

**Request for Proposals**  
**TOD Development – Capitol Hill Properties Redevelopment**

**RFP NO. RTA/RP 0010-14**

**July 22, 2014**

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## **ARTICLE 1 INTRODUCTION**

### **1.01 REQUEST FOR PROPOSALS**

Sound Transit is requesting proposals from previously shortlisted private and not-for-profit entities for four transit-oriented development (TOD) commercial properties at its Capitol Hill Link Light Rail Station (Capitol Hill Properties). Through this competitive RFP process, Sound Transit is making the properties available to the previously shortlisted firms for a Purchase & Sale Agreement or a long term Ground Lease in conformance with Sound Transit and Federal Transit Administration (FTA) regulations and Transit Oriented Development (TOD) real estate principles and objectives. Firms that were not shortlisted through the qualification round of this RFQ/RFP process are not eligible to respond to this Request for Proposals (RFP). For this project, Sound Transit may enter into a Purchase and Sale Agreement or a long term Ground Lease, at its sole discretion. Subject to Federal Transit Administration approval of the lease, Sound Transit has a strong preference for a ground lease on all sites with the possible exception of site B-North. Proposals are due as shown in section 1.08 "Anticipated Schedule."

Interested firms that have qualified for multiple sites may present proposals for multiple sites under a single cover. However, proposals must include the required documents and submittals for each individual site included in the proposal.

Each property is subject to site-specific requirements as set out in City of Seattle Ordinance 124242 and Sound Transit Board Motion M2013-79, aka, the Development Agreement (DA) and Sound Transit's Coordinated Development Plan (CDP), included as an attachment. These are the primary regulatory and guidance documents setting out the general vision and numerous specific criteria for each property. Besides the DA and CDP, individual Project Requirements, easements and encumbrances which will apply during and after commercial construction apply to each site. These and other background materials are provided with this RFP.

### **1.02 PROPERTY DESCRIPTION**

The Capitol Hill Station TOD properties are recorded with King County as Lot Boundary Adjustments (LBAs) as of November 13, 2013. The LBA's are available electronically for review as part of the Appendix information.

The four properties subject to this RFP are described below, and are explicitly referenced in the DA and described in the CDP. Note that the CDP has not been revised to reflect the below square footages, which are accurate here as recorded by the LBAs:

- Site A, Main Station Block, 118 Broadway East (LBA Parcel "A")
  - APN 6003002025
  - 46,487 square feet
  - Mixed-use required
  - Minimum residential unit count – 132 including MFTE requirement
  - A current appraisal commissioned by Sound Transit sets the square foot land value at \$403/square foot.
- Site B-North, Main Station Block, 923 East John Street (LBA Parcel "C")
  - APN 6003501105
  - 15,878 square feet
  - Affordable housing restricted, 100% total units
  - Minimum residential unit count – 86

- No retail
- A current appraisal commissioned by Sound Transit sets the square foot land value at \$166/square foot.
- Site B-South, Main Station Block, 123 10<sup>th</sup> Avenue East (LBA Parcel “D”)
  - APN 6003501135
  - 15,459 square feet
  - Minimum residential unit count – 85 including MFTE requirement
  - No retail
  - A current appraisal commissioned by Sound Transit sets the square foot land value at \$374/square foot.
- Site C, South Station Entrance, 1830 Broadway (LBA Parcel “A”)
  - APN 6003001380
  - 17,683 square feet
  - Mixed-use required
  - Minimum residential unit count – 94 including MFTE requirement
  - A current appraisal commissioned by Sound Transit sets the square foot land value at \$402/square foot.

Sound Transit acquired the subject parcels with the assistance of the Federal Transit Administration (FTA) under the University Link Light Rail Program. The properties are offered where is and as is.

### **1.03 BACKGROUND, CONDITIONS & CONSTRAINTS**

Sound Transit purchased nineteen properties necessary to construct the University Link project, including the Capitol Hill Station. The properties were evaluated by Phase I and II environmental site assessments (ESA) as part of each purchase. Those assessment reports have been realigned to the newly created parcels offered in this solicitation. Each realigned ESA document is available on Sound Transit’s Ebid web site, along with additional documentation to assist in understanding these properties.

Since 2006 Sound Transit has been engaged with the Capitol Hill community for the planning of the TOD in-fill projects. Sound Transit values its relationship with the community, having invested considerable resources to collaboratively anticipate and resolve issues. Sound Transit has likewise undertaken an extensive negotiation with the City of Seattle, resulting in the agreement between the parties of the “Development Agreement for Capitol Hill Station Transit Oriented Development”. The Development Agreement’s (DA) implementation companion documents (the Coordinated Development Plan (CDP), Technical Documents and Project Site Requirements) provide the baseline for how each site is to be developed. This RFP does not permit changes to the requirements in these documents. Any such proposed change will not be considered and may lead to disqualification.

Fundamental to the redevelopment of each site is its relationship and proximity to Sound Transit’s station facilities and transit patrons. Just as the DA and CDP must be complied with, so must the Technical Documents and the Project Requirements (Attachment D) be met for each site, and as such, are not negotiable. Sound Transit requires adherence to the documents’ spirit and intent, as well as their explicit details associated with the regulatory nature of the DA and Sound Transit’s guidance in the CDP.

The protection and safety of Sound Transit’s facilities and transit patrons is necessary during and following the in-fill construction. Best practices will be required to accomplish this, including

construction oversight and special inspection as deemed necessary by Sound Transit. Following the completion of the RFP process, Sound Transit will work with the respective development teams to facilitate the resolution of such issues.

A current appraisal commissioned by Sound Transit sets the square foot land value at \$403/sq. ft. – Site A; \$166/sq. ft. – Site B North; \$374/sq. ft. – Site B South; \$402/sq. ft. – Site C.. Under federal law, Sound Transit may only make these properties available at or above Fair Market Value. The selected Proposer(s) must pay Fair Market Value or greater. Sound Transit reserves the right to negotiate a final Fair Market Value price based on Sound Transit’s appraisal and Proposer’s independent Fair Market Value appraisal of the property (independent appraisal at Proposer’s expense) during Term Sheet negotiations.

Sound Transit is only interested in receiving proposals that are fundable and buildable under generally accepted industry practices and methods, and within the project delivery schedule (Attachment B). Sound Transit will not engage in protracted discussion or negotiations over the terms and conditions stated in this RFP.

#### **1.04 TRANSIT ORIENTED DEVELOPMENT**

TOD is a land development pattern that integrates transit and land use by promoting transit ridership while supporting community land use and development visions. TOD strategies focus urban growth around transit facilities and leverage transit investments to help produce regional and local benefits, such as increases in transit ridership, development of walkable communities, improved access to jobs and economic opportunities, and reduced household driving and thus lowered regional congestion, air pollution and greenhouse gas emissions.

In 2012 Sound Transit adopted a new Transit Oriented Development (TOD) policy. The Policy establishes a framework in which Sound Transit will evaluate, facilitate and implement TOD strategies as the agency plans, designs, builds and operates the regional transit system, through cooperation and partnerships with public and private entities, as allowed by applicable laws, regulations, plans and policies. This policy directly affects the purposes for which Sound Transit makes its surplus real property available for TOD purposes.

Sound Transit’s primary responsibility is to complete and expand the high-capacity transit system to deliver transit service that connects the region’s urban centers, which is a key step toward meeting local and regional land use goals. The basis for Sound Transit’s involvement in TOD is informed by the agency’s enabling legislation (RCW 81.104 and 81.112). Pursuant to the legislation, Sound Transit is authorized to plan, design, build and operate the regional transit system and to use its tax revenues for transit purposes. The legislation also guides Sound Transit to work with public and private interests to facilitate TOD.

For example, Sound Transit is guided to work with local jurisdictions to set forth conditions for assuring land uses compatible with development of high-capacity transportation systems, such as providing for sufficient land use densities through local actions in high-capacity transit corridors and near passenger stations, preserving transit rights-of-way, and protecting the region’s environmental quality. Additionally, the legislation guides the agency, in cooperation with public and private interests, to promote transit-compatible land uses and development, which includes joint development.

This policy provides guidance on the goals, strategies and tools that Sound Transit may use to evaluate facilitate and implement TOD as it delivers the regional transit system.

Through implementation of its TOD policy, Sound Transit will work toward goals that:

- Increase the value and effectiveness of transit by increasing transit ridership.
- Support implementation of state, regional and local growth plans, policies and strategies.
- Foster relationships with local jurisdictions, regional agencies, private developers, local residents, businesses, community groups and other stakeholders to facilitate TOD.
- Encourage convenient, safe multi-modal access to the transit system, with an emphasis on non-motorized access.
- Support economic development efforts.
- Encourage creation of housing options including market-rate and affordable units.
- Support implementation of other related Sound Transit plans and policies, with an emphasis on the agency’s Sustainability Plan.
- Protect and enhance Sound Transit’s assets and investments

### **1.05 SOUND TRANSIT BUSINESS AND PROJECT OBJECTIVES**

As a Transit-Oriented Development project, the Capitol Hill Properties must be developed in compliance with applicable City, State, Federal and Sound Transit requirements, including zoning restrictions. This property transaction falls under 49 CFR 18.31, Real Property, and must comply with applicable Federal Transit Administration (FTA) rules and regulations. The federal regulations affect the use and valuation of Sound Transit’s properties acquired with federal funds. Sound Transit must receive at least Fair Market Value for the properties, but it will consider other factors in addition to price.

The Capitol Hill Properties are only available for immediate development. They are not available in any other manner, such as land banking or any uses not directly permitted by the Development Agreement. No Sound Transit incentives exist to assist in defraying project costs. Meeting Sound Transit TOD policy objectives, and Federal Transit Administration regulations is required as part of the real estate transaction.

### **1.06 DUE DILIGENCE**

Sound Transit has performed Phase 1 and Phase 2 environmental site assessments of below grade soil conditions on the Capitol Hill Properties and will be offering them “as clean” to the best of its knowledge. The environmental information compiled is available on Sound Transit’s e-Bid system, including the Phase 1 and Phase 2 reports. Summaries of that information have been conformed to the new parcels created by recently approved Lot Boundary Adjustments.

The information provided is not intended as a complete record of the property. During the real property transaction process, due diligence examinations of the properties may be conducted. Developers will be responsible for conducting their own due diligence, including inspection of the physical condition of the properties, into any matters that in the developer’s judgment could affect their use of the properties for a proposed project.

### **1.07 COMMUNICATIONS**

Upon release of this RFP, any verbal or written communications between any proposer (potential or actual) or its representatives, and any Sound Transit board member, staff member or consultant regarding this procurement, are strictly prohibited from the date of the RFP advertisement through the date of execution of the contract(s). The only exceptions to this are: (1) communications and questions concerning this solicitation directed to the Contracts Specialist listed below; (2) communications at the pre-proposal conference or a publicly noticed meeting of Sound Transit; and (3) communications with

the Sound Transit Director of Procurement and Contracts. Sound Transit reserves the right to contact Proposers for clarification of response contents. Any violation of the requirements set forth in this Section shall constitute grounds for immediate and permanent disqualification of the offending firm from participation in this procurement. All oral communications will be considered unofficial and non-binding on Sound Transit. Proposers should rely only on written statements issued by the Contracts Specialist.

Doug Haffie, Contracts Supervisor  
 Sound Transit  
 401 S. Jackson Street  
 Seattle WA 98104-2826

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 E-mail: [doug.haffie@soundtransit.org](mailto:doug.haffie@soundtransit.org)

**1.08 ANTICIPATED PROCUREMENT SCHEDULE (SUBJECT TO CHANGE)**

DATE	ACTIVITY
7/22/2014	Request for Proposals issued on <a href="http://www.ebidexchange.com/soundtransit">www.ebidexchange.com/soundtransit</a>
8/11/2014	Pre-Proposal Meeting, 10:00 AM, Sound Transit’s Ruth Fisher Board Room, 401 South Jackson Street, Seattle, Washington
9/5/2014	Last day to submit Requests for Information (RFI) and/or Questions. Must be received by 5:00 p.m., local time.
10/13/2014	<b>Proposals due no later than 4:00 p.m. local time</b>
October 2014	Evaluations/Optional Interviews/Revised Proposals
November 2014	Issue Notice of Intent to Award Each Parcel
November 2014- January 2015	PSA/Lease Negotiations
March 2015	Sound Transit Board Approval of Each PSA/Lease

**1.09 RFP DOCUMENTS**

The RFP may be downloaded from [www.ebidexchange.com/soundtransit](http://www.ebidexchange.com/soundtransit). Proposers must be registered document holders to receive notices related to the procurement including meeting notices and any addenda. However, even if a proposer is registered, it is still the proposer’s individual responsibility to check the eBid site to ensure that the proposer has copies of all notices and addenda RFP documents provide current project information and special requirements applicable to the project, but are subject to modifications, updates, and additions. If Proposers are not able to access this information, please contact the Sr. Contracts Specialist identified in Article 1.07.

**1.10 REQUEST FOR INFORMATION**

Questions about this RFP must be submitted through the "Ask Question" link for this Solicitation at <http://www.ebidexchange.com/soundtransit>, or by email to the Contracts Specialist. Sound Transit will respond only via Addenda or a formal written Clarification, which will be provided to all registered holders of the solicitation document.



### 1.11 PROPOSAL SUBMITTAL

- A. **One original (unbound) and 6 copies (stapled or comb-bound only) and one CD containing the proposal(s) in .pdf format** must be received by Sound Transit on or before the date and time specified in Paragraph 1.6, Anticipated Schedule, at:

**Attn. Doug Haffie, Sr. Contracts Specialist  
Sound Transit Procurement and Contracts Division  
401 South Jackson Street  
Seattle, Washington 98104-2826**

**Please note: The financial information should be included in all 6 copies.**

- B. Firms that have qualified for multiple sites may present proposals for multiple sites under a single cover. However, proposals must include the required documents and submittals for each individual site included in the proposal.
- C. Sound Transit may reject late proposals. Sound Transit also reserves the right to postpone the proposal due date.
- D. Proposals must be submitted in a sealed box or envelope labeled with the Proposer's name and identified as containing a proposal responding to **"Sound Transit's Request for Proposals for TOD Development – Capitol Hill Properties Redevelopment, RFP No. RTA/RP 0010-14"**.
- E. Sound Transit prefers the use of double-sided, recycled/recyclable paper. Elaborate, decorative, extraneous and non-recyclable materials are strongly discouraged.
- F. Sound Transit is not responsible for any costs associated with preparing or submitting a proposal. Proposals become the property of Sound Transit upon submission.

### 1.12 COMPLIANCE WITH RFP

Failure by a Proposer to comply with the requirements of this RFP may result in disqualification of the proposer from further participation in the selection process. Sound Transit reserves the right to reject any or all proposals and to waive as informality any non-material irregularities in the proposals received.

## ARTICLE 2 PROJECT OBJECTIVES & CONDITIONS

### 2.01 SUMMARY OF INTENDED TRANSACTION

The following is a brief summary of the proposed steps for completing the purchase and sale or ground lease transaction, which are subject to change at Sound Transit's discretion:

- A. Proposal submittal and evaluations.
- B. Term Sheet negotiations and an outline of a Purchase and Sale Agreement or Ground Lease. The selected firm(s) shall negotiate and execute Sound Transit's Term Sheet, Purchase and Sale Agreement/Ground Lease, and Contract Documents. Sound Transit will not accept alternative documents.
- C. Sound Transit may require a performance guarantee from a guarantor who can assure completion of the project.
- D. Sound Transit recommendation of the transaction to the Sound Transit Board of Directors, followed by signing of the transaction document, design and permitting of the project, and closing of the transaction. This transaction occurs within a project development schedule, as represented by the schedule (Attachment B).

- E. Failure to meet all these obligations will result in forfeiture of all development rights. Sound Transit reserves the right to cancel this RFP if it determines it is not in its best interest to continue.

### **ARTICLE 3 EVALUATION PROCESS**

#### **3.01 EVALUATION PROCESS**

- A. Proposal Evaluation – proposals will be evaluated in accordance with the evaluation criteria set forth in Attachment A – RFP Evaluation Criteria. As part of the proposal evaluations, the Selection Committee may consider information provided by references. Representative(s) from the City of Seattle may participate in the evaluations.

#### **3.02 NOTIFICATION**

Sound Transit will provide notification of the following actions to all firms submitting proposals at the time the action is taken:

1. Notice of highest scoring firm(s)

Firms should not assume any action has been taken unless they receive specific notification from Sound Transit.

### **ARTICLE 4 CONTENTS OF PROPOSALS**

#### **4.01 GENERAL REQUIREMENTS**

- A. Evaluation Criteria for this RFP is included as Attachment A – RFP Evaluation Criteria.
- B. Firms shall submit proposals meeting the content requirements specified herein. Sound Transit reserves the right to request additional information from Proposers.
- C. Proposers are encouraged to submit the most comprehensive and competitive information possible.
- D. Sound Transit will make such reviews, investigations and reference checks, as it considers necessary and appropriate for evaluation of the proposals. It is the Proposer’s responsibility to provide accurate contact information for references. Approval and award of the Contract Agreement will be made pursuant to Sound Transit policies.

#### **4.02 GENERAL PROPOSAL FORMAT**

- A. Proposals must address each of the evaluation criteria set forth in Attachment A – RFP Evaluation Criteria in a clear, comprehensive, and concise manner and in the format prescribed below. In order for Sound Transit to adequately evaluate proposals in an efficient manner, all proposals must be submitted in accordance with the following format and order, should be clearly separated with tabs, and labeled by response. The proposals should be prepared simply and economically, providing straightforward and concise information that will enable the selection committee to quickly access pertinent information. Proposals should avoid duplication of information.
- B. All proposals shall be bound in an 8 ½” by 11” format. Proposers may use 11” by 17” sheets for figures, drawings or tables to enhance legibility. All 11” by 17” pages must be folded and bound in the proposal. No more than two (2) single-sided 11x17 sheets are allowed. Non-recyclable materials are strongly discouraged. Double-sided printing is strongly encouraged.

C. The Proposal shall be organized as follows:

- 1. Cover Sheet**
- 2. Table of Contents**
- 3. Body of proposal**
- 4. Appendix**
  - a. Financial Capacity submittals.
  - b. Project Financials submittals
  - c. Site specific scoring tools.

## **ARTICLE 5 PUBLIC DISCLOSURE**

Pursuant to Chapter 42.56 RCW, proposals submitted under this RFP shall be considered public records and with limited exceptions will be available for inspection and copying by the public. Proposers must specifically designate and clearly label as "CONFIDENTIAL" any and all materials or portions thereof they deem to contain trade secrets or other proprietary information, which is exempt from public inspection and copying. The Proposer must provide the legal basis for the exemption to Sound Transit upon request. If a proposal does not clearly identify the "CONFIDENTIAL" portions, Sound Transit will not notify the Proposer that its proposal will be made available for inspection. If a request is made for disclosure of material or any portion marked "CONFIDENTIAL," Sound Transit will determine whether the material should be made available under the law. If Sound Transit determines that the material is not exempt and may be disclosed, Sound Transit will notify the Proposer of the request and allow the Proposer 10 working days to take appropriate action pursuant to RCW 42.56.540. If the Proposer fails or neglects to take such action within said period, Sound Transit may release the portions of the proposal deemed subject to disclosure. To the extent that Sound Transit withholds from disclosure all or any portion of Proposer's documents at Proposer's request, Proposer shall indemnify, defend and hold harmless Sound Transit from all damages, penalties, attorneys' fees and costs Sound Transit incurs related to withholding information from public disclosure. By submitting a proposal, the Proposer consents to the procedure outlined in this paragraph and shall have no claim against Sound Transit by reason of actions taken under this procedure.

## **ARTICLE 6 COMPLAINTS, DEBRIEFING AND PROTEST PROCEDURES**

### **6.01 COMPLAINTS REGARDING REQUIREMENTS AND CRITERIA**

Proposers are expected to raise any questions, exceptions, or additions they have concerning the RFP early in the RFP process. The complaint must comply with the Sound Transit Protest and Appeals Process and be submitted to the Director of Procurement and Contracts no later than 7 business days prior to the Response due date set forth in the Anticipated Schedule. The solicitation process may continue following receipt of a complaint.

### **6.02 DEBRIEFING**

Proposers may request a debriefing after being notified of Sound Transit's intent to award to the firm(s) selected during the RFP phase. Debriefings may include a scoring summary of the evaluation criteria, a selection summary of the final proposals, the firm's overall ranking, the strengths and weaknesses of the firm's proposal, and answers to questions regarding the selection process.

### **6.03 PROTESTS AND APPEALS PROCESS**

Interested parties have a right to seek resolution of any concerns, issues, or perceived wrongs associated with this RFP. Upon receipt of a timely written protest, issues of concern will be researched and a written determination to the protesting party will be issued by the Director of Procurement and Contracts. Sound Transit's Protests and Appeals Process is available at <http://www.soundtransit.org/Documents/pdf/working/contracts/ProtestAndAppealRequirements.pdf>.

### **ARTICLE 7 CANCELLATION AND REJECTION OF PROPOSALS**

Sound Transit reserves the right to reject any and all proposals at any time and to choose not to award and/or execute a contract(s) up to the time Sound Transit signs the contract documents, even after a notice of selection has been issued. Proposers acknowledge that a notice of selection confers no right of contract. Sound Transit may cancel the procurement and reject all proposals for any reason. A decision by Sound Transit to cancel the procurement and/or not enter into a contract will not result in any claims or causes of action for costs or damages by any Proposer against Sound Transit.

### **ARTICLE 8 COMMITMENT TO DIVERSITY**

#### **8.01 SMALL BUSINESS PARTICIPATION AND DISADVANTAGED BUSINESS ENTERPRISE (DBE) PARTICIPATION**

Sound Transit promotes and encourages participation in its contracts by Small Businesses and Disadvantaged Business Enterprises (DBEs), as defined in Sound Transit's Small Business and DBE Programs. Sound Transit is interested in proposals from such firms.

Sound Transit recognizes there may be few joint venture or subcontracting opportunities with regard to the services described in this solicitation. Sound Transit has not established a subcontracting goal for these services. Proposers are not required to prepare a plan for participation of subcontractors and subcontracting goals are not set as required elements for the evaluation of proposals. Proposers that elect to form a joint venture or to subcontract any services are advised that under such circumstances they shall take steps to solicit participation by Small Businesses or DBEs.

#### **8.02 EQUAL EMPLOYMENT OPPORTUNITY (EEO) AND LABOR RELATIONS**

A. Sound Transit is interested in proposals from firms that demonstrate a commitment to equal employment opportunity. Sound Transit encourages proposals from firms that employ a workforce that reflects the region's diversity. Proposers are advised that they shall adhere to the following non-discrimination provisions:

"The Contractor will not discriminate against any employee, applicant for employment, or subcontractor/subconsultant because of race, religion, creed, sex, sexual orientation, age, nationality, or the presence of any sensory, mental, or physical disability, unless based upon a bona fide occupational qualification. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, religion, creed, sex, sexual orientation, age, nationality, or the presence of such disability."

**Attachment A – RFP EVALUATION CRITERIA  
(Governing the Evaluation of Proposals)**

## 1.01 GENERAL

### Evaluation Criteria and Proposal Requirements

1. The evaluation criteria in Section 1.03 will be used in evaluating Proposals. Submittal requirements are also described under Section 1.03.
2. After proposals are received, Sound Transit may, at any point in the evaluation process, advise proposers of the weaknesses and deficiencies of their proposal and request revised proposals and/or Best and Final Offers (BAFOs). Revised proposals or BAFOs shall be evaluated upon the evaluation criteria stated in Section 1.03. Sound Transit reserves the right to proceed directly to negotiations with the highest ranked proposer immediately following the initial submission and evaluation of proposals.
3. Sale vs. Lease – Subject to Federal Transit Administration approval of the lease, Sound Transit has a strong preference for a ground lease on all sites with the possible exception of site B – North. However, for each site included in the proposal, Proposers may propose a sale or ground lease Transaction Structure or both (Evaluation Criterion 4). During the evaluation process, Sound Transit will decide which transaction structure best serves the agency for each site. Proposers may receive one score for a sale transaction proposal and one score for a ground lease transaction proposal for each site as applicable.
4. Once Sound Transit has chosen to proceed with a sale or ground lease transaction for each site, Sound Transit will select the Proposal, which includes the selected transaction structure, that Sound Transit believes best meets the evaluation criteria in the best interests of Sound Transit for each site. Final proposal selection within the selected transaction structure, if any, will be made on a “best value” basis. If Sound Transit is unable to negotiate a satisfactory contract with the highest ranked proposer, the next highest ranked proposer may be contacted for contract negotiation. This method may continue, in the discretion of Sound Transit, until a contract is successfully negotiated or until all proposals are rejected.
5. Final approval and award of a contract resulting from this RFP is subject to policies established by the Sound Transit Board of Directors.

## 1.02 SUMMARY EVALUATION CRITERIA MATRIX

No.	Criterion	Maximum Points
1	Development Program	500
2	Financial Capacity and Project Financials	200
3	Project Approach	150
4	Transaction Structure	150

### 1.03 EVALUATION CRITERIA

Proposals will be evaluated using the following criteria.

<b>No. 1</b>	<b>Development Program</b>	<b>500 pts.</b>
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Sound Transit has developed a set of Development Program Requirements and Priorities for each site. The Development Program Requirements and Priorities for each site can be found in Attachment C and may include:

- Green factor and sustainability approach
- Amenity area approach
- Retail approach
- Community center approach
- Housing program
- Parking approach

#### Submittal Requirements

1. Address each set of Development Program Requirements and Priorities (Attachment C) for each site included in the proposal. The firm with the highest score for Development Program Requirements and Priorities will receive 250 points. Firms with lower scores for Development Program Requirements and Priorities will receive a proportionally lower amount of points out of 250.
2. Complete the Housing Tool for each site your firm has been qualified to submit a proposal for. Firms may not make any modifications to the Housing Tool other than inputting their proposal data into the tool. Any firm that makes inappropriate modifications to the Housing Tool may be disqualified by Sound Transit from further participation in the selection process. The firm with the highest score on the housing tool will receive 250 points. Firms with lower scores on the housing tool will receive a proportionally lower amount of points out of 250.

<b>No. 2</b>	<b>Financial Capacity and Project Financials</b>	<b>200 pts.</b>
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The Proposer must demonstrate the financial capacity and capability of the proposing firm, or of the proposing joint venture and/or each of the firms comprising the joint venture to successfully undertake and complete the fiscal responsibilities of the project, including the ability to fund, design, build, and own/lease the project. The Proposer shall provide sufficient detail to enable Sound Transit to evaluate the risk with respect to the stability or continuity of the Proposer as a viable entity.

Prior to award, Sound Transit may perform a review of Proposer's financial status and capability to perform the work. Proposers must comply with requests for information that are deemed necessary by Sound Transit to perform a reasonable review of the firm's financial status. If the proposing team is a Joint Venture, each member of the Joint Venture will be required to submit the requested information.

Sound Transit may research the financial status of any Proposer, including, but not limited to Dunn & Bradstreet Reports; commercial credit card reports; or to take any other measures as Sound Transit deems necessary and appropriate to confirm the Proposer's capacity. Sound Transit may require a performance guarantee from a guarantor who can assure completion of the proposed project.

#### Submittal Requirements

1. Three years of audited financial statements for the proposed development company and/or each of any joint venture partners. If not independently audited (either a certified audit or a review), then internally prepared financial statements, certified as true and correct by the individual having proper authority of the Proposer, and properly signed. Make sure the information is for the operating entities if separate from any funding sources.
  - a. If available, include FYE 2013 statements. If the Proposer’s 2013 audit is not complete, include internally prepared FYE 2013 statements.
  - b. Statements are to include balance sheet, income statement, statement of cash flows, and accompanying notes.
2. Two bank or credit references. *Note, please alert all references that a representative of Sound Transit may contact them.*
3. Outline Funding Plan
  - a. Provide detailed financial proforma for the project identifying projected construction hard/direct and soft/indirect costs, capital requirements, operating revenues and expenses, debt-service requirements, ground lease payments (if any), net income/cash flow, and projected stabilized value.
  - b. Include a complete and detailed plan for the financing of each project/site included in your firm’s proposal. List all entities that will provide funding, including debt and equity, and describe the proposer’s experience with each firm. Identify the amount of each funding entity’s contribution, both debt and equity. Provide an outline of the general terms of the funding agreements.
  - c. Provide details of any loan guarantees that any party may be providing.
  - d. If partnering with separate capital providers, detail each participant’s percentage of ownership. If necessary, include an organizational chart and supporting materials that indicate clearly the relationship of the operating organization to the Developer.
  - e. Provide a copy of any joint venture agreements between cooperating proposers, if applicable.
4. It is Sound Transits intention that the development of all of its Capitol Hill Station properties will be completed simultaneously. Describe how you propose to achieve this objective, in terms of financing.
5. Given the cyclical nature of real estate markets, describe the financial strategies you employ to weather market corrections.
6. Provide detailed examples of the Proposer’s experience financing projects of similar nature and magnitude.

<b>No. 3</b>	<b>Project Approach</b>	<b>150 pts.</b>
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Demonstrate your understanding of this opportunity, including factors that are critical to making the opportunity a success. In developing the response to this criterion, proposers are advised to review and reference the “General Guidelines for Design Review” which can be found in the Technical Documents (Attachment D) as item #1. Project proposals should not require any changes to the Development Agreement. Proposed projects that require changes to the Development agreement will receive a low score.



The sites are expected to be made available in the first quarter of 2016 after revenue service has begun. Acknowledging that construction of these projects will take place on top of an active light rail station, please discuss your project delivery concept in terms of the following agency priorities:

- The safety and security of transit patrons
- protecting Sound Transit property
- limiting conflict with the ongoing operation of the light rail service
- completing all projects according to Sound Transit's preferred schedule (Attachment B)

### **Submittal Requirements**

1. Address the weaknesses and deficiencies identified for your firm by Sound Transit during the RFQ review process.
2. Fully describe your implementation approach for each site your firm is proposing on. Describe how your solution addresses the "General Guidelines for Design Review" (Attachment D).
3. Considering that multiple developers may be working on the four sites simultaneously, describe your firm's plans for project staging and logistics, deliveries, contractor parking, site access, safety and security of transit patrons, and benefits to Sound Transit.
4. Describe the risks involved in an undertaking such as this where multiple properties in close proximity to each other and above a transit station are subject to development at the same time. Identify potential risks to Sound Transit, your firm, other site developers, neighbors, and the general public and how your firm proposes to identify, avoid, and mitigate those risks.
5. Provide a coordination plan for working with developers of all sites. Firms that propose on multiple sites should address this item from the possible scenarios where they are awarded multiple sites or are not awarded multiple sites. Include in your description your proposed approach to addressing disputes, mitigation and resolution among multiple developers that may be building at the same time.
6. Describe your firm's neighborhood engagement strategy to manage neighborhood issues that arise during construction
7. Submit a Gantt chart showing major agency and project milestones from project award through certificate of occupancy.
8. Describe how you document incidents occurring on your project sites.
9. Describe your plan to communicate to Sound Transit about significant incidents that may occur on your project site(s).
10. Describe your plan to handle claims submitted by third parties, including, but not limited to,
  - a. Acknowledgements and acceptances of claims;
  - b. Notice to Sound Transit of claims and adjusters, and other points of contact;
  - c. Notice to your applicable insurance company of the claim and that Sound Transit is an additional insured;
  - d. Setting reserves for claims' expenses and liability payments;
  - e. Loss investigations; and
  - f. Claim disposition and resolution.
  - g. Single point of contact for Sound Transit in the event of a claim

This includes receipt and adjustment of third party claims tendered to you by Sound Transit.

11. Describe your firm’s ability to respond to requests for information, pertinent to your insurance program and claims administration, from Sound Transit as an additional insured. Any requests shall be interpreted to not include any information Developer deems confidential or privileged.

<b>No. 4</b>	<b>Transaction Structure</b>	<b>150 pts.</b>
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Subject to Federal Transit Administration approval of the lease, Sound Transit has a strong preference for a ground lease on all sites with the possible exception of site B - North. However, for each site included in the proposal, Proposers may include a sale or ground lease transaction proposal, or both, understanding that Sound Transit will review all responses and decide which transaction approach best serves the agency. For each transaction structure proposed, Proposers shall fill out a pro forma form, one may indicate a proposal for a ground lease and another may indicate a proposal for a purchase and sale.

Proposers who offer both a sale and ground lease transaction proposal will receive one score for a sale transaction proposal and one score for a ground lease transaction proposal for each site as applicable. Following the evaluation of proposals, Sound Transit will determine whether it wishes to proceed with a sale or ground lease for each site.

**Submittal Requirements**

1. Sale pro forma for each proposed site (if applicable).
2. Ground Lease pro forma for each proposed site (if applicable).
3. If proposing a ground lease transaction structure, acknowledge and comment on the following lease terms in the order presented below.

**a. Term of Lease**

Lessee may propose any term up to a maximum of 75 years (including all extensions). Lessee may propose an initial term followed by a specified number of lease extension terms.

**b. Nature of Lease**

The ground lease will be an absolute net lease, with rent due free and clear of all charges and deductions. The lessee will be responsible for paying all utilities, insurance, leasehold excise tax, maintenance and repairs.

**c. Site Conditions**

Lessee agrees to accept the property in its present state and condition, as-is, with all faults. Sound Transit will make information about the site’s physical and environmental conditions available for review and make the property available for a reasonable inspection period.

**d. Covenants, Conditions, and Restrictions**

Lessee agrees to develop the property in conformance with its proposed project and to use the property only for transit oriented development (TOD). Lessee agrees to execute a TOD covenant running with the land and recorded in the real property records of King County binding upon Lessee, any leasehold mortgagee, and their respective successors and assigns.

The ground lease will be subject to a reservation by Sound Transit of a permanent, exclusive and irrevocable covenant, restriction and/or easement for the operation and maintenance of Sound Transit facilities, including rights of access to its facilities.

e. **Commencement**

The lease will commence upon issuance of building permit. In the event Lessee has not begun construction within one (1) year from the issuance of building permits by the City, the lease will terminate and lessee will forfeit its security deposit.

f. **Rent**

Lessee should propose a rent schedule that includes the following components:

- The ground lease will require a minimum base rent based on fair market value (FMV) of the property. Rent must be prepaid or paid in advance on a monthly basis.
- Lessee may propose a different base rent during construction of the project.
- Fixed increases of base rent based on CPI or comparable index.
- Periodic adjustment of base rent. Re-appraisal will establish FMV of the property and fair market rent.

g. **Security Deposit**

The ground lease will require a security deposit due upon commencement equal to one (1) year of base rent.

h. **Assignment, Sublease, Refinancing and Transfer**

Sound Transit's prior approval will be required for any assignment, sublease, financing, or other transfer of interest in the ground lease. The lessee will be responsible for paying Sound Transit's reasonable costs and expenses to review proposals and execute agreements.

i. **Subordination**

The lessee may mortgage its leasehold interest under the ground lease for a term not to exceed the term of the ground lease. Any mortgage will be subject and subordinate to the rights of Sound Transit as lessor under the ground lease and to Sound Transit's fee interest in the property. Although Sound Transit will not subordinate its interest in the lease, Sound Transit will endeavor to work with lessee to develop commercially reasonable lease terms necessary for lessee financing.

j. **Ownership of Improvements**

Improvements will revert to Sound Transit at the expiration or earlier termination of the ground lease.

k. **Insurance**

The lessee will be required to maintain insurance typical for the project for the duration of the lease term, in amounts and with limits determined appropriate by Sound Transit and with carriers acceptable to Sound Transit. Sound Transit must be named as additional insured.

l. **Guaranty**

Sound Transit may require a third party to guarantee some or all of the obligations of the lessee, including but not limited to construction obligations. The form of the guaranty may be a letter of credit issued by a bank in an amount and on terms acceptable to Sound Transit and/or a guaranty from a parent entity or person determined by Sound Transit to have sufficient capital or liquidity to ensure payment.

m. **Good Faith Negotiations**

The terms and conditions described above will be conformed to a lease between the proposer and Sound Transit. The parties will enter into good faith negotiations to finalize a ground lease agreement within 180 days. The ground lease is subject to review and approval by the Sound Transit Board of Directors and FTA.

**END OF EVALUATION CRITERIA**

## **Attachment B – Sound Transit Timeline**

Attachment B – Sound Transit Timeline is available for download separately from the Ebid website under this solicitation.

<http://www.soundtransit.ebidsystems.com/>

## **Attachment C – Development Program Requirements and Priorities**

Attachment C – Development Program Requirements and Priorities are available for download separately from the Ebid website under this solicitation.

<http://www.soundtransit.ebidsystems.com/>

## **Attachment D – Technical Documents**

Attachment D – Technical Documents are too voluminous to upload to Ebid. Each shortlisted firm will be provided a disc that includes the technical documents. The Table of contents page will be uploaded to Ebid.

<http://www.soundtransit.ebidsystems.com/>

## **Exhibit A – Reference Documents**

Exhibit A – Reference Documents are available for download separately from the Ebid website under this solicitation.

<http://www.soundtransit.ebidsystems.com/>

Note: The Reference Documents are provided for informational purposes only. The information in the Reference Documents is not to be considered project or development requirements. Responses to this solicitation should only address the evaluation criteria (Attachment A) and should not address the Reference Documents, except as required by the evaluation criteria. Evaluations will be based solely on responses to the evaluation criteria (Attachment A).