

# CERONE PROPERTY JOINT DEVELOPMENT

San José, CA

Request for Qualifications



REQUEST FOR QUALIFICATIONS  
Cerone Property Joint Development

**Statements of Qualifications must be submitted to:**

Santa Clara Valley Transportation Authority  
ATTN: Josselyn Jacobson  
josselyn.jacobson@vta.org  
3331 North 1<sup>st</sup> Street, Building A, San José, CA 95134

**DEADLINE: Submit by 4:00 P.M. PDT on July 26<sup>th</sup>, 2019.**  
**RESPONSES WILL NOT BE ACCEPTED AFTER THIS DATE/TIME.**

This Request for Qualifications will be followed by  
REQUEST FOR PROPOSALS  
from qualified respondents

*Note Regarding the Public Records Act:*

The California Public Records Act (California Government Code Sections 6250 et seq.) mandates public access to government records. Therefore, unless the information is exempt from disclosure by law, the material submitted may be made available to the public.

## VTA Contacts

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## RFQ Schedule

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RFQ Issuance

Pre-Submittal Site Walk *(optional)*

Deadline for RFQ Written Questions

VTA Response to RFQ Written Questions

RFQ Submittal Deadline

**May 29<sup>th</sup> 2019**

**June 14<sup>th</sup>, 2019 @ 2:00pm**

**Meet at Cerone Maintenance Facility**

**June 28<sup>th</sup>, 2019**

**July 12<sup>th</sup>, 2019**

**July 26<sup>th</sup>, 2019 @ 4:00 p.m PDT**

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# 1. Introduction

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The Santa Clara Valley Transportation Authority (“**VTA**”), a California special district, is pleased to issue this Request for Qualifications (“**RFQ**”) to prospective developers to create a high-quality commercial development (“**Project**”) in Northeast San José, just across Coyote Creek and west of the Milpitas city limits. VTA is seeking proposals from qualified respondents (“**Respondent**”) to develop up to 28.8 acres of VTA property located at the southeast corner of Zanker Road and State Route 237, San José, CA 95134 (“**Property**”). The general layout of the Property is shown in Figure 1.

Each proposal must respond to and include all of the submittal requirements for the statements of qualification (“**SOQ**”) described in Section 5, below. Respondents who meet all of the submittal requirements will have their SOQ submittals evaluated by a panel that may consist of VTA staff and one or more community members and/or City of San Jose representatives. The panel will identify the most qualified SOQs and may then either send out a Requests for Proposals (“**RFP**”) to Respondents, or, alternatively, prepare a recommendation to the VTA Board of Directors for consideration at a regularly scheduled Board meeting, in which case, the VTA Board will select which Respondents are to be approved.

VTA anticipates issuing a Request for Proposals to those Respondents who meet the requirements of the RFQ process and who are deemed by VTA to be the most qualified Respondents under the RFQ process. However, VTA may elect to bypass a RFP process and enter into an Exclusive Negotiation Agreement (“**ENA**”) with the most qualified Respondent to negotiate and complete a Ground Lease Option (“**GLO**”). Successful completion of negotiations under the ENA will lead to a GLO with the selected developer (“**Developer**”) in contemplation that the GLO will permit the successful Developer to exercise rights to enter into a long-term ground lease with VTA for a term of 65 or more years.

If an RFP process is pursued, only the most qualified Respondents will be invited to submit proposals during the RFP stage.

## A. The Property

The Property is located at the southeast corner of Zanker Road and State Route 237 in San José, California. The Property is delineated in Figure 1 and is approximately 28.8 acres in size. It is generally flat, and is currently used as part of VTA’s Cerone Maintenance Facility. VTA intends to offer the Property for development under a long-term ground lease from VTA. It consists of portions of APNs 097-04-020 and 097-04-037, as shown in Figure 4.



Figure 1. The Property



## B. Objectives

VTA wants to select a Developer who can think creatively about how to best meet VTA's objectives for the Project as described in this Section 1.B. VTA is willing to consider any approach that would most effectively accomplish its objectives.

VTA seeks SOQs from Respondents who can support the VTA in meeting the following objectives:

- Generate revenue to support VTA operations by obtaining fair market value ground rent on the agency's real property assets. VTA is looking for proposals that maximize VTA's ground rent revenue and are consistent with VTA's Joint Development Policy (**Appendix 5**).
- Support the City's job creation goals for the North San José Employment Land Area as stated in the General Plan (**Appendix 7**).
- Create a vibrant, state-of-the art, high-value commercial development, which can include a variety of uses such as industrial, office, creative office/industrial, hospitality, and retail. Provide outstanding urban design and utilize green and sustainable design to minimize vehicle and building-related greenhouse gas emissions.

- Provide continued access to remaining VTA bus yard operations in an efficient and cost-effective manner.
- Enhance transit connectivity by working with VTA to create an on-site dedicated bus lane and additional bus stops that will serve the development.
- Contribute to the City’s traffic mitigation efforts by applying best practices to transportation demand management.
- Provide community workforce opportunities throughout the construction phase of the project, including workforce re-entry programs and/or workforce apprenticeship opportunities that would create access to construction careers.

The City of San Jose has established the following requirements and objectives for this Project that will need to be met in order for the selected Developer to obtain necessary development approvals from the City:

- Compliance with land uses permitted under the Envision San Jose 2040 General Plan (“General Plan”) (**Appendix 7**).
- Inclusion of community amenities in the development that can serve to: (i) activate the development; (ii) provide community gathering space; (iii) provide infrastructure for services; and/or (iv) create a sense of place. These amenities should enhance the quality of life for the surrounding neighborhood.
- Support and enhancement of the local trail system and connectivity for pedestrian and bike safety as well as wayfinding to the station.



## 2. Property Description

### A. Location

Figure 2 shows the Property's location in the larger region. The Property is located in a high-profile location along the State Route 237 corridor between Milpitas and Santa Clara. It lies within the Silicon Valley's "Golden Triangle," which contains a major concentration of technology sector employment and has experienced a high level of new development and redevelopment over the past few years.

The City of San José defines North San José as the area bounded by State Route 237 on the north, Interstate 880 or Coyote Creek on the east and south and the Guadalupe River to the west. North San José is a largely commercial area characterized by low-density office and industrial parks and campuses. As one of San José's most significant employment hubs, North San José has been the focus of City planning efforts to modestly intensify commercial and limited residential uses (described in greater detail in the following section). The Property is located approximately five miles from the San José International Airport and eight miles from Downtown San José. Figure 3 shows the commercial and industrial investments nearby. This includes a site immediately northeast of the Property that was bought by Microsoft Inc.

As shown in Figure 4, the Property consists of portions of APNs 097-04-020 and 097-04-037; it is approximately 28.8 acres and is currently used as part of VTA's Cerone Maintenance Facility. The Property is generally flat in its topography. VTA currently maintains some parking and ancillary facilities on the Property and would require the Developer at the Developer's expense to relocate those uses to the southeast corner of the Property.

**Figure 2. Regional Context Map**



Figure 3. Nearby Commercial/Industrial Investments

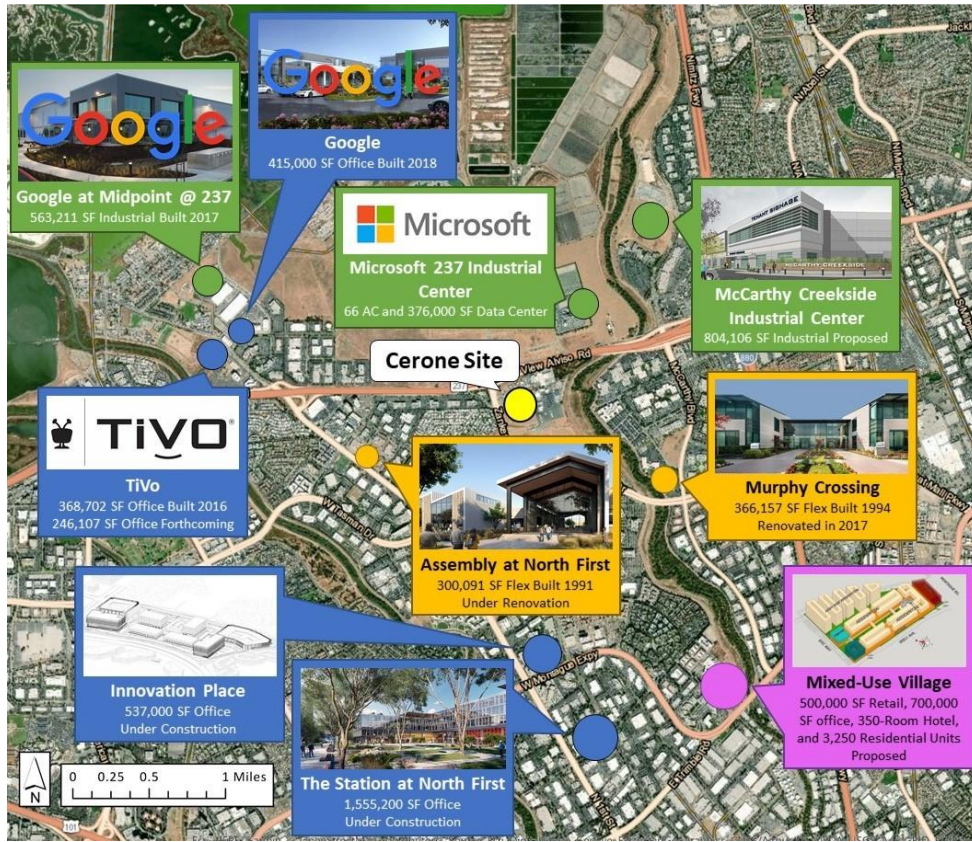


Figure 4. Cerone Property APNs





## B. Surrounding Land Uses

The Property is largely undeveloped, aside from VTA employee parking and ancillary facilities that will have to be relocated during the Project. It is bounded by State Route 237 to the north, Zanker Road to the west, office park development to the south - occupied by Cisco, and VTA's Cerone Maintenance Facility to the east. The Property is surrounded by a mix of land uses. To the west of the Property there is a collection of business parks and the Westwinds mobile home park (note: VTA anticipates working with the Developer to engage with the residents of Westwinds during the project planning process). The area to the north contains vacant land, and the City of San José Water Pollution Control Facility, and Calpine's Los Esteros power generation plant. A vacant parcel to the northeast of the Property is owned by Microsoft and the company has indicated that it plans a light industrial center that would include a data center complex. To the east is the Cerone Maintenance Facility, and beyond that, Coyote Creek and the McCarthy Center business park. A major Cisco campus is located directly south of the Property. Many of the business parks in the general area have been recently renovated or are currently undergoing renovation.

## C. Property Connectivity, Access, and Visibility

Access to the Property is provided via two existing driveways along Zanker Road that align with the intersections of Zanker Road with Holger Way and Baypointe Parkway. The Property is situated in the eastern end of San José near San José's northeast border with Milpitas. The Property is approximately 1.3 miles from I-880 to the east, approximately one mile from North First Street and five miles from Highway 101 to the west.

The Property has extensive frontage on Zanker Road giving it good visibility. The average daily traffic count for Zanker Road north of River Oaks Parkway is approximately 12,500 vehicles. It has limited frontage on State Route 237 and while the Property has some visibility from this highway, a berm supporting the east-bound on-ramp to State Route 237 blocks visibility into the northwest corner of the Property. State Route 237 has an average daily traffic count of approximately 134,000 vehicles.

## D. Current and Future VTA Functions at the Property

The Cerone Operating Division is responsible for the day-to-day operations and maintenance of a portion of the existing VTA bus fleet.

The Cerone Maintenance Facility includes sufficient storage capacity to accommodate 204 buses, however VTA currently stores and maintains only 148 buses at this facility. The facility is also home to VTA's Overhaul and Repair (O&R) Division, bus stop maintenance staff, as well as a portion of the paratransit vehicle fleet storage and office space. The O&R Division manages the heavy maintenance and repair of the entire VTA bus fleet including buses housed at the two other VTA bus facilities (North Yard and Chaboya Divisions).

Bus dispatch in the morning begins at 5:00 am and reaches its peak between 6:00 am and 7:00 am, with over 60 buses dispatched between 5:00 am and 7:00 am. The second peak dispatch time occurs between 1:00 pm and 3:00 pm.

The Cerone Maintenance Yard will continue to be active after the completion of the Project on the developable portion of the Property. In the future, VTA plans to intensify VTA's usage of the portion of the Property that will be retained by VTA. Under VTA's 2010 Facility Master Plan, parking and support areas that are currently **outside the fence that encloses the Cerone Division as well as the parking areas currently located on the Property**, will be relocated by VTA at the expense of the Developer to an area at the southeast corner of the **Cerone Maintenance Yard** (an illustrative concept is shown in **Figure 5**). The Developer will also be expected to incorporate a dedicated bus lane into the Project plans as well as new bus stops serving the Project; the bus lane and new bus stops will be created at the Developer's expense.

Figure 5. Cerone Site VTA Facilities Optimization Plan, Phase 1



### 3. Development Process

#### A. Existing and Potential New Entitlements

The General Plan designations for the Property are shown in Figure 6, and the Property's zoning is shown in Figure 7. The Property is split between two General Plan designations: the northern portion of the Property is designated CIC-Combined Commercial and Industrial and the southern portion of the Property is designated IP-Industrial Park. Under the Zoning Ordinance, the entirety of the Property is zoned as IP-Industrial Park.

According to the North San José Area Development Plan, properties located outside the Core Area are granted allocation up to an FAR of 0.4; this would result in up to 501,811 square feet of building area. However, as stated in the North San José Area Development Plan, such properties can exceed 0.4 FAR if they meet defined criteria in the Policy, such as exceptional architecture design treatments and Transportation Demand Management (TDM) measures. VTA seeks to maximize densities for all uses on the site and will encourage the Developer to work with the City to maximize FAR on the site. Developments that could serve as a model for projects at the Property include @First, Assembly at North First, Midpoint@237, Campus Center, the McCarthy Business Center, and 110 – 130 Holger Way at North 1<sup>st</sup> Street. VTA seeks proposals that offer a development program that exceeds the City's base entitlement of 501,811 square feet.

**Figure 6. General Plan Designations for Property and Surrounding Area**





**General Plan:** CIC-Combined Industrial/Commercial. The CIC-Combined Industrial/Commercial General Plan designation allows a floor area ratio up to 12.0 (one to 24 stories). It is a highly flexible category that accommodates office, industrial, and some retail uses (or mixes of these uses) at varying intensities. The designation discourages small-scale retail, such as suburban strip-centers, but allows larger, big-box projects because they blend the forms and uses of retail and warehouses. The General Plan acknowledges the broadness of the designation and defers to the Zoning Ordinance on matters of use and form at specific sites.

**General Plan:** Industrial Park. The IP-Industrial Park General Plan designation allows a floor area ratio up to 10.0 (two to 15 stories). It accommodates a diverse collection of industrial users, including research and development, manufacturing, and offices. Unlike the City’s Light Industrial and Heavy Industrial categories, the Industrial Park designation allows hazardous or nuisance-producing uses only if their impacts can be mitigated through design controls. It also has much more stringent performance and design standards under the Zoning Ordinance than other industrial uses. It differs from the Combined Industrial/Commercial designation in that it limits commercial uses, such as retail, to those that serve the businesses and employees of the immediate area and, preferably, that are integrated within a predominantly industrial development. However, as enabled by the North San José Retail and Amenity Strategy, additional flexibility may be provided for retail and service commercial uses within the North San José Development Policy area through the City’s discretionary review and permitting process.

**Figure 7. Zoning for Property and Surrounding Area**





**Zoning:** Industrial Park. Like the Industrial Park General Plan designation, IP-Industrial Park zoning allows “a wide variety of industrial users such as research and development, manufacturing, assembly, testing, and offices.” It permits building heights up to 120 feet. Commercial support uses are permitted upon meeting specific criteria.

Warehouse-style retail is conditionally permitted. When overlaid with a Combined Industrial/Commercial General Plan designation, as it is on the northern parcel of the Property, Industrial Park zoning permits a “broader range of uses such as retail, church/religious assembly, social and community centers, recreational uses, or similar uses” that do not compromise the overall industrial character of the area. Hotel uses are also conditionally permitted on properties with the Combined Industrial/Commercial General Plan designation.

### **Additional Relevant Policies**

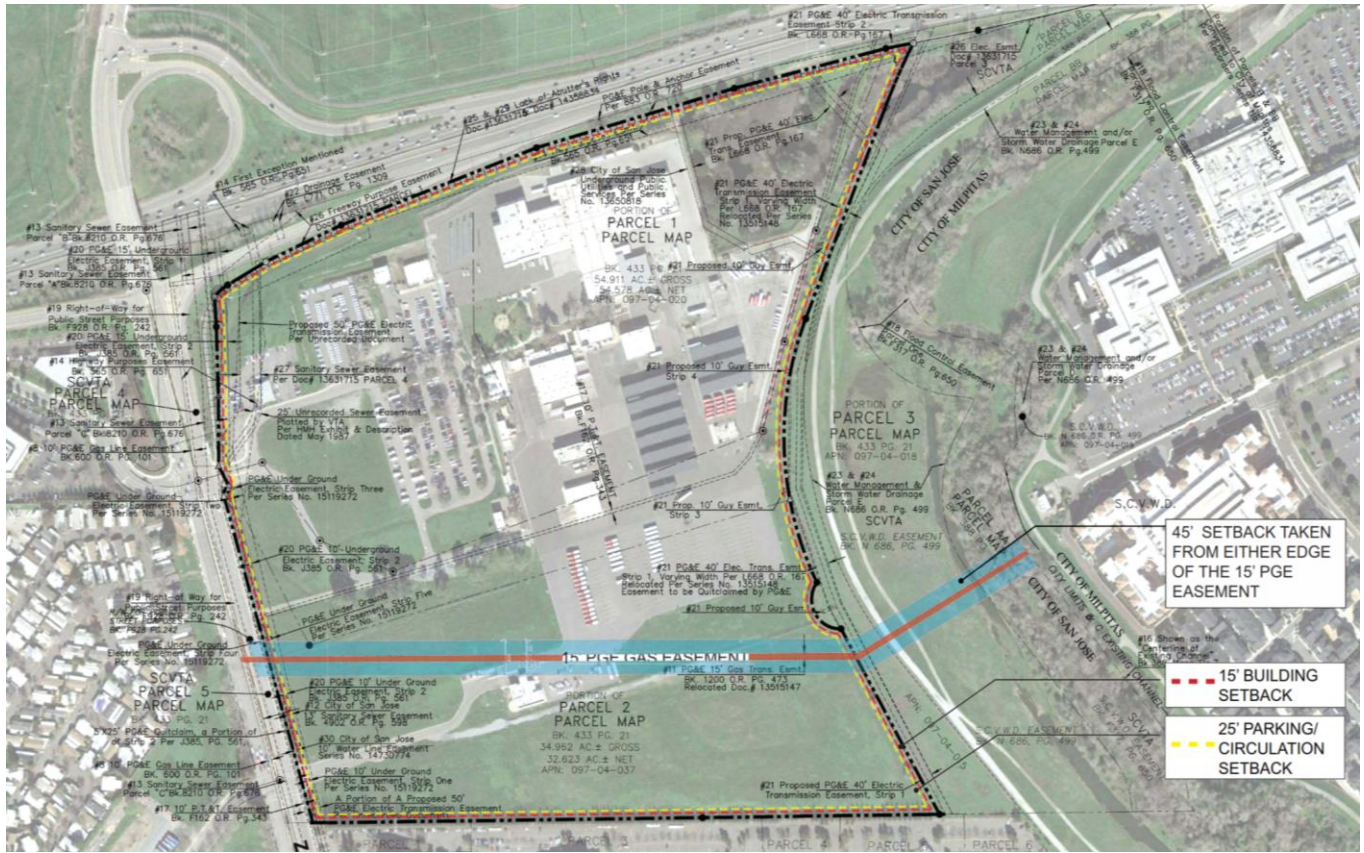
The following policies and designations also affect the Property. Documentation on each of these is included in the Appendices.

- ***North San José Employment Land Area.*** Under Envision San José’s General Plan (**Appendix 7**), the property is part of the North San José Employment Land Area.
- ***North San José Area Development Policy (ADP)*** (**Appendix 8**)
- ***North San José ADP Neighborhoods Plan*** (**Appendix 9**)
- ***North San José Urban Design Guidelines*** (**Appendix 10**)

### **B. Easement Requirements**

There are a variety of existing easements primarily in the northern and western frontages of the Property, including but not limited to property rights held by Caltrans for State Route 237; the City of San José for North First Street roadways, sanitary sewer lines, and water lines; and PG&E along North First Street for electric lines. The following page contains an illustration of these easements (Figure 8) as well as descriptions of two significant easements that bisect the Property.

**Figure 8. Cerone Property Easement Exhibit**



**1. Pacific Telephone and Telegraph.** An easement issued to Pacific Telephone and Telegraph, the predecessor to AT&T, runs from east to west along the middle area of the Property. This is an old easement that VTA understands to contain cabling connecting local telephone service centers. All respondents must independently review (with their own counsel and/or consultants in their discretion) all easements and title conditions to fully understand the status of title for the Property.

**2. PG&E High Pressure Gas Line.** Pursuant to rights granted under an easement, a PG&E high pressure natural gas distribution pipeline currently passes through the southern portion of the property from Zanker Road to the eastern edge of the riparian corridor, and is located in the area zoned IP, north of the current main access road to the Cerone Maintenance Facility. No buildings or structures can be built above this gas line, and a 45' separation must remain between the pipeline and adjacent buildings. Because of this, it is anticipated that the area above the pipeline would be used for landscaping, parking, or internal access roads for any new development. PG&E recently replaced the pipeline to meet current standards and VTA is informed that PG&E does not intend to relocate this high pressure pipeline elsewhere on the Property or expand the width of the existing easement. All respondents will be responsible for independently verifying PG&E's intentions.

**3. New Easements to Support Ongoing VTA Operations.** Please refer to Section 2, Part D for an overview of current and future VTA functions at the Property. Parking and support areas that are currently outside the fence that encloses the Cerone Maintenance Facility as well as parking on the Property will be relocated at the expense of the Developer (an illustrative concept is shown in Figure 5). Additionally, the Developer must construct a dedicated bus lane through which VTA buses may access the Cerone Maintenance Facility.

### C. Property Changes Necessary for VTA Operations

Prior to development, VTA expects to work with the Developer to create a plan for the following changes to the yard:

- Relocation of bus parking north of the current location and implementation of a more stacked parking configuration for buses.
- Relocation of employee parking to the current southerly bus parking area. It is anticipated that parking would be surface parking, throughout all phases of construction.
- Relocation of paratransit parking and buildings to a location south of the proposed employee parking area. Includes new fuel, wash, maintenance buildings for paratransit. Would require addition of some new pavement as well for paratransit vehicle parking.
- Relocation of non-revenue vehicles/bus stop maintenance to a location just north of the existing operations building.
- Realignment of the southern entry road to enlarge the size of the potential property for joint development and to clean up the current “jog” in this access road.
- Relocation of entrance station/guard/vaulting to a location shown near new employee parking lot. (Existing building removed to accommodate access road realignment.)

These changes are illustrated in Figure 5.

### D. Community Outreach and Entitlement Process

VTA seeks to select a Developer prior to submittal of a development application, in order to allow VTA, the Developer, the community, and the City to work together to finalize the application. The selected Developer will be responsible for entitlement costs and will work with VTA to prepare and submit an application for any necessary land use changes.

In conjunction with VTA, the Developer, at its own cost and expense, will work with the City to develop the design, site plan, and financing structure for development of a mutually agreeable vision for the Property. Once fully conceived, the Project plans will be submitted to the City for final permitting approval.

Throughout the Project, the Developer, in cooperation with VTA, will host community meetings to advance awareness and gain stakeholder insight and opinions from residents of the Westwinds mobile home community. All outreach and engagement efforts must include best

practice cultural competency standards and comply with VTA's Public Participation Plan (**Appendix 11**).

### E. City of San José Ordinances and Impact Fees

The Project must comply with all City of San José ordinances and pay all applicable developer impact fees. **Appendix 13** provides the Santa Clara Valley Habitat Agency Fee Schedule Fiscal Year 2018 – 2019, and **Appendix 14** contains the North San José Traffic Impact Fee Plan. Respondent is solely responsible for confirming the relevance and completeness of such ordinances and details thereof as they may be amended from time to time.

### F. VTA Green Building Policy

The Green Building Policy establishes a comprehensive framework for VTA to incorporate green building principles into Joint Development projects, to conserve natural resources, reduce waste, support the local economy, provide healthy indoor environments, and generate long-term cost savings for the operation of facilities on VTA land. Joint Development partners are encouraged to incorporate green building principles into projects to the maximum extent possible. Application of the policy (see **Appendix 12**) should begin at the earliest stages of planning, design, construction, and applies to processes and ongoing operation of projects on VTA land.

### G. Labor Code Requirements and VTA's Community Workforce Agreement Policy

Developer will be responsible for understanding and complying with Labor Code requirements including prevailing wage requirements and the requirement for contractors to register with the Department of Industrial Relations. **Appendix 15** to this RFQ sets forth provisions that VTA expects to include in the GLO and that must flow down to Developer's contractors and subcontractors for construction of all improvements needed to complete the Project.

In September 2016, the VTA Board approved a VTA Community Workforce Agreement Policy for VTA construction projects (**Appendix 16**). The goals of the Community Workforce Agreement Policy are to promote efficiency of construction operations, allow VTA construction projects to proceed without labor disputes, and promote careers in construction for underrepresented workers, including current or past recipients of public assistance and/or foster care, persons who have been involved in reentry programs as well as US military veterans, the homeless, unemployed or low-income individuals, at-risk youth, survivors of human trafficking, women (to the extent allowed by California Proposition 209), or those who face other identified barriers to secure employment.

RFP Respondent's will be asked to identify a specific, quantified commitment for the creation of apprenticeship opportunities for underrepresented workers as described in the preceding paragraph, and describe how the implementation of those opportunities will assist participants



in attaining journeyman status (e.g., through a PLA or other arrangement with the local Building Trades Council).

The number and amount of apprenticeship opportunities and their potential to lead to careers in the construction industry will be a factor in evaluation of submittals and selection of a Developer for exclusive negotiations.

## H. Federal Compliance

Respondent understands that there may be a federal interest in this Property, and acknowledges that, as a result of the federal interest, federal laws, regulations, policies, and related administrative procedures apply to the GLO and the Project. The Developer will be responsible for understanding and complying with all applicable federal laws, regulations, policies, and related administrative practices, including those prohibiting discrimination on the basis of disability, conflicts of interest and debarment and suspension. In particular, Respondents must be able to demonstrate how the Project will meet the following FTA transit-oriented joint development criteria:

- The Project:
  - includes a transit element;
  - enhances urban economic development or incorporates private investment including office, commercial, or residential development; and
  - enhances the effectiveness of a mass transit project, and the non-transit element is physically or functionally related to the mass transit project; or
- The Project creates new or enhanced coordination between public transit and other forms of transportation; or
- The Project includes nonvehicular capital improvements that result in increased transit usage, in corridors supporting fixed guideway systems.

To assist Respondent in its proposal, VTA has attached a compilation of recent versions of these laws, regulations, policies, and related administrative practices, attached hereto as **Appendix 17**, which Respondent must thoroughly review before submitting its proposal. The most recent of such federal laws, regulations, policies, and related administrative practices at the time will govern the Project, unless the Federal Transit Administration (“FTA”) issues a written determination otherwise. The Developer must ensure compliance by its subcontractors with, and include appropriate flow down provisions in each of its lower-tier subcontracts as required by applicable federal laws, regulations, policies, and related administrative practices.

Per the most recent FTA Joint Development Circular (**Appendix 18**), VTA will submit an application to obtain FTA concurrence (approval) of the Project through submission of a Joint Development Project Request Form (**Appendix 18**). Respondents are encouraged to review and

familiarize themselves with the FTA Joint Development Circular, which requires, among other matters, that VTA retain continuing control of the property subject Property.

## I. Joint Development Pre-Development Costs

### Deposits:

The RFQ submittal response does not require the submission of a deposit. However, a Fifty Thousand Dollar (\$50,000) deposit will be required for any Respondent invited to respond to the RFP.

Beginning at execution of an ENA, and throughout the joint development effort between VTA and the Developer, the Developer will be asked to fund the VTA's Joint Development Cerone Property working account. Once VTA and the Developer have entered into an ENA, the Developer will be obliged to deposit money into this account to assure sufficient funding for VTA predevelopment expenditures for the Project. Any remaining balance following commencement of construction will be credited to future ground lease payments.

VTA costs associated with its collaboration and effort on behalf of the Developer will be paid for (or reimbursed to VTA) by the Developer. In order to fund this account, VTA will require the Respondent who is ultimately selected as the Developer to take the following actions:

- If the RFQ is converted into a direct ENA negotiation, the selected Respondent will be required to provide a deposit of Fifty Thousand Dollars (\$50,000).
- Developer must make all checks payable to the Santa Clara Valley Transportation Authority with the following note in the memo: "Cerone JD Deposit." VTA will retain the submittal deposit without cashing it until the ENA is executed.
- Upon execution of the GLO the selected Developer must submit another Fifty Thousand Dollars (\$50,000) into the account.

If the negotiations under the ENA fail to result in a GLO, the remaining balance in such account as of the expiration of the ENA, or the termination of negotiations and application of any accrued expenses, will be refunded to the Developer.

## 4. Minimum Business Terms

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VTA will enter into a long-term ground lease and GLO for the Property with the chosen Developer. The following section describes the basic lease terms for the ground lease. In their submittals, Respondents will be required to indicate acceptance of basic business terms, or identify areas of disagreement with an explanation and suggestion of an alternative way to address the issue.

1. **Subordination** – The fee ownership will not be subordinated.
2. **Term** – VTA prefers a long-term ground lease with a maximum term of 65 years.
3. **Rent** – VTA seeks a return from the development of the Property commensurate with the market value of the land. VTA prefers base rent structures that are based upon a percent of gross revenues with a minimum base rent established and adjusted annually based upon prior year revenue actuals including appropriate participation in ongoing operations and capital events.
4. **Assignment** – VTA will have the right to approve any assignment of the ground lease.
5. **Performance Benchmarks** – All documents, including the ENA, GLO and lease, will contain time and performance benchmarks with clear termination provisions for non-performance.
6. **Assurances** – The ground lease will include provisions for liquidated damages, performance bonds, or other remedies to ensure completion of the Project.
7. **Development Program** – VTA seeks a proposal that offers a development program that meets or exceeds the base entitlement for the Property.
8. **Dedicated on-site Bus Lane, Bus Stops, and Parking Relocation** – The Developer will be required to plan for and fund the relocation of VTA parking and the establishment of a dedicated bus lane through which VTA buses may access the Property. The Developer will be expected to work with VTA to establish new bus stops that will serve the Project.



## 5. Submittal Requirements

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### A. Submittal Instructions

No later than 4:00 PM Pacific Daylight Time on July 26<sup>th</sup>, 2019, Respondents must submit an electronic file (via email, file sharing, or on USB drive) containing responsive materials for all items described in this Section 5 to present such Respondent's SOQ. The SOQ must be organized into a single Adobe Acrobat pdf document that does not exceed 15 MB in size.

The electronic files must be delivered to the attention of Josselyn Jacobson ([josselyn.jacobson@vta.org](mailto:josselyn.jacobson@vta.org)) or in person to VTA Real Estate & Joint Development, 3331 N. First Street, Building A, San José, CA 95134.

A failure to provide a substantively complete response (as determined by the VTA in the exercise of its sole judgment, reasonably exercised) may disqualify the responding party. VTA seeks responses that are clear, concise and to the point. Respondents are requested to avoid inclusion of extraneous marketing materials, overly detailed specifications, and other material that increases the size of the submittal without providing meaningful additional information for SOQ review.

VTA reserves the right, in its sole discretion, to request additional clarifying information from one or more Respondents regarding the items listed in this Section 5. A failure to provide such information may result in disqualifying the Respondent from consideration.

### B. Respondent Team Introduction

The SOQ must:

- Provide an introduction to the Respondent's team clearly identifying: its form of organization (LLC, partnership, etc.) and location; equity partners or participants; and any involvement in the control over the Developer entity by such parties and any non-equity members.
- If there is more than one proposed Developer entity, identify the nature of the affiliation between the proposed Developer entities, including roles and responsibilities and summary points on any agreements between the parties so comprising the Developer entities.
- Provide a one-page description of the conceptual uses and site program you envision for the Project and any characteristics that you envision such as restaurants, commercial uses, unique design features, etc.
- Identify the Respondent team's principals and those authorized to execute and bind the team to an agreement (“**Key Persons**”). Include the name and/or title of the person who will be authorized to execute the GLO and ground lease between the Respondent and VTA. Include a brief biography for each team member.

- Describe the four most recent and/or relevant development projects undertaken by the Respondent team to date, with information that includes the project name, project location, year developed, project value at completion, development program, formal claims and disputes between project owner and Respondent, and other relevant information such as whether any project was developed pursuant to a ground lease. If Respondent is a group of developers, the history and qualifications of each such group should be provided.
- Provide three project references that VTA can contact. The project references should be for projects that are similar to the proposed Project (preferably pursuant to a public-private agreement). Project references should be able to confirm the Respondent's claims of past success in the entitlement and discretionary approval process, participation in public-private joint development partnerships, financing of commercial projects, and continued management of developments.
- Include information illustrating the successful track records of the Respondent and any proposed contractors and partners. Include details about participation in public-private joint development partnerships; financing of commercial developments; and, successful completion and continued management of commercial development projects.

### C. Demonstration of Financial Capacity

The SOQ proposal must also include the following information demonstrating the Respondent's financial capacity to undertake a Project.

- A statement describing the Respondent's experience and track record in securing funding for commercial projects.
- Portfolios of similar projects that are now complete and stabilized, including projects with similar financing requirements completed within the past three years that establish the Respondent's ability to obtain equity and debt financing for its proposed Project.
- Description of the proposed approach to obtaining financing for the Project, including any preliminary lender feedback or interest in projects of this type.

### D. Representations

Respondents must, in their SOQs, identify all of the following, as applicable, if they occurred within five years of the submission of the SOQ or RFP: defaults, any judgments, court orders, pending litigation, contractual disputes, violation notices, or other matters reflecting a violation of applicable regulations related to the operations or projects undertaken by the Developer entity or any of its individual members or affiliates exercising direct or indirect control over the development entity, including all Key Persons.

## 6. Evaluation Criteria

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VTA will be evaluating the SOQ submissions based on the following evaluation criteria for both the Respondent team's experience and its financial capacity. SOQs that meet or exceed these criteria may be invited to the Request for Proposals stage (if it occurs), or may be selected to enter directly into an ENA to negotiate the GLO. The SOQs will be evaluated by a panel that may be comprised of VTA Real Estate and Joint Development staff, other VTA staff, consultants, and one or more community members and/or staff from the City of San Jose.

### A. Respondent Team Experience

*VTA seeks demonstrated experience within the Respondent team with the successful development and operation of one or more commercial projects similar to what is envisioned for the Property, including the ability to successfully work with public agencies. The criteria that VTA will use to evaluate experience include but are not limited to:*

- Key Person Experience. VTA seeks a team with project experience of Key Persons for a minimum of five (5) years on projects of similar scale and scope. Demonstration of experience working with public entities is a plus.
- Respondent Team's Experience. VTA will be looking for demonstrated experience in new ground-up commercial development by the Respondent team on projects of similar scale and scope.
- Project References and Successes. VTA seeks submissions to include project references and ongoing ownership, control and management of projects of similar scope and scale.
- Design Experience. VTA desires demonstrated success in high-quality design in a transitioning urban environment, incorporating unique features that respond to the surrounding community context (e.g. ground-floor retail, lighting, crime prevention through environmental design, signage, , etc.), and design that implements and integrates enhanced pedestrian, bicycle, and/or transit connectivity.
- Mobility Management Experience. VTA seeks a team that has experience incorporating transportation demand management amenities (e.g. airport shuttles, bike share, car share) to encourage non-vehicular transportation modes.
- Green Building Experience. VTA seeks a team that has experience designing and operating environmentally sustainable commercial projects.

### B. Financial Capacity and Strength of the Respondent Team

VTA seeks a Respondent who has the capability to obtain financing for the proposed Project, as demonstrated by its previous history of completed projects, as well as current financing activities for existing and pending projects. VTA is looking for a track record of responsible (non-default) loan management, successful and repeat lending experiences and partnerships, and positive financial performance for commercial projects similar to what is permissible on the Property.

## 7. Developer Selection Process

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VTA has adopted a policy framework that provides guidance for its joint development efforts. This framework consists of the *Joint Development Policy*, which establishes clear goals for the program.

The mission of VTA's *Joint Development Program* is to provide appropriate stewardship of VTA's publicly-owned real estate assets by maximizing their economic value with site-appropriate development. Such development is expected to generate revenue to support VTA, increase transit ridership, create vibrant community assets, and enhance the long-term viability of VTA's facilities.

VTA's process for Joint Development includes the following steps:

- VTA staff conducts a review of RFQ submittals. Submitted proposals will be reviewed by an evaluation panel that may include VTA staff, consultants, and one or more representatives of the local jurisdiction and/or community members. The evaluation panel may select the Respondents who are deemed qualified to receive the RFPs, or, alternatively, will forward its evaluation and recommendations to the VTA Board for the Board's evaluation and determination of which Respondent or Respondents are most qualified.
- If the panel forwards its recommendations to the VTA Board, the Board will then evaluate and determine which Respondent is (or Respondents are) to be considered as a potential Developer; the Respondent (or, if applicable, Respondents) so selected (if any) will then be given the opportunity to receive the RFP developed by VTA to further develop the qualifications and proposals for the Project. Once the RFP is issued and suitable Developer is selected from such RFP responses, the Developer so selected by the VTA Board will then enter into negotiations with the VTA for an ENA.
- Alternatively, where the recommendation from the panel is forwarded to VTA's Board, the Board may approve the selection of a single Developer for exclusive negotiation from the pool of Respondents to this RFQ, and forego pursuing an RFP. If a single Developer is chosen by the Board, then VTA and the chosen Developer will enter into negotiations for the ENA.
- If a Respondent and VTA agree on the terms of (and enter into) an ENA (either from the responses to this RFQ, or due to the successful selection of a Developer following an RFP), they will thereafter engage in site review/due diligence, and work with VTA to develop a mutually acceptable Project term sheet as well as other terms and conditions of a proposed GLO, which terms will include: (i) contingencies for financing and final Project approvals (similar to Disposition and Development Agreements used by other agencies); and (ii) the requirement that the parties enter into a ground lease with

specified terms (including the delivery of an appropriate completion guarantee) upon satisfaction of the contingencies set forth in the GLO.

- Upon agreement with the Developer regarding the proposed terms of the GLO (i.e. a draft GLO is approved by the selected Developer and VTA staff), the VTA Board will be presented with the final draft GLO for consideration and approval.
- If the VTA Board approves the GLO, and the Developer meets applicable GLO requirements, the parties will then execute the GLO with the form ground lease. The Developer must provide the completion guarantee and related documents, consistent with the GLO for approval prior to entering into the Ground Lease. Developer would thereafter begin construction of the Project.
- VTA will monitor operations under the ground lease on an ongoing basis to ensure full compliance with the provisions of the ground lease. Such monitoring is solely for the benefit of VTA and will not in any manner qualify the Developer's sole and full responsibility for constructing and operating the Project.

## 8. General Information

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### A. Disqualification

To be considered for this Project, the Respondent and any firms identified as team members must have all necessary licenses, registration, and credentials required for the services they will perform, and cannot be deemed ineligible to bid on, work on, or be awarded a public works project pursuant to § 1777.1 or 1777.7 of the Labor Code.

VTA, in its sole discretion, may disqualify a Respondent if it becomes aware, or has credible evidence, of any of the following:

- Contact regarding this RFQ between Respondent or any agent of Respondent with any VTA official, Board Member, or employee, outside of a properly-noticed VTA public meeting, except for those contacts listed on Page 2 (as it may be updated by the VTA) from the time of issuance of this RFQ until the VTA Board approves selection of a Developer for ENA negotiations.
- Collusion, either directly or indirectly, amongst Respondents with regard to any key terms of this RFQ or any subsequent RFP.
- Attempting to influence any VTA official or employee throughout the RFQ and RFP process with regard to development specifications, evaluation process or final selection other than through the exclusive channels directed by this RFQ and any future RFP.
- Offering gifts or souvenirs, even of minimal value, to any VTA official or employee directly or indirectly involved in this RFQ or RFP process.
- Omissions, misrepresentations, or false information that may impact VTA's accurate and fair evaluation of the qualifications.
- Criminal conduct by Respondent or any member of Respondent's team.
- The proposal's failure to meet the conditions of any mandatory proposal submission requirements set forth in this RFQ.
- Respondent's or a member of Respondent's team's inability to complete or perform the work described in the proposal.
- A dispute or pending litigation between Respondent or a member of Respondent's team and VTA.
- Financial insolvency of Respondent or any member of Respondent's team.
- The default of Respondent or of any member of Respondent's team under any agreement with VTA.

Furthermore, a Respondent's failure to provide complete and/or accurate information in response to this RFQ may disqualify the Respondent from further participation in this selection process as determined in VTA's sole discretion. A response may be corrected, modified, or withdrawn, provided that a written request by Respondent is received by the VTA contacts (listed above) prior to the date and time designated in the RFQ for receipt of submissions.

## B. No Warranty

Respondents are required to examine this RFQ, including all appendices and all public records relating to the Project carefully. Failure to do so will be at the Respondent's own risk. It is assumed that the Respondent has made full investigation so as to be fully informed of the extent and character of the services requested, the requirements of this RFQ and any laws or regulations that may affect its ability to carry out the Project. No warranty is made or implied as to any of the information, descriptions, opinions or legal references contained in this RFQ (or otherwise provided by VTA staff) and Respondents are required to do their own due diligence as to all matters discussed herein and in their qualifications.

## C. Expenses and Use of Submittals

All expenses involved with preparation and submission of responses to this RFQ, including costs for attending any associated oral presentation, interview, or other pre-award activities, will be borne by the Respondent. All submittals and associated materials become and will remain the sole property of VTA.

## D. Rights of VTA

This RFQ does not commit VTA to enter into an ENA, nor does it obligate VTA to make payment to any Respondent. Costs incurred in preparation and submission of the SOQ, review of the Property and associated due diligence, or in negotiating the ENA, or in negotiating the GLO and ground lease will be solely borne by the Respondent and any selected Developer, as applicable.

VTA may investigate the qualifications of any Respondent under consideration, require confirmation of information furnished by the Respondent, and require additional evidence or qualifications to perform the services, provide financial assurances, or meet any other condition or requirement described in this RFQ, in each instance in VTA's sole discretion.

VTA reserves the right, in its sole discretion, to:

- Reject any or all submittals or to advertise for new submittals if the best interests of VTA and/or the public will be promoted thereby.
- Modify the RFQ process (with appropriate notice to Respondents).
- Issue subsequent Requests for Qualifications/Proposals for all, or any portion, of the Property.
- Postpone proposal opening for its own convenience.
- Remedy technical errors in the Request for Qualification process.
- Approve or disapprove the use of particular partners/subcontractors.
- Solicit best and final offers from all or some of the Respondents.
- Waive weaknesses, informalities and minor irregularities in qualifications, permit corrections, and seek and receive clarifications to a submittal.
- Conduct interviews at its discretion.



- Hold meetings, conduct discussions, and communicate with one or more of the Respondents to this RFQ to seek an improved understanding and evaluation of submittals.
- Accept other than the highest offer.
- Negotiate with any, all or none of the Respondents.
- Terminate negotiations with the selected Developer (or Developers if more than one is selected for such negotiations), at any time and in VTA's sole discretion, prior to VTA's entry into the ENA.
- Select a replacement Developer upon the expiration or termination of the ENA, or upon any disqualification of a selected Developer.

VTA's waiver of minor irregularities will in no way modify this RFQ or excuse the Respondent from full compliance with requirements if the Respondent is selected for negotiation. VTA will have full and sole discretion to determine the criteria and process of evaluation for this RFQ, which (if any) Respondent will be selected for negotiation of an ENA, which Developer will be selected for negotiation of any GLO and ground lease, or whether or not a GLO and ground lease will ever be awarded as a result of this RFQ.

All information, including plans, specifications, and photos, submitted to VTA by each Respondent, whether or not selected, in response to this RFQ will automatically become the property of VTA and may be used without restriction or liability by VTA.

## 9. Appendix List

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The following materials are provided as a resource to responding parties:

1. Proposal Forms (including: Iran Contracting form, Non-Collusion Declaration)
2. APN Map
3. Title Report and Exceptions Map
4. Phase I ESA Report
5. VTA's Joint Development Policy
6. Insurance Requirements
7. Envision San José 2040 General Plan
8. North San José Area Development Policy (ADP)
9. North San José ADP Neighborhoods Plan
10. North San José Urban Design Guidelines
11. VTA's Public Participation Plan
12. Green Building & Sustainable Landscape Policies
13. Santa Clara Valley Habitat Agency Fee Schedule Fiscal Year 2018 - 2019
14. North San José Traffic Impact Fee Plan
15. California Labor Code requirements (applicable to entire Project)
16. VTA Community Workforce Agreement Policy
17. Federal Laws, Regulations, Policies and Related Administrative Practices
18. FTA Joint Development Circular, Joint Development Project Request Form
19. Countywide Bicycle Plan
20. VTA Pedestrian Technical Guidelines and Bicycle Technical Guidelines
21. VTA Pedestrian Access to Transit Plan