

SANTA ROSA REDEVELOPMENT AGENCY

REQUEST FOR QUALIFICATIONS

SOLICITATION REQUEST

FOR

JOINT PLANNING AND EXCLUSIVE RIGHTS TO NEGOTIATE

FOR THE REHABILITATION AND ADAPTIVE REUSE OF

THE FORMER AT&T BUILDING

520 THIRD STREET

DOWNTOWN SANTA ROSA, CALIFORNIA

Issue Date

SEPTEMBER 14, 2009

Submittal Due Date

NOVEMBER 12, 2009

Table of Contents

Solicitation For former AT&T Building

Concise Summary

- I. Summary of the Solicitation Request
 - A. The Opportunity
 - B. Public Policy Objective for the Property
 - II. Description of the former AT&T Building
 - A. Project Location and Site Features
 - B. Adjacent and Nearby Uses
 - C. General Plan Designation and Zoning
 - D. Hazardous Materials and Building Condition
 - E. CEQA Requirements

Figures II-1 to II-4: Maps and Photographs of former AT&T Building and Environs
 - III. Outline of Planning and Exclusive Negotiation Process
 - A. The Planning and Negotiation Process
 - B. The Project Planning and Exclusive Rights to Negotiate Agreement
 - IV. Submission and Selection Process
 - A. RFQ Process
 - B. Notification to Agency by Interested Developers
 - C. RFQ Submission Requirements
 - D. Submission Schedule and Procedures
 - E. Selection Criteria
 - F. Designated Contact
-

CONCISE SUMMARY

Property Location

- Former AT&T Building, located at 520 Third Street (the "Property").
- Located within the area of Phase 2, Santa Rosa Center Redevelopment Project Area and within the area of the Downtown Station Area Specific Plan.

Owner

- Santa Rosa Redevelopment Agency.

Site Size and Building Area

- The Site is 25,230 square feet and has an existing building with 99,800 square feet, with dimensions of 127' x 131' (16,337 square feet).
- The roof level is 78 feet above ground level (plus a 5 foot parapet wall).
- There is one level below ground and five floors above ground and a building with floor plates ranging from 14 to 17 feet ceiling height.
- All measurements are approximate.

Former Use

- Telephone switching equipment.
- Adaptive reuse of the Building.

**General Plan, Zoning
Designations**

- General Plan designation is Retail and Business Services.
- Zoning is CD-10 Downtown Commercial.
- Amendments to Redevelopment Plan may be processed by Agency staff during the planning process to allow all uses under General Plan and Zoning.
- Height restriction imposed to protect communications from equipment on roof of adjacent AT&T (formerly SBC) communications building.

**Requested Developer
Services**

- Phase 1: With participation of Agency staff, Developer will conduct due diligence, preliminary planning, use analysis in a collaborative process involving stakeholders and interested parties, and economic feasibility analysis (including analysis of any potential public financial participation subject to Agency approval) with the Agency staff for the adaptive reuse of the Property or alternate redevelopment of the Property if adaptive reuse is mutually determined by the Agency and Developer to be not feasible. [During Phase 1 Developer may contact and negotiate with owners of adjacent or nearby properties ("Adjacent Properties") for possible inclusion of one or more of the Adjacent Properties in planning and feasibility analysis of a joint development of the Property and Adjacent Properties on terms mutually acceptable to the Developer and Agency.] The Agency expects to be an active participant with the selected Developer in the preliminary due diligence, planning and feasibility process envisioned under Phases 1 and 2.
- Phase 2: Based on results of Phase 1, develop with the Agency staff, for conceptual approval by the Agency Board, a tentative preferred development program, with alternatives, for the Property (which may also include one or more of the Adjacent Properties, subject to the approval of the Agency and with the consent of the owner(s)).
- Phase 3: Preparation and completion of any environmental analysis required by the California Environmental Quality Act ("CEQA"). [Refer to Section II.E of this RFQ]
- Phase 4: Negotiate terms and conditions of a Disposition and Development Agreement for the Property (which may also include one or more of the Adjacent Properties, subject to the approval of the Agency and with the consent of the owner(s)).

**Developer Selection
Process**

- Responses Received to Request for Qualifications
- Scheduled meetings with Agency staff and inspections of the Property
- Possible Interview of Developer Finalists by Selection Committee
- Recommendation to and Selection of Developer by Agency Board
- Execution of Project Planning and Exclusive Rights to Negotiate Agreement ("ERNA") between the Agency and selected Developer as approved by Agency Board

Qualifications Due

- THURSDAY, NOVEMBER 12, 2009,
 - 4:00 p.m. (PST)
-

I. Summary of the Solicitation Request

A. The Opportunity

The Santa Rosa Redevelopment Agency ("Agency") is seeking a qualified developer team to work with the Agency staff to analyze and develop an economically feasible plan for the adaptive reuse of the former AT&T Building (the "Property") in downtown Santa Rosa, California and, subject to environmental analysis, if any, required under the California Environmental Quality Act ("CEQA") [Refer to Section II.E. of this RFQ], to negotiate a disposition and development agreement with the Agency. The Property was formerly used by AT&T as a telephone switching facility and is now owned by the Agency.

The City of Santa Rosa and its Redevelopment Agency have made significant investments in the Downtown. Since 1960, in excess of \$30 million has been invested by the Redevelopment Agency resulting in over 2 million square feet of development in the downtown core, with development costs in excess of \$110 million. These efforts have added more than 5,000 new jobs to the Downtown. Most recently, the Agency has invested in the purchase and studies for the reuse of the Property and in the Courthouse Square plans.

In recent years, the Prince Greenway linear creek park and the Prince Gateway Park have been added as downtown destinations. The Depot Building in the Historic Railroad Square District was restored and is now home to the California Welcome Center. The Vineyard Creek Hotel and Conference Center, catering to high-end business and leisure travelers, has also opened in a prime downtown location.

The City of Santa Rosa is located approximately 50 miles north of San Francisco, California in the heart of Sonoma County's Wine Country. Santa Rosa is the Sonoma County Seat and the site of local, State and Federal offices and an economic base dominated by high-technology manufacturing, retail and services. With an estimated population of 155,800 and 85,940 jobs (2005), Santa Rosa is expected to experience significant increases in both population and jobs over thirty years. By 2035, Santa Rosa anticipates an increase of approximately 38,000 persons (24 percent) and 64,220 jobs (75 percent) according to the Association of Bay Area Governments.¹

B. Public Policy Objectives for the Property

The Agency Board has expressed a strong preference that the existing building comprising the Property be retained but has directed that no special preference be given to the full range of public objectives that are listed below, and that for any objective, the Agency encourages a proposed development to be financially self-sufficient (i.e., to acknowledge the economic reality of any viable real estate project as a

¹ *Projections 2007*, Association of Bay Area Government (ABAG). [Projections may be updated based on latest available ABAG projections.]

development reuse which is able to attract investors and lenders). The range of public policy objectives include:

- 24-hour Downtown / Living (i.e., apartments or condominiums);
- Employment / Job Center (i.e., Class A or B office);
- Out of Town Visitors / City Revenue (TOT, Sales tax) (i.e., hotel, conference center);
- Attract Local Shoppers / City Revenue (Sales tax) (i.e., retail); and
- Public Use/ Non-Profit / Education (i.e., museum, cultural arts facility, UC Extension, library, post office, government offices, etc.).

II. Description of the former AT&T Building

A. Project Location and Site Features

The Property is located in the heart of the vibrant downtown area of Santa Rosa, California, across from Santa Rosa's historic Courthouse Square. A City transit mall and City parking garage are located to the rear of the Property. (See Figures II-1 and II-2.) The City parking garage, containing 650 spaces, currently has monthly permit parking and hourly public parking available. The downtown Santa Rosa area constitutes the City's civic center, financial, retail and shopping, entertainment and Old Town historic districts.

B. Adjacent and Nearby Uses

The Property is in the City's central business district and across the street from the City's central park/plaza, Old Courthouse Square, for which there is interest in renovating, including redesign and reuniting the two portions of the plaza into one, by routing streets around the edges. The Property is also adjacent to the Downtown Transit Mall which is the central location for City, County, and regional bus service by several operators. There are also plans underway to improve the Transit Mall.

The Property is adjacent on its west side to the AT&T (formerly SBC) communications building, which is approximately 96 feet tall, plus roof-top equipment, and on its east side to a vacant two-story office building. Nearby uses include public parking garages; 14-screen, stadium-seating Cineplex; City Hall; downtown shops and dining nearby at Courthouse Square District, Historic Railroad Square District and at Santa Rosa Plaza (a regional shopping mall); post office; the Prince Memorial Greenway and Prince Gateway Park; Luther Burbank Home and Gardens; Julliard Park; Hyatt Vineyard Creek Hotel and Conference Center; Sonoma County Museum; library; and several historic districts.

C. General Plan Designation and Zoning

The Property is included in the Downtown Station Area Specific Plan. The General Plan land use designation for the Property is Retail and Business Service which allows retail and service enterprises, offices and restaurants, and housing. Residential densities are unrestricted, except as may be constrained by height limit. This Property has a 148 foot height limit as set forth in an easement in favor of the adjacent AT&T site. The general maximum height limit in this area is 150 feet and 10 floors.

According to the City Zoning Ordinance, the Property is zoned CD-10 (Downtown Commercial). The CD-10 zoning district is applied to the Santa Rosa downtown, to provide for a mixture of ground-floor pedestrian-oriented shops, personal and business services, restaurants, and other office and commercial uses that serve the entire City and/or neighborhoods surrounding the downtown. Residential units may be developed in either a free-standing project, or incorporated into a mixed use project. The CD-10 zoning district is consistent with and implements the Mixed Use and Retail and Business Services land use classifications of the General Plan.

During the planning process, Agency staff may recommend and process any necessary amendments to the Redevelopment Plan to allow all uses permitted under the City's General Plan and the City Zoning Ordinance for the Property.

D. Hazardous Materials and Building Restrictions

The Agency has obtained a number of reports on the environmental, structural, utilities and other aspects of the conditions of the Property.

These reports, together with other information, are posted or linked on the Agency's website:

<http://ci.santa-rosa.ca.us/departments/economicdev/redevelopment/proj/Pages/FormerATTSite.aspx>.

Hard copies of documents posted on the Agency's website are available at the offices of the Agency for payment representing the costs of copying. **All reports and documents posted on the website or otherwise provided by the Agency are provided without warranty or representation by the Agency as to their accuracy, completeness or suitability for use for any purpose.**

E. CEQA Requirements

Generally, CEQA (Public Resources Code, secs. 21000 et.seq.) requires the preparation and certification of analysis (i.e. an EIR or negative declaration) for any project involving a discretionary approval that may have one or more significant effects on the environment. This analysis must be completed before any decision or action which would commit the Agency Board to approve such project.

However, there is a potential for the adaptive reuse of the Property to qualify for a categorical exemption from the CEQA requirements for an infill development project meeting the following conditions:

(a) The project is consistent with the applicable general plan designation and all applicable general plan policies as well as the applicable zoning designation and regulations.

(b) The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.

(c) The project site has no value as habitat for endangered, rare or threatened species.

(d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.

(e) The site can be adequately served by all required utilities and public services.

(Section 15332, CEQA Guidelines, 14 Cal. Adm. Code, Chap. 3, Art. 19, commencing with Sections 15300).

There is also the potential, if one or more of the criteria for a categorical exemption cannot be met, for either (a) a determination by the Agency Board that any significant effects of a proposed project have already been analyzed in the EIR for the Downtown Station Specific Plan and that no additional analysis is required under CEQA, or (b) the preparation of a negative declaration or mitigated negative declaration for a proposed project. There may also be the potential, depending on the uses in the proposed project, for an exemption or limited review under CEQA for a defined "transit priority project" meeting all of the requirements of Chap. 4.2 of CEQA (commencing with sec. 21155) added by SB 375, enacted as Chap. 728, Stats. of 2008.

It is the intent of the Agency to work with the Developer to mitigate to the extent reasonably possible the costs of any analysis required under CEQA and the allocation, if any, of these costs between the Agency and the Developer will be determined during the planning and feasibility phase.

Figure II-1 Map

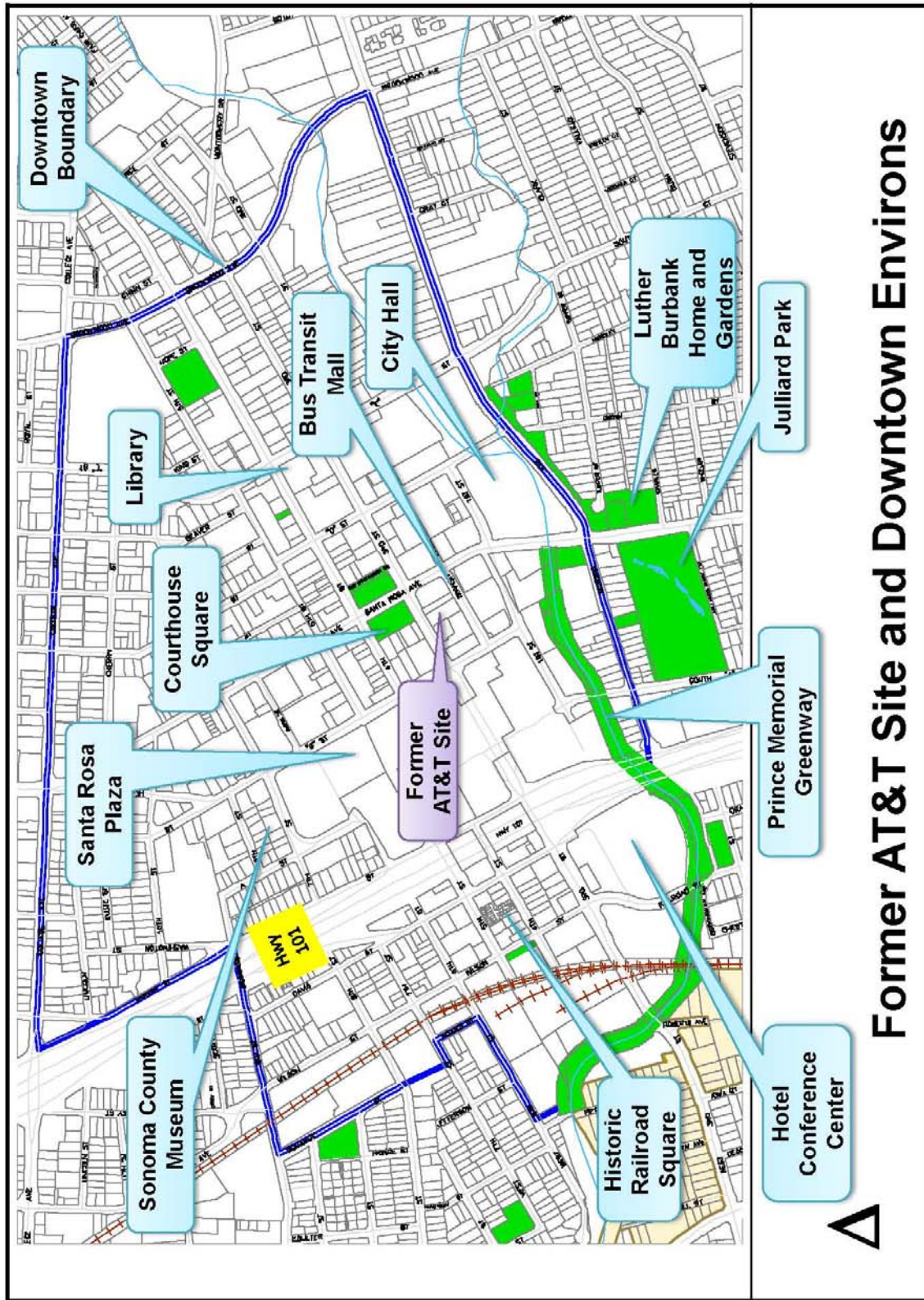


Figure II-2 Aerial Photographs

Former AT&T Site and Environs

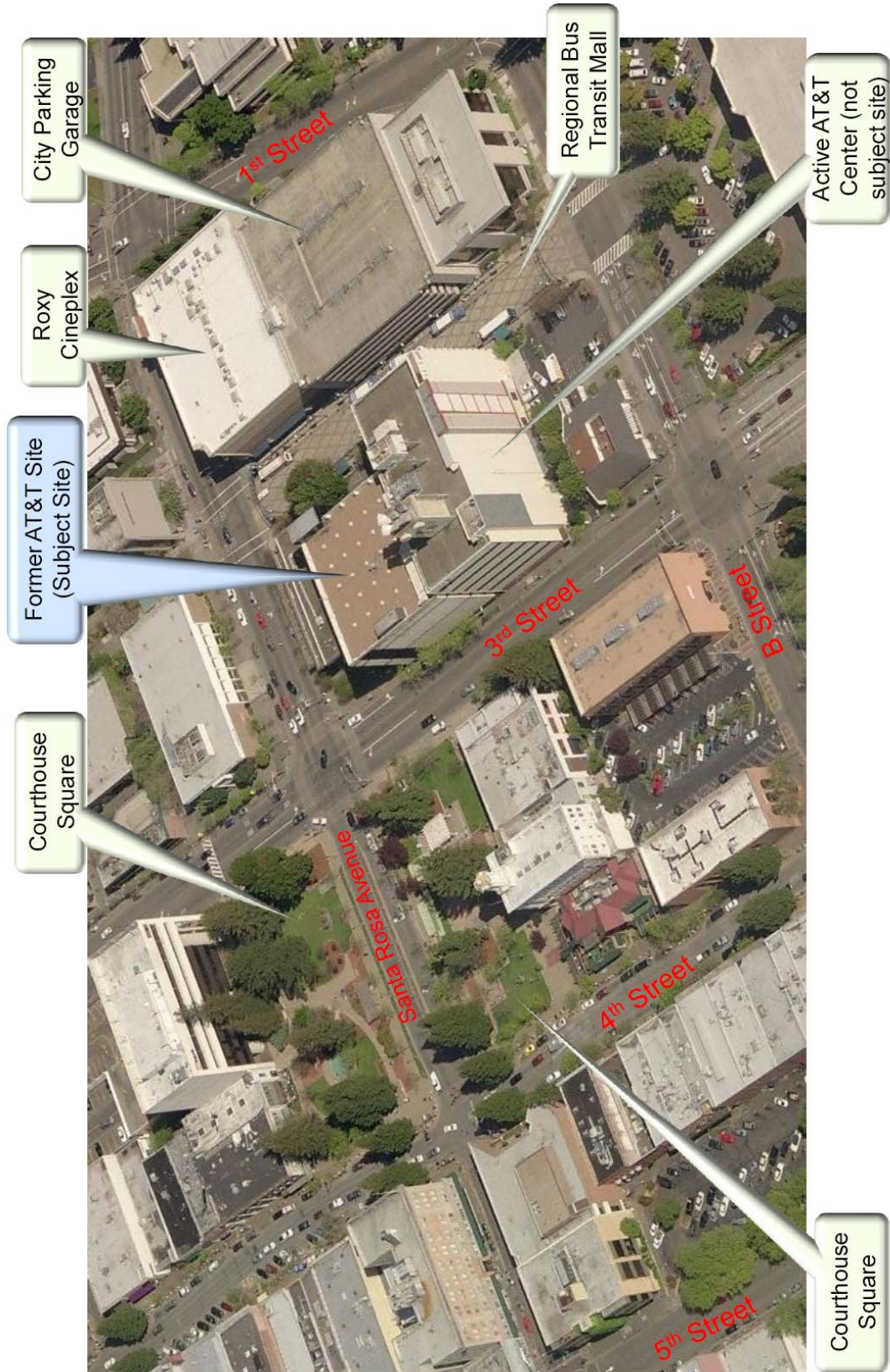


Figure II-2 Aerial Photograph of Central Santa Rosa

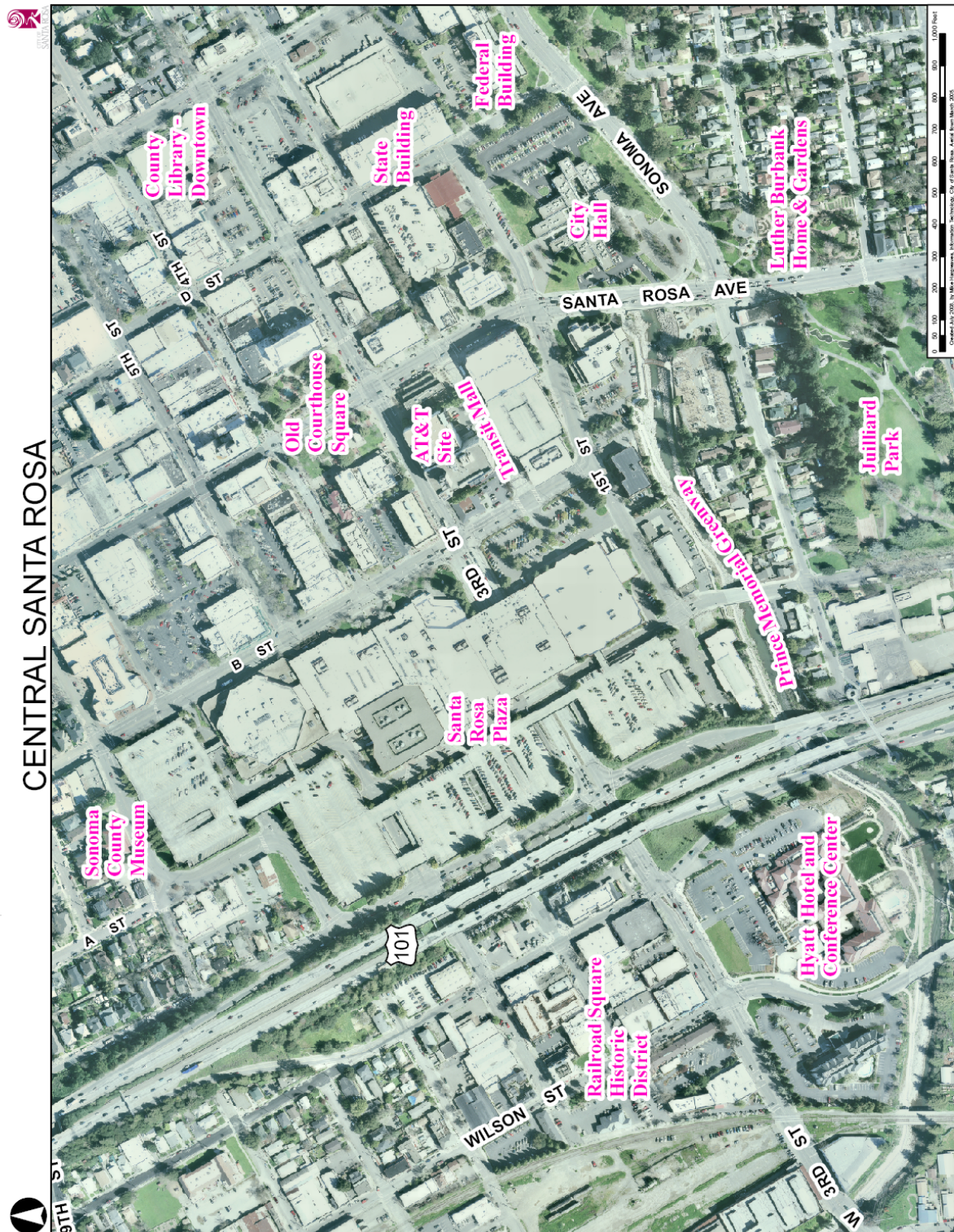


Figure II-3

Photographs of Downtown Santa Rosa



Figure II-4

Photographs of the Site



III. Outline of Planning and Exclusive Negotiation Process

A. The Planning and Negotiating Process

Phase 1: With participation of Agency staff, Developer will conduct due diligence, preliminary planning, use analysis in a collaborative process involving stakeholders and interested parties, and economic feasibility analysis (including analysis of any potential public financial participation subject to Agency approval) with the Agency staff for the adaptive reuse of the Property or alternate redevelopment of the Property if adaptive reuse is mutually determined by the Developer and the Agency to be not feasible. [During Phase 1 Developer may contact and negotiate with owners of adjacent or nearby properties ("Adjacent Properties") for possible inclusion of one or more of the Adjacent Properties in planning and feasibility analysis of a joint development of the Property and Adjacent Properties on terms mutually acceptable to the Developer and Agency.] The Agency expects to be an active participant with the selected Developer in the preliminary due diligence, planning and feasibility process envisioned under Phases 1 and 2.

Phase 2: Based on results of Phase 1, Developer will develop with the Agency staff, for conceptual approval by the Agency Board, a tentative preferred development program, with alternatives, for the Property (which may also include one or more of the Adjacent Properties, subject to the approval of the Agency and with the consent of the owner(s)).

Phase 3: Preparation and completion of any environmental analysis required by CEQA. [Refer to II.E of this RFQ]

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Phase 4: Negotiate terms and conditions of a Disposition and Development Agreement for the Property (which may also include one or more of the Adjacent Properties, subject to the approval of the Agency and with the consent of the owner(s)).

B. The Project Planning and Exclusive Rights to Negotiate Agreement

[See proposed form attached to this RFQ.]

The selected Developer will be expected, within twenty (20) business days of selection, to enter into a Project Planning and Exclusive Rights to Negotiate Agreement ("ERNA") with the Agency substantially in the form attached to this RFQ. [In responding to the RFQ, a Developer may suggest changes to the form of ERNA for consideration by the Agency, as provided in Section IV.C. *"Additional Information to be Provided"*]

IV. Submission and Selection Process

Concise submissions are encouraged, but should provide sufficient detail to demonstrate the developers' expertise and financial capacity.

A. RFQ Process

The Board of the Santa Rosa Redevelopment Agency has the sole authority to select the developer for the Property. A Selection Committee will be appointed to advise the Agency Board. The Agency may use professional advisors in redevelopment law and practice, real estate economics, design and/or engineering to assist in the evaluation of developer submissions in response to the RFQ.

The Selection Committee and Agency staff may conduct interviews with the development teams to assist in their evaluation and make a recommendation to the Agency Board.

In order to preserve the integrity of the selection process, developers and their team members are cautioned not to undertake any activities to promote or advertise their development proposal except in the course of Agency-sponsored presentations. Other than questions to or discussions with Agency staff (which are encouraged), developers and team members are not permitted to make any direct or indirect (through others) contact with members of the Redevelopment Agency Board, Santa Rosa City Council, or the Selection Committee concerning their proposal, except in the course of Agency-sponsored discussions. **Violation of these rules will be grounds for disqualification of that developer.**

During the selection phase, all information provided by staff to one or more developers by any means (including electronic mail, phone, fax or personal contract) in response to a question or request, will be provided at the same time to all developers participating in the selection process.

B. Notification to Agency by Interested Developers

Developers who are interested in and considering responding to this RFQ should notify the Agency as soon as possible following release of this RFQ of their interest with a short statement of interest and their name, address and other contact information. This statement will not commit the developer in any manner to submit a response to the RFQ but is solely to provide the Agency with accurate contact information in providing information concerning this RFQ to all interested developers. The failure to provide such contact information will not preclude a developer from responding to this RFQ but could result in the developer not receiving subsequent information from the Agency during the response period. Contact information should be delivered to the Agency by mail, fax, or email to the person and address indicated in Section IV.C., below, "Filing Responses to Request for Qualifications."

C. RFQ Submission Requirements

Each developer response to the RFQ should include:

Cover Letter

The submission must contain a cover (or transmittal) letter signed by the "team representative," the person authorized to represent and negotiate on behalf of the development entity. The letter should state the legal name and form of the development entity, as well as provide the mailing address, phone numbers and e-mail address of the team representative. It should also state that the team agrees to the conditions of the Agency's RFQ requirements, as described in this solicitation.

Identification of Development Team

The submission must identify the Developer and all members of the development team, including the legal nature of the firms and their relationship to each other, any joint venture partners, and the nature of the partnership interests.

[Note # 1: In the absence of an agreement or other good cause, independent consultants listed as providing legal, design, engineering, economic analysis or other services shall not be precluded, solely by reason of such listing, from subsequently agreeing to provide their services to another developer who is selected by the Agency pursuant to this RFQ and who enters into an ERNA with the Agency following final approval by the Agency Board.]

[Note # 2: The Agency reserves the right to not consider binding upon it any contractual or other arrangement with a particular organization or party that contemplates that such organization or party will become an occupant in the Property or any included Adjacent Properties.]

- Identify the development entity's name, street address, telephone number, fax number and e-mail address. Specify the legal form of the organization (e.g., corporation, partnership, joint venture, other) and the date the organization was formed.
- Indicate the name of the "team representative" who has the authority to represent and make legally binding commitments on behalf of the development entity, and be ultimately responsible for negotiating the DDA with the Agency.
- Indicate the name of the "project manager" (if different from above).
- List all officers, partners or owners of the development entity by name, title and percentage of ownership.
- Provide names, addresses, telephone numbers, fax numbers and e-mail addresses of all team members.

- Provide organizational chart(s) clearly indicating legal and managerial relationships among team members, proposed management structure and role of each individual on the development team.

Qualifications and Experience in Adaptive Reuse of Buildings, Infill and Mixed-Use Development

The submission must describe the developer's previous relevant project experience for each principal, partner or co-venturer participating in the development.

- Include a one-page summary description of the qualifications and experience of each team member (supplemental information and/or brochures may be included at the end of the response).
- Provide professional resume of the team representative and project manager (if different from the team representative) indicating qualifications and experience.
- Include up to a one-page description of each partner, principal or co-venturer's recent development experience. This development experience should include developments that are infill and/or adaptive reuse, and, to the extent applicable, a description of the collaborative planning process involved.
- Provide the following information, to the extent available, for not more than three (3) comparable developments, preferably public/private partnerships, located in urban infill situations, developed by the development team:
 1. Description of each development including location, land uses by square feet, number of housing units, site plan and elevation, total development cost, construction schedule, completion date, and current occupancy levels.
 2. Photograph(s) for each development, showing the project upon completion, or if the project is currently in process, graphic representations such as conceptual plans and/or renderings.
 3. Respective roles of the proposed development team members.
 4. Financing structure, including a description of how critical issues were resolved during the negotiation process.
 5. Key accomplishments during the entitlement process.
 6. Reference(s) for each comparable project, including public sector references.

Evidence of Financial Capacity (To be submitted confidentially to the Agency's consultants, Keyser Marston Associates, Inc., under separate cover.)

Submittals must provide evidence that the development team, including participating adjacent property owner(s), if any, has the financial capacity to undertake and carry out the proposed project:

- Financial Statement of the development company, or its principal component(s), for the two most recent calendar years or fiscal years.
- Identify the largest project for which the development team has been responsible for raising the financing. Provide information about that project, including dollar amounts. Indicate the team members' role in the project. Explain how these projects were financed.
- Provide information about other properties team members may own in downtown Santa Rosa.
- Provide any additional evidence demonstrating that the development team has the financial capacity to engage in the planning and development of the Property, specifically, (1) balance sheets showing that the developer has cash or cash equivalents available to undertake its pre-development activities pursuant to the P&ERN, and (2) evidence of financial capacity to carry out the development and adaptive reuse of the Property (with or without the co-development of the Adjacent Property, if the owner consents).

Additional Information to be Provided

Developers are requested to submit the following, in addition to their qualifications as set forth above (the following will not be considered as part of the selection process, but may be negotiated with the selected Developer for inclusion in the ERNA):

- Developer's proposed process and estimated period of time to undertake and complete Phases 1 and 2.
- Developer's estimated budget to undertake and complete Phases 1 and 2, including sources and uses of funds and in-kind contributions.
- Developer's estimated need, if any, for use of Agency staff resources and those of its consultants, including legal, economic and technical analysis, during Phases 1 and 2.
- Developer's comments or changes, if any, requested to the ERNA form attached to this RFQ..

D. Submission Schedule and Procedures

Submittal Schedule

RFQ Released	September 14, 2009
Reponses Due	November 12, 2009, 4:00 pm.
Informational meeting, tour of building (select one of two dates)	Sept. 23, 2009 10:00 a.m. – noon Oct. 14, 2009 10:00 a.m. – noon
Interviews	To be scheduled
Agency Board Selection	To be scheduled
Planning and Exclusive Rights to Negotiate Agreement ("ERNA") Signed and Delivered by Developer	Within 20 business days of selection
Agency Board Approval of ERNA	To be scheduled

The Agency may amend this schedule or other terms of this RFQ with written notice to all interested developers who have filed a statement of interest with the Agency.

Filing Responses to this Request for Qualifications

Interested developers shall mail or deliver nine (9) bound copies, one (1) unbound, camera-ready original, and one (1) electronic file of the Statement of Qualifications to the Agency for receipt no later than 4:00 p.m. on Thursday, November 12, 2009. Sealed submittals shall be sent to:

Jocelyn Lundgren
Redevelopment Manager
Santa Rosa Redevelopment Agency
90 Santa Rosa Avenue
Santa Rosa, CA 95404

Phone: (707) 543 -3310

Fax: (707) 528 – 3624

Email: jlundgren@srcity.org

Developers shall mail or deliver one (1) bound original of the **Evidence of Financial Capacity, Section IV.B. of the RFQ** (which shall remain confidential except for a general summary of such information to be provided to Agency staff and the Agency Board for their consideration in selection of a Developer) under separate cover by the same date and time above for Responses to this Request for Qualification to:

Tim Kelly
Keyser Marston Associates, Inc.
55 Pacific Avenue Mall
San Francisco, CA 94111

Waiver of Protest

By submitting a response to this RFQ, each proposer expressly waives any and all rights that it may have to object to, protest or seek any legal remedies whatsoever regarding any aspect of this request, the Agency's selection of a developer, the Agency's rejection of any or all submittals, and any subsequent agreement that might be entered into as a result of this Request. Each proposer acknowledges, by submission of its response to the RFQ, that it is aware of and is voluntarily relinquishing its rights to object, protest or judicially challenge the solicitation, evaluation and award process as described above. The Agency is not responsible for any costs incurred in this process. The Agency reserves the right to reject any or all submittals.

E. Selection Criteria

RFQ Selection Criteria

In addition to any other factors it may deem appropriate, the Agency will consider the following criteria to fairly evaluate the Statements of Qualifications:

- Quality of overall developer or team qualifications.
- Developer's financial strength and current relationship with financing sources.
- Previous experience with comparable development projects and timeliness of project completion.
- Developer's level of understanding of the Santa Rosa housing, retail and/or office market and potential for proposed downtown residential units, commercial/retail or office space.
- Developer's experience in working in a public/private environment.
- Project Manager's qualifications and experience with comparable projects.
- Capacity and creativity in dealing with complex adaptive reuse and infill projects in a downtown environment.

Final Selection

The Agency Board intends to select a single development team to proceed. The Agency Board may also designate an alternate team for potential future consideration, should negotiations with the first team not culminate in an agreement. Any or all submissions may be rejected at the discretion of the Agency.

The Developer that is selected to enter into the ERNA with the Agency will be required to submit a deposit in the form of a cashier's check made payable to the Santa Rosa Redevelopment Agency in an amount equal to \$50,000 to assure performance by the Developer under the ERNA. The Agency will return the amount of the deposit to the Developer after the Developer provides evidence satisfactory to the Agency that it has incurred costs of not less than \$100,000 in the performance of services under the ERNA. The selected Developer will be responsible for all costs and expenses that Developer incurs during the ERNA period, except as the Agency may otherwise agree in writing.

F. Designated Contact

For questions regarding the Request for Qualifications process, contact:

Jocelyn Lundgren
Redevelopment Manager
Santa Rosa Redevelopment Agency
90 Santa Rosa Avenue
Santa Rosa, CA 95404

Phone: (707) 543 -3310

Fax: (707) 528 – 3624

Email: jlundgren@srcity.org