

Mayor and Council Communication

DATE: 11/30/21

M&C FILE NUMBER: M&C 21-0934

LOG NAME: 21ARPA - FWCC EXPANSION FUNDING & PROJECT MANAGEMENT

SUBJECT

(CD 9) Approve Allocation of \$52,000,000.00 in American Rescue Plan Act Funding for the Reinstatement of the Fort Worth Convention Center Renovation Project, Including the Realignment of Commerce St., Suspended as a Result of Lost Hotel Occupancy Taxes Due to the COVID-19 Pandemic; Authorize Execution of a Professional Services Agreement with Broaddus & Associates, Inc. in an Amount Up to \$2,313,927.00 for Multi-Year Project Management Services Associated with the Renovation of the Fort Worth Convention Center; and Adopt Attached Appropriation Ordinances

RECOMMENDATION:

It is recommended that the City Council:

1. Approve the allocation of up to \$52,000,000.00 from the American Rescue Plan Act funds, Subtitle M (Coronavirus State and Local Fiscal Recovery Funds) for a transfer to the Grants Capital Projects Federal Fund for the reinstatement of the Fort Worth Convention Center Renovation project that was suspended as a result of lost hotel occupancy tax revenues due to the COVID-19 pandemic;
 2. Authorize execution of a professional services agreement with Broaddus & Associates, Inc., in an amount up to \$2,313,927.00, for multi-year project management services associated with the renovation of the Fort Worth Convention Center;
 3. Adopt the attached ordinance increasing estimated receipts and appropriations in the Grants Capital Projects Federal Fund in the amount of \$52,000,000.00, transferred from the Grants Operating Federal Fund, for reinstatement of the Fort Worth Convention Center Renovation project (City Project No. 102582); and
 4. Adopt the attached ordinance adjusting estimated receipts and appropriations in the Public Events Capital Fund by increasing estimated receipts and appropriations in the Fort Worth Convention Center Expansion and Project Management project (City Project No. 102582) by \$1,546.12, and decreasing estimated receipts and appropriations in the FWCC Minor Renovations and Repairs programmable project (City project No. P00053) by the same amount.
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DISCUSSION:

This Mayor and Council Communication (M&C) takes actions to reinstate the Fort Worth Convention Center Renovation capital improvement project. The actions consist of allocating \$52,000,000.00 of American Rescue Plan Act (ARPA) Funding for the project, including the realignment of Commerce Street; authorizing a professional services agreement with Broaddus & Associates, Inc., in the amount up to \$2,313,927.00, for multi-year project management services associated with the renovation; and reallocating \$1,546.12 in previously appropriated funding left over from before the project's suspension.

The Fort Worth Convention Center started life as the Tarrant County Convention Center, constructed in 1966 and officially opened in 1968. The building had an arena on the north end, convention and exhibit space in the middle, and the “JFK Theater” on the south end. The convention center was expanded in 1983 by adding the “annex” to the east side of the exhibit halls and relocating Commerce Street. In 1997 the City purchased the convention center from the County, and it was renamed the Fort Worth Convention Center. A “two phase” addition was started in 1999. Phase 1, completed in 2002, demolished the JFK Theater and added exhibit space, meeting space, and ballroom space. Phase 2 was completed the following year, adding more exhibit space, meeting space, and office space and giving the facility its current look.

A 2014 “market and financial feasibility study” recommended renovation and expansion of the Fort Worth Convention Center in order to better compete and serve multiple events. This study was updated in 2019, and based on these recommendations, in January of 2020 a Request for Qualifications (RFQ) for a project management firm was published in the *Fort Worth Star-Telegram* and emailed to local and national project management firms.

Nine highly qualified project management teams responded to this RFQ. A selection team (comprised of members of the Public Events Department, Property Management Department, and representatives of Fort Worth downtown stakeholders) shortlisted three firms for interviews. These firms were AECOM Technical Services, Inc., Broaddus & Associates, Inc., and WT Partnership.

Interviews were held in March of 2020 as the COVID-19 crisis escalated. These interviews showed all three teams were highly qualified and capable of providing the required staffing and expertise. Before a selection was formally recommended, it became clear that COVID-19 would affect the tourism and convention industry and the project funding and schedule. The selection process was suspended until July 2021. At that time, members of the selection team conducted follow up interviews with the three project management teams. It was determined at that time that Broaddus & Associates, Inc. was currently the most qualified and most capable of providing the required staffing and expertise.

Diversity & Inclusion: Broaddus & Associates, Inc. is in compliance with the Business Equity Ordinance by committing to the 26.31% Business Equity participation. The City's Business Equity goal on this project is 25%.

The expansion will be conducted in two phases, referred to as Phase 3A and Phase 3B. ARPA allocations in this M&C will be applied towards Phase 3A, which will relocate the kitchens, demolish the annex on the east side of the exhibit halls, and straighten out Commerce Street (allowing future development of a hotel). Phase 3B will demolish the arena, allowing construction of new exhibit hall and convention space, parking and other support elements. Phase 3B will also complete the remodeling of the existing facility.

The Phase 3A budget is listed in the table below:

| FWCC EXPANSION - PHASE 3A | COST |
|--|-----------------|
| Project Management Contract Fee | \$2,313,927.00 |
| Design Contract Fee | \$3,000,000.00 |
| CMAR Construction Contract (Including Owners Construction Contingency Allowance) | \$44,000,000.00 |
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|---------------------------------|------------------------|
| Administration Costs, FFE, Etc. | \$2,686,073.00 |
| TOTAL | \$52,000,000.00 |

ALLOCATION OF ARPA SUBTITLE M FUNDING

Based on current projections, it is anticipated the ARPA appropriation of \$52,000,000.00 will be split so that approximately \$40,000,000.00 is allocated to the renovation of the facility and \$12,000,000.00 for Commerce Street infrastructure. The allocation between the two parts of the project may be adjusted as it moves forward, but the total allocation of ARPA funding would not be increased without City Council approval.

ARPA allows local governments to expend funds to respond to the negative economic impacts of COVID, with Subsection 603(c)(1)(A) of Title VI of the Social Security Act (added by ARPA) specifically authorizing aid to "impacted industries such as tourism, travel, and hospitality." In addition Section 603(c)(1)(C) provides that ARPA can be used to replace revenue lost as a result of the COVID-19 public health emergency, with such funds eligible to be used for the provision of government services. Treasury guidance construing the revenue recovery provision indicates such funds can generally be used for any purpose for which a city could use its own funds, subject to certain narrow exceptions that are not applicable here.

The renovation of the Fort Worth Convention Center will assist in the on-going recovery effort in the City's tourism, travel, and hospitality economic sectors, and the realignment of Commerce Street should not only benefit the tourism sector (by facilitating development of a hotel) but is also a project for which other City funds could be expended, meaning it is an eligible use of revenue recovery dollars. The project was therefore determined to be a qualified priority by City Management for ARPA funding as approved by the City Council in M&C 21-0445 on June 22, 2021.

Funding allocated by this M&C, in the total amount of \$52,000,000.00, will be provided to the project in the amounts of \$20,000,000.00 from tranche 1 of ARPA funding received May 19, 2021, and \$32,000,000.00 from tranche 2, to be received on or before May 19, 2022. Adoption of the appropriation ordinance associated with Recommendation 3 will set up the capital funding structure.

The ordinance recommended for adoption under Recommendation 4 reallocates residual prior capital appropriations of \$1,546.12, remaining from before the project's suspension, to convert the FWCC Expansion & Project Management (City Project No. 102582) from a programmable project to a static capital project. This action is needed as the status of this project now differs with the addition of grant funding.

The ARPA funding must be committed by December 31, 2024 and spent by December 31, 2026. Staff foresees no issue meeting that timeline, and necessary reporting and documentation requirements of the ARPA legislation will be adhered to.

The following chart reflects the current status for allocation of the City's ARPA funding under Subtitle M, including all M&Cs on the November 30, 2021 Council Agenda:

| | | M&Cs |
|-----------------------------------|------------------|-------------------------------------|
| Total CFW ARPA Subtitle M Funding | \$173,745,090.00 | 21-0445 362021 AMERICAN RESCUE PLAN |

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|-------------------------------|------------------|---|
| Allocations Approved To- Date | \$ 6,000,000.00 | 21-0794 25ARPA-VFW-TDG |
| Allocations Approved To- Date | \$ 1,000,000.00 | 21-0805 13ARPA-ADMINISTRATION |
| Allocations Approved To- Date | \$ 4,245,533.42 | 21-0810 17ARPA ALLOCATIONS EVANS & ROSEDALE REDEVELOPMENT |
| Allocations Approved To- Date | \$ 3,000,000.00 | 21-0809 17ARPA ALLOCATION CDFI FRIENDLY AMERICA |
| Allocations Approved To- Date | \$ 2,400,000.00 | 21-0811 17ARPA ALLOCATIONS TO UNTHSC TECHSTARS |
| Allocations Approved To- Date | \$ 10,100,000.00 | 21-0814 19ARPA ALLOCATIONS TO HOUSING AND HUMAN SERVICES PROJECTS |
| Allocations Approved To- Date | \$ 300,000.00 | 21-0820 25ARPA-WRMC MURAL PLAQUES |
| Pending Allocation | \$ 8,000,000.00 | 23ARPA-VACCINATIONS AND TESTING |
| Pending Allocation | \$ 4,560,000.00 | 25ARPA-PED_CAPITAL_RESTORE |
| Pending Allocation | \$ 15,000,000.00 | 21FUTURE CITY HALL ARPA AND PEG FUNDING |
| Pending Allocation | \$ 52,000,000.00 | 21ARPA-FWCC EXPANSION FUNDING & PROJECT MANAGEMENT (This M&C) |
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| Remaining Unallocated Balance | \$ 67,139,556.58 | |
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The Fort Worth Convention Center is located in COUNCIL DISTRICT 9 but will benefit all council districts.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are available in the Grants Operating Federal Fund, and that upon approval of the above recommendations and adoption of the attached appropriation ordinances funds will be available in the Grants Cap Projects Federal Fund FWCC Expansion & Prj Mgmt project. Prior to an expenditure being incurred, the Public Events Department and Property Management Department have the responsibility of verifying the availability of funds. Grant funds will be transferred to the Grants Cap Projects Federal Fund for the projects on a reimbursement basis.

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Expedited