

Why were these elements included?

The recommendations made in the Downtown Birmingham 2016 Plan were intended to allow for five story, mixed-use buildings versus the previous two-story building maximum in order to achieve key objectives. These objectives include promoting retail downtown while encouraging a strong office component to provide daytime activation and a residential component to promote evening activation. The recommendations also involved removing Ring Road, widening sidewalks for improved walkability, activating first floor spaces with retail uses and promoting traffic calming measures. These recommendations have consistently been implemented throughout the downtown previously.

Why isn't this project included in the ongoing citywide Master Plan process?

The current citywide master plan was completed in 1980 and has been updated over the years with the inclusion of subarea plans for the Downtown, Triangle and Rail Districts, just to name a few. The N. Old Woodward / Bates Street site is already included in the subarea plan for the downtown district and is the final component to be implemented under this existing downtown master plan. Additionally, this site received further review when the downtown master plan was refreshed in 2014 and when more comprehensive studies of the site were conducted during the creation of the site concept plan in 2015. What has not been addressed since 1980, and is the focus and scope of the ongoing citywide Master Plan process, is identifying the needs for the city's residential neighborhoods rather than its commercial districts.

How does the project meet the Downtown Birmingham 2016 Plan objectives?

The project calls for all of the objectives set forth in the Downtown Birmingham 2016 Plan. Specifically, the extension of Bates Street to Old Woodward, activated streetscape, opening the connection to Booth Park directly from the downtown, expanded parking capacity (i.e., making better use of the existing surface lot), meeting the streetscape standards for improved walkability, and activating first floor retail (including the first floor of the parking structure).

What is the current condition of the North Old Woodward Parking Structure?

While the existing garage maintains safety conditions for all users, the costs of maintenance required to continue to maintain safety and operational standards are increasing rapidly. The North Old Woodward structure is 53 years old, having been built in 1966. The facade of the structure is crumbling and it is reaching the end of its useful life. Rather than continuing to invest in small fixes, the City prefers to invest in a new garage with expanded capacity and substantial technological and operational enhancements. Below are some illustrations of the failing facade of the existing parking structure. The findings of the report can be found at <http://bit.ly/NOWstructureassessment>.



How many parking spaces will be gained by the new parking structure?

The proposed new parking structure would increase the parking count by more than 400 public parking spaces at this location. The deficit identified for the North end of downtown based on a demand study was 278 parking spaces for this area. There are currently 745 parking spaces between the existing parking structure and the surface lot. The RFP called for 1,150 spaces and the current development proposal provides 1, 159 spaces, pushing the number well beyond the forecasted need for the area, which will accommodate the new development being contemplated as well.

Is the City providing tax incentives for the project?

No, it is not.

What is the cost of the public elements of the project and how will it be funded?

The City will borrow \$50.1 million to complete a \$57.6 million project. The remainder of the funds that are not being borrowed will come from cash reserves in the Parking Enterprise Fund also known as the Automobile Parking System (APS). User fees generate revenues in the fund support the APS. These funds may only be utilized to reinvest in parking infrastructure and operations. These funds are not available to support other City initiatives, such as senior services, parks or sewers.

The City anticipates a vote on August 6, 2019 to issue bonds that would support the financing of the public elements of the Birmingham N.O.W. Project. Residents should note that revenues from parking will be obligated to fund the bond debt and taxpayers will not be charged for any elements of the project. This method of pursuing a parking bond was used to support the construction of the City's existing parking structures. Additionally, the City will allocate \$7 million from the parking system to reduce the bond issuance significantly. Finally, the surrounding businesses in the parking assessment district will be assessed approximately \$3 million over 10 years to support the cost of the structure and Bates Street extension, given that they are not required to provide on-site parking because they are in the parking assessment district. This assessment does not apply to any residential properties.

What is the ballot question that is going to be considered on August 6th for the bonded portion of the parking structure?

PARKING STRUCTURE BOND PROPOSAL

Shall the City of Birmingham, Oakland County, Michigan, borrow the principal sum of not to exceed Fifty-Seven Million Four Hundred Thousand Dollars (\$57,400,000) and issue its unlimited tax general obligation bonds in one or more series, payable over a period not to exceed thirty (30) years from the date of issuance, to be used by the City for the purpose of paying part of the cost of acquiring and constructing a new parking structure to replace the North Old Woodward parking structure, including related demolition, street and site improvements? The primary source of revenue intended to retire the bonds shall consist of revenues from the City's Automobile Parking System.

YES

NO

What is the lawsuit filed by the unselected bidder about?

The city conducted a process that was driven by a preliminary design concept based on prior studies in order to meet key objectives for both parking and density rather than allowing developers to propose an open ended development plan for this site. The solicitation process for development proposals began in May 2016, with a Request for Qualifications (RFQ) to identify developer teams that had experience and sufficient financial strength to execute the project, as envisioned in its RFP.

Four developer teams submitted their qualifications. In September 2017, an RFP was issued to those four teams to participate. In January 2018, three development proposals were received for consideration. One of the teams withdrew their proposal during the evaluation process. The two remaining development teams presented very different approaches in their proposals.

Of the two development proposals that were considered, one matched the concept, objectives and terms of the city's RFP and one did not. The unsuccessful bidder has since sued the city. While an unfortunate outcome, the City stands behind its process and ensuring the fundamental objectives of the RFP are met.

Who is the selected development team?

The selected development team known as Woodward Bates Partners is comprised of several local development professionals including Victor Saroki with Saroki Architecture, John Rakota, Jr. with Walbridge, Ron Boji with the Boji Group and Paul Robertson with Robertson Brothers Homes.

Why is the City pursuing a Public Private Partnership (P3) arrangement?

The rationale for pursuing a P3 structure to build this project is to minimize the City's exposure to risk, reduce overall project costs and engage in a more efficient project delivery model. A P3 delivery model is a globally recognized model that consists of three key partners: 1) Government Entity, 2) Developer and 3) Design Builder. Each partner in a P3 has a distinct and separate role.

The **Government Entity**, which is responsible for:

- Articulating and validating the project scope
- Reviewing and approving the project design, budget and timeline
- Communicating with the residents and other stakeholders regarding the project details
- Holding the developer accountable for satisfactory completion of the project

The **Developer, WBP** is responsible for:

- Consulting with, advising, assisting and making recommendations throughout the process including design
- Preparing a critical path schedule for completion of the project
- Coordinating all experts and consultants providing services to the project
- Making all submittals on behalf of the City relating to obtaining government approvals, licenses and permits that are required to develop, construct and complete the project
- Monitoring progress including schedule and budget
- Informing the City immediately of any issues related to the project
- Committing to the Guaranteed Maximum Price (GMP) and assuming the risk for cost overruns that occur

The **Design-Builder, Walbridge Aldinger** is responsible for:

- Controlling the budget to the specific design
- Being the single source of responsibility and accountability. The design-builder is accountable for the entire project, including the final look of the project, how much it costs, and how quickly it is completed
- Involvement in the project from start to finish, which adds an inherent efficiency and effectiveness of the process
- Providing expertise in both the design and construction fields
- Managing hundreds of timelines that need to coordinate in lockstep. The design-build system is highly adaptive and responsive in the field.

What's in the Guaranteed Maximum Price?

The Guaranteed Maximum Price (GMP) is a cost commitment from the Developer (WBP) stipulating that they will honor their bid amounts for construction. The GMP is broken into four key categories:

- Direct Construction Costs
- Indirect Construction Costs
- Allowances
- Fees and costs

Direct Construction Costs include the cost for materials and labor to demolish the existing deck, build the new deck, and extend Bates Street. These costs were derived from a competitive bid process that took place in March 2019. The total direct cost for the project is \$43 million plus a \$1.4 million construction contingency. These GMP figures are locked in despite the current volatility in the construction market.

Since March 2019, when these bids were secured, there has been a substantial increase in the cost for construction materials. If concrete materials were bid again today, they would come in at no less than \$23 million. The bid that the City has secured is for \$19 million. If the project does not commence before December 2019, the commitment to honor the bids by the Developer will expire.

Indirect Construction Costs are the costs associated with the design, engineering and final construction drawings for the parking garage and the road. Also included are the insurances and direct project overhead. These design and engineering costs are \$2.2 million and the insurances and direct overhead total \$3.7 million. These insurances are critically important to ensure against potential contractor and subcontractor defaults, protections in the event of storm damage, fires or earthquakes, and a third-party surety that the Design Builder will complete the project and pay all of its vendors.

Allowances are included in the GMP to represent the “known unknowns,” such as utility relocations and other necessary site improvements. The City relied on Walbridge’s expertise to review the existing utilities relative to the plan and develop estimates for these costs. The purpose for including these figures in the GMP is to ensure the City has made provision for costs that are certain to occur but cannot be priced until after construction has commenced. Fees and Costs represent the overhead and profit that the Developer and Design Builder will charge for undertaking the project. Let’s take a closer look at what’s included in the fees:

- Walbridge Design Build Fee totals \$2.6 million. That’s 5 percent of the total project. There is no formal industry standard concerning this fee. On average, the projects JLL evaluates and monitors often see a range from 8-10 percent. The Design Builder’s overhead and profit on the project includes the main office expenses that are not being charged as direct construction overhead.

- WBP Administration Cost are \$1.7 million. That’s 3 percent of the total project. The typical developer’s fee ranges from 5-15 percent. This fee is charged by the Developer in exchange for them to assume the risk for cost overruns and hosting the expertise necessary to complete the project on behalf of the City. The two key takeaways are that this fee:

- » Protects the City from cost overruns and
- » Doesn’t require the City to directly host the level of expertise necessary to oversight and manage a development of this magnitude.

Who is the tenant intended for Site 2?

Site 2 is anticipated to become home to an RH Gallery store. RH is previously known as Restoration Hardware