



City of Virginia Beach

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MUNICIPAL CENTER
BUILDING 1, ROOM 234
2401 COURTHOUSE DRIVE
VIRGINIA BEACH, VA 23456-9001

June 12, 2018

The Honorable Louis R. Jones
and City Council Members

Subject: Sports Center PPEA Comprehensive Agreement

Dear Council Members:

As you know, on July 25, 2017, the City solicited conceptual proposals for a Sports Center facility in accordance with our PPEA procurement procedures. After review of the conceptual submittals, we solicited detailed proposals from each development team and ultimately selected MEB General Contractors, Inc. (MEB) to enter into an Interim Agreement approved by Council in February. The primary purpose of the Interim Agreement was to select a site, develop 15% drawings and negotiate a guaranteed maximum price (GMP) for construction of the Sports Center and associated parking.

I am pleased to report that we have reached that milestone! We recommend awarding the Design-Build Comprehensive Agreement to MEB for a GMP of \$57,776,725 for the building and \$10,364,322 for the associated surface parking. We plan to schedule an ordinance for your consideration approving the Design-Build Comprehensive Agreement at your July 10, 2018 formal meeting.

The Design-Build GMP predominately provides for the construction of the facility and any fixed assets in the building. Most of the furniture, fixtures, and specialized equipment will be provided by the Operator, and the remainder will be provided by the Convention and Visitors Bureau. We expect to negotiate those terms and a long term operating agreement with Eastern Sports Management by September.

The City's PPEA procedures require that details of the terms be posted for public viewing 30 days prior to the execution of the Comprehensive Agreement. We have posted the terms today, and if approved by you on July 10th, I will be able to execute the agreement on July 12, 2018. Details of the terms have been posted to the Sports Center section of the City's Purchasing Division website including a summary of terms, the construction budget, 15% drawings and the construction schedule.

DCM Williams and team will provide an updated overview of the project during the Entertainment District briefing at your June 19, 2018 meeting. Thank you for your support of this project. We are poised to create a unique, world-class sports tournament experience like no other in the United States.

Respectfully,

David L. Hansen
City Manager