



Date: August 8, 2005
 Committee Meeting Date: August 18, 2005
 Board Meeting Date: September 1, 2005
 ACTION X DISCUSSION INFO

BOARD MEMORANDUM

TO: Congestion Management Program and Planning Committee
 Santa Clara Valley Transportation Authority
 Board of Directors

THROUGH: Suzanne B. Gifford
 General Manager Pro Tempore

FROM: Carolyn M. Gonor
 Chief Development Officer

SUBJECT: Developer Selection for Joint Development Program

RECOMMENDATION:

Approve the following list of qualified developers and authorize the General Manager to proceed with a Request for Proposals for joint development on the West San Carlos Street property and the Capitol, Curtner and Tamien Light Rail Station properties.

Qualified Developers

ROEM Corporation and Avalon Bay Communities, Inc. – Santa Clara, CA
 Fairfield Residential LLC – San Francisco, CA
 Bridge Housing Corporation, BRE Properties, Inc., Blake Hunt Ventures, & DR Horton –
 San Francisco, CA
 Republic Properties Corporation & Green Valley Corporation (Barry Swenson Builders) –
 San Jose, CA
 Transit Development Partners LLC (Kenwood Investments, Wilson Meany Sullivan &
 Stockbridge Capital Group) – San Francisco, CA

BACKGROUND:

On January 16, 2005, the VTA Board of Directors approved the Joint Development Program and Policy, including a process and selection criteria for qualifying developers and ranking development proposals for VTA excess properties. In April 2005, VTA issued a Request for Qualifications to the development community to qualify for submitting development proposals on VTA Park and Ride sites and the West San Carlos excess property. The RFP was advertised

in local newspapers, as well as in the *Wall Street Journal*, *Urban Land Institute*, *Los Angeles Business Times*, *San Francisco Business Times* and on the VTA website.

DISCUSSION:

The first phase of the process consisting of reviewing statements of qualifications and interviewing prospective developers has concluded and the interview panel has recommended to the VTA Board approval of the qualified list above. The interview panel consisted of staff from the Development and Congestion Management Division, Contracts and Materials Management Department, and General Counsel as well as planning staff from the City of San Jose. In addition to these interviewers, staff from the Development and Congestion Management Division reviewed written qualifications. Interviews were held on June 29 and 30, 2005. The Board-adopted criteria listed below were used to evaluate developers.

1. Successful experience in developing transit-oriented developments.
2. Financial capacity to fund the scale of projects contemplated for VTA properties.
3. Strength of the design and consulting team as demonstrated in designing attractive, award-winning projects, including design elements incorporated in the Joint Development Policies and Community Design and Transportation Manual.
4. Ability to demonstrate experience in developing projects with strong revenue generation for public agencies as joint partners.
5. Experience with ground leases involving public agencies.
6. Ability to maintain a schedule and budget control for design and construction of a real estate project on the scale of the projects anticipated for the VTA sites.
7. Experience in successful property management and successful profit and loss management of real estate development projects over time.
8. Successful experience in sales and leasing of residential units, retail space, and office space as appropriate to the land use mix contemplated for the project sites under consideration.

Development teams were required to provide documentation in the form of:

- Audited financial reports.
- Descriptions of all team members (e.g., financial partners, banking relationships, project management team, architect and other consultants, contractors and others that are proposed to perform on the team).
- Examples of completed TOD projects, including a description of uses and timing of the development from application of entitlements through construction completion, and graphics showing the site plans, building elevations and vignette drawings.
- Examples of successful ground leases.
- Evidence of lease up and product sales schedules.

- References of public agencies who partnered with the developer in a joint development project.
- A conceptual plan for the West San Carlos and Capitol Park and Ride Lot sites.

One developer, KB Homes, was non-responsive in its submittal.

Based upon the interview panel's review, the five selected development teams are recommended to submit proposals, upon VTA's request, on the four VTA joint development sites currently envisioned and future sites as determined. The recommended list of development teams would be valid for up to five years. At any time, VTA could choose to renew the list of qualified developers for joint development of VTA-owned properties.

The next step in the process will be for VTA staff to notify the development teams that they were selected to submit proposals and invite proposals for one or more of the four VTA sites listed in the RFP. Once these proposals have been evaluated through a formal request for proposal process, using the Board-adopted review criteria, recommendations for project selection will be presented to the VTA Board for approval. Following approval of the award of sites to particular development teams through an exclusive negotiating agreement, staff will negotiate ground leases and development agreements with the developers selected to develop each site.

The schedule for these activities is for site development proposals to be submitted in October 2005 and recommendations for Board approval of exclusive negotiating agreements are scheduled for Board discussion and approval in December 2005. Ground leases and development agreements are scheduled for Summer 2006.

ALTERNATIVES:

There are no practical alternatives available if VTA is to proceed with the Joint Development Program on VTA-owned properties.

FISCAL IMPACT:

There is no direct fiscal impact from the recommended action to approve the list of qualified developers for participating in joint development on VTA-owned property.

Prepared by: David E. Miller, Commercial Development Manager