



CITY OF ALEXANDRIA, LOUISIANA
MAYOR JACQUES M. ROY

FOR IMMEDIATE STAFF USE AND PUBLIC DISTRIBUTION

March 22, 2017
Office of the Alexandria Mayor
Alexandria, Louisiana

RFP RESPONSES CONSIDERED AND SUBMITTED TO COUNCIL

City Responds to Competitive Process Relative to the R.I.V.E.R. Act *(Weiss and Goldring Building)*

Alexandria, Louisiana—The City of Alexandria issued requests for proposals (“RFP”) regarding the R.I.V.E.R. Act for the following RFQ/RFI, on **January 20, 2017**. The following link is the original RFQ/RFI, and it is recommended that respondents are thoroughly familiar with the material since it governs the process subject to the determinations, terms, conditions, and timelines stated herein.

https://www.cityofalexandria.com/sites/default/files/rfi_and_feasibility_r.i.v.e.r._act_downto_wn_alex_now_2015_2.pdf.

Explanations of that body of information are available on the City of Alexandria’s website under the Transparency Tab. These items include:

- 1) R.I.V.E.R. Act FAQ
- 2) R.I.V.E.R. Act Non-Technical Narrative
- 3) R.I.V.E.R. Act Timeline
- 4) R.I.V.E.R. Act Guiding Principles
- 5) R.I.V.E.R. Act Guiding Principles #2 (12/31/15)
- 6) R.I.V.E.R. Act Guiding Principles #3 (6/29/16)
- 7) R.I.V.E.R. Act Discussion Points (6/29/16)
- 8) R.I.V.E.R. Act Request for Bargaining #2 (6/29/16)
- 9) R.I.V.E.R. Act Request for Proposals (1/20/17)

Respondents were asked to indicate a willingness to provide financial letters of credit worthiness, the form being issued herewith, and to provide narratives addressing the feasibility of their proposals, along with:

- A financial plan detailing the assumptions used in the recommended development.
- The assumptions used for operating projections.
- Market research and your related ability to meet the urban development goals.
- The bank to which you will submit information to be reviewed in confidence.
- Detailed financial statements of individual or business financial statements indicating wherewithal to develop and provide any required private contribution or capitalization of a business plan.

These questions were to be answered using a definition of “urban development goals,” as a defined term, referring to those matters discussed in Section 1.2 of the original RFI/RFQ, issued **February 27, 2015**. At minimum, the defined term meant: (i) mixed use is preferable over single use; (ii) within mixed use, housing mixes will be more scrutinized than various retail and business office mixes; and (iii) within otherwise desirable mixed use, uses consistent with R.I.V.E.R. Act goals are favored, except as provided for housing (which shall be carefully scrutinized to avoid interference with other market and housing opportunities in an effort to avoid altering market, competitive, and retail forces already at work). Educational partnering may substitute for job creation, if such partnering furthers R.I.V.E.R. Act interests in readying our workforce or in creating a destination site, such as museum partnering previously outlined. Further addressing housing uses, this memorandum of the RFP activity notes market-based



For Immediate Use and Public Distribution

housing should not be construed as disfavored in any manner, only that housing would be scrutinized if not market-based. Scrutinized does not mean disallowed but instead means carefully considered against the backdrop of existing private-sector investment.

The City has provided access to:

- Market studies related to the overall R.I.V.E.R. Act, downtown capacities, and business and housing needs;
- CLTCC data and information, including the NCHEMS study related to the Community College Initiative; and
- The accepted (or recommended) structure for achieving a cooperative endeavor and development agreement (“CEDA”) with the City for rehabilitation of the Weiss and Goldring Building and Property.

Those elements are summarized as:

- **Acceptance of the Donation of the W & G Building and Property by the COA Based on the Submission in this Process of Viable Plans and Terms of a CEDA; and**
- **Receipt of the Proper Deposit and LOCs;**
- **Consideration of any Environmental Issues and Appraisals;**
- **Limited Exposure of the City in Securing the Properties and Re-Payment of those Securing Funds as Guaranteed Elements of any CEDA;**
- **A Price for the CEDA of the Securing Funds Plus the Appraisal Amount;**
- **Payment of the Securing Funds Amount at Closing and Pledge of the Appraisal Amount Subject to the Urban Development Goals and other Terms;**
- **Release of the Appraisal Amount upon Achievement of the CEDA; and**
- **Tenancy Assistance by the City’s Economic Development Team.**

Accordingly, the City received two (2) qualified proposals on or before **February 13, 2017**. The City certifies each proposer team meets or exceeds the following professional qualifying requirements:

The minimum qualifications were:

Experience OR Uniqueness (0-20 points):

- Direct, hands-on experience and participation in similar projects.
- Objective measures of success, such as awards or commendations resulting from previous projects.
- Unique community ties, knowledge, or placement to effect best practices in the development of business models, historic preservation, riverfront activity, or downtown-style development.

Project Manager Leadership (0-40 points):

- Detailed information on the qualifications and relevant experience of the project manager, listing all professional degrees, certifications, awards, and commendations and providing points of contact for work on similar projects.

Key Project Staff and Sub-consultants (0-30 points):

- Detailed information on the qualifications and relevant experience of all key staff, listing all professional degrees, certifications, awards, and commendations and providing points of contact for work on similar project.
- An explanation of what each key staff member will individually bring to the project and how their individual contribution is not duplicative or unnecessary.
- If any sub-consultant will be employed, they shall be clearly identified in the qualification. The prime consultant shall notify the City, in writing, of any changes in key staff, and the COA shall have the right to terminate or renegotiate the contract if those changes affect the work product or the time schedule.

For Immediate Use and Public Distribution

Project Methodology and Approach (0-10 points):

- Provide detailed information on your methodology and availability in meeting the scope of work and unique local or similar expertise.

Total Possible Points: 100

EXPERIENCE

Notably, the 826 Third Street, LLC is a special purpose entity¹ of eminently qualified construction and development/real estate partners, comprising a 100% local team. This team includes a qualified design team, with unique community ties, local knowledge, and positioning to effect best practices in the development of business models, historic preservation, riverfront activity, or downtown-style development. An example is the Hemenway project and other construction projects like the CSPAC (and numerous Petron projects).

Notably, Darryl Smith, as an individual developer,² has developed similar structures for market housing and mixed-use purposes all over the state, with on-point comparatives in Hammond and Baton Rouge, Louisiana, including Maritime One Luxury Apartments.

Each has direct, hands-on experience with similar projects. Smith perhaps has completed more of these types of projects, while the Ratcliff-Ayres team has a unique local connection to the project through the depth of its team, their professional office locations, and ownership or experience with proximate properties; as well as its “known quantity”-status in the community. But, Smith has recently purchased a large commercial building in proximity, thereby putting his “skin in the game,” locally and micro-locally.

Thus, each has a component in the Experience qualification that equals/cancels out the slight deficiency of the other, so the staff grades each with the full **twenty (20) points**.

PROJECT MANAGEMENT LEADERSHIP

The staff grants each proposer **forty (40) points**, having no reasonable manner in which to discern any different assessment given the experience of each in related projects. The Ratcliff-Ayres team has provided its team members, and while Smith has not, it is assumed his team would receive the full credit for purposes of this grading given his experience. If, after receipt, there is reason to reconsider, or the award calls for a distinction using this qualification, the staff recommends it remain **forty (40) points** to each but reserves the Council’s right to use this qualification and its considerations that unique project management might be relevant in a particular use. In that way, a re-grade or additional bonus round based on project management would be in order, e.g., a project involving a destination use and thus multiple other partners from multiple sectors—private, public, and foundational.

KEY PROJECT STAFF/SUB CONSULTANTS

The staff grants each **twenty-five (25) points** since the project would involve development and ownership of the respondent group, as opposed to a developer separate from an owner. Assuming each respondent is meeting the urban development goals and terms of the CEDA, this qualification is not necessary to grade regarding the project teams given their experience. However, the City reserves **five (5) points** in this section to be awarded in conjunction with **Methodology and Approach**, considering other factors in the RFP such as AFEAT commitments.

It is the policy of the City to involve Minority and Women-owned Business Enterprises (M/WBE) to the greatest extent feasible. In the Proposal Statement, the Developer must provide their proposed method for M/WBE participation in

¹ The 826 Third Street, LLC is composed of Robert T. Ratcliff Sr., Robert T. Ratcliff Jr., Steve Ayres, Michael Carbo (CPA, CFF, CVA), Ashe-Broussard-Weinzettle Architects, Spencer Marks (JD/MBA), and Gregg Thompson (CCIM). It is an amalgam of two construction groups (Ratcliff Construction LLC and Petron), real estate developers and specialists (Ratcliff Development LLC, Carbo, Marks, and Petron), financial and tax credit experts, and others (the “Ratcliff-Ayres team”).

² Darryl Smith has numerous special purpose entities, including Smith Properties. It operates a number of historical rehabilitation developments of comparable note and character.

For Immediate Use and Public Distribution

compliance with the *Alexandria Fairness, Equality, Accessibility and Teamwork* program. The City has a program to aid small, emerging, minority- and women-owned businesses, ensuring such interests are given an equal opportunity to conduct business with the City of Alexandria. It promotes: (i) The competitive viability of small business, minority, and women business enterprise by providing contract, technical, educational, and management assistance; (ii) business ownership by small business persons, minority persons, and women; and (iii) the procurement by the City of professional services, articles, equipment, supplies, and materials from business concerns owned by small business persons, minority persons, and women.

PROJECT METHODOLOGY AND APPROACH

Here, there are material differences in approach. Each respondent offers varying degrees of risk and varying degrees of control with which the City can ensure a project lifecycle adheres to the urban development goals. There are ten (10) points to award in this section. Each respondent goes into this section with eighty-five (85) points.

By separate document, we have proposed questions for the Council to consider in assessing this qualification. Any further guidance from the Council would be appreciated, including any criticisms or alteration of the points awarded thus far. This qualification still is under consideration pending the responses to each and questions propounded by the City to each and subsequent responses. The proposer should be graded on whether its proposal provides opportunities to create a first-class downtown arts, retail, food-and-beverage, residential, and quality-of-life venue in part by leveraging recent investment.

Given the experience of each respondent, the Council should focus on who also demonstrates 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.

It is the City's goal to minimize the level of public financial participation in the project and to attain the most distinctive, highest-quality, and marketable project possible. Eventually, respondents will be expected to provide (as proposal winner) information regarding sources of debt and equity, and are urged to consider creative development and financing structures that will accomplish these ends. 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 date, we have thought the greatest economic opportunity is tied to mixed use and therefore the urban development goals.

One respondent seeks no assistance (CEDA terms) from the City, i.e., the Smith respondent, leaving some question as to whether any aspect of the proposed CEDA is necessary. This is important because in the absence of a CEDA, there is no mechanism to require the Smith respondent to meet the urban development goals. The Ratcliff-Ayres team seeks City assistance, but offers to adhere to the urban development goals. However, the Ratcliff-Ayres team is requesting additional incentives not offered by the template agreement (and probably unavailable under Article VII analysis). More troubling, the original urban development goals may be the victim of a devolving standard—meaning, the tendency of the original, robust mixed use becoming a watered-down version of a business park in an historic building. While this has some value, of course, by adding traffic, it does not add the mixes in use desired by the surrounding community. So, does the City need to be involved in an office building?

Therefore, there is a need for the Council to truly assess the value placed upon the urban development goals in this process: do they remain relevant, needed, desired?³

³The staff spent considerable time analyzing whether the market forces at play should be left to their own to resolve the matter. we do not want to interfere or leave that impression. As with the Downtown Hotels Initiative, the City is not attempting to alter the market. With the Holiday Inn, the failure to act by one private party forced the City to accept its property back; while the Weiss and Goldring Building similarly started from potential condemnation. Each project began with an intransitive involvement of the City, i.e., not one the City sought for itself. We think this is important to keep in mind as we re-assess the market versus community approach in a fragile downtown ecosystem.

For Immediate Use and Public Distribution

Qualification narratives and actual development proposals should include a financial plan detailing the assumptions used in the recommended development. These assumptions might guide the Council in how to grade this qualification. How does the project:

- **STEP 1** - Capture the Vision
- **STEP 2** - Develop a Strategic Plan
- **STEP 3** - Forge a Healthy Private/Public Partnership
- **STEP 4** - Make the Right Thing Easy
- **STEP 5** - Establish Business Improvement Districts and Other Non-Profits
- **STEP 6** - Create a Catalytic Development Company
- **STEP 7** - Create an Urban Entertainment District
- **STEP 8** - Develop a Rental Housing Market
- **STEP 9** - Pioneer an Affordability Strategy
- **STEP 10** - Focus on For-Sale Housing
- **STEP 11** - Develop a Local-Serving Retail Strategy
- **STEP 12** - Re-create a Strong Office Market

SOURCE: *Turning Around Downtown: Twelve Steps to Revitalization*; The Brookings Institution; March 2005.

Thoughts and Actions Forward

The staff notes the twelve (12) steps are supported by thoughts of lifestyle housing, sustainable housing, and retail driving foot traffic or supportive amenities of hotel and convention guests. The staff noted a desire for housing to support a mini-grocery in turn supporting other retail, as an example of robust mixed use.

The staff asks for any final direction from the Council by resolution on or before **April 4, 2017**. If there are objections by members to accepting the donation of the property based on information contained herein or learned since this process began, please provide them in writing to the Mayor on or before **Friday, March 24, 2017, at 4:30 p.m. C.S.T.**

At this time, the donation may be in order given the interest but a definite CEDA is not in place given the status of selection between the two respondents; however, acceptance of the donation allows for controlled reuse, now. The Council should answer the value placed upon the urban development goals in this process: “do they remain relevant, needed, desired.” If they do, the donation probably should occur immediately.



CITY OF ALEXANDRIA, LOUISIANA
MAYOR JACQUES M. ROY

**NOTICE OF INTENT TO RESPOND
CITY OF ALEXANDRIA, LOUISIANA
JANUARY 2017 REQUESTS FOR COOPERATIVE DEVELOPMENT
R.I.V.E.R. ACT
ATTACHMENT LETTER OF CREDIT WORTHINESS (LOC)**

_____ (Individual/Stakeholder/proposer) received the Alexandria

Request for Proposal for the "Weiss and Goldring Building."

"The R.I.V.E.R. Act proposer has responded to the narrative request with Alexandria." (You may attach any additional documentation.)

We submitted a proposal, and now we include proof of the following commitments:

- Providing plans for the required ratio of private financial support toward the Project; and
- Providing a refundable deposit in the amount of \$150,000, as required for the Project.
- Other (please specify) _____

Answer the following areas with considerations of: transportation usages and logistics; public safety concerns related to transit and parking at the site; parking deficiencies at the site; and coordination-with-other-assets considerations to optimize uses and planning with public assets, green space and private sector community partners and initiatives.

- The total value of proposed stakeholder participation totals: \$ _____.
- The availability of ancillary site development for parking exists in the following manner: (attach additional page).

Other Proposed Points of Agreement, Issues and Questions to Be Answered by City:

Respondent's Representative:

Name: _____

Position: _____

Business Mailing Address: _____

Telephone: _____

Facsimile: _____

E-mail: _____

Please send completed form to cynthia.jardon@cityofalex.com