



Memo to Meridian City Council and Meridian Development Corporation Board of Commissioners

Request to Include Topic on Joint City Council – Meridian Development Corporation Agenda

From: Cameron Arial, Community Development Director, City of Meridian
Ashley Squyres, Administrator, Meridian Development Corporation

Meeting Date: November 16, 2021

Presenter: Cameron Arial

Estimated Time: 120 minutes

Topic: Civic Block RFP Review Committee Recommendation, Respondent Presentations, City Council/Meridian Development Corporation Board of Commissioners Discussion, and Staff Direction

Recommended City Council/Meridian Development Corporation (MDC) Action

Following the Civic Block Request for Proposal (“RFP”) Review Committee recommendation; respondent presentations; subsequent question-and-answer opportunity with each respondent; and discussion centered around project concepts, use mix, and required elements; provide feedback and direction to staff regarding a forward path for delivery of a mixed-use project on City- and MDC-owned parcels, known as the “Civic Block.”

Background

In May 2021, an RFP was issued for the five parcels that make up the 1.25-acre Civic Block site. Three proposals were received on the August 24, 2021 due date. None of the three respondents proposed all of the preferred elements cited in the RFP. The proposals were evaluated by the Review Committee, comprised of stakeholders including City Council and MDC Board representatives and downtown community representatives. The RFP calls for the City and MDC (collectively referred to as “the Parties” in the RFP) to hear presentations

Review Committee Recommendation

After hearing each respondent presentation and receiving information requested for clarification, the Review Committee scored each proposal out of a possible 110 points (this included 10 bonus points for potential new family wage jobs and additional parking beyond each proposed project requirement). With 11 Review Committee members, a maximum of 1,210 points were possible.

At its October 21, 2021 final meeting, the Review Committee voted unanimously to recommend River Caddis with direction, upon Council and MDC Board concurrence, that staff enter into negotiations ensuring Council and MDC Board project preferences are met.

The summarized desired project concepts included in the RFP are cited below:

The Parties are looking for a creative proposal that will result in an iconic, signature mixed-use development that enhances the character and economic vitality of Downtown Meridian.

Respondents may choose, but are not required, to include a new Community Center for the City on the Subject Property.

Respondents are encouraged to use their own creativity and expertise to propose a project that delivers the best overall mix of uses that addresses community wants and needs, strengthens opportunities for employment, contributes positive impacts, and serves Downtown Meridian residents, its workforce, and businesses.

The Review Committee’s final scoring totals appear below:

Overall Scoring		
River Caddis	Pacific, et al	LCSG*
90	79	70
92	59	85
88	84	85
95	87	75
88	77	46
65	74	75
88	79	74
105	55	90
80	84	81
84	63	44
37	45	18
912	786	743

Place Scoring		
River Caddis	Pacific, et al	LCSG*
1	2	3
1	3	2
1	2	3
1	2	3
1	2	3
3	2	1
1	2	3
1	3	2
3	1	2
1	2	3
2	1	3

1st - 3 pts	8	2	1
	24	6	3
2nd - 2 pts	1	7	3
	2	14	6
3rd - 1 pt	2	2	7
	2	2	7
	28	22	16

* LCSG chose to withdraw from further consideration

RFP Procedural Guidance

The RFP award process following Review Committee recommendation is outlined below:

The Parties are not bound by the recommendation of the Committee, but will consider the recommendation and the presentations in making their decision. The Parties may also seek clarification of proposal elements through further discussions with the selected Respondent(s). Upon request, any Respondent selected at this stage shall provide any reasonable additional information requested by the Parties.

In the event the Parties identify a proposal they deem to be in the best interest of the Parties, MDC will enter into negotiations with the Preferred Developer, for the purpose of developing a Developer Agreement/Owner Participation Agreement (DA/OPA) for the Subject Property and any other proposed downtown sites. There is no guarantee that selection and negotiations will result in execution of a DA/OPA. The decision whether to execute a DA/OPA rests in the sole discretion of the Parties. Those negotiations may result in modifications to aspects of the proposal.

Project Considerations – Improvements and Anticipated Tax Increment

With the expectation of reimbursement for qualifying improvements, there are several project elements the Preferred Developer may be expected to undertake. The approximate costs, some of which are included in the Union District Urban Renewal Plan (as proposed to be amended), are outlined below:¹

Community Center Site Improvement Costs	\$1,500,000 – 2,000,000
Community Center Parking, 170 stalls (number of stalls may be reduced)	\$6,000,000 – 7,000,000
Relocation of Hunter Lateral (amount eligible in Union District only)	\$276,000
Outdoor Public Gathering Spaces (“preferred” element cited in the RFP)	Unknown
2nd Street Revitalization Improvements	Unknown

Documents showing the tax increment forecast for each proposal and the Union District improvements are provided as linked attachments.

If directed, MDC and City staff will enter into negotiations with the Preferred Developer, ensuring:

- Developer has sufficient, viable financial resources and/or commitments to bring the project to completion;
- MDC tax increment reimbursement or City reimbursement will be for qualifying public infrastructure improvements deemed to have a public benefit;
- Significant tax increment generation to complete the maximum public infrastructure improvements (link below) as outlined in the Union District Plan;
- Developer performance milestones and liquidated damages for nonperformance;
- The final pro forma may be subject to an independent third-party audit;
- Reasonable Developer return with consideration of the following:
 - Developer up-front contribution of public infrastructure improvements, including elements not required of or directly related to the proposed Developer-owned project such as a Community Center facility and associated parking, 2nd Street improvements, Hunter Lateral relocation, public open spaces, and other public parking;
 - Current, regional capitalization rates based on specific project elements and/or return-on-investment, any of which may be subject to third party review.

¹ Only a portion of Community Center development costs (specifically, site improvements and parking) are eligible for tax increment reimbursement. Approximately \$3,847,000 is available in earmarked impact fees for construction of a new Community Center facility. The estimated cost to construct a new facility is \$8,000,000-10,000,000 which could be reduced if undertaken concurrently with development of the Civic Block.

A Community Center facility could be condominiumized as part of a larger project, with the land held by a private entity to ensure future tax increment revenue. The value of the facility would not be subject to property tax assessment. This is reflected in the accompanying Tax Increment Forecast document.

Should negotiations with the Parties' Preferred Developer fail to reach mutual agreement on OPA/DDA terms, staff must seek direction from both bodies before entering negotiations with the next-highest-ranking respondent.

Specific Action Options

The Parties have the following options:

- Accept the Review Committee's recommendation and direct staff to enter into negotiations with River Caddis as the Preferred Developer with additional direction for specific project concepts, use mix, and required elements, if desired;
- Direct staff to enter into negotiations with The Pacific Companies/Novembrewhisky as the Preferred Developer with additional direction for specific project concepts, use mix and required elements, if desired;
- Reject all proposals and direct staff to re-issue a new RFP in the future, citing specific project concepts, use mix and required elements.

Potential Future Actions

If applicable, should negotiations with the Parties' Preferred Developer reach mutually-agreed upon terms and conditions, staff will present a summary of the proposed OPA/DDA final terms to their respective bodies. Subsequent actions will include transfer of City-owned land to MDC (with the intent of MDC ultimately transferring the entire subject property to the Preferred Developer) and permission to enter into a DDA/OPA between MDC and the Preferred Developer.

Staff will continue to coordinate with Nampa-Meridian Irrigation District and ACHD to facilitate relocation of the Hunter Lateral into 3rd Street, in the Union District (south of Idaho Avenue) and the original Meridian Revitalization District (north of Idaho Avenue). In addition, staff will continue working with ACHD regarding the revitalization of 2nd Street, ensuring proper procedures and approvals are in place.

Links to the following related documents can be found here: <https://bit.ly/CivicBlock2021>

Original RFP

Proposals:

River Caddis

Pacific Companies/Novembrewhisky

LCSG

Presentations:

River Caddis

Pacific Companies/Novembrewhisky

Proposal Summary

Scoring Criteria Matrix

Tax Increment Forecast

Union District Public Infrastructure Improvements