

MEMORANDUM

TO: Mayor and City Council

FROM: Sue F. McCormick, Public Services Administrator

SUBJECT: 415 W. Washington Proposal Review Committee
Recommendations

DATE: January 5, 2009

Attached for your review is the report of the 415 W. Washington Proposal Review Committee. The report outlines the committee's findings regarding the three proposals and recommendations for next steps in the process of selecting a redevelopment proposal for the site.

Background

In February 2008, City Council issued Request for Proposals 695 for the acquisition and redevelopment of City-owned property at 415 West Washington Street. The RFP's site objectives and evaluation criteria are attached.

Three proposals were received in April 2008 (see attached summaries). The complete proposals are available at www.a2gov.org/government/publicservices/systems_planning/Pages/415WWashingtonRFP.aspx).

In May 2008, City Council appointed an advisory committee to review the proposals. The 415 W. Washington Proposal Review Committee members are:

Christine Brummer, Old West Side Association
Chris Easthope, City Council
Sue McCormick, Public Services
John Mouat, Downtown Development Authority
Scott Rosencrans, Parks Advisory Commission

The committee met seven times from May to December 2008 to review and evaluate the proposals. City staff provided technical support to the committee in the areas of floodplain management, historic preservation, park and land use planning, brownfield redevelopment and project financials.

As part of its review, the committee conducted interviews of the proposers in August 2008. The interviews were open to the public and rebroadcast on CTN. The questions asked of each proposal team are attached.

**415 W. Washington – RFP 695
Site Objectives and Selection Criteria**

Committee Report

In its report, the Proposal Review Committee provides analysis of the three proposals received and recommends that additional information be provided before selection of a development proposal. Committee members have agreed to continue to serve until Council determines that the committee's task is complete.

Attachments: RFP 695 Site Objectives and Selection Criteria
Proposal Summaries: Ann Arbor Art Center; Morningside; and
Old West Side Design Group
Interview Questions
415 W. Washington Proposal Review Committee
Recommendations - December 9, 2008

415 W. Washington – RFP 695
Site Objectives and Selection Criteria

Site Development Objectives

A successful proposal must address all of the following site development objectives:

1. Beneficial use of the site. Any proposal for this site must demonstrate a clear benefit to the community and be consistent with the recommendations of the Downtown Plan, Central Area Plan, the Flood Mitigation Plan and the Old West Side Historic District regulations. Preference will be given to proposals that incorporate a use (or uses) that provides a publicly available service to the community, for instance, building space that may be used for public meetings and civic or cultural events. Additional consideration will be given for the development of dwelling units affordable to downtown workers earning between 60% and 80% of Area Median Income (AMI), as defined by the U.S. Department of Housing and Urban Development (HUD).
2. Public greenway linkage. The floodway portion of the site should be reserved in some manner as open space for the Allen Creek Greenway. Within this open space, the purchaser must provide, at minimum, a continuous and barrier-free public pathway between Liberty and Washington Streets and distinctive wayfinding elements. Additional consideration will be given for the construction of public amenities that respond to the recommendations of the Allen Creek Greenway report, such as areas for sitting and gathering, rain gardens, and public art. The proposal should include provisions for long-term maintenance of the public elements by the applicant.
3. Flood risk mitigation. A successful proposal will employ the best management practices identified in the City of Ann Arbor Flood Mitigation Plan. Any redevelopment/reuse of existing structures must incorporate flood resistant construction standards. Any new structures proposed should follow the recommendations for “A New Standard” identified in the plan. The Mitigation Plan also recommends (see Project #25) that parking should not be located in portions of the 100-year floodway that exceed 2 feet in depth, a condition characteristic of this site.
4. Environmental benefits. The development proposal should incorporate to the greatest extent possible environmentally sensitive design and energy efficiency features that follow Leadership in Energy and Environmental Design (LEED) standards. Preference will be given to proposals that reuse or rehabilitate existing structures, consistent with historic district standards. In addition, the project should propose innovative and

415 W. Washington – RFP 695
Site Objectives and Selection Criteria

environmentally friendly runoff water management and seek to improve water quality within the Allen Creek watershed.

5. Historic preservation. The project design must respect the historic character of the surrounding neighborhood and comply with the Old West Side historic district regulations. The site design must exhibit pedestrian-friendly treatment of all street frontages, consistent with the downtown design guidelines.
6. Financial return. The proposal must provide a positive financial return to the City. In the absence of other considerations, the City has a fiduciary responsibility to obtain fair market value upon the sale of City assets. Long-term lease or other property arrangements will be considered, but must meet this financial return criterion.

Selection Criteria

Responses to this RFP will be evaluated using the following criteria:

1. Past Involvement with Similar Project(s) – Experience and ability of development team in the successful completion of infill, historic preservation or redevelopment/reuse project(s), verified by references.
2. Proposed Work Plan – alignment of proposal with site development objectives outlined in the RFP.
3. Financial Capacity – ability to finance proposal, including demonstrated ability to procure financing and complete the work within the proposed timeline.
4. Cost Proposal – purchase price or lease return.

**415 W. Washington – RFP 695
Ann Arbor Art Center**

Team

Ann Arbor Art Center
RizzoloBrown Architects
Damian Farrell Design
Pollack Design
JC Beal
Oxford Companies
Miller Canfield
Washtenaw Engineering



Proposed Development Program

Renovation of the 415 W. Washington building and garages into a community arts facility, to be owned by the Art Center. The Art Center would occupy

**415 W. Washington – RFP 695
Ann Arbor Art Center**

approximately 13,000 square feet and rent or lease the remaining space to art groups and individuals. This would include:

- Three galleries for professional and community artist exhibitions
- Gallery shop
- Teaching studios
- Office space for Art Center staff
- Meeting rooms
- Café

The garage structures would be converted to studio space for short- and long-term rental and shared rehearsal/gathering space.

Three off-street parking lots totaling 66 spaces would be created, one of which would be part of a courtyard area between the buildings. Impervious areas are proposed to be reduced through permeable paver systems, rain gardens, bioswales and the addition of sections of green roof on the building. Regrading of the site for greenway and paving will lower elevations to provide additional storm water storage capacity.

Cost Proposal

Ann Arbor Art Center Commitments:

- Use the proceeds from the sale of its two properties (220 Felch and 117 W. Liberty), historic tax credits and nonrecourse financing to raise \$4,100,000 to renovate the entire property.
- Pay \$1 to the City for acquisition of land, including greenway.

Requested City Commitments:

- Property to be delivered free and clear of environmental hazards and non-structural elements.
- Parks & Recreation to maintain the greenway easement in perpetuity by setting up an endowment.
- A governmental agency will enter into a lease with AAAC for 17,100 sf (west and south buildings) for \$9.00/sf plus operating expenses for 30 years. In turn, the governmental entity will sublease the space to area artists and artistic groups, using 10% of the revenues to pay for property management.

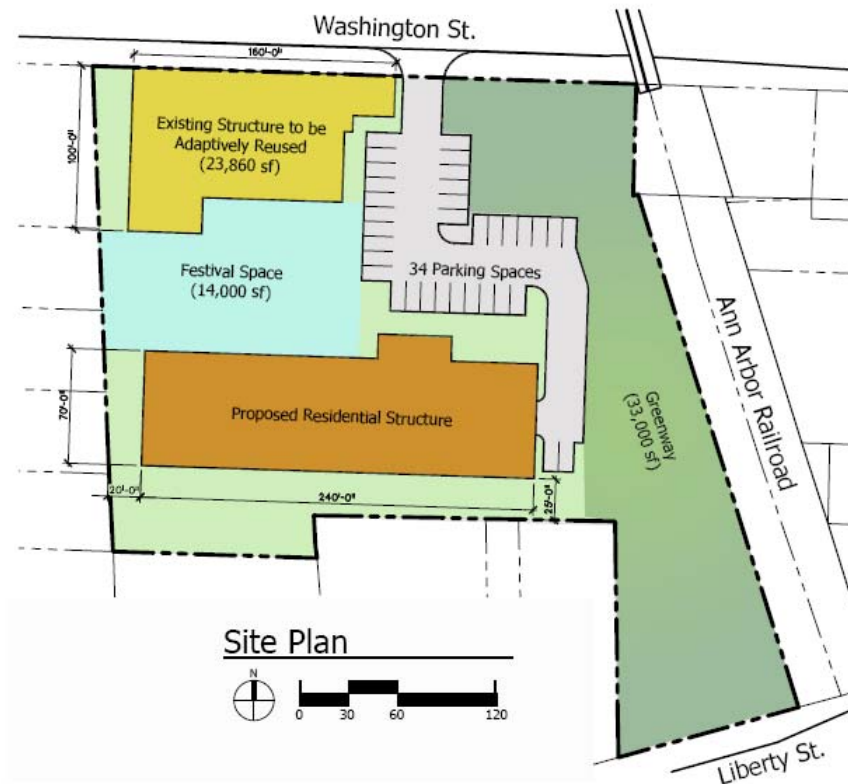
415 W. Washington – RFP 695 Morningside

Team

Morningside Equities Group, Inc.
JJR
Hobbs + Black Architects
Lorri D. Sipes, FAIA

PLAN

SITE PLAN



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Proposed Development Program

Residential: Construction of a new five-story, 52-unit condominium building with 48 parking spaces on the grade level under the building. Second floor residences are proposed for artist live/work space. Units would be priced in the mid-\$200,000 range. The building, which would be designed for LEED Gold

415 W. Washington – RFP 695 Morningside

certification, would be located south of the main building on land currently occupied by garage structures.

Adaptive Use: Adaptive reuse of 23,860 sf in the 415 W. Washington building, with selective removal of secondary structures, in partnership with an arts or public entity. A 34-space surface parking lot would be developed, with access from Washington Street. Outdoor festival space would be created in a courtyard between the adaptive re-use and the new residential building, to be used for exhibitions and activity programming.

Greenway: Reservation of 0.75 acres as part of the Allen Creek Greenway, with improvements to be designed in coordination with the City. The Liberty Street vehicular access would be eliminated, traffic calming crosswalks would be installed across Liberty and Washington, and Historical Street Exhibits and public art would be added in the greenway.

Cost Proposal

Morningside Commitments:

- Design and construct a 52-unit residential building and associated site improvements.
- Cooperatively plan for improvements to the public space.
- Market 415 W. Washington building and adjacent land to public entity initially, and private sector if no public entity commitment. In exchange for receiving the primary building and adjacent land area at no cost, the public entity would invest the capital required to renovate the building and develop the land into a blend of festival space and surface parking.
- Assist the public entity in structuring the transaction to secure historic tax credits.
- Pay \$500,000 to the City for acquisition of land, excluding greenway.

Requested City Commitments:

- Design and construct public streetscape improvements to the Washington Street ROW and traffic calming devices to the Washington and Liberty Street ROWs.
- Waive building permit and tap fees and consider park donation satisfied.
- Construct greenway improvements.

**415 W. Washington – RFP 695
Old West Side Design Group**

Team

Peter Allen & Associates
Storrow Kinsella Associates
Rueter Associates
Nederveld Engineering



Proposed Development Program

This proposal calls for construction of a 3-story artist loft and live/work building totaling 24-36 units above grade-level parking. The building, which would contain a minimum of 5-8 affordable units, would be located south of the main building on land currently occupied by garage structures. It would be designed for a LEED Silver rating or higher.

415 W. Washington – RFP 695 Interview Questions

A 24-unit residential condominium and commercial building is proposed on the adjacent 318 W. Liberty, to be developed under a separate site plan by members of the OWSDG proposal team.

The salvageable portion of the 415 building would be renovated into an arts education and studio facility, with first floor commercial uses, to be sold or leased to the Ann Arbor Art Alliance or other arts group. The building would demonstrate flood resistant construction for historic rehab.

Auto parking is proposed in an 85 space deck on the first floor of the new building, with 24 additional residential spaces in an underground garage on the West Liberty site. 300 bicycle parking spaces will be provided. A courtyard area would provide event parking.

The Greenway would incorporate all of the space between the railroad tracks and the buildings, with a shared auto and pedestrian “social street” connection proposed between Liberty and Washington. The public space would include rain gardens and civic space such as a rotating art installation and a performance stage.

The floodway portion of the site would provide a model demonstration project for flood mitigation, including warning signage to address parking management and access during flood events and parking spaces that prevent cars from moving in storms through the spacing of secured bicycle racks.

Cost Proposal

Old Westside Design Group Commitments:

- Pay \$1 for existing building
- Pay \$0 for greenway portion of site
- Pay \$0 for each affordable unit (i.e., 60-80% AMI)
- Pay \$25,000 for each market rate unit (maximum \$700,000)

Requested City Commitments:

- Environmental remediation of the site
- Provide TIF funds to develop greenway park (\$4 million estimated from new development)

**415 W. Washington – RFP 695
Interview Questions**

Proposed work plan

1. Please expand upon how your proposal responds to the challenges of developing this site.
2. Are you willing to team with others to strengthen your proposal?

Past involvement with similar projects

3. How does your past experience position you for success in completing this project?
4. Do key members of project team, including the project manager, have experience with similar projects and what will their roles be during this project?
5. How will you manage project team continuity to complete this project?

Financial capacity

6. With the limited financial information provided, how should this group evaluate your financial capacity?
7. If your proposal advances beyond the interview stage, under what conditions will you disclose your financial information?
8. Given current market conditions, what do you see as thresholds for making this project work (i.e., public vs. private dollars, timing, advance commitments)?
9. How much of each of the following elements does your proposal include?
 - Private investment (equity, etc.)
 - Public investment (DDA, City, etc.)
 - Other financing (debt, etc.)

Cost proposal

10. If the City does not undertake the responsibilities as outlined in your proposal, what alternatives would you explore to proceed?
11. Is there anything that can be done to increase the net economic benefit to the City?