



ADDENDUM #3

DATED: 8-2-2016

REQUEST FOR PROPOSALS

FOR THE GRANT OF A GROUND LEASE AND OPTION AGREEMENT FOR
CONSTRUCTION AND OPERATION OF A PUBLIC PARKING STRUCTURE
ON CITY PROPERTY LOCATED SOUTH OF STETSON DRIVE
BETWEEN WELLS FARGO AVENUE AND CIVIC CENTER PLAZA
IN DOWNTOWN SCOTTSDALE, ARIZONA

Issued by: Capital Projects Management Department
City of Scottsdale, Arizona
Date: August 2, 2016

REQUEST FOR PROPOSALS FOR THE GRANT OF A GROUND LEASE AND OPTION AGREEMENT FOR CONSTRUCTION AND OPERATION OF A PUBLIC PARKING STRUCTURE ON CITY PROPERTY LOCATED SOUTH OF STETSON DRIVE BETWEEN WELLS FARGO AVENUE AND CIVIC CENTER PLAZA IN DOWNTOWN SCOTTSDALE

(Stetson Parking lots)

This Addendum #3 has been prepared in three (3) parts to address items of interest to proposers, as follows:

PART 1:

Responses to the suggestion and inquiry presented at the Pre-proposal meeting held on July 18, 2016

- A. Attendee Suggestion: You may want to consider extending the due date for the RFP due to the complexity of this project – the financing, design and that have to be done for the submittal.

Response: The due date for receipt of proposals has been extended by one month from September 13, 2016 to October 12, 2016. Accordingly, subsequent deadlines are also extended.

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| - 4.1.5 | Proposals due at 10:00am | October 12, 2016 |
| - 4.1.6 | Selection panel recommendation to City Council | October 24, 2016 |
| - 4.1.7 | Action by City Council (tentative date) | November 14, 2016 |

- B. Attendee Inquiry: Is it reasonable to suggest that if you have 25 responders that they would all be able to get the 40% letters of intent from the same people?

Response: The competitive factor contained in Section 7.4 of the RFP pertaining to Letter(s) of Intent is modified. Letter(s) of Intent submitted will receive a “Pass” score if the Letter(s) of Intent represent **30%** or more of the parking spaces available to the public, and excluding parking to support the retail component within the Project, if any. These spaces shall be leased to area property owners, businesses or employers (Public Use Spaces).

PART 2:

Responses to additional questions received following the July 18, 2016 pre-proposal meeting

- A. Question: How long must the parking use continue on site? Article 2.1 of the Lease Option Agreement notes a 30 year term for the agreement. After such time, does the requirement to provide parking cease?

Response:

The parking use must continue on site in perpetuity. This obligation is governed by the Lease and Option Agreement (L&O) during its 30-year term, and by the deed if the L&O Lessee exercises its option to purchase the city's interest in the land.

Pursuant to Section 6.13 of the L&O, the Lessee's New Public Parking Improvements shall become part of the real property of the city (Lessor) as constructed or installed. So, if the option to purchase is not exercised and the 30-year term expires, the improvements are owned by the city.

During that 30-year period and following the completion of garage construction in compliance with all terms of the L&O, Lessee may exercise its option to purchase city interest in the land. If the option to purchase is exercised, then the L&O terminates. Upon purchase, the deed states that the Grantor (city) reserves and imposes upon the property perpetual restrictive covenants, easements, and other matters and requirements (see Section 6 and 7 of the deed).

- B. Question: How much flexibility does the respondent have in selecting a zoning designation for the site? Article 6.3 notes that the City ("Lessor") will initiate rezoning. Can the respondent ("Lessee") pick the zoning designation?

Response:

The successful respondent will not pick the zoning category. Please review Section 2.4.5 of the RFP. This section states that the project site will be the subject of a city-initiated rezoning application to the Downtown Multiple Use – Type 2, Planned Block Development, Downtown Overlay (D/DMU-2-PBD DO) and a Municipal Use Master Site Plan. The zoning category is consistent with the policy documents that guide growth and development in Downtown Scottsdale.

- C. Question: Will the City indemnify the respondent against legal challenges to the RFP, specifically challenges to the ability to charge for parking?

Response:

No. Please refer to L&O Section 1.5 Condition of Title and Section 1.6 Condition of

Premises.

Section 1.2.1 of Exhibit C to the deed (L&O Exhibit E) states that the Grantee may elect to charge a fee for public parking.

Pursuant to Section 9.102.G of the Zoning Ordinance, required parking for developments within the Downtown Area shall be provided at no cost to patrons, employees, residents, or their guests of the development [emphasis added]. The Zoning Administrator has confirmed that surface lots, carports and parking structures do not generate required parking if they are not associated with another use of the property.

- D. Question: Can uses other than parking and ground floor retail be proposed? Should the response include additional uses beyond parking and ground floor retail, will the response be disqualified, or will the City simply not take those additional uses into consideration when evaluating the response?

Response:

The RFP (see Article VI) states that all proposals must comply with the form of the contract (L&O) in the form attached as Exhibit C. The L&O describes the Project to include only certain improvements for public use consisting of a new multi-level public parking structure and related improvements, and may include limited ground floor retail uses. If a proposer seeks to construct anything additional, its proposal would receive a "Fail" score. A proposal that receives a "Fail" score for any one or more non-competitive factors will be eliminated from further consideration.

- E. Question: Will the site be conveyed with any deed restrictions or covenants?

Response:

Yes, please refer to the deed (Exhibit E to the L&O) and specifically Section 6 that references perpetual restrictive covenants, easements, and other matters and requirements.

You will also want to refer to the updated title commitment (effective date 6-30-2016) and contained in Addendum #1 to the RFP. As noted in Section 2.5 of the RFP and the Section 2 Warranties section of the deed (Exhibit E to the L&O), title to the project site is "as-is". Proposers must investigate and analyze title information and form their own opinions as to its effect on the project site and their proposed development and must not rely on any information from the City regarding those issues. You will also want to review the L&O Section 1.5 Condition of Title and Section 1.6 Condition of Premises.

PART 3:

One (1) modification is made to the draft Special Warranty Deed with Reservations (Exhibit E to the Lease and Option Agreement). The Lease and Option Agreement is Exhibit C to the RFP.

Section 1.2.1 of the Parking Structure Provisions contained in the deed as its Exhibit C is modified to delete the 3rd line after the word "Grantee". Accordingly, the following words are deleted "***taking into account such factors as Grantor may deem to be relevant.***"

ALL PROPOSERS MUST SUBSTITUTE THE 1ST OF 3 PAGES OF EXHIBIT C TO THE "SPECIAL WARRANTY DEED WITH RESERVATIONS" CONTAINED IN THE RFP ISSUED ON 6-21-2016. The substitute page is attached hereto immediately following this page. The Special Warranty Deed is contained in the Lease and Option Agreement as Exhibit E. In turn, the Lease and Option Agreement is Exhibit C to the RFP.

PARKING STRUCTURE PROVISIONS

1 Parking Structure Provisions. Grantee shall comply with the following additional Parking Structure requirements:

1.1 Parking Structure Characteristics. The Parking Structure shall have the following characteristics:

1.1.1 The Parking Structure shall include at least _____ standard full size parking spaces (the "Public Use Spaces").

1.1.2 The Parking Structure shall include access and maneuvering areas for the Public Use Spaces.

1.1.3 The Public Use Spaces shall be located in the Parking Structure in a manner that:

1.1.3.1 Public Use Spaces are contiguous to each other.

1.1.4 The Parking Structure may include additional parking spaces (the "Private Use Spaces") not for public use.

1.1.5 The Private Use Spaces shall be adequate in number to provide all legally required parking for all retail uses of the Property, if any.

1.2 Public Use Spaces. Grantee shall make all of the Public Use Spaces available to the public which may include area property owners, businesses or employers parking.

1.2.1 Grantee may elect to charge a fee for public parking in the Public Use Spaces. The fee shall not exceed market rates for such parking as reasonably determined by Grantee.

1.2.2 Grantee may elect to prohibit all public parking from 3:00 a.m. to 6:00 a.m. on any day.

1.2.3 Grantee may elect to prohibit public parking during any period not to exceed one year when the Parking Structure is being demolished and reconstructed. Grantee shall provide ninety (90) days advance written notice to Grantor before such work. Such period may not occur within ten (10) years after the Parking Structure is initially constructed nor more than once in any twenty (20) year period. Grantee shall provide such deposits and other assurances as Grantor may request to assure successful and timely completion of the work.

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Lease and Option Agreement Exhibit "E"
Special Warranty Deed With Reservations Exhibit "C"

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