



Legislation Text

File #: 18-867, **Version:** 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of RFP 18-182, City Advocate for 5th Avenue Redevelopment, to S.B. Friedman for an amount not to exceed \$100,000 plus a 10% contingency (Item 1 of 2)

DEPARTMENT: City Manager's Office

SUBMITTED BY: Marcie Schatz, Deputy City Manager

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The other related item on the City Council agenda is:

- 18-886 approve a resolution authorizing the City Manager to enter into an agreement with S.B. Friedman

In August 2018, the City issued RFP 18-182 to hire an experienced and qualified team to act as an advocate to the City in connection with the 5th Avenue Redevelopment. This team will assist the City in the review of the proposed project plan and with the negotiation and creation of the development agreement and business terms with Ryan Companies for the comprehensive development and the associated public improvements. The goal of this procurement is to obtain the advice and guidance of high-level, extremely experienced, independent professionals to supplement City staff so that the City can achieve a long-term, successful development that best serves the interests of the City and its residents.

DISCUSSION:

Advertisement Date:	08/06/2018	Notices Sent:	309
Opening Date:	08/28/2018	Planholders:	25
		Proposals Rec.:	3

Proposals were received from the following teams:

C.H. Johnson/Gensler
Ice Miller/S.B. Friedman
Jones Lang LaSalle

A selection team comprised of staff from the City Manager's Office, Finance Department, Legal Department and TED Business Group evaluated the proposals, which were scored based upon the

criteria set forth in the RFP:

1. Capability, Capacity and Qualifications of the Proposer (40%)
2. Suitability and Quality of the Approach (35%)
3. Outcomes to be Achieved (25%)

After review and scoring of the proposals, the selection committee invited all three teams to attend interviews. In addition to the selection committee members, four subject matter experts (SME) representing the Legal Department, TED Business Group and City Council also attended the interviews. Following the completion of the interviews, the selection committee rescored the proposing teams with feedback provided by the SMEs. The proposing team with the highest qualification score, Ice Miller/SB Friedman, is recommended for award. The table below provides a summary of the final qualification scores:

Proposing Team	Qualification Score
C.H. Johnson/Gensler	70.65
Ice Miller/S.B. Friedman	87.15
Jones Lang LaSalle	78.95

S.B. Friedman Agreement

The winning proposal was initially presented with the law firm of Ice Miller acting as the lead with S.B. Friedman, a development consultant, and other consultants serving as support. During the procurement process, the selection team concluded that it is most appropriate for S.B. Friedman to act as the lead, rather than Ice Miller due, in part, to the immediate needs concerning evaluation and modifications of Ryan’s concept proposals and market analysis. S.B. Friedman and Ice Miller were amenable to that restructuring and staff proceeded to negotiate an agreement with S.B. Friedman with the understanding that S.B. Friedman will use Ice Miller, other “team members”, and consultants and subcontractors as necessary to complete assignments.

The proposed City of Naperville Advocate Agreement, which is included with this agenda item, is structured like a master consultant services agreement whereby the City Council may award an amount that staff will use to manage S.B. Friedman’s completion of certain assignments. The City will require S.B. Friedman to submit to staff “service orders” that detail recommended assignments along with identifying the consultants or subcontractors needed to complete the work, estimated costs, and a schedule. Staff will review, modify, and authorize service orders as appropriate and within the total amount of the award.

Initial activities of S.B. Friedman are anticipated to include the following and result in a summary document to be available on or before the December 4, 2018 City Council meeting:

1. Schedule and hold kickoff meeting with the City and S.B. Friedman’s representatives and necessary consultants and subcontractors;
2. Obtain and review key documents available online and provided by the City concerning the redevelopment including the original RFQ, Ryan’s RFQ proposal, City Council meeting and workshop agenda items, steering committee and working group agenda items and work product, etc.;

3. Review the community engagement history and process to date;
4. Conduct a detailed review of Ryan's proposal and engage with Ryan and participate in a meeting where Ryan walks S.B. Friedman through its plans and pro forma for the project as it is currently conceived;
5. Evaluate the market feasibility of the proposed land uses (residential, retail and office);
6. Provide overview of the relationship between potential public and private costs; and
7. Conduct a preliminary real estate due diligence focused on land ownership, existing obligations (e.g., parking for Metra), easements, BNSF and DCM leases and other encumbrances

Additional S.B. Friedman service orders are anticipated to include, but are not limited to:

8. Evaluate the reasonableness of Ryan's projected redevelopment costs and budgets, including benchmarking hard and soft construction costs (with the help of CCS International) for both public and private aspects of the project, financing costs, City operating and maintenance expenses, and other costs;
9. Evaluate proposed land pricing based on comparable sales and/or residual land value analyses;
10. Provide an analysis of potential ownership options (ground lease vs. sale or hybrid options);
11. Evaluate projected developer returns to determine whether market-appropriate returns would be achieved;
12. Develop a plan for funding public improvements and future land ownership including defining which improvements Ryan expects to be funded with City sources and which would be dedicated to the City. Also, S.B. Friedman will work with the City to identify potential sources of funds to pay for these public improvements; and
13. Conduct detailed real estate due diligence focused on land ownership, existing obligations (e.g., parking for Metra), easements, BNSF and DCM leases and other encumbrances.

After S.B. Friedman's initial phases of work, the City anticipates having a strong understanding of key facts relating to the land, key policy issues for neighbors and the City as a whole and key project financial challenges. Coming out of this base research and project orientation phase, the City anticipates working with S.B. Friedman to define more specific scopes of work to move forward to resolve questions and issues related to the project.

If the project continues to move forward, we anticipate that S.B. Friedman will continue supporting the City as it negotiates the redevelopment agreement with the developer to include terms that allow for market-driven development activity while ensuring key policy outcomes for the City and protecting the long-term interests of the City.

FISCAL IMPACT:

The City Advocate for 5th Avenue Redevelopment will be expensed to other professional services in the General Fund. A portion of the award recommendation will be expensed in 2018 with the remainder in 2019. No dollars were budgeted for this expense in 2018 and staff is recommending the use of savings from salaries and benefits in the T.E.D. budget to cover these expenses. 2019 expenses will be included as part of the 2019 budget recommendation. Additionally, staff will pursue reimbursement from Ryan Companies for expenses related to this award.

Account Number	Fund Description	Total Budget Amount
30281100-531309	General Fund	\$ 0