

# Arizona Game & Fish Headquarters

LINCOLN  
PROPERTY  
COMPANY



A Public-Private Partnership  
to Meet the Needs of the Future



# DECISION MAKING PROCESS TO PURSUE A P3

- *Pre-existing Conditions* 300+ staff housed in 14 buildings on both sides of a major urban arterial; 7 modular offices exceeding 25 year useful life; other buildings exceeding 50 years in age; severely energy inefficient; extensive deferred maintenance; critical adjacencies non-existent; workplace culture disconnected; poor public image
- *Traditional Revenue Sources and Limitations* AGFD is an enterprise agency, receiving no General Fund monies; AGFD capital improvement fund from surcharge fee on hunting and fishing licenses only generates \$1.3 M per year (obligated to numerous smaller projects); Heritage Fund (State Lottery) limited to T&E Species; Federal Aid (3:1 match WSFR:AGFD) \$\$ fully obligated to department programs; Game and Fish Fund (license revenues) fully obligated to WSFR match educational programs and law enforcement

# DECISION MAKING PROCESS TO PURSUE A P3

**New Funding Stream** - Arizona Indian Gaming Preservation and Self-Reliance, Proposition 202 (2002)

**Proposition 202** directs the Governor to enter into tribal gaming compacts allowing Indian tribes to operate slot machines and card and table games on tribal land. Tribes would contribute 1% to 8% of "gross gaming revenue" (defined as the difference between gaming wins and losses, before deducting costs and expenses) to the state **to fund programs for** problem gambling, classroom size reduction, teacher salary increases, dropout prevention, instructional improvement, trauma and emergency services, **wildlife conservation**, tourism and local government programs benefiting the general public. **These distributions are outside the regular legislative process.**

AGFD created the **"Wildlife Conservation Fund"** to manage this funding

# DECISION MAKING PROCESS TO PURSUE A P3

*Opportunity* AGFD Commission owns 1600 acres in north Phoenix, fee title; new non-appropriated funding stream yielding \$8 M/year and growing:

## LAND + CASH FLOW

*2005* — AGFD Commission directs Department to pursue a new State Headquarters Facility

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# DECISION TO PURSUE A P3 PLTO MODEL

*Project Strategy* AGFD chooses a P3 based **Privatized Lease To Own (PLTO)** project delivery model. This delivery method has several unique benefits including:

- ***Development Manager*** An Owner advocate that takes burden off of the Owner in managing and **coordinating the project from financing to buildout** and has the Owners best interest in mind at all times
- ***Reduced Financial Risk*** Accurate budget and price lock. Price certainty is established much earlier than in traditional design/bid/build. Contractor provides cost estimates at contractually established points. **This process ensures budget success**
- ***Shortened Timelines*** Achieved through inherent efficiencies in the design and material procurement processes.
- ***More Comprehensive/Efficient Design*** **Constructability and Value brought to the project** through value engineering by the Design and construction teams

# AUTHORITY TO PURSUE THIS PROJECT

## ARS 17-246. Ground leases; installment purchase of facilities

A. In this section and section 17-247, "game and fish facilities" has the same meaning as prescribed in section 17-281.

B. For the purpose of acquiring and financing game and fish facilities and with the approval of the joint legislative budget committee the commission may:

1. Enter into leases, as lessor, of land held by the department or the commission, including land held in fee, in the name of this state, by institutional lease from the state land department or by permit from the federal government, if a game and fish facility is to be built, renovated or improved on the land and sold to the department under an installment purchase agreement.

2. Enter into installment purchase agreements pursuant to section 17-247 for the purpose of acquiring a game and fish facility.

3. Contract that any game and fish facility to be purchased is deemed to be personal property notwithstanding the fact that the facility is permanently attached to the land.

# THE PROCUREMENT PROCESS

## *Two Phase RFQ*

### ***Phase 1 focused on:***

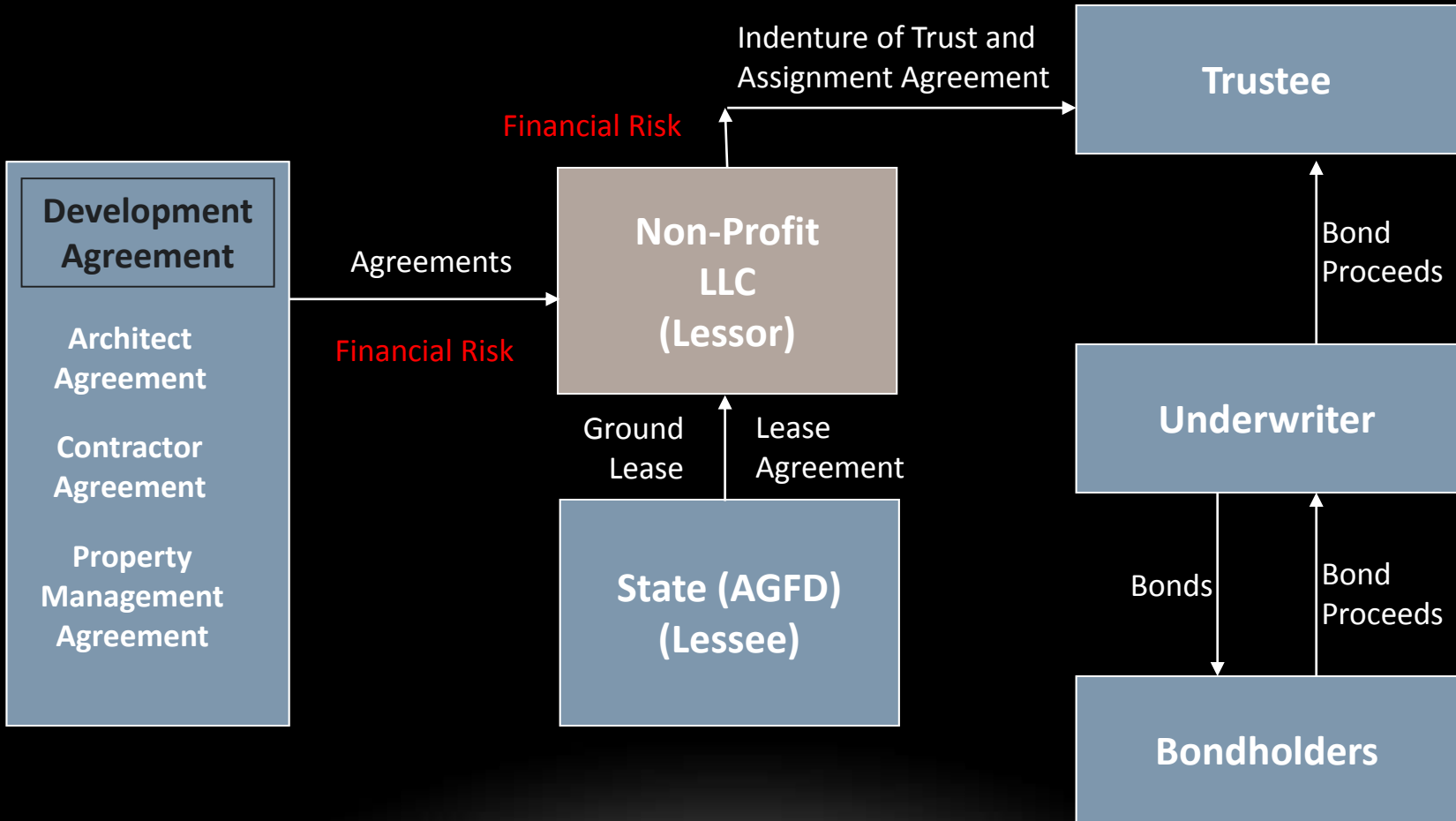
- Experience of Firms
- Team Members Resumes
- Understanding of Public-Private-Partnership
- Ability to Execute

### ***Phase 2 focused on:***

- The Team's Solution
- Building Design
- Financing Plan
- Operation & Maintenance of Facility over Life of Lease
- Schedule
- Financing

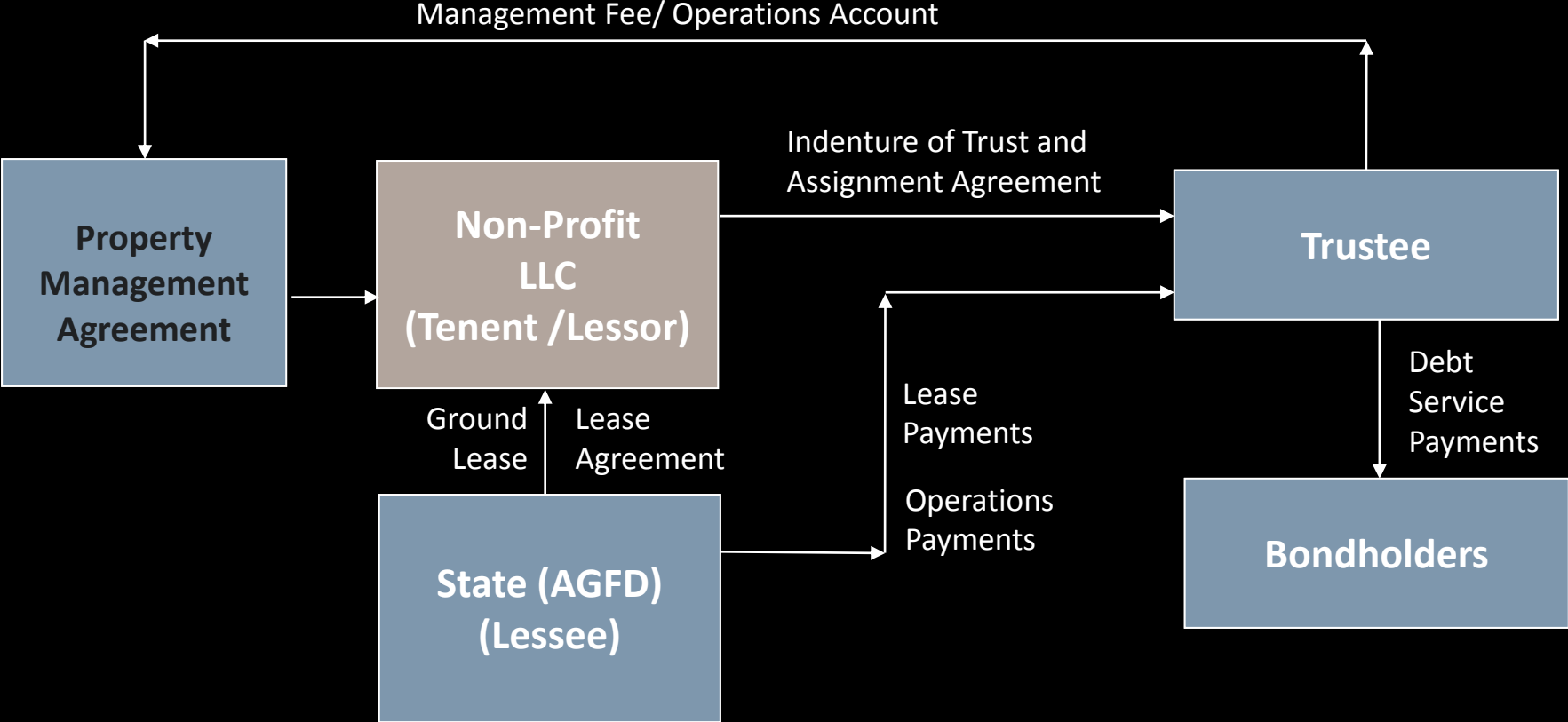
***AGFD uses \$600K of Capital Improvement Fund \$\$ to “jump start” the team***

# P3/PLTO MODEL - DESIGN/CONSTRUCTION PHASE

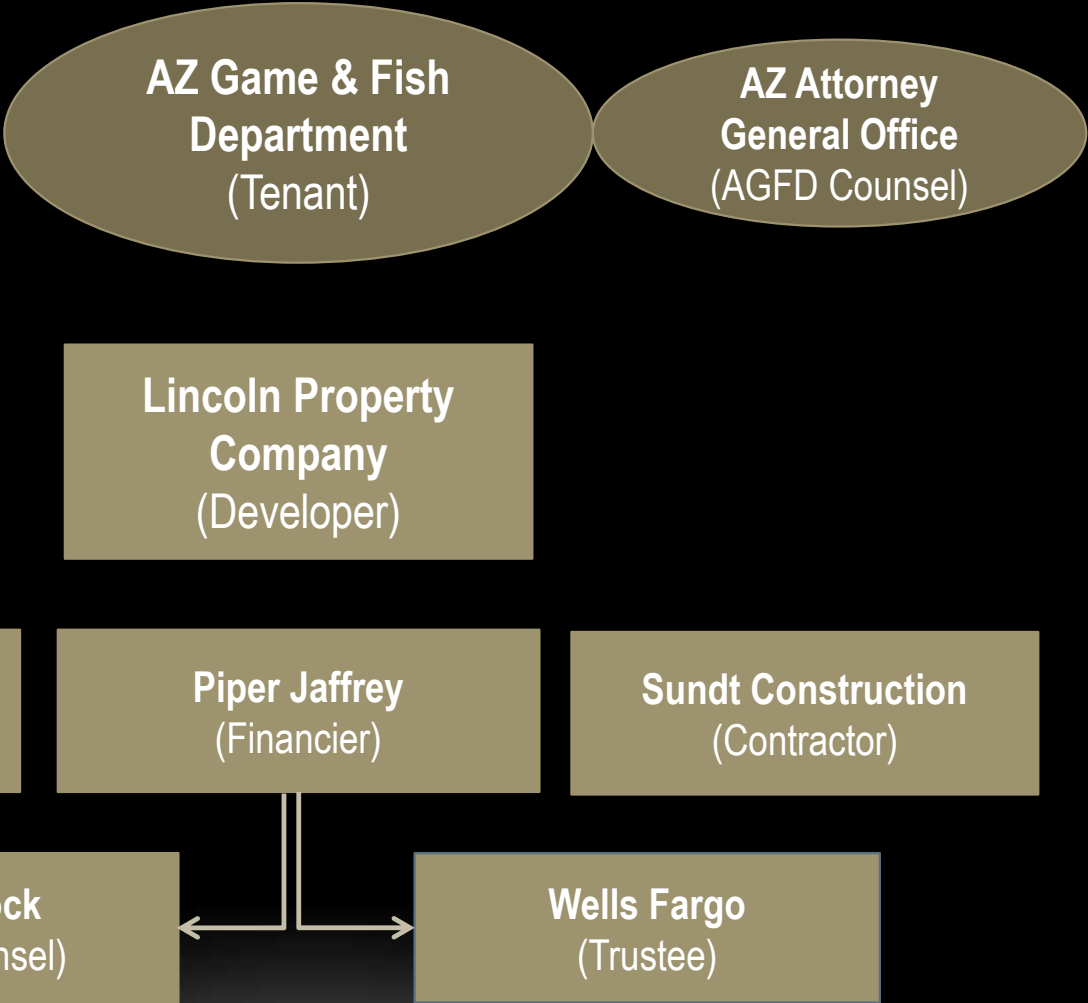




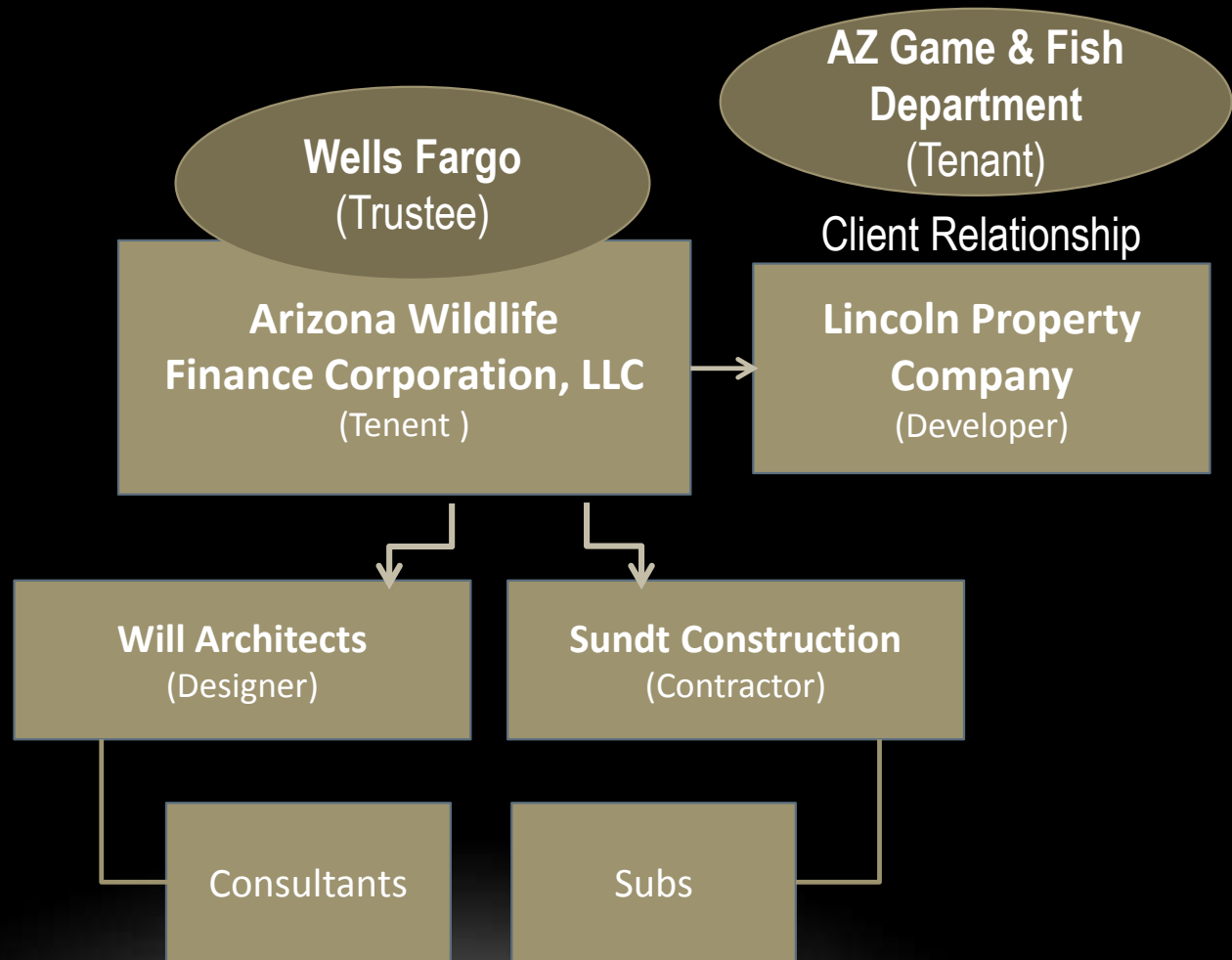
# PLTO MODEL - OCCUPANCY PHASE



# FINAL DEVELOPMENT TEAM



# CONSTRUCTION PHASE ORG CHART



# PROJECT ELEMENTS OPTIMIZED BY THE P3/PLTO PROCESS

- Efficient Space Allocation
  - LEED Certification (Platinum)
  - Warehousing and Auto Shop
  - Multiple Conference Rooms
  - Auditorium
  - Furnishings
  - Inside/Outside Approach
  - Native Landscaping
  - Training Facilities
  - Water/Energy Conservation
  - Ability to Expand
  - Way Finding and Signage
  - Technological Flexibility
  - Bold Public Entry
  - Security
  - Mission Consistent Theme
  - Secure Fleet/Staff Parking
  - Well Planned Specialized Space
-

# THE NUMBER\$

*Final Project Cost: \$20.5 M*

## ***Funding Sources***

- Capital Improvement Fund - \$600K
- Bonds - \$18.5 M (4.63% Effective Interest Rate; 25 year term)
- Interest on Bond Proceeds during Design/Construction \$356K
- Wildlife Conservation Fund – \$1.4M

## ***Disbursements***

- Development Management - \$1,215,981 (5.9%)
- Architect - \$940,790 (4.6%; 6% of Construction)
- General Contractor - \$15,711,970 (76.6%)
- Furniture, Specialties and Equipment - \$2,331,259 (11.4%)
- Cost of Issuance - \$300,000

# THE NUMBER\$

*Lease Payment* - \$1.4M (\$11.86/square foot)

*Operational Budget* - \$630K (\$5.34/square foot)

*Total Annual Cost per Square Foot* - **\$17.20**

According to recent data the **average rent** for A Class office space in the Phoenix area is **\$24.83 per square foot**; B Class is **\$19.74**

# Arizona Game and Fish Department State Headquarters

- LEED Platinum Building Rating (Highest Attainable Rating) featuring a 200 kW Solar Array
- National Council for Public/Private Partnerships – Infrastructure of the Year Award 2009
- Arizona Commercial Realtors Association – Public Facility Building of the Year 2008
- Business Office Managers Association (BOMA) Outstanding Building of the Year – Government Building Category - State 2012; Regional 2013

