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Title:	Report regarding interviews of developers for the retired Firehouse located at 201 Baden Avenue, a City of South San Francisco owned site, and selection of a recommended preferred developer and alternate developer. (Julie Barnard, Economic Development Coordinator, Economic and Community Development Department)		

Sponsors:

Indexes:

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Attachments: 1. Attachment 1 - 201 Baden - Firehouse - RFQ Document (Phase 1).pdf, 2. Attachment 2 - FHLW - ROQ Old Firehouse (Nov 2017).pdf, 3. Attachment 3 - OFP - RFP Old Firehouse (Nov 2017).pdf, 4. Attachment 4 - KASA PROPOSAL - 201 Baden (Nov 2017).pdf, 5. Attachment 5 - Firehouse - Request for Proposals (Final).pdf, 6. Attachment 6 - Completeness Checklist (PH I).pdf

Date	Ver.	Action By	Action	Result
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Report regarding interviews of developers for the retired Firehouse located at 201 Baden Avenue, a City of South San Francisco owned site, and selection of a recommended preferred developer and alternate developer. (Julie Barnard, Economic Development Coordinator, Economic and Community Development Department)

RECOMMENDATION

Staff recommends that the Joint Housing Subcommittee (“Subcommittee”) interview the three developer teams that submitted proposals in response to the Request for Proposals for the Old Firehouse, and make recommendations to City Council for a selected developer and alternate developer.

BACKGROUND

This report provides background information on the developer solicitation process for the 201 Baden Avenue (otherwise known as the “Old Firehouse”) property. Descriptions of each developer proposal are also presented.

Site Description

The Old Firehouse is comprised of three contiguous City owned parcels with a combined size of approximately 22,500 square feet. It is located in the heart of the City’s downtown one block from Grand Avenue and two blocks from the new Caltrain Plaza. The site presents Transit-Oriented Development (“TOD”) possibilities that maximize the use on this site.

The Old Firehouse was retired from use for some time and has since been used for storage by the neighboring business owner, Giorgi Brothers. The tenant has recently found a new location for storage and plans to vacate by October 2018.

The site presents some development challenges, most notably; there is a sewer trunk line that traverses the site.

Any development that occurs on the site requires the trunk line to be rerouted.

Downtown Station Area Specific Plan

The zoning for the site is Downtown Transit Core (“DTC”). This sub-district was established by the Downtown Station Area Specific Plan (“Downtown Plan”) which was adopted by Council in 2015. Earlier this year, Council approved the increase of residential densities on this zoning from 120 dwelling units per acre to 180 dwelling units per acre. The plan supports this upzoning:

“The Downtown Transit Core sub-district is intended to provide sites for mixed-use development at high intensities in proximity to the Caltrain Station. It encourages active ground floor uses and high intensity development that will generate pedestrian traffic in the area. The Downtown Transit Core sub-district flanks the Grand Avenue Core sub-district which will be the epicenter of Downtown commercial uses. The Downtown Transit Core District, will provide additional population and activities to support Grand Avenue uses, increase Caltrain transit ridership, and provide housing with high amenity value for new residents.”

Active uses encouraged on the ground floor, per the Downtown Plan and other permissible land uses in the DTC include:

- Multi-unit Residential (rental or condo units)*
- Grocery Store/ Supermarket
- Cultural Institutions
- Commercial Entertainment and Recreation*
- Eating and Drinking Establishments
- Retail Sales
- Offices
- Clean Technologies*
- Handicraft/Custom Manufacturing*
- Research and Development*
- Hotels*

*(*Requires the approval of a Use Permit)*

DEVELOPER SELECTION PROCESS

In order to dispose of the Old Firehouse, on September 14, 2017, the City issued a Request for Qualifications (“RFQ”) for a well-qualified development team to create a high-quality, mixed-use, transit-oriented development on the Old Firehouse (Attachment 1). In November 2017, four development teams responded. Staff conducted a paper screen on the responses and reduced to a shortlist of three finalists. The three RFQ responses submitted in November 2017 are found in Attachments 2-4. The shortlisted teams were invited to respond to a Request for Proposals (“RFP”), in February 2018, which provided an opportunity to refine their proposals and to submit price and terms, see Attachment 5.

The City received the responses to the RFP in April 2018. Staff had some follow up questions for two of the three development teams. Staff met briefly, via conference calls, with these two teams and requested that refine their submissions and resubmit within a month of the meetings. The RFP submissions will be discussed in closed session.

DISCUSSION

Attachment 5 provides an overview of each team's proposal and responsiveness to the RFQ.

Summary of Developer Proposals

The full RFQ proposals have been modified slightly by each development team. These revised proposals were submitted with the confidential price and terms and therefore cannot be included as an attachment; however the summaries of the proposals can be outlined in this report and are contained in Attachment 6.

Firehouse Live/Work

This is a joint partnership with Group 4 Architects and Lawlor Land Use.

Proposal concept: Retain the firehouse for office/commercial (for occupancy by Group 4 and other businesses) and develop residential units and some new retail in the current undeveloped space.

Ideal tenants: Locally sourced food and beverage establishments or creative new experiences not currently found in the downtown area.

Total Number of Units: 24 units (studios - 2 bedroom units)

BMR Units: Will comply with the Inclusionary Housing Ordinance

Retail Space: 9,800 square feet

The proposed development does not meet the minimum residential densities for the lot size. To meet the minimum density of 80 dwelling units per acre (du/ac) the site would need 40 units. The developer is unable to subdivide the property and still meet minimum lot frontages and comply with the Subdivision Map Act. The developer can pursue the proposal but would require a variance from the minimum density regulation. The variance requires Planning Commission approval if the applicant is able to make convincing findings in accordance with the South San Francisco Municipal Code 20.500.004 Required Findings.

Old Firehouse Partners

The project team is a joint venture between M² Realty Partners & OTRE Investments.

Proposal concept: Retain the firehouse for office/commercial.

Ideal tenant: Co-working space for the office component and café/boutique retail for the ground floor

Total Number of Units: No residential proposed

BMR Units: No residential proposed

Retail/Commercial Space: 10,000 square feet

The developer has expressed an interest to possibly develop the vacant/parking lot space in a Phase II at a later time.

KASA Partners

The project team includes KASA Partners, Kennerly Architecture & Planning and DCI Engineers.

Proposal concept: Multi-family residential, mid-block paseo that provides Baden Avenue to 2nd Lane, subterranean parking and a roof deck.

Ideal tenant: Co-working space for the office component and café/boutique retail for the ground floor

Total Number of Units: 63 (50% of the units are 2 and 3 bedrooms)

BMR Units: Not determined

Retail/Commercial Space: 3,000 square feet

The development proposal includes pedestrian access; open to the public that links the residential neighborhood to the south, to Baden Avenue and South San Francisco's downtown core.

Please note that the proposals submitted on November 14, 2017 may have been modified slightly between then and the time of writing this report.

INTERVIEWS

The Subcommittee is requested to interview the three development teams on July 16, 2018. Each interview will last approximately 20 minutes and will comprise of a 10 minute presentation by the developers and allow for 10 minutes of question and answer. Developers have been requested to discuss their development concept and team, related experience, community outreach approach, green and environmental strategies, and funding resources.

The interview schedule is as follows:

1. Firehouse Live/Work: 6.45pm-7.05pm
2. Old Firehouse Partners: 7.15pm-7.35pm
3. KASA Partners: 7.45pm-8.05pm

The interviews will allow the Subcommittee to gauge each teams' probability of performance, based on their team experience with projects similar in size and scope and completed projects.

The Subcommittee is reminded that **Price and Terms and Total Development Cost (TDC) should not be discussed** in open session. Review of the above will take place in closed session only. Developers have too been advised accordingly.

NEXT STEPS

Following the Subcommittee's interviews with the three development teams and consideration of the price and terms, the Subcommittee's recommendation of a selected developer and alternate developer will be forwarded to City Council for final approval. The purpose of selecting alternate developers is that in the event that the preferred developer is unable to successfully negotiate the purchase and sale agreement within 60-90 days, the City may revert to the alternate developer.

Following Council's approval, the City and the selected developer will enter into an Exclusive Negotiating Rights Agreement (ENRA) that will form the basis of a Development Agreement and Purchase and Sales Agreement.

FISCAL IMPACT

This report is intended to support the developer interviews being held by the Subcommittee. There is no impact to the City's General Fund at this early stage in the Project.

CONCLUSION

The Subcommittee is requested to interview the three teams that submitted responses to the RFQ and, in closed session, review the teams' price and terms. The Subcommittee is requested to make a recommendation to the City Council for a selected developer and an alternate developer.

Attachments:

1. Old Firehouse Request for Qualifications (September 14, 2017)
2. Firehouse Live/Work RFQ Response (November 14, 2017)
3. Old Firehouse Partners RFQ Response (November 14, 2017)
4. KASA Partners RFQ Response (November 14, 2017)
5. Old Firehouse Request for Proposals (February 14, 2018)
6. RFQ Completeness Checklist