

CITY OF SAN ANTONIO
CENTER CITY DEVELOPMENT OFFICE



REQUEST FOR PROPOSALS:

Sterling Property

Release Date: May 31, 2013

Proposals Due: July 8, 2013

Notice Regarding Prohibition on Campaign or Officeholder Contributions for Individuals and Entities Seeking High-Profile Contracts. Under Section 2-309 of the Municipal Campaign Finance Code, the following are prohibited from making a campaign or officeholder contribution to any member of City Council, candidate for City Council or political action committee that contributes to City Council elections from the 10th business day after a contract solicitation has been released until 30 calendar days after the contract has been awarded:

1. Legal signatory of a high-profile contract;
2. any individual seeking a high-profile contract;
3. any owner or officer of an entity seeking a high-profile contract;
4. the spouse of any of these individuals;
5. any attorney, lobbyist or consultant retained to assist in seeking contract.

A high-profile contract cannot be awarded to the individual or entity if a prohibited contribution has been made by any of these individuals during the “black out” period.

RFP ISSUE DATE: Friday, May 31, 2013

PROPOSAL SUBMITTAL DEADLINE: Monday, July 8, 2013 at 4:00 P.M.

I. INTRODUCTION

The City of San Antonio seeks a Developer or Development Team to re-develop the Sterling Property, which includes two commercial buildings and a house, located on .5122 acres at 1434 East Commerce Street and 323 Idaho, approximately 2 miles from downtown San Antonio. The property is currently owned by the City of San Antonio and is within the Historic Gardens Neighborhood Association and the Downtown Neighborhood Community Perimeter Plan.

Because this project is on a prominent corner in the Eastside, and has been identified in several community plans as a potential economic generator (Downtown Neighborhood Plan, St. Paul Gateway District Redevelopment Plan, and the Dignowity Hill Neighborhood/Eastside Reinvestment Plan), the City would like to facilitate its development through an RFP process.

The two commercial buildings on the Sterling property are believed to have been constructed in the 1920's. The property is zoned AE-1 and has been vacant since the 1970's. The City has conducted necessary due diligence on the property to include a structural integrity study and a Phase I Environmental Site Assessment. Both documents are attached to this RFP.

The Sterling Building sits within the Inner City Reinvestment Infill Policy (ICRIP) target area on the corner of Hackberry and East Commerce and is in a prime location for creating synergistic re-development on the East Commerce corridor. Re-development of the property will add to the revitalization activities in the community including the Commerce Street Capital Improvement Project, which was part of the 2003 Bond Program (underground utility conversion, pavement restoration, new curbs and sidewalks, decorative streetlights, etc).

II. PROJECT BACKGROUND

In 2010 Mayor Julian Castro and City Councilwoman Ivy Taylor began a series of Eastside Reinvestment Summits of residents, civic and neighborhood leaders, stakeholders, developers, property and business owners, and public sector entities to strategize on how to accomplish the redevelopment of the Eastside. The overall goal of the initiative was the creation of a community foundation for moving forward collaboratively with the economic redevelopment of the Eastside. Several important catalytic projects have been identified which would achieve the revitalization of the East Side of San Antonio, and the Sterling Property fits within that vision.

The City of San Antonio and the Inner City TIRZ Board recognize the importance of their continued role in economic development, community development, planning and urban design in accordance with the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code. As such, on October 5, 2012, the TIRZ Board selected the Sterling Building Redevelopment Project from a list of respondents and authorized funding for the acquisition of the property. The City purchased the property on March 5, 2013 for the purpose of advertising it for redevelopment.

III. OBJECTIVES AND CONSIDERATIONS

The key objective of this Request for Proposals is to identify a highly qualified, creative developer or development team capable of creating a commercial development at the Sterling Property.

The City will review the submittals and may identify a short list of qualified respondents for further consideration and interviews. If the City selects a successful respondent the parties will negotiate and enter into an Interim Agreement. During the term of the Interim Agreement the City and successful respondent will negotiate the terms and conditions of sale and/or long-term lease of the property and all development and financial considerations.

Submittals must include a redevelopment plan (the concept should include a plan to utilize both commercial buildings and may also incorporate the house behind the commercial buildings as well as the lot at 323 Idaho), sources and uses / project proforma, descriptions of relevant experience and track record, in-house development capabilities and capacity, proposed management team and structure, and adequate financial resources. The City is open to and encourages creative redevelopment solutions but it must be within the context and spirit of the results of the Eastside Reinvestment Summit.

DEVELOPMENT CONSIDERATIONS

- Requirements
 - *Utilize the two commercial buildings*
 - *May also incorporate the house behind the commercial buildings*
 - *Commercial development*
- Property Condition
 - *Structural Assessment and ESA phase 1 are attached*
 - *Home on the lot at 323 Idaho can be demolished. The City is willing to negotiate on the cost for demolition.*
- Zoning
 - *Property is zoned AE-1*
 - *Accommodates arts and entertainment venues and supporting uses in a higher density, pedestrian-oriented environment*
 - *Supports infill development and the redevelopment of parcels along an existing arterial where lot and building vacancies are prevalent*
 - *The primary goal of this district is to create a mixed-use environment where arts and entertainment venues, commercial, residential and office uses harmoniously co-exist*

CITY DEVELOPMENT ASSISTANCE AND INCENTIVES

The City will waive all development fees as provided in the Inner City Reinvestment Infill Policy (Reference attachment or respective exhibit). The project will receive a waiver of SAWS impact fees equal to 1% of the total investment, however the waiver amount will not exceed

\$500,000. Additional incentives such as tax rebates and economic development grants are subject to negotiation.

If the developer or development team is interested in incorporating two or more housing units into the project, it would be eligible for additional incentives as outlined in the Center City Housing Incentive Policy (CCHIP).

The CCHIP provides greater incentives to housing projects within the Targeted Growth Areas identified in the Downtown Strategic Framework Plan and prioritizes the Downtown Core. The Policy encourages historic rehabilitation, adaptive reuse, brownfield's redevelopment, and transit oriented development. The policy also rewards good urban design and encourages mixed use and mixed income development and redevelopment.

The CCHIP applies to multi-family rental and for sale housing projects (Projects) within the Community Revitalization Action Group (CRAG) Target Area. Eligible Projects will receive City Fee Waivers, SAWS Impact Fee Waivers, Real Property Tax Reimbursement Grants, Inner City Incentive Fund Loans, and Mixed Use Development Forgivable Loans based on the terms outlined in the CCHIP.

IV. SCHEDULE OF EVENTS

The following tentative schedule has been prepared for this project.

RFP Advertisement	Friday, May 31, 2013
Sterling Property Available for Tour	Upon Appointment
Pre-submittal Conference	Friday, June 14, 2013
Deadline for Questions	Friday, June 21, 2013
Responses to RFP due to City Clerk 100 Military Plaza	4pm on Monday, July 8, 2013
Anticipated City Council Consideration	August 2013

V. PRE-SUBMITTAL CONFERENCE FOR RFP

A Pre-Submittal Conference will be held on Friday, June 14th at **10:00 A.M.** at the **Frost Bank Building, 19th Floor, Economic Development Board , located at 100 W. Houston Street (Houston St. @ Main), San Antonio, Texas 78205.** Attendance at the Pre-Submittal Conference is optional but strongly encouraged. Respondents are encouraged to prepare and submit their questions in writing three (3) calendar days in advance of the Pre-Submittal Conference in order to expedite the proceedings.

City's responses to questions received by this due date may be distributed at the Pre-Submittal Conference and posted on the City's website at <http://epay.sanantonio.gov/rfpListings/>.

This meeting place is accessible to disabled persons. The Municipal Plaza Building is wheelchair accessible. The accessible entrance is located at 114 W. Commerce. Accessible

parking spaces are located at City Hall, 100 Military Plaza. Auxiliary aids and services are available upon request. Interpreters for the Deaf must be requested at least 48 hours prior to the meeting. For assistance, call (210) 207-7245 Voice/TTY.

Any oral responses provided by City staff at the Pre-Submittal Conference shall be preliminary. A written summary of the Pre-Submittal Conference shall contain official responses, if any. Any oral response given at the Pre-Submittal Conference that is not confirmed in the written summary of the Pre-Submittal Conference or by a subsequent addendum shall not be official or binding on the City. Only written responses shall be official and all other forms of communication with any officer, employee or agent of the City shall not be binding on the City.

VI. RESTRICTION ON COMMUNICATIONS

Once this RFP has been released, Respondents are prohibited from communicating with City staff regarding the RFP or Submittals, with the following exceptions:

Respondents are prohibited from communicating with elected City officials and their staff regarding the RFP or submittal from the time the RFP has been released until the contract is posted as a City Council agenda item. Respondents are prohibited from communicating with City employees from the time the RFP has been released until the contract is awarded. These restrictions extend to “thank you” letters, phone calls, emails and any contact that results in the direct or indirect discussion of the RFP and/or submittal submitted by Respondents. Violation of this provision by Respondent and/or its agent may lead to disqualification of Respondent’s submittal from consideration.

Exceptions to the restrictions on communication with City employees include:

1. Respondents may ask verbal questions concerning this RFP at the Pre-Submittal Conference.
2. Respondents may submit written questions concerning this RFP to the Staff Contact Person listed in the address below until **4:00 P.M. on Friday June 21, 2013**. Questions received after the stated deadline will not be answered. It is suggested that all questions be sent by electronic mail to:

Paul Jimenez, Special Projects Manager
Center City Development Office, City of San Antonio
Email: paul.jimenez@sanantonio.gov

However, questions sent by certified mail, return receipt requested, will also be accepted and should be addressed to:

Paul Jimenez, Special Projects Manager
Center City Development Office, City of San Antonio
100 W. Houston, Frost Bank Tower, Suite 1900
San Antonio, TX 78205

3. Respondents may provide responses to questions asked of them by the Staff Contact Person after responses are received and opened. During interviews, if any, verbal questions and explanations will be permitted. If interviews are conducted, Respondents shall not bring lobbyists. City reserves the right to exclude any persons from such selection committee meetings as it deems in its best interests.

VII. AMENDMENTS TO RFP

Changes, amendments or written responses to questions received in compliance with **Section XIII, Restrictions on Communication** may be posted on City's website at <http://epay.sanantonio.gov/rfpListings/>. It is Respondent's responsibility to review this site and ascertain whether any amendments have been made prior to submission of a proposal. A Respondent who does not have access to the Internet, shall notify City in accordance with **Section XIII, Restrictions on Communication**, that Respondent wishes to receive copies of changes, amendments or written responses to questions by mail or facsimile. No oral statement of any person shall modify or otherwise change or affect the terms, conditions or specifications stated in the RFP, and changes to the RFP – if any – shall be made in writing only.

VIII. SUBMISSION INSTRUCTIONS

When submitting a Statement of Qualifications or Proposals in person, visitors to City Hall must allow time for security measures. Visitors to City Hall will be required to enter through the east side of the building. The public will pass through a metal detector and x-ray machine located in the lobby. All packages, purses and carried items will be scanned during regular business hours of 7:45 a.m. to 4:30 p.m. After the public proceeds through the metal detector, they will sign in and receive a visitor's badge. For those that might require the use of a ramp, entry is available on the south side of the building (Dolorosa side). Security will meet the visitor in the basement with a hand scanner.

Respondent shall submit a total of **five (5)** Qualification Statements which shall include one **(1)** original unbound Qualification Statement, signed in ink, and **four (4)** printed copies of the submittal, as well as one **(1)** copy of the entire submittal in an Adobe PDF format on a compact disk **(CD)** in a sealed package, clearly marked on the front of the package "**RFP: Sterling Property**" All submittals must be received in the Office of the City Clerk **NO LATER THAN 4:00 P.M. July 8, 2013** at the address indicated below. Any submittal received after this time shall not be considered.

Mailing Address:

Office of the City Clerk
Attn: Capital Improvement Management Services Department
P.O. Box 839966
San Antonio, Texas 78283-3966

Physical Address:

Office of the City Clerk

Attn: Capital Improvement Management Services Department
100 Military Plaza
City Hall, 2nd Floor,
San Antonio, Texas 78205

Submittals sent by facsimile or email will not be accepted. Responses to the solicitation should be complete and well organized. Adherence to the maximum page criterion is critical; each page side (maximum 8 1/2" x 11") with criteria information will be counted. Respondent shall adhere to the page limitations for each section as stated herein. Pages which have project photos, charts, and graphs will be counted towards the maximum number of pages. Front and back covers, Table of Contents pages and tabbed divider pages will not be counted if they do not contain submittal information. The use of recycled paper is encouraged. With regards to other types of binding, plastic (not metal) spiral or "comb" binding is highly recommended. Unnecessarily elaborate brochures, artwork, bindings, visual aids, expensive paper or other materials beyond which is sufficient to present a complete and effective submission are not required. All pages shall be numbered. Margins shall be no less than 1" around the perimeter of each page. Electronic files, websites or URLs shall not be included as part of the proposal, other than the CD specified above. Each submittal shall include the sections and attachments in the sequence listed in the RFP Section V, Submittal Document Requirements & Evaluation Criteria, and each section shall be divided by tabs and indexed as indicated in this RFP. Failure to meet the above conditions may result in disqualification of the proposal.

Respondents who submit responses to this RFP shall correctly reveal, disclose and state the true and correct name of the individual, proprietorship, corporation and /or partnership (clearly identifying the responsible general partner and all other partners who would be associated with the contract, if any). No nick-names, abbreviations (unless part of the legal title), shortened or short-hand, or local "handles" will be accepted in lieu of the full, true and correct legal name of the entity. These names shall comport exactly with the corporate and franchise records of the Texas Secretary of State and Texas Comptroller of Public Accounts. Individuals and proprietorships, if operating under other than an individual name, shall match with exact Assumed Name filings. Corporate Respondents and limited liability company Respondents shall include the 11-digit Comptroller's Taxpayer Number on the signature page of the Proposal.

IX. SUBMITTAL DOCUMENT REQUIREMENTS

Respondent's submittal shall include the following items in the following sequence:

1. TAB 1: TABLE OF CONTENTS

2. PROPOSAL

Provide an overview of the project including the conceptual design of the redeveloped facility. The conceptual design for facilities, at a minimum, shall include concept renderings, a concept site plan, and elevations that collectively illustrate the location, size, and context of the project. The required renderings and drawings include:

a. **TAB 2:** Concept Plan

- i. Concept Renderings: Provide a concept design (plan, computer aided model, aerial sketch, photomontage, etc.) that characterizes the context of the urban design of the qualifying project. The concept drawings shall clearly illustrate the relationship of the qualifying project to the principal street and surrounding developments.
- ii. Concept Site Plan: The site plan shall encompass the subject property and portions of contiguous parcels, include landscape and urban design concept(s). The site plan shall also indicate all major pedestrian entrances, all proposed outdoor areas; and the circulation plan showing how the qualifying project relates to public rights-of-way to and within the site, for walking, cycling, public transportation, and motor vehicles. Summarize the preliminary programming of facilities, including if any, the mix of uses, square footage(s), total parking spaces, parking allocations (shared or exclusive), and types of parking e.g. structured or surface.
- iii. Elevations: Provide exterior building elevations, illustrating the massing, openings, and any related elements.

b. **TAB 3:** Project Overview

The qualifying project overview, at a minimum, must include:

- i. Describe the proposed business arrangements (i.e. ground lease, build-to-suite, parking management agreements, etc.);
- ii. Describe the plan for the development, financing and operation of the qualifying project showing the anticipated schedule of which funds will be required;
- iii. Describe the implementation strategy for the qualifying project;
- iv. Provide a preliminary schedule including permits and approvals from any federal, state, or local agencies, to the extent such are required, and timing of any contemplated requests for federal, state or local resources, and the initiation, construction phasing, completion and opening of the qualifying project including major milestones and the proposed major responsibilities and timeline for activities to be performed by the City and the private entity;

c. **TAB 4:** Terms, Special Conditions and Other Considerations

This Section is reserved for a description of any special conditions the proposal may offer to, or request from the City.

- i. Terms: State the terms offered for the qualifying project.

- ii. Contingencies: State any contingencies or conditions requested by the private entity.

3. PROJECT ANALYSIS

In this Section include the project analyses that support the business case of the qualifying project. The Project Analysis Section shall be categorized into four sub-tabbed sections as follows: (1) location and site analysis, (2) marketing and competitive analysis, (3) financial analysis, and (4) political and legal analysis:

a. TAB 5: Location and Site Analysis

- i. Describe how the proposed design of the improvements and the attributes of the site will generate maximum financial, economic and social benefits; and
- ii. List any public utility facilities that will be affected by the qualifying project and a statement of the plans to accommodate the affected facilities.

b. TAB 6: Market and Competitive Analysis

- i. Provide a market study that supports the revenue assumptions and viability of the qualifying project. To indicate feasibility forecast the supply and demand relationship, including but not limited to demographic data, traffic counts, rent levels, and absorption rates. Include any supporting due diligence studies, analyses, or reports.

c. TAB 7: Construction Schedule

- i. Provide a timeline identifying all the stages of project development from design to completion of turn-key project.
- ii. Provide a construction timeline using the critical path method. Timeline should set out the work schedule for the project from the design stage to project acceptance by the City.

d. TAB 8: Political and Legal Analysis

- i. Provide an explanation of how the qualifying project will complement or comply with the City's Eastside Reinvestment Initiative.
- ii. List all permits and approvals required for the development and completion of the qualifying project from federal, state, or local agencies.
- iii. Identify any federal, state or local resources that the private entity contemplates requesting for the qualifying project. Describe the total commitment, if any,

expected from governmental sources and the timing of any anticipated commitment, both one-time and on-going.

4. PROJECT FINANCING

a. TAB 9: Financial Analysis

- i. Explain the financing plan for the qualifying project including identifying the source(s) and amount of debt and equity to be used to capitalize the qualifying project, the relationships (e.g., outside lender, parent company, etc.).
- ii. Provide the following information:
 1. Loan commitment letters and contact information for funding sources;
 2. The sources and anticipated amounts of working capital to cover operating costs and to adequately maintain operations from the start-up through completion; and
 3. Letters from lending institutions, not more than three months old that demonstrate the existence of liquid assets or suitable unencumbered lines of credit to carry out the predevelopment activities. Evidence of the private entity's liquid assets or some acceptable form of equity shall be equal to the equity requirements of the prospective construction lender.
- iii. Use of Federal, State or Local Funding: To the extent the private entity has identified federal, state, or local funding sources; describe such sources.

b. TAB 10: Project Budget

- i. Using standard estimating techniques provide a development budget detailing any anticipated land acquisition(s), the anticipated pre-development costs, and hard and soft costs from construction through occupancy.
- ii. The budget should include cost estimates to pay for the relocation of any utility facilities which will be displaced as a result of project development.

c. TAB 11: Proforma Financial Statements

- i. Provide a discounted cash flow analysis, for the duration of the qualifying project, including but not limited to: estimates of costs, operating expenses, capital reserves including replacement and re-tenanting reserves, net operating income, debt service, partnership percentages, disposition benchmarks, and calculations of net present value, internal rate of return.
- ii. Provide projected balance sheet, statement of losses and earnings, and income

statement for the first year of operation.

d. **TAB 12: Bonding and Insurance**

- i. Provide statement from A+ or better rated insurance company treasury certified surety company that project will be fully insured and bonded.

4. TAB 13: COMMUNITY IMPACT

- a. State the community benefits, including the economic impact and tax revenues, the qualifying project will have on the City.
- b. Estimate the number of jobs to be generated for area residents and level of pay and fringe benefits of such jobs.
- c. Project the number and value of subcontracts generated for area subcontractors.

5. TAB 14: MISCELLANEOUS

Use this Section to present additional information such as letters of recommendation, letters of interest from prospective lenders or tenants, additional information concerning the development team, and other information that supports the proposal. Respondent may also use this Section to present any item cited or referenced in the proposal.

EVALUATION CRITERIA

Once proposals are received, the City will conduct a comprehensive, fair and impartial evaluation of all submittals received in response to the RFP. Each submittal will be analyzed to determine overall responsiveness and qualifications under the RFP.

Evaluation Criteria	Maximum Points
A. Project Characteristics	25 points
B. Project Costs and Financing	25 points
C. Community Impact	25 points
D. Other Factors / Overall Evaluation	25 points
F. TOTAL	100 points

A. PROJECT CHARACTERISTICS

Factors to be considered in evaluating the qualifying project characteristics may include, but are not limited to:

1. Project scope and scale, land use and product mix;
2. The extent that the timing of the qualifying project is consistent with the City's Eastside Reinvestment Initiative;
3. Operation of the qualifying project;
4. Technology; technical feasibility;
5. Environmental impacts;
6. Federal, state and local permits; and
7. Maintenance of the qualifying project.

B. PROJECT COST AND FINANCING

Factors to be considered in evaluating whether the proposed financing allows adequate access to the necessary capital to finance the qualifying project may include, but are not limited to:

1. Cost and cost benefit to the City;
2. Financing and the impact on the debt or debt burden of the City;
3. Financial plan, including overall feasibility and reliability of plan; operator's past performance with similar plans and similar projects; the degree to which the private entity has conducted due diligence investigation and analysis of proposed financial plan and the results of any such inquiries or studies;
4. Estimated project cost and life-cycle cost analysis; and
5. The identity, credit history, past performance of any third party that will provide financing for the qualifying project and the nature, amount, and timing of their commitment, as applicable.

C. COMMUNITY IMPACT

Factors to be considered in evaluating the qualifying project's community impact may include, but are not limited to:

1. Community benefits, including the economic impact the qualifying project will have

on the City and affected jurisdictions in terms of tax revenue, the number of jobs generated and level of pay and fringe benefits of such jobs;

2. Community support or opposition, or both;
3. Compatibility with existing and planned facilities; and
4. Compatibility with local, regional, and state economic development efforts.

D. OTHER FACTORS

Other factors that may be considered by the City in the evaluation and selection of proposals may include, but are not limited to:

1. The extent the offered consideration generates value and returns to the City and benefits to the public, including in-kind consideration greater than the fair market value of the asset;
2. The proposed cost of the qualifying project;
3. The general reputation, industry experience, and financial capacity of the private entity;
4. The proposed design of the qualifying project;
5. Opportunity cost of taking an alternative action;
6. The private entity's compliance with a minority business enterprise participation plan or good faith effort to comply with the goals of such plan;
7. The private entity's plans to employ local contractors and residents; and
8. Other criteria that the City deems appropriate.