

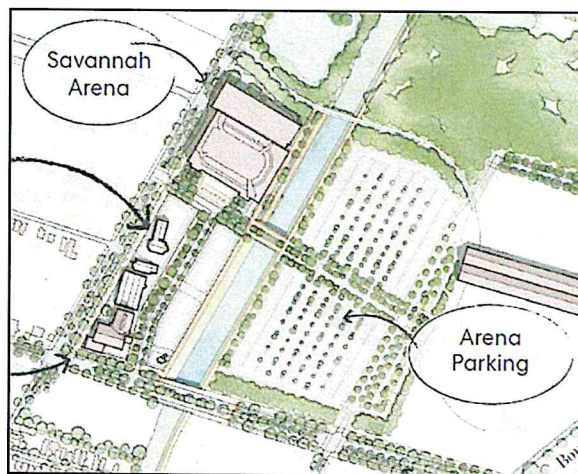
MEMORANDUM

To: Mayor and Aldermen of the City of Savannah
From: Michael Brown, City Manager *Michael Brown*
Date: May 21, 2021
Subject: Arena-related Council Agenda Items

On the May 27 City Council Agenda are four items related to the new arena under construction. This memo provides background on these four procurements.p

1. Construction contract for the arena surface parking lot with APAC-Atlantic Inc. in the amount of \$9,050,378.

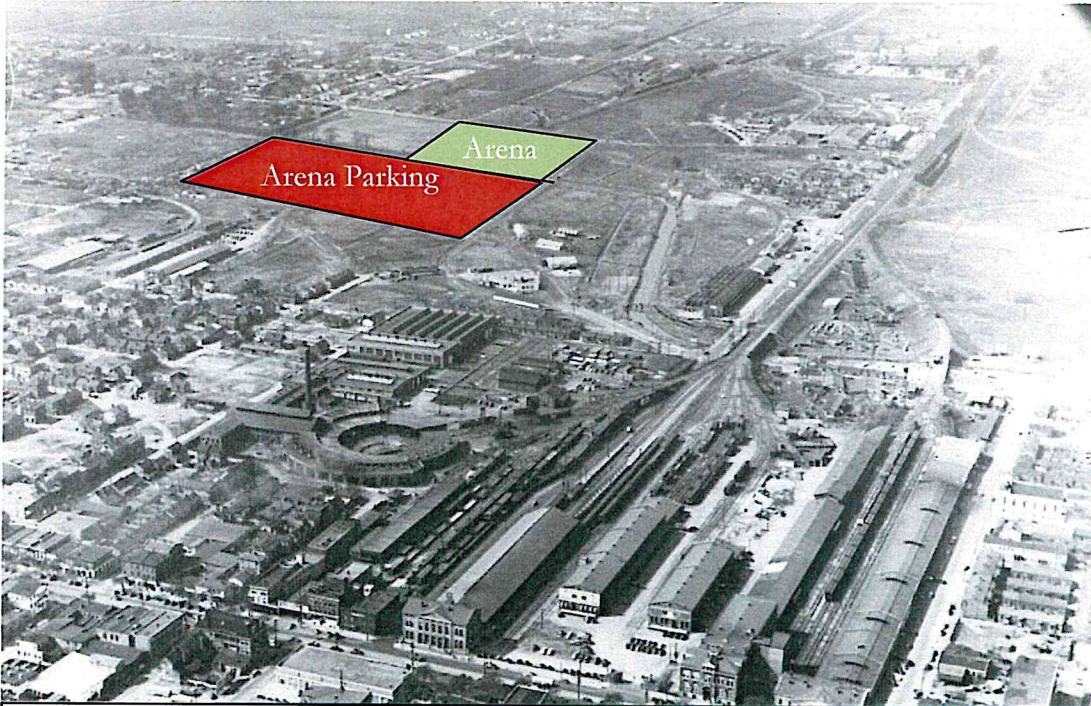
The arena surface lot is located on Gwinnett Street adjacent to the new arena. The lot will provide 2,000 parking spaces and serve as the primary source of parking for the arena. The contract with Savannah-based APAC-Atlantic includes all work necessary to build the lot, including clearing, grading, earthwork, and subgrade preparation including remediation, asphalt, stormwater and landscaping.



An arena parking analysis determined the 2,000-space lot on the 22.5-acre property, combined with a 400-space parking garage attached to the arena, is the most economical and efficient means to deliver required parking for the new facility.

The lot will be built on 22.5 acres of land the City has leased for 10 years at a cost of \$525,000 per year, with a 3% CPI escalator. The City opted to lease instead of purchase the property, as leasing reduced costs and offered the City more flexibility in remediating impacted soils on site by allowing us to submit plans through the Georgia Environmental Protection Division's Voluntary Remediation Program. Our State-approved plan to cap impacted soils on the property will make the area around the arena safe. Owning the

property would eventually require us to fully remove impacted soils, which would be many times more expensive.



The Arena and Parking Lot are located on the western edge of downtown in an area that historically housed heavy industry and rail infrastructure, which has impacted soils today.

Our parking lot construction costs will be funded from the City's Parking Services Fund, an enterprise fund that pays for new parking capacity in Savannah by using revenue generated from parking meters, garages and citations. Parking fees paid by arena customers are projected to completely fund the cost of the Arena Parking Lot's construction and operations over 10 years.

Parking Lot Pro Forma	
EXPENDITURE PROJECTIONS	
Personnel	\$195,000
Outside Services	\$167,400
Commodities	\$20,040
Capital Outlays	\$19,600
Internal Services	\$61,884
TOTAL OPERATING COSTS	\$463,924

Annual Lease Cost (avg. over 10 yrs)	\$601,853
Capital Cost Recovery (\$9.1M over 10 yrs)	\$910,000
TOTAL ANNUALIZED EXPENDITURES	\$1,975,777
REVENUE PROJECTIONS	
Number of events	150
Avg. # of vehicles/event	900
Avg. charge/event	\$15
Ancillary annual revenue	\$100,000
TOTAL ANNUAL REVENUE	\$2,125,000
NET INCOME/(LOSS)	\$159,213

Construction of a surface parking lot is significantly less expensive than construction of a structured parking garage, which would cost \$65-\$70 million to build, not including land, stormwater and remediation costs. The City would be required to issue bonds to raise that capital, which would add interest payments, whereas the Parking Fund has adequate reserves to fully fund the \$9.1 million parking lot construction.

2,000-Space Parking Lot vs. 2,000-Space Garage		
	Parking Lot	Parking Garage
Total Cost	\$15.2 Million	\$65 Million
Annualized Cost	\$1.5M/Yr for 10 Yrs (\$601,778 avg annual rent + \$9.1M construction cost)	\$3.4M/Yr for 20 Yrs (does not include land, stormwater or remediation costs)

The parking lot option provides the City the most flexibility to adapt to changing parking demands, which are expected to decrease in coming years due to the growing usage of ride-share options such as Uber and Lyft, as well as planned bicycle and pedestrian connections to the arena.

It also leaves open the potential for development of a parking garage within the next 10 years that would be shared with expected future private mixed-use development. This public-private garage would create a more financially viable business model by sharing costs and adding daytime parkers to the arena's evening customer base.

City staff have engaged in discussions with several potential developers of private properties in the arena district, and while there is significant interest, development potential remains limited due to current stormwater and mitigation requirements caused by undersized canal infrastructure. Most developers have indicated significant private investment will need to wait until the City implements stormwater improvements in the Springfield Basin, including \$45 million in planned projects that will be funded through voter-approved SPLOST 7.

In addition to arena customer parking, the lot is expected to address the following parking needs in the area:

- Parking for City Lot activities and daytime parking for other development around the arena
- Special event parking for events such as St. Patrick's Day and large road races
- Overflow motor coach parking
- Inspection site for tour vehicles, taxis, and wrecker trucks
- Daytime parking for construction workers and film crews in the downtown area
- Food truck events

The City received two bids for construction of the parking lot:

APAC-Atlantic, Inc. (Savannah, GA): \$9,050,378

C.A. Murren & Sons Company, Inc. (Grayson, GA): \$9,275,997

2. A sole source contract for lights in the arena surface parking lot with Georgia Power in the amount of \$105,026.

In order to provide lighting to the arena surface lot, Georgia Power will install 45 lights in the parking lot, which includes 10 post-top-style lights and 35 area lights. Lights are needed to provide adequate lighting for the site as required in the site plan. The monthly cost of all the lights is \$2,373, which includes the electricity costs, maintenance and repair of the lights.

3. Phase One of a two-phase contract to fabricate and install a pedestrian bridge over the Springfield Canal in the amount of \$536,308.

The steel truss bridge will be 110 feet long and 16 feet wide, and will connect the parking lot with the arena.

This contract, which is the first of two phases, is with Savannah-based Johnson-Laux Construction through the State of Georgia construction services contract. In this phase, Johnson-Laux will develop the bridge superstructure design, fabricate the bridge, and deliver the bridge to the site.

The second phase, which will come before Council at a later date, will include installation of the bridge foundation, bridge erection, and pouring the deck. The contract is being broken into two phases to expedite commencement of fabrication due to supply-chain issues currently being experienced, so the bridge will be operational in time for the planned arena opening.



4. An arena rigging fall protection system with Evan Fall Protection in the amount of \$266,080.

The rigging fall protection system is designed to provide riggers a safe way to access the roof trusses and steel grid for protection while setting up for shows during arena events. This system is an OSHA requirement.

This purchase is the first of at least five planned packages of furniture, fixtures and equipment (FF&E) items that will be procured by the City for the arena over the next five months, comprising more than 2,000 items grouped into several large packages. This includes purchase of furniture, lighting, televisions, technology, office equipment, and other items not part of the construction contract. These purchases are included within the arena budget.

FF&E Package	Estimated Contract Award
Marquee Sign	June
Dining Area Tables and Seating and Office Furniture	August
Technology, Food Services Equipment, and Ticketing Equipment	September
Stage and Sound Equipment, Zamboni, Basketball Floor and Goals, Event and Maintenance Equipment	October

The rigging fall protection system is the long-lead item in this group of FF&E procurements, as it is a custom-made system that takes a number of months to design, fabricate and install. It must be purchased now to be ready for the arena opening in February 2022.