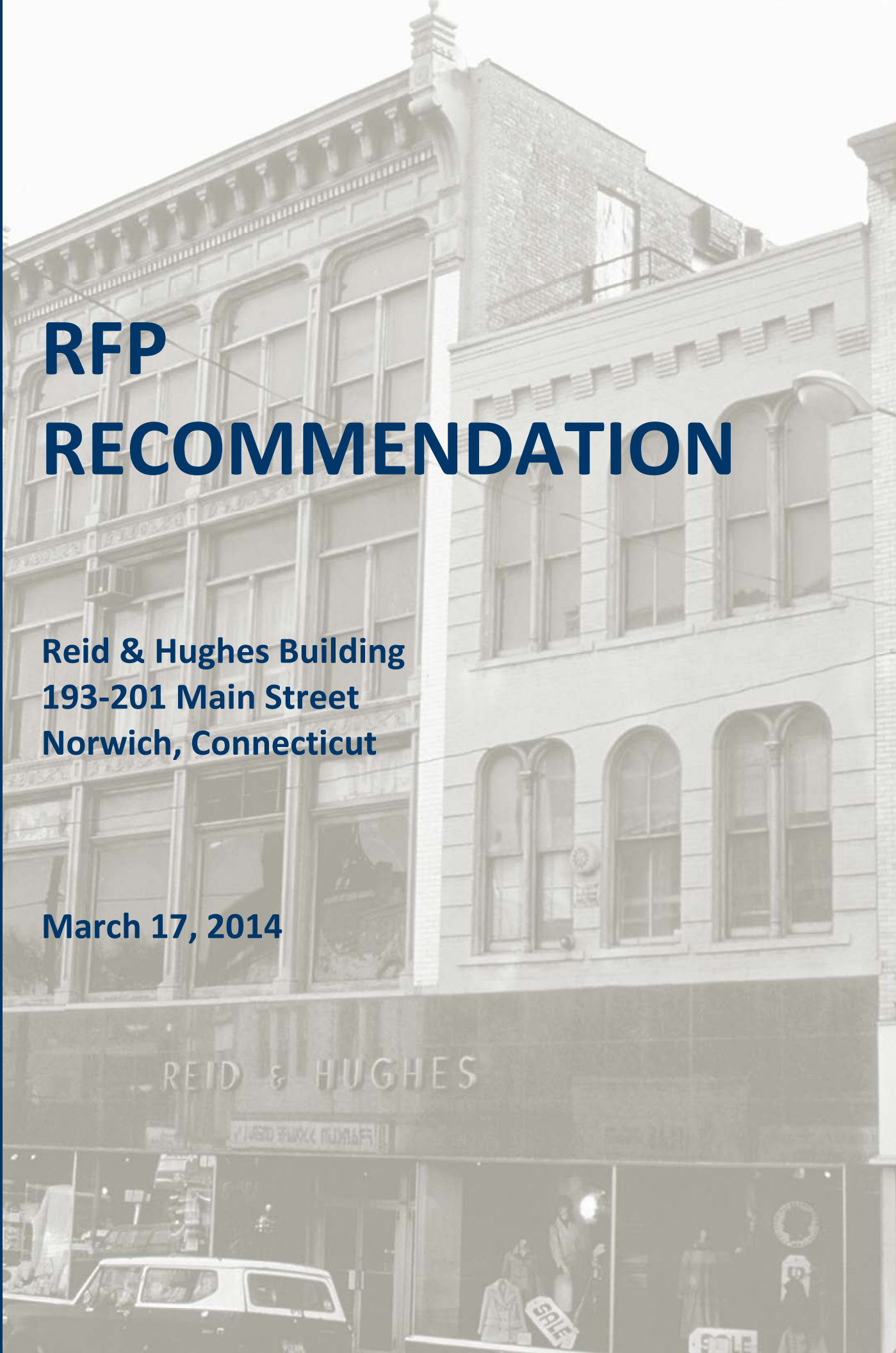


RFP RECOMMENDATION

**Reid & Hughes Building
193-201 Main Street
Norwich, Connecticut**

March 17, 2014



Overview

On September 3, 2013 the Norwich City Council passes a resolution directing Norwich Community Development Corporation (NCDC) to issue a Request for Proposals (RFP) for the Reid & Hughes Building. Information about the Reid & Hughes Building, and why an RFP was issued can be found at: askncdc.com/programs-incentives/rfp-reid-hughes. This report summarizes the results of the RFP process and to enable the City Council to select a preferred developer, or not, and if a preferred developer is selected, to enter into an agreement with the preferred developer to implement their proposal. This report has two parts:

- **Findings** - what we found, and
- **RFP Process** - what we did.

The second part has been added to provide the City Council and public with information about how the process was managed.

This project requires a team that has the ability to address the various issues that will arise in a project of this type: architecture / design; real estate / land use; market analysis / historic preservation; and financing. It is less about how much money they think it might cost, and more about how they might provide the resources to complete the project.

PART 1: Findings

What We Found

Three developers responded to the RFP and submitted proposals to redevelop the Reid & Hughes Building:

1. POKO Partners, LLC (POKO)
2. Norwich Heritage Trust / Carter Realty (CARTER)
3. Williamson County Investments Corporation (WILCO)

During the process POKO Partners (POKO) was identified as the highest point earner with 81 conventional points and 10 bonus points. Norwich Heritage Trust / Carter Realty (CARTER) were in second with 78 conventional points and 3 bonus points. Williamson County Investments Corporation (WILCO) was in third place with 41 conventional points and 0 bonus points. Both POKO and CARTER were selected to be interviewed. WILCO was not interviewed because they had not met 50 percent of the potential conventional points established in the ranking criteria, and their proposal was not deemed to be implementable by the proposal evaluation committee.

Both of the finalists have the financial capability to initiate this project. Construction will require commitments from the historic preservation tax credit programs, downtown bond funds, and potentially include city bond funds, through the Municipal Development Plan process. Those details have not been outlined at this point and should be addressed as part of the development agreement phase of the project.

All proposals involved the rehabilitation and reuse of the Reid & Hughes Building for a mixed use market rate development. The mixture of uses varied, but typically involved street level business space and residential activities on the upper floors.

PROPOSAL EVALUATION USING THE RANKING CRITERIA

RESPONDENTS	PORTFOLIO / EXPERIENCE Max pts: 15	USE 20	APPEARANCE 10	CITY FUNDS 10	OTHER INVESTMENT 20	FINANCIAL CAPABILITY 15	BONUS POINTS			TOTAL
							ADJACENT SITES 10	TRAIL 10	PARKING 5	
POKO	15	20	10	6	15	15	5	5	0	91
CARTER	15	20	10	3	15	15	3	0	0	81
WILCO	8	20	10	3	0	0	0	0	0	41

NOTE: project schedule was eliminated from the ranking criteria

■ maximum points awarded

Recommendation – POKO’s Proposal

The Proposal Evaluation Committee recommends the #1 ranked candidate, POKO Partners. POKO, envisions a project that involves multiple properties and phases (4). POKO has been a mixed use developer in Connecticut and New York with over 20 years of experience and has successfully completed numerous projects. They have a full time team of professionals within their organization that is augmented with outside design services. POKO also provides management of their projects.

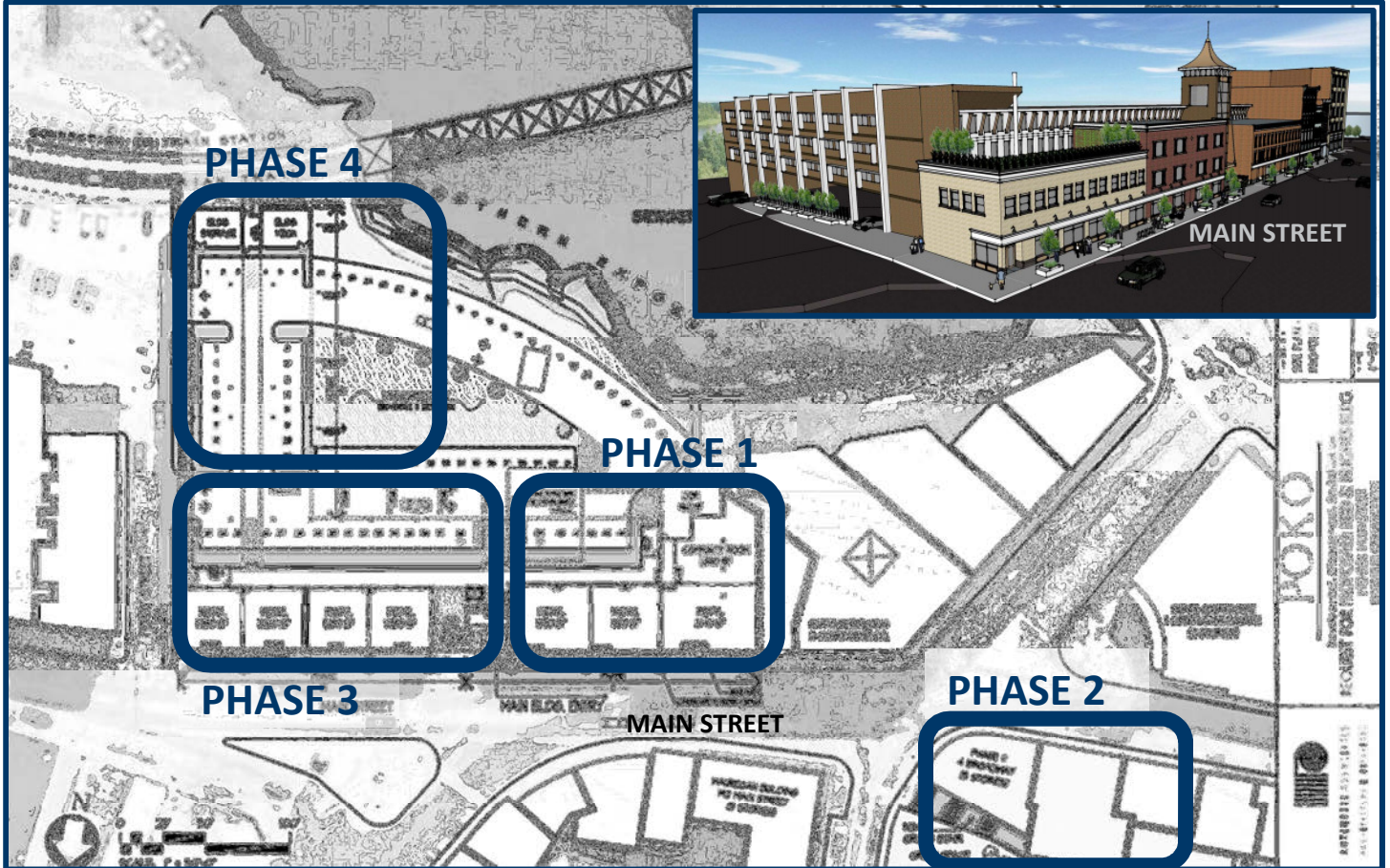
Their phase 1 component featured the rehabilitation and reuse of the Reid & Hughes and the adjacent Strand Building (owned by the Lord Family Nominee Trust). While the project concept involves the inclusion of adjacent properties, no agreement has been developed with the adjacent property owner to secure the rights to complete phase 1 as conceptualized.

Discussions with POKO made it clear that they would not pursue the rehabilitation of the Reid & Hughes Building without including the Strand Building and that there would be no reason to work on an agreement with the adjacent property owners if their concept was not a candidate for consideration by the City of Norwich.

The Proposal Evaluation Committee was divided on how to address this issue, but ultimately determined that providing POKO with some additional time (up to 1 month) to determine if an agreement was feasible, prior to submitting this report, seemed like an appropriate course of action. Since that determination, POKO has been in discussions with the adjacent property owner, but has not achieved agreement at the time of the preparation of this report.



POKO remains the #1 Ranked Respondent based on the Ranking Criteria, but project feasibility requires adjacent property owner participation and that has not been achieved. Additional time will be needed to work on project feasibility.



Recommended Next Steps – CITY EXIT STRATEGY



REQUEST FOR PROPOSALS (RFP) REPORT PROCESS

1

Evaluated RFPs – by Proposal Evaluation Committee (PEC)

PEC members:

- Leland Loose – Redevelopment Authority member / NCDC board member / city resident / retired Pfizer executive
- William Block – City purchasing agent / city resident / urbanist
- James Quarto – Redevelopment Authority acting chair / local business owner / investor / former chair of the Reid & Hughes Building Committee / city resident
- Robert Mills – NCDC President
- Greg Farmer – Connecticut Trust for Historic Preservation Circuit Rider
- Kevin Gremse – National Development Council / Financial and development expert
- Jason Vincent, AICP – Project facilitator / NCDC Vice President

TONIGHT

3.17.2014



2

Identified Preferred Developer – By Proposal Evaluation Committee

- Present findings of the Reid & Hughes RFP Process
- Project scope extends beyond the Reid & Hughes property
- Additional work required to achieve project feasibility
- Recommends transfer of the Reid & Hughes Building to NCDC – enter into Purchase and Sales Agreement (PSA):
 - Remove city liability
 - Reduce developer risk and uncertainty
 - Facilitate additional sources of funds
 - Ultimate goal is to minimize financial commitment from the City

PURCHASE AND SALE AGREEMENT PROCESS (PSA)

3

Limit City Exposure – By City Council

- Agreement to develop a Purchase and Sale Agreement
 - Limit City liability
 - Direct developer negotiations
 - In sync with NCDC mission

4

Enter into Purchase and Sale Agreement – by City Council

- Assign City Staff to enter into agreement
- Agree to terms and conditions
- Limit future commitment of funds

5

End Active City Role – by City Council

- Real estate closing

Demolition Process

In the past year or so, there has been an ongoing discussion about demolishing the Reid & Hughes Building and “moving on,” rather than rehabilitating the building. During this RFP process we received a strong indication that a permit application to demolish this building would be facing a strong potential of an appeal by the Connecticut Trust for Historic Preservation, the Norwich Heritage Trust and the State Historic Preservation Office, via the Connecticut Environmental Protection Act (CEPA).

The Connecticut Trust for Historic Preservation has recently won two CEPA appeals:

- **Connecticut Historical Commission v. Town of Wallingford** (2011) – this appeal was filed in 2002, and a court decision was rendered in 2011. The Court blocked the town from demolishing a house in the Wallingford National Register district. The Court ruled that the high cost of rehabilitation was not, by itself, sufficient reason to justify tearing down the house. Additional information: cttrust.org/cttrust/page/connecticut-environmental-protection-act
- **Norwalk Preservation Trust v. Norwalk Inn & Conference Center** (2013) – This appeal was filed in 2006, and a Court decision was rendered in 2013. “A temporary injunction was issued not just to prohibit demolition of a historic structure (restraining order) but also an affirmative order to the owners to protect the property from gradual deterioration through non-use and vandalism. Court went so far as to reject claims by the owner that it lacked any assets to do the required work, holding that another corporation was the “alter ego” of the owner and did have the funds to do the work.” – Seminar on Legal Remedies in Zoning Enforcement, Mark Branse, Attorney at Law, 2013: bransewillis.com/PDF/CAZEO_Law_of_Enforcement_Outline_v4.pdf
NOTE: Attorney Branse is a Connecticut land use law specialist with over 40 years of land use experience.

Because of this new information, the previously defined demolition project cost estimates should be adjusted to reflect:

- Stabilization, maintenance and repair of the building during the entire CEPA appeal process – a CEPA requirement
- Legal Fees
- Time required for the case to go through the court process

Defendants of a CEPA appeal are obligated to maintain and repair the building until the final hearing. In Norwalk, the Court ordered the Inn to “(1) lift and stabilize the porch roof... ; (2) repair or board up all windows, doors, and other points of entry into the building; and (3) lock all entries to the building,” within 60 days and allow the plaintiffs (NPT and CCT) “reasonable opportunities for inspection of the buildings. Additional information: norwalkpreservation.org/pages/news/current.html

PART 2: RFP Activities

What We Did

RFP Distribution

NCDC created a marketing and distribution plan to get the word out about this opportunity. The marketing strategy targeted three audiences: developers, professionals that are in the business, and the general public. The RFP was posted on over a dozen websites and the askncdc.com/reidandhughes resource page had 1,900 views. During the process NCDC corresponded over 1,000 times, for various purposes, including direct outreach to specific people in the three target audiences.

About the Proposal Evaluation Committee (PEC)

Role of the Committee. The role of the evaluation committee is to award points to the proposals so that they may be ranked. Once ranked, the proposals will be ushered through the remaining process by NCDC until a Preferred Developer can be identified or the RFP is canceled.

Role of Committee Members. You will be one of several evaluators on the evaluation committee. Your duty is to apply judgment in awarding points to the proposals for the purpose of ranking them. You will be limited to considering only the evaluation criteria published in the RFP.

Evaluation Process Decision. Each member on the PEC evaluates each proposal and makes notes about their observations and tentative rating on an evaluation score sheet. The PEC then meets as a group to review the individual proposals; the PEC arrives at a group consensus as to the associated ratings and produces a summary that constitutes the PEC’s recommendation.

The detailed assessments of each proposal are on the following pages:

Respondent #1 POKO

PROPOSAL RANKING CRITERIA		POSSIBLE POINTS	POINTS AWARDED
1. Development portfolio and experience The City is desirous of a respondent that has extensive experience, as the principal, completing mixed-use, adaptive reuse and historic preservation projects in Connecticut.		15	15
> 10 projects, 10+ years experience, of principal involvement in Connecticut	Up to 100% of points		
5-10 projects / years of experience	Up to 66% of points		
1-5 projects / years of experience	Up to 33% of points		
0 projects / 0 years of experience	0% of points		
2. Projected uses of the building The City is desirous of a mixed-use building (involving market rate occupants) that contributes an equal share (based on assessments) of local property taxes. Points are additive in this section, up to 100%.		20	20
Retail	Up to 50% of points		
For-profit users (office, recreation, cultural)	Up to 50% of points		
100% market rate housing	Up to 50% of points		
≤20% of housing units requires state or federally controlled housing subsidies	Up to 20% of points		
>20% of housing units requires state or federally-controlled housing subsidies	0% of points		
Property tax exempt projects	0% of points		
3. Proposed appearance of the building The City is desirous of a project that involves the full historic restoration of this property to Secretary of the Interior’s Standards for Rehabilitation (Department of Interior Regulations, 36 CFR 67).		10	10
Building restored to Department of Interior Regulations (36 CFR 67)	100% of points – this is the desired outcome		
Façade restored (new building)	Up to 25% of points		
Building demolished (new façade and building)	0% of points		
4. Amount of City funding requested The City is desirous of a project whose costs can be managed by private investment. It recognizes the market reality of the situation; however, it will assign points to those projects that utilize other sources of funds. So-called “as of right” funds are not considered in the project cost percentage.		10	6
0% of project cost	Up to 100% of points		
Up to 5% of project cost	Up to 50% of points		
Up to 10% of project cost	Up to 25% of points		
>10 % of project costs	0% of points		

■ Proposal Evaluation Committee assessment

<p>5. Dollar value of investment (other than City funds)</p>	<p>20</p>	<p>15</p>
<p>The City is desirous of a respondent that will have sufficient private investment in the project to see it through to completion. The City is desirous of a project that has no upfront development fee.</p>		
<p>6. Documentation of financial capabilities</p>	<p>15</p>	<p>15</p>
<p>Respondent shall be able to demonstrate financial capability to complete this project. Success in obtaining tax credits and financing can augment documentation. The City is desirous of projects that include a conventional permanent loan equal to any City grant funds requested. Preference will be given to respondents that indicate the highest and most dependable revenue stream.</p>		
<p>7. Schedule for project development</p>	<p>10</p>	<p>X¹</p>
<p>Respondent shall be able to demonstrate the feasibility of the schedule by highlighting other projects that have come in on time.</p>		

BONUS POINTS

<p>8. Inclusion of adjacent commercial buildings into the development</p>	<p>10</p>	<p>5</p>
<p>This can be as simple as a shared elevator space to a full remodel of one or several buildings. Demonstration of extended project elements through an agreement with adjacent property owners(s).¹</p>		
<p>9. Development of a waterfront walking trail that connects Howard Brown Park to the railroad station</p>	<p>10</p>	<p>5</p>
<p>This activity should involve the establishment of the rights to construct, and commitment to construct, an 8-foot wide paved surface with lighting and security features. Demonstration of trail development through an agreement to use property for this purpose.¹</p>		
<p>10. Decoupled off-street parking</p>	<p>5</p>	<p>0</p>
<p>Projects that do not require off-street parking spaces (for residential units) to be allocated on a unit basis. Demonstration of off-street parking through an agreement to use spaces in an a nearby (≤ 1,000 feet) lot or garage and past experience securing financing utilizing this technique.</p>		

NOTES:

¹ it was determined during this process that the project schedule (item #7 above) could not be evaluated because of the number of variables involved.

■ Proposal Evaluation Committee assessment

TOTAL POINTS

91

Respondent #2 CARTER

PROPOSAL RANKING CRITERIA		POSSIBLE POINTS	POINTS AWARDED
1. Development portfolio and experience The City is desirous of a respondent that has extensive experience, as the principal, completing mixed-use, adaptive reuse and historic preservation projects in Connecticut.		15	15
> 10 projects, 10+ years experience, of principal involvement in Connecticut	Up to 100% of points		
5-10 projects / years of experience	Up to 66% of points		
1-5 projects / years of experience	Up to 33% of points		
0 projects / 0 years of experience	0% of points		
2. Projected uses of the building The City is desirous of a mixed-use building (involving market rate occupants) that contributes an equal share (based on assessments) of local property taxes. Points are additive in this section, up to 100%.		20	20
Retail	Up to 50% of points		
For-profit users (office, recreation, cultural)	Up to 50% of points		
100% market rate housing	Up to 50% of points		
≤20% of housing units requires state or federally controlled housing subsidies	Up to 20% of points		
>20% of housing units requires state or federally-controlled housing subsidies	0% of points		
Property tax exempt projects	0% of points		
3. Proposed appearance of the building The City is desirous of a project that involves the full historic restoration of this property to Secretary of the Interior’s Standards for Rehabilitation (Department of Interior Regulations, 36 CFR 67).		10	10
Building restored to Department of Interior Regulations (36 CFR 67)	100% of points – this is the desired outcome		
Façade restored (new building)	Up to 25% of points		
Building demolished (new façade and building)	0% of points		
4. Amount of City funding requested The City is desirous of a project whose costs can be managed by private investment. It recognizes the market reality of the situation; however, it will assign points to those projects that utilize other sources of funds. So-called “as of right” funds are not considered in the project cost percentage.		10	3
0% of project cost	Up to 100% of points		
Up to 5% of project cost	Up to 50% of points		
Up to 10% of project cost	Up to 25% of points		
>10 % of project costs	0% of points		

■ Proposal Evaluation Committee assessment

5. Dollar value of investment (other than City funds)

The City is desirous of a respondent that will have sufficient private investment in the project to see it through to completion. The City is desirous of a project that has no upfront development fee.

20

15

6. Documentation of financial capabilities

Respondent shall be able to demonstrate financial capability to complete this project. Success in obtaining tax credits and financing can augment documentation. The City is desirous of projects that include a conventional permanent loan equal to any City grant funds requested. Preference will be given to respondents that indicate the highest and most dependable revenue stream.

15

15

7. Schedule for project development

Respondent shall be able to demonstrate the feasibility of the schedule by highlighting other projects that have come in on time.

10

X¹

BONUS POINTS

8. Inclusion of adjacent commercial buildings into the development

This can be as simple as a shared elevator space to a full remodel of one or several buildings. Demonstration of extended project elements through an agreement with adjacent property owners(s).

10

3

9. Development of a waterfront walking trail that connects Howard Brown Park to the railroad station

This activity should involve the establishment of the rights to construct, and commitment to construct, an 8-foot wide paved surface with lighting and security features. Demonstration of trail development through an agreement to use property for this purpose.

10

0

10. Decoupled off-street parking

Projects that do not require off-street parking spaces (for residential units) to be allocated on a unit basis. Demonstration of off-street parking through an agreement to use spaces in an a nearby (≤ 1,000 feet) lot or garage and past experience securing financing utilizing this technique.

5

0

NOTES:

1 it was determined during this process that the project schedule(item #7 above) could not be evaluated because of the number of variables involved.

■ Proposal Evaluation Committee assessment

TOTAL POINTS

81

Respondent #3 WILCO

PROPOSAL RANKING CRITERIA		POSSIBLE POINTS	POINTS AWARDED
1. Development portfolio and experience The City is desirous of a respondent that has extensive experience, as the principal, completing mixed-use, adaptive reuse and historic preservation projects in Connecticut.		15	8
> 10 projects, 10+ years experience, of principal involvement in Connecticut	Up to 100% of points		
5-10 projects / years of experience	Up to 66% of points		
1-5 projects / years of experience	Up to 33% of points		
0 projects / 0 years of experience	0% of points		
2. Projected uses of the building The City is desirous of a mixed-use building (involving market rate occupants) that contributes an equal share (based on assessments) of local property taxes. Points are additive in this section, up to 100%.		20	20
Retail	Up to 50% of points		
For-profit users (office, recreation, cultural)	Up to 50% of points		
100% market rate housing	Up to 50% of points		
≤20% of housing units requires state or federally controlled housing subsidies	Up to 20% of points		
>20% of housing units requires state or federally-controlled housing subsidies	0% of points		
Property tax exempt projects	0% of points		
3. Proposed appearance of the building The City is desirous of a project that involves the full historic restoration of this property to Secretary of the Interior’s Standards for Rehabilitation (Department of Interior Regulations, 36 CFR 67).		10	10
Building restored to Department of Interior Regulations (36 CFR 67)	100% of points – this is the desired outcome		
Façade restored (new building)	Up to 25% of points		
Building demolished (new façade and building)	0% of points		
4. Amount of City funding requested The City is desirous of a project whose costs can be managed by private investment. It recognizes the market reality of the situation; however, it will assign points to those projects that utilize other sources of funds. So-called “as of right” funds are not considered in the project cost percentage.		10	3
0% of project cost	Up to 100% of points		
Up to 5% of project cost	Up to 50% of points		
Up to 10% of project cost	Up to 25% of points		
>10 % of project costs	0% of points		

■ Proposal Evaluation Committee assessment

5. Dollar value of investment (other than City funds)

The City is desirous of a respondent that will have sufficient private investment in the project to see it through to completion. The City is desirous of a project that has no upfront development fee.

20

0

6. Documentation of financial capabilities

Respondent shall be able to demonstrate financial capability to complete this project. Success in obtaining tax credits and financing can augment documentation. The City is desirous of projects that include a conventional permanent loan equal to any City grant funds requested. Preference will be given to respondents that indicate the highest and most dependable revenue stream.

15

0

7. Schedule for project development

Respondent shall be able to demonstrate the feasibility of the schedule by highlighting other projects that have come in on time.

10

X¹

BONUS POINTS

8. Inclusion of adjacent commercial buildings into the development

This can be as simple as a shared elevator space to a full remodel of one or several buildings. Demonstration of extended project elements through an agreement with adjacent property owners(s).

10

0

9. Development of a waterfront walking trail that connects Howard Brown Park to the railroad station

This activity should involve the establishment of the rights to construct, and commitment to construct, an 8-foot wide paved surface with lighting and security features. Demonstration of trail development through an agreement to use property for this purpose.

10

0

10. Decoupled off-street parking

Projects that do not require off-street parking spaces (for residential units) to be allocated on a unit basis. Demonstration of off-street parking through an agreement to use spaces in an a nearby (≤ 1,000 feet) lot or garage and past experience securing financing utilizing this technique.

5

0

NOTES:

1 it was determined during this process that the project schedule (item #7 above) could not be evaluated because of the number of variables involved.

■ Proposal Evaluation Committee assessment

TOTAL POINTS

41

City Council Resolution

September 3, 2013

Upon a motion of Ald. Braddock, seconded by Ald. Noblick, it was unanimously voted to adopt the following resolution introduced by Mayor Nystrom and Ald. Noblick.

WHEREAS, the Council of the City of Norwich has reviewed and considered the Assessment and Option Reports presented to it by the Norwich Community Development Corporation with respect to the Reid & Hughes Building, 193-201 Main Street, together with other information about the property provided to it through the Norwich Community Development Corporation and City Manager Alan H. Bergren and his designees and by others; and

WHEREAS, the Council of the City of Norwich has reviewed the draft of the Request for Proposals prepared for it by the Norwich Community Development Corporation; and

WHEREAS, the Council of the City of Norwich finds that further delay in issuing a Request for Proposals may be detrimental to development of the Reid & Hughes Building

NOW THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NORWICH that the Norwich Community Development Corporation as the city's development agency be and hereby is directed to issue a Request for Proposals for the Reid & Hughes Building substantially consistent with the draft Request for Proposal it presented to the Council; to establish a timeline for responses; to report said timeline to the Council of the City of Norwich no later than its first meeting of October 2013; and to make such recommendations to the Council with respect to any proposals received as it deems appropriate and necessary; and

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NORWICH that it reserves to itself all decisions to be made as to selecting any developer or any proposal, or none of the same, with respect to the development of the Reid & Hughes Building property.

How Points Were Allocated

When reviewing the proposals, please consider the following guidance when allocating points. In addition, each evaluation aspect has criteria guiding the allocation of points. For example, if a project is eligible to receive up to 33% of the points in a category where 15 points are available, and you feel the response is inadequate, you can choose to issue 20% or 1 point ($0.33 \times 15 = 5$; 20% of 5 = 1). In these instances, please explain the reasoning for the lower value.

There is only one item where independent judgment has been overridden, and that involves the appearance of the building (Question #3). If full historic preservation is proposed, the respondent will receive 100% of the points in this category.

% OF POINTS	GUIDANCE
100%	Could not imagine a better response
99 – 80%	Excellent, insightful response
79 – 60%	More than adequate response
59 – 40%	Adequate response, no special insights
39 – 20%	Inadequate response
19 – 1%	Totally inadequate response
0%	No response given