

Answers to Questions concerning the Weiss & Goldring RFP

(The questions were duplicated as written and submitted by the 826 Third Street LLC respondent team.)

Questions for the City of Alexandria concerning the RFP for the Weiss and Goldring Building and the tower.

- 1) The city will determine that the building is deemed safe and secured to proceed for construction prior to turning building over to contractor(s)/investors(s). What method will the city use to determine the building is safe and secured for construction to proceed?
 - a. Does this include engineer inspection and certification?
 - b. Will the city complete temporary repairs to the existing roof and related structural components during this phase?
 - c. Will roof repairs be fire marshal approved?

ANSWER

1) Security and safety determinations of the building and building tract structures—as finally determined as part of RFP—would be made by qualified professionals, including certifications by a structural engineer and the City’s Fire Prevention staff.

The City would be using its soft money allotments for these tasks as already budgeted items, thus answering (9) below. The City’s funds as previously noted in the RFP were designed more for use in a CLTCC partnership. These were not offered, necessarily in this RFP for the Weiss project, as it states in clear terms:

“Note the following *initial* pre-approved budget applies to the projects listed in the R.I.V.E.R. Act Guiding Principles documents, but may not apply to *this* RFP regarding the Weiss and Goldring Building insofar as its terms are contained in the following sections as provided by this RFP.”

The methodology includes standard structural assessments for weight-bearing support, common wall integrity, some fire prevention determinations, and some environmental issues and abatement. These actions are budgetarily limited as stated in the Ordinance.

a. Yes. See previous narrative response to (1) above.

b. To be determined according to whether “necessitous circumstances,” as suggested by 1a and the budgetary limitations imposed by Ordinance. Necessitous circumstances are those circumstances requiring immediate or life safety address, address of structural integrity, and address of minimalistic “stubbing out” or “black boxing” of the building to ready it for commercial use. The idea is to allow commercial use of the building but not to marry the building due to city work to any use not driven entirely by the developers in the private sector. The RFP at footnote 1 provided further, that:

“Security and black box status of Weiss Building means the fire marshal and structural engineering teams have determined to their satisfaction that the building is safe to await development and, with regard to future development, smart black boxing allows maximum development avenues.”

c. Fire prevention assessments are required for any project whether made by private or public actors.

2) How long will it be before the city can turn the building over to contractor(s)?

ANSWER

2) Cannot be determined until completion of RFP process.

3) Will the contractor(s) be able to fence in or block the perimeter of the building during construction (both sidewalks and/or parking spaces)?

ANSWER

3) Yes. The limitations will be imposed as in customary and legal circumstances for other commercial projects and in a manner least intrusive to neighboring concerns, ongoing business operations, and existing uses of the public infrastructure. The fragility of the downtown ecosystem does not support shutting down streets in their entirety for extended periods or use of sidewalks in a fashion determined solely by the Weiss development team. These actions will be carefully planned and executed to maximize neighborly respect and concern for ongoing and developing concerns to avoid defeating precisely what is needed to support this RFP's ultimate goals.

4) What percentage of available space does the city intend to lease/rent?
a. How long would the lease/rent period last?
b. How will fair market value of the lease/rent be determined?

ANSWER

4) None. (a) The City is not guaranteeing to lease space at this time in the project. (b) Fair market values are determined by the market through comparisons and established methods in commercial real estate for developing markets in downtowns.

5) What will be an acceptable method for determining fair market value for other (non-city) tenants?

ANSWER

5) Market appraisal through traditional commercial appraisers, market comparatives, and similar commercial property ratings, in similar communities, should local "comps" be scarce, are all singular and mixed methods available for use. To the extent this property arrangement in our downtown is unlike comparatives, a fair evaluation will need to be contracted at the outset, with any adjustments and ramp ups included in a contractual mechanism up front in order to avoid violating public contracting limitations for municipalities. These issues should be well understood up front since they likely cannot be amended later due to prohibited donation limitations for municipalities. A municipality cannot adjust to its detriment a contractual structure after the fact, generally speaking, if the market forces were misidentified by the parties up front.

6) After RFPs are presented how long will it be until a determination of acceptance is approved/disapproved?

ANSWER

6) Less than 30 days from award under the RFP and any extensions from the standpoint of the administration, assuming the council does not alter the recommendations of, or extend or modify, the process, as adopted by Ordinance on February 7, 2017. So far, using the March timetable for recommendation of an award, the process could result in a determined, winning respondent within fourteen (14) to thirty (30) days from March 3, 2017. This does not include the completion of the authorized cooperative endeavor and development agreement (“CEDA”) process since the CEDA’s timetable is not controlled by one party but by the actions of all parties. The CEDA takes as long as it takes for the parties to agree to its terms as reflected in the term sheets or memoranda of understanding between the winning respondent and the Administration.

7) Does the city anticipate any event(s) that would cause construction to temporarily slow down or cease during the event(s) period?

ANSWER

7) No events other than City festivals and events calendared or regularly provided are anticipated to interrupt the process. The City cannot predict if infrastructure needs are identified or come into existence that would alter a timetable. City cultural events will not cease during construction; however, the City will work to ensure its staff-driven events impact the project in the least possible manner.

8) Will other R.I.V.E.R. Act, SPARC, and/or *DAN!* projects be concurrently in progress?

ANSWER

8) Potentially, yes. In particular, the CLTCC likely will be in progress.

9) Does the city anticipate any budgetary allowances above the initial pre-approved amounts that total \$100,000.00 for qualified soft assistance specifically approved for the Weiss and Goldring building?

- a. What are the steps necessary to qualify for this assistance?
- b. Can searches for prospective tenants through local real estate firms qualify for Market Study Updates?

ANSWER

9) No soft assistance is offered as stated in the RFP, at this time, beyond already compiled data and market research. See (1) above.

10) Will the city allow revised RFPs if there are more than one competitive submissions?

ANSWER

10) As in all RFPs and public projects subject to fiscal funding discretion, unless and until the CEDA is executed, and then according to its terms and limitations, the City reserves its rights to revise any RFI/RFP, MOU, or Term Sheet by issuing an addendum at any time.

Issuance of a letter of intent to negotiate or issuance and execution of a Term Sheet in no way constitutes a commitment to award a contract at any time even after the completion of the process until the CEDA is executed.

City's Further Rights to Modifications to RFP

Alexandria reserves the right to accept or reject, in whole or part, and/or cancel this announcement if it is determined to be in Alexandria's best interest. Alexandria also reserves the right, at its sole discretion, to waive administrative formalities contained in any future RFP, RFI, or RFQ.

Alexandria shall not be responsible for costs associated with preparing a response or for any other costs, including attorney fees associated with any challenge (administrative, judicial or otherwise). By submitting a response, Term Sheet, or engaging in this Request for Information/Qualifications/Proposals, the respondent or any other stakeholders, and their agents, consultants, and staff, agree to be bound in this respect and waive all claims to such costs and fees.

A proposer should have an implementation plan, including proposed funding mechanisms and federal and state matches, credits, and grants available. All terms proposed and related to Alexandria by persons or entities as future development partners shall be subject to certifiable evidence the development partner can immediately obtain any private financing at any agreed-upon levels. **THERE SHALL BE NO EXCEPTIONS TO THIS REQUIREMENT.** Any misrepresentation shall be considered bad faith. The proposers shall research all potential industry constraints or issues that could affect the project's feasibility, timing, and impact to the community—including the current economic climate and other budgetary constraints.

The operation of any assets shall meet sound commercial operations as defined by the parties.

All performance incentives shall reflect agreed-upon deliverables and provide guarantees and claw backs to ensure compliance.

Your Rights to Modifications to RFP

The mechanism for adjusting *your* responses to the RFP, based on your competition, has yet to be determined. Likely, it will be addressed with the following policy guidance when the competitive level does *not* indicate readily a clear winner.

First of all—along with prior experience and success stories relative to the Urban Development Goals—the response most closely meeting the Urban Development Goals wins.

Next, it is the City's goal to minimize the level of public financial participation in the project (if any) and to attain the most distinctive, highest-quality and marketable project possible. Preference will be given to those developers who minimize the use of public financing, emphasize private sector financing and/or participation, and provide the greatest economic opportunity for the City.

To meet Alexandria's requirements for a CEDA, deliverables of a commensurate nature (proportionality for Alexandria's value in exchange for future and actual values created by the location of the project) must be defined and evaluated. The City ensures (i) the expenditure or transfer of public funds or property, or the pledge, donation, or aid of public or private endeavor by public funds is based on a legal obligation (e.g., a valid statute, ordinance, charter or contract); (ii) the expenditure is also for a public purpose; and (iii) the expenditure creates a public benefit proportionate to its cost (i.e., the amount expended by the City is met with a comparable return or real and substantial obligation to create a future return)." "Deliverables" or returns on investment are necessary. This is addressed by the Ordinance and the CEDA. A respondent should not seek to increase public risk by relieving the private sector of risk, especially in the scenario being offered here.

The City will give weighted consideration to a Development Team or consortium with significant experience in developments similar in scope and quality to the proposed project, and who also demonstrate significant financial resources to support a guarantee of completion in accordance with a fixed schedule. The City generally understands the economics of large-scale development, its unique challenges, and the financing options available for public-private financing. The City has the following financial objectives; the City seeks to:

- **Limit financial participation by and risk to the City.**
- **Leverage economic gains of the project for the general benefit of the S.P.A.R.C. CRA-1 and/or City.**
- **Specifically, create leveraged development along the riverfront and within the area of the Downtown Community College area.**

11) What are the deadlines for the various leases?

ANSWER

11) Unknown.

12) What happens if one of the city provided tenants moves out or is de-funded?

ANSWER

12) If proper, customary, and commercially reasonable safeguards are in place, and these safeguards are followed, any risk of default will be borne by the private consortium. The City is prohibited from guaranteeing private results after sale of the building.

If the City sponsors a lease or is part of an ongoing cooperative endeavor through its own reservation of space or lease, for example by sublease, then the allocation of risks and default will be covered by its negotiated terms at the time in any lease.

After the anticipated sale, the City generally will not guarantee the project, but prior to will aid the consortium in the best possible strategies to ensure and entice long-term tenant success, robust and creative tenant improvement strategies, and contractual recommendations for dealing with public entities, with such matters as fiscal funding clauses.