



MEMORANDUM

OCPPA Agenda
Item No. PPA.F.
4/15/2008

The City of OKLAHOMA CITY

TO: Chairman and Trustees of the Oklahoma City Public Property Authority

FROM: James D. Couch, City Manager/General Manager, OCPPA

Agreement for Arena Upgrades and Practice Facility among the City of Oklahoma City, the Oklahoma City Public Property Authority and Professional Basketball Club, LLC.

Purpose

The purpose of the Arena Upgrades and Practice Facility Agreement is to define; what the project will consist of, the Team's expectations during the development of the design plans and the construction of the improvements, the Team and City relationship during the design and construction, the scope of the improvements and the relationship of the improvements to the NBA requirements, completion scenarios depending on the anticipated arrival of the Team, schedules and budgets for the improvements and recourse for disagreements.

The project consists of upgrades bringing the Arena up to current NBA standards and constructing an off-site Practice Facility. Significant improvements will include the addition of Team Offices, Bunker Suites, Loge Suites, revenue venues, including restaurants, clubs and retail outlets, modifications to existing Club Suites, interior and exterior finishes, and upgrades to features such as decks for cameras along with enhancements to scoreboard and ribbonboard.

The agreement identifies the relationship between the City and its design consultants and construction contractors and other professionals needed during the process. The intent of the agreement is to properly identify the Team's expectation of participation and allow the City to complete the tasks in an efficient manner. Significant definitions currently include a Team Coordinator responsible for varying levels of input and Team approval for the design and cost of the project. Approvals for the Team are currently defined at the same level as Council approval such as significant milestones, contract awards and change orders. Review and consideration by the Team is identified for intermediate project milestones to facilitate continued participation. Advisory notice is given to the Team for all other activities. Specific amenities and requirements for NBA compliance along with the expected relationship between the Team and the NBA are defined. The finishes for offices in the Arena and Practice Facility are to be determined with the Team and subject to their direct input. Should the cost of finishing these areas exceed the budgeted amount the Team will supplement the budget.

Schedules are currently open due to unknown nature of the Team's arrival to play home games at the Ford Center. Three timelines exist and change the Beneficial and Substantial completion deadlines. Procedures are identified for maintaining the budget and what to do if requested changes for finishes exceed the allocated amounts due to the Team and NBA requests.

Recourse for disagreement resolution is contemplated should they escalate to a level that staff and the Team representatives are at an impasse. The team has requested to be designated a Third Party Beneficiary to our contracts in the event the City does not satisfactorily resolve issues of design, construction or other contractual agreements.

Upon approval of this Agreement presented for consideration today, along with the Team Arena Use License Agreement, Food and Beverage Agreement and the Practice Facility Lease Agreement, the City will have taken all steps necessary to favorably position Oklahoma City as a potential NBA Market from an operational standpoint.

Background

On November 2, 2007, the Professional Basketball Club, LLC ("PBC"), owners of the Seattle SuperSonics NBA franchise, announced its intention to file for relocation of the franchise to Oklahoma City. On March 4, 2008, City voters approved an extension of a one-cent sales tax to fund capital improvements to the Ford Center and construct an NBA Practice Facility in the event the City acquires an NBA franchise. This dedicated sales tax will go into effect on January 1, 2009.

The NBA Relocation Committee conducted a site visit of Oklahoma City on March 25, 2008, and the NBA Board of Governor's is anticipated to vote on PBC's request to relocate its NBA franchise to Oklahoma City on April 18, 2008.

On March 25, 2008, City Council and the Trustees of the OCPPA jointly approved a Letter of Intent with PBC for presentation of professional basketball at Ford Center. (Item Nos. PPA.D and Council Agenda VIII. L.)

Review Public Works Department

Recommendation: Agreement be approved.

Attachment