

CITY OF SANTA ROSA
REDEVELOPMENT AGENCY

TO: REDEVELOPMENT AGENCY MEMBERS
SUBJECT: DEVELOPER SELECTION, FORMER AT&T SITE, 520
THIRD STREET
STAFF PRESENTER: FRANK KASIMOV, REDEVELOPMENT PROGRAM
SPECIALIST
ECONOMIC DEVELOPMENT AND HOUSING
AGENDA ACTION: MOTION

ISSUE(S)

Will the Redevelopment Agency select a developer team with whom the Agency will consider (at a future meeting) to enter into a Project Planning and Exclusive Right to Negotiate Agreement for redevelopment of the Former AT&T Site, located at 520 Third Street?

BACKGROUND

1. In March 2007, the Redevelopment Agency purchased the former AT&T site as an opportunity to mitigate the blighting influence of this large, vacant building in the core of our downtown; prevent a speculative purchase and potentially incompatible uses of the building; and be able to control and plan for the long term use of the building to benefit the downtown area.
2. Since acquisition of the AT&T site, the Agency has undertaken various actions to determine the potential feasible future use(s) and building configuration for the former AT&T site, including an evaluation of the site's physical and economic opportunities and constraints; joint study sessions with the Agency and City Council; public workshops; completion of an opportunities and constraints analysis, and investigation into the possibility of including the adjacent site at 1 Santa Rosa Avenue, which was being offered for sale, together with the former AT&T site, in any materials soliciting a development partner.
3. On September 14, 2009, the Agency issued a Request for Qualifications (RFQ) for the redevelopment of the Former AT&T site, together with a Preliminary Draft of a Project Planning and Exclusive Rights to Negotiate Agreement.
4. Agency staff conducted site tours/informational meetings for potential RFQ respondents on three dates (September 23, October 14, and November 9, 2009), during which time attendees could inspect the exterior and interior of the building, ask questions and participate in discussions regarding the site and

surrounding area. Summaries of each meeting were prepared and posted on the Agency's website.

5. The Agency announced the availability of the RFQ by a variety of electronic and print methods, which included newspapers local, regional and the Wester Edition of the Wall Street Journal, key internet sites, targeted e-mail distributions and mailed notices to over 200 development companies.
6. By November 12, 2009, the RFQ submittal due date, five statements of qualifications had been received from the following: Carson Development / Otto Construction; The Exchange Partnership; Museum on the Square, LLC; RCD / Foothill Partners; and the Richman Group of California.

A copy of each submittal is on file for review and inspection by appointment at the Santa Rosa Economic Development and Housing Department, 90 Santa Rosa Avenue, by contacting the department main phone line at (707) 543-3300. In addition, electronic copies are posted to the City's website (www.srcity.org and search "Former AT&T Site.")

7. As set forth in the RFQ, a selection committee was appointed to advise the Agency Board on the selection of a developer team. The selection committee was comprised of Mayor Susan Gorin, Vice-Mayor Gary Wysocky, and Redevelopment Agency members Jake Ours and Philip Olsen. The committee reviewed the five submittals and invited two teams – The Exchange Partnership and Museum on the Square, LLC – to interviews conducted on December 17, 2009.
8. While not required by the RFQ, The Exchange Partnership and Museum on the Square, LLC, teams each presented an illustrative project to complement the statements of qualifications.
9. The RFQ states that in addition to selecting a single development team to proceed, the Agency may also designate an alternate team for future consideration should negotiations with the first team not culminate in an agreement.

ANALYSIS

1. Following careful review of the statements of qualifications and the interviews, the Selection Committee recommends unanimously, by motion, that the Redevelopment Agency select Museum on the Square, LLC, as the developer team with which to enter into a Project Planning and Exclusive Rights to Negotiate Agreement for redevelopment of the site.
2. The selection committee noted that Museum on the Square, LLC, is a well qualified team.

It includes as its members the Hugh Futrell Corporation (developer and managing member), Hugh Futrell and Bill Carle (principals of Hugh Futrell Corporation), and ArchEquities LLC, an investment entity established by TLCD Architecture (project architect and prospective tenant). Additionally, Metier, Ltd. (project portfolio management company, potential member and prospective tenant) holds an option to purchase an ownership interest in the LLC. The Sonoma County Museum is included on the team as the potential owner of ground floor condominium space in the building, to be operated as an art museum. Supporting the development team are MKM & Associates (structural engineering), Costa Engineers, Inc. (mechanical engineering), Suite 16 Electrical Engineering, Quadriga Landscape Architecture & Planning, Carlile Macy (civil engineering), SOL DATA (Energy Consultant), Simposn Gumphertz and Heger (waterproofing consultant), Ned Kahn (artist), and Novogradac (new market tax advisor).

3. The selection committee recommends Museum on the Square, LLC because it meets all of the qualifications and selection criteria set forth in the RFQ; the members of the team have demonstrated successful, local experience and expertise in infill, mixed-use development; and the team members have experience in financing similar infill projects.
4. The team is poised to move quickly in a participatory and collaborative environment that welcomes ideas and observations from the public and City staff to sharpen and strengthen the project concept.
5. The selection committee also recognized the strengths and qualities of The Exchange Partnership team.
6. It is intended that the Project Planning and Exclusive Rights to Negotiate Agreement be brought back to the Agency within 20 business days, as set forth in the RFQ, at the Agency's regular meeting of January 25, 2010.

RECOMMENDATION

It is recommended by the Selection Committee that the Redevelopment Agency, by motion, select the team Museum on the Square, LLC, to proceed to the next step in the process, approval and execution of a Project Planning and Exclusive Rights to Negotiate Agreement.

Author: Frank Kasimov