

City of Minneapolis

Request for Committee Action

To: Ways & Means
Date: 6/27/2016
Referral: N/A
From: Minneapolis Convention Center
Lead Staff: Jeff Johnson
Presented by: Jeff Johnson
File Type: Action
Subcategory: Appointment

Subject:

Target Center Renovation Project: Delegation of contract change order authority to Target Center Project Manager and appointment of Finance Officer to Target Center Arena Design Group.

Description:

1. Authorizing delegation of authority to the Target Center Project Manager to increase project contract amounts through the administrative management of change orders within the overall \$128.9 million project budget.
2. Approving the appointment of the City Finance Officer, Mark Ruff, to the Target Center Arena Design Group as a replacement for Kevin Carpenter.

Previous Actions:

[15-00361](#) Target Center Renovation Project
[16-00196](#) Target Center Renovation Project Request for Proposal (RFP) for project financing
[16-00255](#) Bond issuance for Target Center Renovation Project
[16-00301](#) Target Center Renovation Project authorization to proceed
[16-00351](#) Issuance of term loan note for Target Center Renovation Project

June 27, 2014 – Authorized the selection of Mortensen as Construction Manager for the project

May 23, 2014 – Authorized the selection of the team of Architectural Alliance and Sink, Combs, Dethlefs as architect and designers of the project

December, 7, 2013 - Authorized the selection of Tegra as Owner’s representative for the project

November 12, 2013 – Approved Arena Renovation Term Sheet, authorized execution of Renovation Agreement, authorized execution of a rent amendment to the Playing Agreement, made appointments to “Design Group”, and designated project manager

February 22, 2013 – Authorized extension of the Health Club lease

December 4, 2009 – Authorized issuance of taxable general obligation tax increment refunding bonds

June 16, 2007 – Authorized transfer of property and administrative oversight from Minneapolis Community Development Agency to the City, via Minneapolis Convention Center

April 13, 2007 – Selected an affiliate of AEG Facilities, Inc. (“AEG”) as Arena operator, and authorized various agreements with AEG

March 10, 1995 – Authorized Target Center Purchase Agreement, related lease, operating and financing agreements, and issuance of tax-exempt general obligation bonds necessary to acquire the Arena

Ward/Address:

Ward 3

600 First Avenue North, Minneapolis, MN 55403.

Background/Analysis:

Within the Target Center renovation project budget of \$128.9 million, \$26.1 million is budgeted for non-construction costs including, Owner's Contingency (\$9,282,525), Furniture, Fixtures, and Equipment (\$3 million), and Architect Fees (\$9,491,310). Given the nature and complexity of the renovation project, it is anticipated that change orders due to unforeseen conditions, scope adjustments, and other scenarios will arise on a regular basis as they would normally do in a project of this size. When time allows and/or better value can be obtained, separate work items may be put out for bid. The Project Manager needs the flexibility, however, to timely move non-construction resources (\$26.1 million) to different contracts in order to most efficiently complete the project. Moving these resources will cause individual partners' contracts to increase, but will not increase the overall budget of \$128.9 million.

The expectation is that a large portion of the non-construction costs will be able to move into construction activity so that the project will receive more built items verses expenses that are not as tangible. Some design work will also need to be completed in order to provide the changes.

The general scope and budget of the project is not changing, but this change order authority will allow for efficient and effective use of the project budget. Special legislation for the renovation project gives the City greater flexibility to negotiate rather than bid the construction work and allows the City's construction manager to use bided or best value subcontracting as well as self perform work.

Financial Review:

No additional appropriation required, amount included in current budget.

Future budget impact anticipated.

Project budget will remain at \$128.9 million though individual contract amounts may change.

Meets Small and Underutilized Business Program goals.