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February 16, 2018

Michel Pierson, Administrative Judge
Circuit Court for Baltimore City
111 N. Calvert Street
Baltimore, MD 21202

RE: Renovation and/or Relocation of the Circuit Court Complex

Judge Pierson,

In October 2016, the Maryland Stadium Authority (MSA) and the Circuit Court of Baltimore City (the "Court") entered into a Memorandum of Understanding (MOU), which required the MSA to assist the Court with its review of relocation and renovation options for its civil and criminal courthouse buildings.

The Court's primary courthouse complex consists of two buildings: the Clarence M. Mitchell Courthouse, which opened in 1900, and Courthouse East, which opened in 1932 (collectively, the "Circuit Courthouse Complex"). The two buildings straddle Calvert Street between Fayette and Lexington Streets in downtown Baltimore. The Circuit Courthouse Complex currently houses all of the City's civil and criminal courts for the Court. The Court asserts that the Circuit Courthouse Complex faces extraordinary public safety and health challenges as a result of the age, design and condition of these buildings.

MSA conducted a two-step procurement process seeking information from the private development community as further detailed below:

- Step 1: On November 18, 2016, the MSA issued an Expression of Interest (EOI) to gauge the public sector interest in the project, obtain general qualifications from the interested parties and obtain high-level concepts, ideas and approaches for satisfying the needs of the Court. MSA publically advertised the EOI in addition to directly issuing it to any parties that had previously expressed interest in the project. An Evaluation Committee consisting of members from the Court and MSA was assembled to review and evaluate the proposals. MSA received twenty-one (21) responses indicating varying levels of interest and involvement. Upon review, the Evaluation Committee shortlisted fourteen (14) firms identified as being potentially qualified in serving in a Prime capacity. On February 15, 2017, MSA issued notification letters to all submitting parties advising of the Evaluation Committee's determination.
- Step 2: On May 4, 2017, MSA issued a Request for Information (RFI) to the fourteen (14) shortlisted respondents. The RFI requested that the respondents provide the following information:

- Identification of the proposed development team and reporting structure;
- Demonstration of prior relevant experience;
- Review of the 2011 Feasibility Study for renovating the Circuit Court Complex that was performed by AECOM for the MSA (constructability review, cost analysis, schedule analysis);
- Analysis of constructing a similar program on a new site elsewhere within the City; and,
- Identification of any unique qualifications such as prior courthouse experience, available real estate assets, alternative funding approaches, alternative use options for either or both of the existing facilities in the event courthouse functions move elsewhere.

MSA received seven (7) responses to the RFI. MSA, with assistance from its on-call marketing and economic consultant, Crossroads Consulting Services, reviewed the information and prepared a summary matrix to compare and contrast the information provided. The summary matrix is included with this submission.

Based upon the RFI responses received, there appears to be two primary scenarios for the Court to consider. The first scenario entails a combination of phased renovation and expansion at the site of the Circuit Court Complex. The second scenario involves relocating the operation of the Court to a location in Baltimore City west of the Circuit Court Complex known as Metro West.

A summary of each scenario is as follows.

Scenario 1 - Renovation and Expansion of Circuit Courthouse Complex

Six (6) of the seven (7) responding firms addressed the potential of renovation and expansion of the Circuit Courthouse Complex. There were varying levels of detail provided within the responses.

The estimated design/build costs associated with this approach ranged from \$500M to \$800M with the majority of the estimates in excess of \$700M. Under this scenario, project completion would be accomplished via a phased approach. Estimated timelines provided for completing the full renovation / expansion ranged from 62 months to 92 months.

One of the firms suggested that “right-sizing” the project program could result in reduced space needs. They proposed design and construction of a 33,000 SF Courthouse East expansion/infill in addition to a complete renovation of the Circuit Court Complex to satisfy the needs of the Court.

It is important to note that many of the firms that provided information regarding this approach also included qualifications or statements indicating that this was not their suggested path for moving forward. Multiple firms suggested building a new courthouse capable of handling all of the needs of the Court, which would require the Court to pursue other opportunities involving the renovation and/or redevelopment of the Circuit Courthouse Complex separately. None of the respondents offered potential locations or assets upon which to build a new facility. One firm stated that they “believe Metro West presents the best opportunity for the Authority to accomplish most of all its long term objectives for a relatively low cost.”

A summary of potential strengths and weaknesses associated with this scenario is as follows:

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none">● Retains the Circuit Courthouse Complex at current location;● Maintains the current courthouse function within the historically significant buildings.	<ul style="list-style-type: none">● Apparent cost of construction is far greater than the alternative relocation option presented;● Phased schedule creates inefficiencies, complexities and a longer overall project duration;● Concerns remain as to whether renovations of the existing buildings can adequately bring the facility up to current courthouse standards.

Scenario 2 - Relocation to the Former Metro West Location

Two (2) of the seven (7) respondents suggested the renovation of the Metro West facility to accommodate the full operation of the Court. The facility is under the control of one of the respondents, Green Street Partners, LLC. This approach would require the Court to continue to operate in its current location and capacity until the full renovation is completed. Similar to Scenario 1, this scenario would also require the Court to pursue other opportunities involving the renovation and/or redevelopment of the Circuit Courthouse Complex separately.

The conceptual estimated cost to complete the Metro West renovations range between \$375M and \$425M. The estimated timeline for project completion under this approach ranged from 40 months to 44 months.

The cost of acquiring or leasing the Metro West property would be in addition to the estimated cost of construction. Caves Valley Partners (a partner under one of the respondents, Green Street Partners, LLC) purchased the property in 2016 at a cost of approximately \$7.1M.

A summary of potential strengths and weaknesses associated with this scenario is as follows:

Strengths

- Apparent cost of construction is significantly lower than renovation and new construction at the current location;
- Ability to complete construction in a single phase / unoccupied environment results in accelerated completion with no impact on current operations.

Weaknesses

- Does not present a long-term solution (or associated costs) for the reuse of the existing facilities;
- Removes the courthouse function from a historically significant facility;
- Metro West is privately owned and would require a negotiated purchase agreement or lease agreement with its current owner.

The Court has requested that MSA comment on potential funding strategies for a future project. Beyond the traditional approach of fully funding the project itself, the Court may consider alternative options to financing the project. One such option includes entering into a public-private-partnership (P3) arrangement in which the private sector partner would be responsible for designing, building, operating, financing and maintaining the facility for a specific period of time (typically 35 years or longer). Compensation for these services would be distributed over the duration of the agreed upon operation and maintenance term. The Governor George Deukmejian Courthouse in Long Beach, California is an example of a courthouse completed under a P3 agreement. A brief summary of facts related to the Governor George Deukmejian Courthouse project is as follows:

- New construction of a 545,000 SF Courthouse Building
 - 31 Courtrooms
 - Approximately 100,000 SF of office space
 - Approximately 100,000 SF retail and food service
- City of Long Beach owned the land
- Financial Close 2010 / Project Completion 2013
- ~\$492M in total development cost (inclusive of \$343M Design/Build costs)
- 35 Year Term Agreement for Facility Operation and Maintenance (with 15 Year renewal option)
 - Average annual payment for the 35 Year term is ~\$53M (with adjustments for escalation).
 - Formula for calculating the yearly Service Fee:

Maryland Stadium Authority

- $SF = CC + BOC + MOC + IC - DC +/- EE + RC +/- CPC +/- EI$
 - SF = Service Fee
 - CC = Capital Charge
 - BOC = Base Operating Charge
 - MOC = Market Adjusted Operating Charge
 - IC = Required Operating Period Insurance Charge
 - DC = Deductions Credit
 - EE = Energy Efficiency Charge or Credit
 - RC = Reimbursable Cost Charge
 - CPC = City Payments Charge or Credit
 - EI = Extraordinary Items

Based on the scenarios presented, any future project would occur on property either owned and/or under the full control of the Court/City of Baltimore or leased from a third party. Proceeding with any scenario that involves property owned by others would require the Court / City of Baltimore to negotiate an ownership or lease agreement. The final terms and structure of the agreement would be dependent upon negotiations; however, preliminary local market research suggests an annual triple net lease for a similar space could range between \$35 and \$50 SF / year.

Under either of the proposed scenarios, extensive capital investment will be required to accomplish renovation and or relocation of the Circuit Courthouse Complex. Understanding funding limitations, the respondent's most commonly suggested approach for proceeding with the project is a public-private-partnership (P3).

Generally, based on the information received, it appears that the use of the Metro West facility is likely to be the most economical and efficient way for the Court to satisfy its needs.

Please contact me at (410) 223-4157 to discuss any questions or concerns.

Very Truly Yours,
 THE MARYLAND STADIUM AUTHORITY
 Capital Projects Development Group



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	AECOM	Edgemoor Meridiam Judicial Partners	Green Street Ventures	Hunt Companies	Mascaro Construction	Plenary	Skanska
Team Members							
Developer	AECOM	Joint Venture Edgemoor Infrastructure & Real Estate and Meridiam	Joint Venture of Caves Valley Partners and B&B Realty	Hunt/Amber	Mascaro	Plenary	Skanska Infrastructure Development
Design	AECOM	Skidmore, Owings & Merrill (SOM)	Fentress	CGL	EYP	DLR (Justice) / Beyer Blinder Bell (Historic Arch)	Skanska USA Building
Builder	AECOM	Clark	Whiting-Turner	Whiting-Turner	Mascaro	Gilbane	Skanska USA Building
Funding Partner	AECOM		Potential to JV with Hunt Companies being explored	Amber	Mesirov, BMCB and HFF	Plenary	Skanska Infrastructure Development
O&M	AECOM	ENGIE Services		CGL	JLL	Johnson Controls	Skanska Infrastructure Development
Others					Buchanon, Ingersoll Rooney (Legal) / Pittsburgh Gateways	Jones Lang LaSalle (real Estate Advisor)	Specific Team members / Additional consultants not yet determined at this time
Proposed Approach (Renovate, Build New, Relocate)	Suggest construction of a new courthouse adjacent to present, followed by renovation of the two existing courthouse buildings.	Not clearly define a single path, present options for both New Courthouse with Renovations to existing or new at a different location.	Own the Metro West location; Only interested in	"...believe Metro West presents the best opportunity for the Authority to accomplish most of all its long-term objectives for a relatively low cost."	Alternate approach to build 33,000 SF infill addition at Courthouse East, coupled with complete renovation of Courthouse East and the Mitchell Courthouse.	Recommend new courthouse with redevelopment of existing to be independently procured but managed under one umbrella (DBFOM)	Suggest building a new courthouse to encompass all required functions with the existing buildings to be renovated (by others) for repurposing at a later time.
Quotes				"...believe Metro West presents the best opportunity for the Authority to accomplish most of all its long-term objectives for a relatively low cost."			"...it is our view that in order to develop a fully modern, fit-for-purpose, efficient and scalable asset, a new Courthouse should be financed, design-build maintained and operated as a performance based P-3 availability contract on a site location identified and provided by MSA."
Suggested Contract	DBFOM (P3)	DBFOM (P3)		DBFOM (P3)	Lease/Leaseback arrangement with appropriation lease to used as primary source of revenue/security to issue bonds against	DBFOM (P3)	DBFOM (P3)
Schedule							
Phased Renovation with New	61 - 87 months	80 months - 84 Months	N/A	Concur with AECOM Study - Suggest the Fast Track Option	71 months - 92 Months	62 months is shortest	48 months (18 design, 30 construction)
New Construction (Alt. Site)	Not provided	52 (new location)	40 Months	44 Months (Metro West)	63 months (infill)		48 months (new site)
Estimate							
Renovate and New	\$499,773,021 to \$503,873,076	\$711,400,000 to \$720,700,000	Did not provide - Only interested in Metro West Option	\$741,177,579 to \$781,538,265	\$570,936,235 to \$602,026,460	\$718,058,863 to \$769,442,605	Provided estimated cost of \$388,481,696 (with design fees / remaining soft Cost not included); Very high level.
Total SF between All Bldgs.	1,281,474	1,281,474	N/A	1,281,474	1,281,474	1,281,474	1,278,000
MSA adjusted estimate with Soft Cost	Estimate indicated that it includes soft cost - Adjustment not necessary	Includes Soft Cost - Adjustment not necessary	N/A	No adjustment made	Estimate indicated that it included soft cost - Adjustment not necessary	Estimate indicated that it includes soft cost - Adjustment not necessary.	\$621,028,920.00
New at Newly Identified Location	Did not provide	\$635,800,000	Did not provide - Only interested in Metro West Option	Provide an estimate for Metro West location (see below)	Did not provide	\$682,151,901	Not provide (only provided the cost for the new building that would be built in conjunction with renovations of the existing courthouses).
Total SF of New Building	N/A	1,050,000	N/A	N/A	N/A	1,124,162	N/A
Other (Alternate approaches)	N/A	N/A	\$215,173,582 (in Proposal does not account for Soft Costs)	\$259,864,181 (in proposal does not account for soft costs)	\$316,309,512 (infill 33K SF at existing building)	N/A	N/A

MSA adjusted estimate with soft cost	N/A	N/A	\$381,726,786 -405,419,105 (Estimated Hard and Soft Costs exclusive of FFE to be determined by owner based on MSA adjustments)	\$372,920,333 (Estimated Hard and Soft Costs exclusive of FFE to be determined by owner based on MSA adjustments)		N/A	N/A
Total SF Accounted	N/A	N/A	887216 with additional parking options	887,216 with 711,645 parking	709,315	N/A	N/A
P3 Experience	Extensive	Yes - Solid		Yes. \$5.5B US Military		Yes. Extensive. P3 comprises core business.	Extensive (30+)
Prior Courthouse Experience	Yes. Substantial	Yes. Broad base of courthouse including P3.	GSV - No prior experience	Yes. Substantial (1,000+)	Yes - though much smaller in size	Yes. Via team members.	Yes - though smaller in size
Project Specific Notes							
Strengths	A leading contractor in US with significant international experience	Local experience (Maryland based)	Good understanding of security requirements and judges safety issues	Established, large firm with extensive resources	Historical building project experience	Solid team members demonstrating strong prior relevant experience.	Large, experience builder.
	Extensive P3 experience	Team members hold highly regarded credentials	Proposed space plan appears to adequately meet program requirements	Potential for "one stop"	Unique approach to a 33K SF infill addition to accommodate overall space needs.	Plenary's core business focused on P3 delivery.	Extensive P3 experience (30+ projects)
	Large local staff presence (400+)	Broad courthouse experience	Proposed alternative appears to be significantly cheaper than other proposals (new with renovation of two older buildings)	Extensive justice system experience amongst all team members	Proposed alternative approach has potential for significant cost savings.	DLR (designer) demonstrated very strong courthouse experience.	LaGuardia project demonstrates ability to complete complex projects in occupied / operational settings
	"One stop" shop. Firm is large enough to handle all project disciplines.	Solid p3 experience (includes international)	Construction duration enables much faster completion.	Team includes Whiting-Turner - large local presence.	Demonstrated commitment to community engagement via the addition of Gateways Team.	Gilbane (Builder) demonstrated extensive courthouse experience.	Prior courthouse experience, though smaller in size
	Facility knowledge / Project understanding - Produced 2011 Feasibility Study	Access to reasonable cost financing / other finance offerings	Eliminates disruptions and phasing associated with renovation of existing buildings	CGL currently operates/maintains Baltimore City Jail and has other City of Baltimore experience.		Presented creative financing offerings / approaches.	
	Highly detailed estimate updates		Appear to have financial arrangement with Hunt (support of a large organization)	Present Metro West location as a viable cheaper alternative. Have entered into preliminary discussions with Green Street Ventures about teaming.		Detailed cost estimates (appear reasonable).	
Weaknesses	High level presentation lacked specific details related to this particular project	Construction budgets lacked detail	Essentially acting as a property owner not a developer.	Challenges a number of the assumptions in the 2011 AECOM study. These challenges would need further substantiating.	Do not demonstrate prior experience on comparably sized projects. Prior project experience on much smaller projects.	Domestic experience not as extensive.	Estimates lacked detail
	Team not fully identified at this point	Cost per SF for total new building appeared high in comparison to others	Minimal courthouse experience	Relocation does not address long term use of existing buildings	Team members not as experienced.		Repurposing of existing buildings not accounted for in suggested approach.
	Failed to demonstrate a strong Operations and Maintenance understanding / proficiency		Only interested in relocation option, therefore, would need to identify a reuse for existing buildings to be abandoned (Note that the reuse would have cost implications, though, unknown until use identified)		JLL provided marketing materials as opposed to project specific information.		Cost of new site not accounted for.
			Relocation does not address long term use of existing buildings.				Incomplete submission.
Unique Offerings / Capabilities	Familiarity with existing facilities having completed the previous 2011 Feasibility Study. Additionally, AECOM presents the possibility of housing all Courthouse functions in a newly constructed building and a renovated Courthouse East which presents the possibility to offer the Mitchell Courthouse to a developer in a leaseback opportunity (No further detail beyond the statement is provided).		Own the Metro West Complex, which appears to have the space needed to accommodate the new program. Cost of construction appears to be significantly cheaper than other options, however, cost associated with the abandoned courthouse building would have to be accounted for.	Potential teaming arrangement with Green Street Ventures (Metro West)	Unique Infill approach presented. Not sure if the option is structurally or operationally feasible		