

**THE UNIFIED GOVERNMENT OF ATHENS-CLARKE COUNTY  
COMMISSION AGENDA ITEM**

**SUBJECT:** SPLOST 2020 Project 03, Classic Center Arena – Commissioning Authority Change Order #1

**DATE:** May 10, 2023

**BUDGET INFORMATION:**

REVENUE:

\$ 33,320,000	SPLOST 2020 Project 03 Funding
\$ 49,425,110	Revenue Bond #1
\$ 32,000,000	Revenue Bond #2
\$ 9,150,000	Other Revenue - Currently Available
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\$ 123,895,110	Subtotal - Project Revenue Currently Available
\$ 11,790,244	Other Revenue - Scheduled to be Received (F&I #2)
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\$ 135,685,354	Total Project Revenue Available and Scheduled to be Available

**EXPENSES:**

**CAPITAL:**

\$ 121,510,709	Expensed or Encumbered
\$ 1,736,836	Proposed for Converged Network System (CNS) Services
\$ 250,000	Proposed for Signage
\$ 433,211	Designated Remaining Testing, Design, Permitting, & Misc.
\$ 2,085,000	Proposed Remaining Furniture, Fixtures, and Equipment
\$ 1,500,000	Designated for Food & Bar Equipment Services Contract
\$ 320,846	Designated for Public Art
\$ 750,000	Designated Foundry Street Plaza Repair
\$ 1,300,000	Designated Scoreboard
\$ 217,008	Designated Dasher boards
\$ 400,000	Designated Owner Ops Rigging and Fall Protection
\$ 1,030,526	Designated Additional Rock & Contaminated Soil Cost
\$ 3,750,000	Designated Construction Contingency
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\$ 49,266	Available for Commissioning Agent Change Order

**FUNDING SOURCE:** SPLOST 2020 Project 03, Revenue Bond Financing, and Private Funding

**COMMISSION ACTION REQUESTED ON:** June 6, 2023

**PURPOSE:**

To request that the Mayor and Commission:

- a. Approve a change order to the Classic Center Arena Commissioning Authority, The Farnsworth Group, in the amount of \$49,266 ; and
- b. Authorize the Mayor and appropriate staff to execute all related documents.

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**HISTORY:**

1. On November 11, 2018, the Classic Center Authority (CCA) submitted to ACCGov a Project Proposal for consideration as part of the SPLOST 2020 Program.
2. On January 23, 2019, the ACCGov Sustainability Office issued a request for proposals for professional services in energy resource coordination.
3. On January 28, 2019, the Classic Center Arena Project 81, was presented to the SPLOST 2020 Citizen Advisory Committee with a funding request of \$58,879,000.
4. On June 4, 2019, CCA presented a revised Classic Center Arena Project. The revised project included potential private funding partnerships with a Hotel, a Senior Condominium, and Parking Deck. SPLOST 2020 funding request was reduced to \$37,000,000.
5. On July 10, 2019, at a regularly scheduled work session, Classic Center Authority representatives presented a revised Classic Center Arena Project to the M&C, which included a reduced SPLOST 2020 request of \$34,000,000.
6. On July 18, 2019, the M&C approved the Proposed Referendum Project List, including the Classic Center Arena at a reduced project value of \$34,000,000 with the remaining needed project funds coming from Revenue Bonds backed by the Unified Government of Athens-Clarke County (ACCGov) and the revenue from future development of ACCGov property adjacent to the Classic Center.
7. On August 6, 2019, the M&C approved the SPLOST 2020 Program Referendum, which included the Classic Center Arena (Project 03) as a component.
8. On November 5, 2019, Athens-Clarke County voters approved the SPLOST 2020 Program Referendum. This Referendum included the Classic Center Arena (Project 03). The Referendum also included the approval of the issuance of general obligation debt to help fund the Classic Center Arena (Project 03) and to facilitate the construction of the Project within the first few years of the SPLOST 2020 Program.
9. On January 7, 2020, a lease agreement between ACCGov and CCA was presented to the M&C for consideration. The proposed lease outlined a 50 year extension of the CCA's lease to include the land for the new Arena as well as the transfer of land and air rights above the Classic Center auto-bridge to ownership by the CCA for the purpose of developing a hotel.
10. On February 4, 2020, M&C approved a resolution to regulate and provide for the issuance of \$26,660,000 in aggregate principal amount general obligation bonds, as authorized by a vote of the qualified voters in a referendum held November 5, 2019. M&C also established the

SPLOST 2020 Capital Projects Fund and amended the FY20 operating and capital budget of ACCGov to establish the budget for the following three SPLOST 2020 projects:

- Project 01, Facilities Space Modernization
- Project 02, Affordable Housing
- Project 03, Classic Center Arena

11. On February 18, 2020, the Intergovernmental Agreement for the land lease between ACCGov and the CCA was approved by the M&C.
12. In September 2020, ACCGov Manager Williams selected the User Group Members to help ensure ACCGov long terms goals are promoted during the Project Development process. The User Group Members are:
  - David Barbe
  - Dexter Fisher
  - Chantel Dunham
  - Andrew Saunders
  - Smith Wilson
  - Paul Cramer
  - Robert Cheshire (ex-officio)
13. On December 1, 2020, M&C approved combining the Program Management budgets from all projects into a single Program Management Budget, setting the Classic Center Arena SPLOST 2020 budget at \$33,320,000.
14. On February 2, 2021, M&C approved the Tier Funding Schedule thereby establishing the SPLOST 2020 funding schedule for the Classic Center Arena project.
15. On February 2, 2021, M&C approved Perkins & Will / Smallwood Design as the selected Project Designer for the Classic Center Arena project.
16. On April 6, 2021, M&C approved JE Dunn Construction Company as the selected Construction Manager at Risk Contractor for the Classic Center Arena project.
17. On April 16, 2021, the contract was executed with Geo-Hydro Engineers for \$433,155 to provide Construction Materials Testing services for the Classic Center Arena.
18. On May 10, 2021, the ACAC approved a recommendation to the M&C in accordance with Athens-Clarke County Code Ordinance, Section 1, Title I, Chapter 1-25-6, additional Funding for Public Art, that SPLOST 2020 Project 03 - Classic Center Arena is appropriate for public art.
19. On June 1, 2021, the M&C unanimously approved the Project Concept and updated budget with order of magnitude pricing of \$109,441,278 for the SPLOST 2020 - Project 03 Classic Center Arena.
20. On August 3, 2021, the M&C approved conveyance and incorporation for 1.08 acres between Hickory and Willow streets into the existing Intergovernmental Agreement between ACCGov

and The Classic Center Authority that had been approved by the M&C on Feb. 18, 2020.

21. On September 7, 2021, the M&C approved the schematic design, the updated total project budget of \$116,705,055, proposed A/E contract amendment, bond financing, and authorized an early Guaranteed Maximum Price (GMP) based on 75% construction drawings.
22. On October 5, 2021, the M&C approved the initial bond financing issuance of \$55,000,000 and associated Intergovernmental Agreement. During the work session for the October vote, the M&C was made aware that a second bond issuance would be coming in the future.
23. On November 21, 2021, the contract was executed with Farnsworth Group for \$193,943 to provide Commissioning Authority services for the Classic Center Arena.
24. On January 4, 2022, the M&C approved the following actions:
  - Increased the Classic Center Arena Project Budget to \$135,655,498, assuming a second bond issuance;
  - Moved the Future Energy/HVAC System financing of approximately \$10M into the new budget amount; and,
  - Authorized staff to negotiate the GMP contract with JE Dunn for a Not to Exceed amount of \$107M (based on 75% complete design).
25. On January 12, 2022, JE Dunn submitted their GMP for the cost of construction for the Classic Center Arena based on the 75% CDs.
26. On January 14, 2022, Cherry Street Energy submitted its refined SEPA proposal for the CCA and Arena, after weeks of detailed studies and review of facilities and plans.
27. On February 2, 2022, JE Dunn was issued a Notice to Proceed for the Classic Center Arena project, and the GMP Amendment was executed for \$102,400,000.
28. In February 2022, JE Dunn mobilized to the site.
29. On March 30, 2022, JE Dunn presented their updated pricing based on the 100% CDs. The 100% pricing increased the construction cost by a net of \$2.7 million, mainly due to not achieving the targeted Value Engineering for the HVAC, Plumbing, and Sitework trades, and cost escalation.
30. On April 4, 2022, JE Dunn began the Pre-Blast survey work and drilling rock in anticipation of blasting.
31. On June 14, 2022, Paul Cramer presented the proposed Change Order #1, proposed second revenue bond issuance, and a proposed Special District Tax related to hotels to the M&C at the regularly scheduled Work Session. The change order as presented included all anticipated costs for rock and dirt removal, disposal, and delays.
32. On June 24, 2022, ACCGov Manager Williams issued a Notice of Proposed Administrative Action (NOPAA) to the M&C providing detailed information on the project status, pending

use of the Owner Controlled Contingency, and required activities to continue construction to avoid costly delays.

33. On July 5, 2022, M&C approved during a special called meeting Change Order #1 with JE Dunn (presented to M&C in History #36 & 37).
34. On August 2, 2022, the M&C approved the Second Revenue Bond Issuance of \$37,000,000 and associated Intergovernmental Agreement.
35. On September 15, 2022, during a Work Session with M&C, the Hickory Street Parking Deck was presented. Included in this presentation was a potential financing plan to pay for the Proposed Parking Deck, other proposed developments supporting the funding of the parking deck, and proposed 25% TAD on new developments.
36. On October 11, 2022, during a Work Session with M&C, the Proposed Project Concept for the Hickory Street Parking Deck was presented. Additionally, the presentation included a revised potential financing plan to pay for the Proposed Parking Deck, other proposed developments supporting the funding of the parking deck, and proposed 25% TAD on new developments.
37. On November 1, 2022, the M&C approved the Hickory Street Parking Deck Project Concept, Option A for the access from the Arena Plaza Level to Hickory Street, and Not to Exceed Change Order #2 to the Project Designer P&W/Smallwood the additional work associated with the Parking Deck.
38. On April 3, 2023, the M&C approved the designation of Singer Equipment as the highest scoring firm and awarded the Food and Bar Equipment Services contract to Singer Equipment. M&C also authorized the Manager, staff, and Classic Center representatives to negotiate with Singer Equipment to develop a final Scope of Services and Fees for a not-to-exceed contract amount of \$1,500,000. (To reduce confusion, the other History and Facts & Issues related to approval of the Food & Bar Equipment were left out of this agenda item.)

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#### **FACTS & ISSUES:**

1. The M&C and voter approved Initial Project Statement for SPLOST 2020 Project 03 - Classic Center Arena Project, reads as follows:

***Project 03, Classic Center Arena,** will provide funding for the design and construction of a new public assembly facility/arena space and related areas to accommodate a permanent seating capacity of approximately 5,500. Depending upon costs and funding availability, the expansion may include, but not be limited to, amenities such as an arena with the necessary industry standard service needs including, but not limited to, utility connections, rigging structure, sound/lighting systems, an ice floor, retractable seating for an expanded floor, acoustical treatments, individual suites, premium seating locations, catering facilities, locker rooms, necessary FF&E equipment, security equipment, child care, and office space sufficient to support such an expansion. The project is further anticipated to foster and support related economic development near the Classic Center Arena that may include, but not be limited to, a hotel, a senior living residential development,*

*associated parking development, and other associated support areas to adequately support the functions of The Classic Center facility. Depending upon costs and funding availability, the project may further serve as a mechanism to facilitate enhanced employee and/or community well-being initiatives. Examples of employee and community well-being initiatives could be elder care, child care, and other similar activities. Additionally, to the extent allowed by law, funds may be used as matching funds for leveraging grant opportunities.*

2. As noted in the budget section of the agenda report above, to date approximately \$121,510,709 project funds have been expensed, and/or encumbered. In addition to the funds that have been expensed or encumbered there are funds that have been “committed but are not yet under contract.” For example, \$320,846 of project funds are committed, by previous approvals and ordinance, for public art. The total of all such commitments along with the expenses and encumbrances is \$123,331,555. Those funds that are committed or encumbered are anticipated to be expensed across the remaining schedule of the project.
3. The scope for envelope testing was originally included in the base contract for Construction Materials Testing with Geo-Hydro (History #17), as an allowance of \$37,500. After further discussions with Geo-Hydro, it was determined that they did not have the qualifications required by LEED to certify the envelope. This scope will be removed from Geo-Hydro’s base contract.
4. The proposed change order will add services for envelope testing to the originally executed contract with Farnsworth Group (History #22) for an amount of \$49,266. Farnsworth will provide envelope testing for the metal panel façade of the arena and windows on the Classic Center Arena. Farnsworth has the necessary qualifications for LEED to certify the envelope.
5. Below is a brief overview of the original proposed project schedule, actual where completed, and proposed current revisions with no acceleration:
  - GMP Pricing on 75% CDs Completed January 2022
  - GMP Approval Completed January 2022
  - Start of Construction Completed February 2022
  - Construction Substantial Completion Updated to March 2024
  - Anticipated Start of Booked Events Updated to May 2024
6. This action is not specifically referenced in the current M&C strategic plan.

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**OPTIONS:**

1. Mayor and Commission:
  - a. Approve a change order to the Classic Center Arena Commissioning Authority, The Farnsworth Group, in the amount of \$49,266 ; and
  - b. Authorize the Mayor and appropriate staff to execute all related documents.
2. Mayor and Commission deny the request.

3. Mayor and Commission defined option.

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**DEPARTMENT RECOMMENDED ACTION:** Option #1 a & b

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**DEPARTMENT:** Office of the Manager – SPLOST Program Management

Prepared by: Keith Sanders and Ryan Moot, SPLOST Project Administrator for




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Robert Cheshire, SPLOST Capital Projects Director

**5/10/2023**

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Date



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Paul Cramer, Classic Center President & CEO

**5/10/2023**

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Date


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**ADMINISTRATIVE COMMENTS:**

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**ADMINISTRATIVE RECOMMENDATION:** Option #1 a & b

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Manager

**May 10, 2023**

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Date