

REDEVELOPMENT AGENCY STAFF MEMO

DATE: August 18, 2015

ITEM#: 7.A. Amended

PREPARED BY: Cara Lindsley

RE: Consideration and Approval of Terms for the Request for Proposals for the Disposition of the Station Center Site 3 Property Located at 346 South 500 West

REQUIRED ACTION:

Consider approval of the term sheet for the Request for Proposals for the disposition of the Station Center Site 3 property located at 346 South 500 West.

POLICY ITEM: Depot District Strategic Plan – Station Center

BUDGET IMPACTS: N/A

EXECUTIVE SUMMARY: Staff is requesting consideration of approval on the terms of the Request for Proposals (RFP) for the disposition of the Station Center Site 3 property (the “Property”) located at 346 South 500 West. The Station Center Design Guidelines will be included in the RFP as an attachment. Responses to the RFP will include a concept plan for the Property.

The property included in the Station Center Site 3 RFP was previously offered as part of the April 2015 RFQ for Station Center, as Sites 3, 4, and 5. However, instead of selecting a developer for any one or combination of Sites 3, 4, and 5 from the responses to the RFQ, the Selection Committee recommended that the RDA combine the three sites into one site for this RFP to maximize development potential of the three individual parcels. It is staff’s intent to forward the RAC recommendation to the Board in August and issue the RFP in late August.

REDEVELOPMENT ADVISORY COMMITTEE RECOMMENDATION:

The Redevelopment Advisory Committee (RAC) recommended the following three additions/clarifications, which have been incorporated into the term sheet and are indicated by highlighted text:

- Expand the proforma requirement to include a description of sources of financing, including the specific banking institution, and schedule of financing approval and funding.

- Clarify the LEED Silver standard requirements to include LEED certification of the development.
- Add a development timeline to the developer requirements, from concept plan to construction documents and permit approval.

ANALYSIS AND ISSUES: This RFP is for the development of Site 3, one of six sites that are included in the RDA's plan for the Station Center neighborhood. The site plan attached illustrates the six sites and indicates the development status of each. The Boyer/Cowboy Partners development team has been selected for Site 1, and the LandForge/Community Studio development team has been selected for Site 2. Both teams are currently in an eight-month exclusive negotiation period with the RDA to finalize concept plans and the terms of the purchase of those properties. Sites 4, 5, and 6 will be included in a future phase of development.

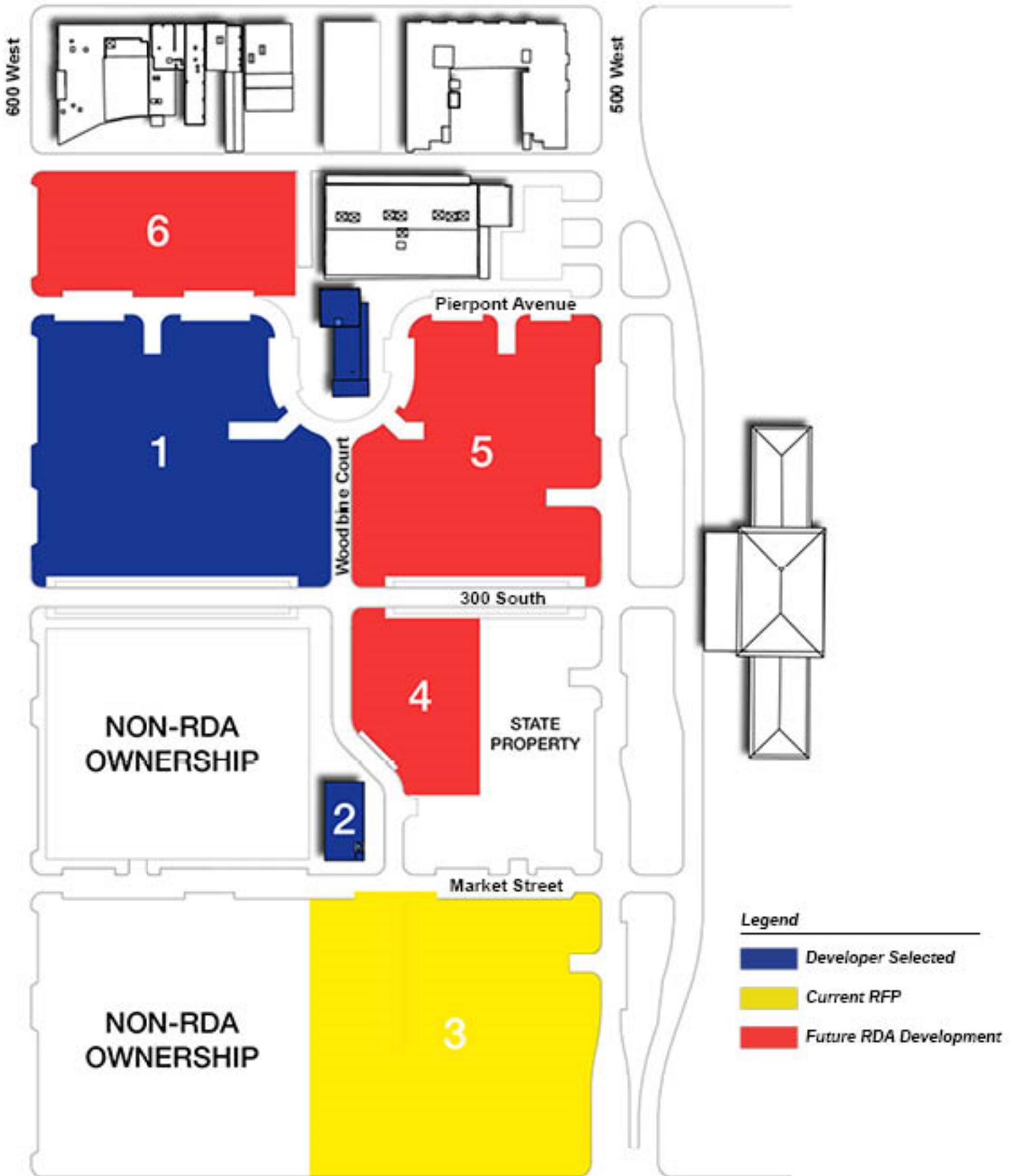
1. Preferred Development Program – The development objective for Site 3 is to create a high-density commercial and/or residential development, maximizing density under the D-3 zone. Based on the D-3 zone requirements, buildings containing commercial/office uses located above the second story shall incorporate multi-family dwellings, boarding house, bed and breakfast, or hotel uses in the amount of at least fifty percent (50%) of the total floor area of the building.
2. Purchase Price – The Property will be sold at appraised value.
3. Design Guidelines - The selected developer will be required to abide by the Station Center Design Standards and Guidelines. Design and construction of street improvements by the Developer will require careful coordination with the RDA and Salt Lake City. Design guidelines will be administered through Conditions, Covenants, and Restrictions (CC&Rs) and a design review process, as discussed in Section V.
4. Design Review - The design review process will require the Developer to obtain approval for the Schematic Design, Design Development, and Final Construction Documents as part of the Design Guidelines implementation for the proposed development. All other reviews, including design review for compliance with the zoning requirements, will be conducted by Salt Lake City.

BACKGROUND: A chronology of the Station Center Project is provided as an attachment.

ATTACHMENTS:

- A. Station Center Site Plan and Development Status
- B. Term Sheet
- C. Project Chronology

Station Center Site Plan and Development Status



ATTACHMENT B

Station Center Site 3 Request for Proposals Term Sheet

Introduction:

The Redevelopment Agency of Salt Lake City (“RDA”) invites well-qualified partners to respond to the Request for Proposals (RFP) to develop approximately 2.5 acres of RDA-owned property in the Station Center neighborhood. Station Center is located in the RDA’s Depot District Project Area, between the Salt Lake Central Station multi-modal transit hub and the historic Rio Grande Depot. The site is located at the northwest corner of 400 South and 500 West Streets.

Station Center is envisioned to become a bustling, mixed-use, urban neighborhood and a signature location within the city for retail merchants, office workers, and urban residents. Station Center’s proximity to Salt Lake Central Station, where Front Runner commuter rail, TRAX light rail, Amtrak, and City bus lines all converge, will provide local and regional connectivity to the neighborhood that reduces automobile dependency and parking demands for residents, office tenants, and visitors. Station Center’s location offers easy access to the airport, downtown, outdoor recreation, and the University of Utah.

Site Information:

Property Size:

2.5 Acres (109,013 square feet)

Current Use:

Vacant land, with two attached vacant buildings on the property.

Property Location:

The property is located between 300 South Street and 400 South Street, and between 500 West Street and 600 West Street in Salt Lake City, Utah.

Existing Improvements:

The property is mostly vacant, with two attached vacant buildings. Demolition of the existing buildings is allowed but not required.

Ownership:

RDA, fee simple.

Zoning:

The Property is zoned D-3: Downtown Warehouse/Residential District (21A.30.040).

Allowed Uses:

See 21A.33.050: Table of Permitted and Conditional Uses for Residential Districts.

Building Height, Finishes, Articulation, and Stepbacks

Developer shall adhere to the Station Center Design Standards and Guidelines and all applicable City codes and design guidelines with respect to building height, finishes, articulation, and stepbacks.

Access:

No ingress/egress shall be constructed along the 400 South frontage road in anticipation of a future light rail line planned to be built in the 400 South right-of-way.

Utilities:

The RDA will construct all of the master utility improvements in coordination with public utility agencies that include Salt Lake City Public Utilities, Rocky Mountain Power, Questar,

and internet service providers. The master utility improvements are based on the maximum density permitted under zoning for the development sites and will include upgrades to the sewer, storm water, water, natural gas, and electrical lines. The RDA will require the Developer to pay a connection fee to the master utility improvements through a Reimbursement Agreement to recover the utility installation costs.

As Is Sale:

Property to be sold in “as is” condition, without representations or warranties by the seller as to the condition of the property.

Appraisal

[To be updated with new appraisal for combined property that includes RFQ Sites 3, 4, and 5].

Purchase Price:

The purchase price will be based on an updated appraisal, to be conducted at the appropriate time and paid for by RDA, and will be established during the exclusive negotiation period.

RDA Improvements to Station Center

The RDA will construct a festival street on 300 South, situated between 500 West and 600 West, and plazas on Woodbine Court that are north and south of 300 South. The RDA’s investment in these streets and plazas includes design and construction of roadways, sidewalks, street furniture, lighting, and landscaping. The RDA will also evaluate options to redesign and build an improved configuration of the existing 500 West Park Blocks between 200 South and 400 South Streets.

Community Outreach:

The Developer is required to conduct its own community outreach, and may be asked to co-present to major stakeholders, community councils, and public gatherings.

Design Guidelines:

The selected developer will be required to abide by the Station Center Design Standards and Guidelines. Design and construction of street improvements by the Developer will require careful coordination with the RDA and Salt Lake City. Design guidelines will be administered through Conditions, Covenants, and Restrictions (CC&Rs) and a design review process.

**Design Review
Process:**

The design review process will require Developer to obtain approval for the Schematic Design, Design Development, and Final Construction Documents as part of the Design Guidelines implementation for the proposed development.

- The Schematic Design review shall be conducted when the design is 25% complete. The submittal shall include, at a minimum, a narrative description of the development, a presentation site plan, exterior concept elevation drawings, and two project sections. Approval by the Design Review Committee will be required.
- The Design Development submittal shall include 40-50% construction documents. The submittal will include samples of exterior materials, as well as drawings that specify the location and appearance of all exterior design features. Approval by the Design Review Committee will be required.
- The Permit Document submittal shall include 95-100% of construction documents and specifications. Approval by the Design Review Committee will be required to confirm the agreed upon development standards are met in the construction documents.

Subdivision:

Station Center Site 3 currently consists of three individual parcels owned by RDA. RDA will prepare a subdivision plat to be recorded at Salt Lake County that consolidates the existing parcels into one distinct parcel. Furthermore, the RDA will manage the subdivision process for all RDA-owned properties in Station Center that will include the design of streets, alleys, street names, block length, lot dimensions, road access, buffering and landscaping, drainage, on-street parking, and sidewalks in coordination with selected Developers.

Public Open Space:

The RDA will construct a festival street on 300 South, situated between 500 West and 600 West, and plazas on Woodbine Court that are north and south of 300 South. These public spaces are envisioned to be comfortable and pedestrian-scaled areas that can be programmed for large events but also function as vibrant, active streets during non-event times. The RDA's investment in these streets and plazas includes design and construction of roadways, sidewalks, street furniture, lighting, and landscaping.

Development Program:

- High-density commercial and/or residential development, maximizing density under the D-3 zone.
- Currently, the zone permits buildings up to seventy-five feet (75') and requires buildings taller than seventy five feet (75') but less than ninety feet (90') to be authorized through the conditional building and site design review process.
- Based on the D-3 zone requirements, buildings containing commercial/office uses located above the second story shall incorporate multi-family dwellings, boarding house, bed and breakfast, or hotel uses in the amount of at least fifty percent (50%) of the total floor area of the building.
- Commercial/office uses in buildings of three (3) stories or more without multi-family dwellings shall be allowed only as a conditional use and then only when the developer has demonstrated that the proposed location is not suitable for residential use.

Public Art:

The Developer will be required to make a contribution equaling 1% of the property's purchase price to Depot District Project Area public art. The contribution may go towards art that is incorporated into the proposed development, or the developer can make a cash contribution to RDA for the purpose of funding future art projects. The contribution will be required before RDA will issue a Certificate of Completion and will not be refunded with the Sale Price.

General Terms:

Developer shall recognize and adhere to the following general terms:

- The RDA will pay holding costs for the property until the transaction is completed. Transfer will occur when developer has secured building permits and is ready to commence construction.
- The property sale price will be based on the appraised value, subject to changes to the final site layout through the subdivision process.
- The Developer will participate in an Owners Association to cover the maintenance costs of the public right-of-way improvements and adjacent open spaces.
- The Developer will adhere to design guidelines imposed through a design review process and CC&Rs.

LEED: The project design shall incorporate environmentally considerate and energy efficient design elements. The Developer is required to achieve a LEED Silver certification for all buildings on the Property.

Pre-Submittal Meeting and Tour: An optional pre-submittal meeting and tour will be held Tuesday, September 15, 2015, at 10:00 a.m. at 346 South 500 West. The pre-submittal meeting will be an opportunity to ask questions about the development and the selection process. A tour of the site will also be conducted on this date. Teams wishing to participate in the pre-submittal meeting and tour are requested to register in advance with Cara Lindsley at cara.lindsley@slcgov.com. Teams that want to submit on the project but choose not to participate in the pre-submittal meeting or tour must contact Cara Lindsley in order to receive addenda or other communications related to the RFP process. All parties will ultimately be responsible to research information on this RFP and subsequent addenda on www.bidsync.com.

- RFP Submittal Document:**
1. Letter of Introduction
 2. Firm Profiles
 3. Resumes
 4. Organizational Chart
 5. Project Personnel
 6. Project Examples
 7. Project Description
 8. Project Drawings
 9. Project Development Schedule

10. Design Guidelines
11. Project Proforma
12. Sources of Financing
13. Financing Schedule
14. Financial Capacity
15. References

Developer Selection:

The Conceptual Design drawings in the RFP packages will first be reviewed by the Design Review Committee, composed of RDA on-call architects and staff, to ensure compliance with the Station Center Design Standards and Guidelines and the Development Program. The RFP packages approved by the Design Review Committee will be forwarded to a Selection Committee consisting of representatives from the RDA, Redevelopment Advisory Committee, Salt Lake City Planning Division, Utah Transit Authority (UTA), Downtown Alliance, State of Utah, and a resident or business owner in the Depot District Project Area. Developers may not, for any reason, communicate with members of the Selection Committee during the evaluation process. Contingent on the quality and content of the submitted RFP packages, the Selection Committee reserves the right to reject any and all submittals and may choose to reissue the RFP.

The Selection Committee may choose a short list of developers based upon the evaluation of the predetermined selection criteria listed below and a preference ranking scoring system. The short-listed developers may also have the opportunity to present their RFP submittal in an interview with the Selection Committee. If the Selection Committee elects to conduct interviews, all teams will be notified of this outcome on November 10, 2015. Interviews will be held on November 19, 2015. Development teams may bring a maximum of four team members to Selection Committee interviews. A final recommendation on the Developer selection will be made within one week of interviews and forwarded to the RDA Board for consideration.

The RDA Board will determine the final Developer selection based on the Selection Committee's input and the Board's review of the Conceptual Design drawings. The Board will determine the ranking at a formal Board meeting in December and pass a resolution confirming the final developer ranking.

**Evaluation
Criteria:**

The RFP submittals will be evaluated by the Selection Committee based on the following criteria:

- Completeness of submittal document;
- Conceptual Design that meets the objectives of the Station Center Design Standards and Guidelines and the Development Program;
- Conceptual Design that uses creative product and site design concepts while maintaining a high quality development standard in an innovative mixed-use project;
- Conceptual Design that contains a mixture of public and private uses on the same site;
- Conceptual Design that creates connections through the site that provide interesting and safe pedestrian connections and overall transparency;
- Development timeline that corresponds to the project scope and overall Station Center infrastructure timeline;
- Demonstrated experience in completing projects on time and on budget;
- Demonstrated expertise in planning, designing, and constructing mixed-use, urban redevelopment, transit-oriented and infill projects;
- Demonstrated experience maximizing density in urban redevelopment and infill projects;
- Demonstrated architectural and urban design experience on projects similar in quality and scale to the desired project;
- Demonstrated financial capacity and ability to arrange financing (as based on project examples, and banking, credit, and personal references);
- Quality and success of examples of previous projects;
- Quality of professional experience and background of individual project team members;
- Quality of team's prior experience in public-private partnerships;
- Quality of reference comments; and
- Quality of responses to questions in the interview (where applicable).

The evaluation criteria listed above are inherently qualitative, and the process by which the Selection Committee may or may

not recommend a Developer to the Board for final approval is deliberative and is not based on a numerical ranking format.

Partners: Developers may submit as an individual, a corporation, or a partnership. Team members may include: Development Entity (lead team member), Architect, Civil Engineer, General Contractor, Marketing/Sales Support, Financial Partner, or any other partner deemed appropriate. Development teams may bring a maximum of four team members to Selection Committee interviews.

Discretion and Authority: The RDA may accept RFP submittals as deemed to be in the public interest; proceed with further selection processes; reject any and all submissions; or may waive any irregularity, informality, or technicality in proposals received. The RDA Board, based on Selection Committee's recommendation, will determine from the submitted information the development team with the best Conceptual Design and qualifications as evaluated under the criteria set forth herein. The determination of the most advantageous proposal shall be final and conclusive.

The issuance of the RFP and the receipt and evaluation of the submittals does not obligate RDA to select a developer or enter into any agreement. A submittal does not constitute business terms under any eventual agreement. RDA will not pay costs incurred in responding to the RFP. RDA may cancel this process at any time prior to the execution of any agreement without liability.

The RDA reserves the right to revise the RFP evaluation process. Such revision will be announced in writing to all RFP respondents or short-listed teams, depending on the timing of the change. The RDA also reserves the right to reject any and all RFP responses at any time, or to terminate any negotiations implied in this RFP or initiated subsequent to it. If the Selection Committee receives a submittal it deems incomplete or ambiguous, it reserves the right to request additional information or to reject the submittal.

The RDA reserves the right to, at any time and for any reason, discontinue negotiations with any initially selected developer, and to pursue negotiations with an alternative team.

Public Information:

Developers are hereby advised that the information provided as a part of all submittals shall become RDA property at the time of submittal and will not be returned to the Developer or Developer Team unless requested. Information contained in the submittals, excluding proprietary information, will be available to the public upon inquiry immediately following the execution of a written agreement with the selected Developer. Developers shall identify any information included in their submittals that is considered proprietary to ensure it is not released as public information.

Legal Documents:

A summary of RDA's standard legal requirements will be attached to the offering with a statement that the full documents are available upon request. The agreements will be negotiated and executed after Developer has been granted the exclusive right to negotiate.

Option to Purchase Agreement:

The Option to Purchase Agreement will grant to Developer, for a fee, an option to purchase the property. The fee will be nonrefundable except in limited circumstances. The Option to Purchase Agreement will specify the purchase price, the conditions precedent to the exercise of the option and the closing, and other provisions governing the sale of the property. Also, it will refer to the project's Conceptual Design, so that must be approved by the RDA's Board before it can be signed. In addition, Developer must demonstrate to the Board its financial ability to acquire and develop the property as a condition to signing.

Development Agreement:

The Development Agreement will address the proposed developer improvements and their final design, the timeframe for construction, and any post-construction requirements or restrictions for the property. The terms of the Development Agreement will require Developer to provide, among other things, personal guarantee(s) and payment and performance bonds.

CC&Rs:

In consideration of the public investment in Station Center, CC&Rs will be recorded in connection with the sale of the property. In coordination with Developers, RDA will prepare and record CC&Rs against each parcel that specify the rules for the use and maintenance of common areas and shared

improvements. Doing so will give the community long-term assurance that the Station Center neighborhood will be developed and maintained according to an objective set of criteria that supports the broad community vision and ensures long-term value for owners, tenants, and investors. CC&Rs protect Developer's initial investments by establishing a clear set of guidelines from which to design, which ensures that subsequent development and maintenance will be held to the same high standard over time.

Option to Repurchase Agreement:

This document will state that if the project is not completed and used as agreed in the Development Agreement, then the RDA will have the right to re-purchase the property on the terms specified .

Closing:

Closing shall be contingent on Developer receiving the requisite approvals of the Final Construction Documents, a firm construction bid, a marketing plan, a project proforma, a building permit, and other conditions of closing that are specified in the Option to Purchase Agreement. RDA will close on the property simultaneously with the Developer's construction financing.

Timeline:

Developer will prepare a development schedule in consultation with RDA staff, highlighting major milestones such as closing, start of construction, and project completion.

Property Listing:

The RFP will be distributed free of charge to all interested parties. Notices of the RFP will be mailed to developers, architects, and real estate brokers with offices in Salt Lake City. Notices will also be placed in the local newspapers, as well as the RDA's website and Salt Lake City's Purchasing and Contract Management Division Online Bidsystem. A sign declaring that the property is available and listing the appropriate contact person will be placed on site and will remain in place until a Purchase and Sale Agreement is executed.

Miscellaneous:

Such other terms as required by RDA attorney.

ATTACHMENT C

Project Chronology

The RDA owns approximately 10 acres of property adjacent to the Intermodal Hub and recognizes this area as a potential regional destination and critical opportunity for transit oriented development. As a first step toward development of the properties, Citiventure Associates, LLC, was hired to prepare a land use and marketing strategy for the two blocks east of the Intermodal Hub that includes RDA-owned property. The Board adopted the Strategy in June 2010.

In the summer of 2011, the RDA conducted selective demolition of properties identified in the strategy as non-contributory, while preserving the RDA's blue warehouse on 346 South 500 West, the Serta Mattress building on 535 West 300 South, and a portion of the Intermountain Furniture building on 235 South 600 West.

On September 27, 2011, the RDA Board authorized staff to proceed with a prioritized list of tasks that would result in the marketing of its properties near the Intermodal Hub. The tasks include design work for 300 South, interior streets, and public spaces, a parcelization plan for RDA-owned properties, design and financing plan for a shared parking structure, evaluating and marketing the SDI buildings, consideration of future property acquisitions, creating a special improvement district or other financial model to fund public infrastructure, construction of public infrastructure improvements, and consideration and preservation of certain RDA-owned historically significant structures.

On March 20, 2012, the RDA Board adopted a resolution hiring Design Workshop, one of the RDA's on-call development consultants, to carry out the prioritized tasks identified by the Board in 2011.

In June 2012, Design Workshop presented key elemental changes to the Strategy to the Redevelopment Advisory Committee ("RAC"), RDA Board, and Mayor. Design Workshop incorporated feedback from these discussions and in July 2012 presented the Board with three development scenarios. The Board requested Design Workshop incorporate its comments into a revised development scenario and return to the Board for its consideration.

In September 2012, the Board adopted a preferred development scenario and directed staff to move forward with implementation.

In December 2012, the RDA purchased the Beehive Brick building located at 244 South 500 West. This key acquisition provides the RDA an opportunity to renovate a historic building as part of its signature project and reinforce the historic character of the district.

During 2013, RDA staff completed several predevelopment activities, including acquisition and cleanup of the Beehive Brick building, completion of a LIDAR property survey; working with the Downtown Alliance in the study of a year-round public market in the historic Rio Grande Building; utility and infrastructure site assessment; initial drafting of design guidelines; and commencing a reduction of the 300 South right-of-way.

In February 2014, the RDA held a discussion with RAC to determine if a master developer approach was advantageous. RAC members expressed support to further explore the master developer option.

In May 2014, the RDA Board adopted a term sheet approving the sale of its Beehive Brick Building property located at 244 South 500 West to Artspace. Artspace intends to renovate the structure into a mixed-use, residential/commercial project.

On June 3, 2014, the Salt Lake City Council adopted Ordinance No. 26 (2014), approving the street closure of 300 South between 500 West and 600 West streets.

On September 16, 2014, the RDA Board approved a refined version of the Hub Implementation Strategy. The new Implementation Strategy redefines parking uses and configuration of the public realm.

On December 9, 2014, the RDA Board approved the terms of the Request for Qualifications (RFQ) to develop RDA-owned property located between 500 West and 600 West Streets, and between 200 South and 400 South Streets.

In March 2015, the RDA developed the Station Center brand to market the properties included in the RFQ.

On April 2, 2015, the RDA issued the Station Center Phase I RFQ to develop five sites located between 500 West and 600 West Streets, and between 200 South and 400 South Streets.

On June 9, 2015, the RDA Board approved the RFQ Selection Committee's recommended ranking, awarding Site 1 to the Boyer/Cowboy Partners development team, and Site 2 to the LandForge/Community Studio development team.