



DOWNTOWN DEVELOPMENT AUTHORITY

Park District Proposal Review Team

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Proposal Review Team

Meeting Minutes

Douglas Jester, Chair
William Mansfield
Ben Eysselinck
Julie Jones Fisk
Konrad Hittner
Tricia Foster
Ken Szymusiak
Steve Troost
Pat Wolf
George Lahanas
Mary Haskell
Todd Sneathen
Tim Dempsey
Tim McCaffrey
Darcy Schmitt
Tom Yeadon
Lori Mullins

April 17, 2013 – 3:00 PM
54-B District Court, Courtroom 2
101 Linden Street

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1. Call to Order

Jester called the meeting to order at 3:06 p.m. At the taking of the roll, Julie Jones Fisk, Haskell and Foster were absent. Jester welcomed Eysselinck to the team.

2. Approval of Agenda

Hittner moved to approve the Agenda as written; Szymusiak seconded the motion. Vote: All yeas. Motion carried unanimously.

3. Approval of Minutes

Wolf asked if we could defer the approval of the minutes until the next meeting as the committee members have not had an adequate opportunity to review them; Troost seconded the motion. Vote: All yeas. Motion carried unanimously.

4. Written Communications

- E-mail from Eliot Singer to Lori Mullins dated 4/16/13
- E-mail from Alice Dreger to the Park District Proposal Review Team

5. Discussion of Scoring for Both Qualifications and Proposal Criteria

Jester indicated this is the fourth meeting of the committee. He detailed the process thus far and said they will be reviewing the scoring for the proposal criteria today. Mullins handed out revised spreadsheets and said the scoring criteria were just updated as there were some errors in the ranges and an additional point was missing for DTN. Jester asked if anyone had comments on scoring for the qualifications.

Dempsey said in looking at the totality of the teams after the presentations he gave increased points to a couple of the applicants because he had a better sense of what the teams would be doing.

Wolf expressed concern that the scoring in all categories for The Parkside Group had a zero. He felt they should have been given some points for the written proposal that they submitted.

McCaffrey said he scored them a zero in every category because they did not show up for the interviews.

Yeadon said from a legal standpoint he was not concerned about the zero scoring.

Jester discussed the three proposal criteria for each of the proponents. He said we told the developers that they will have to go out to the community to determine what the ultimate development will be, so the proposals which proponents have submitted will not be the same as what we end up with. He said we are not choosing a proposal, but are choosing a developer. He said the evaluations are for the purpose of judging how effective the proponent was in responding to the RFQ/P.

CRITERION NO. 1 – Proposal clearly integrates the stated preferences of the community. 15 possible points.

Capstone & Vlahakis – Average 8.8, Range 5 to 11

Dempsey said he gave them 5 points because of their focus on student housing for their residential component, which they do very well. He said we want to diversify the housing uses in the project.

Szymusiak said he also rated them a 5 because of Dempsey's concerns. He said he did not feel he had gotten a description of the full scope of their project.

Sneathen said he scored them higher, and in retrospect, it was one of the lower scores. He had the same concerns as Dempsey.

DTN - Average of 11.4, Range 8 to 15

Troost said he scored all of the teams relatively high. He said they still have to go through a visioning process, and even many of the graphics talked to how they would get to a vision. He said we are selecting a team rather than a graphic.

Lurvey White Ventures – Average 12.3 (highest among the proposals), Range 10 to 15

Szymusiak said he gave them a 10, which is the highest score he gave to any of the proponents in this category. He felt they did a good job in explaining their proposal.

MTB & Visser Brothers – Average 9.2, Range 5 to 15

Lahanas said he gave an 11 to both DTN and MTB. He expressed concern that both of their presentations seemed to have less flexibility, and he did see not this as the end proposal because they

have to go to the community, and he was not sure how to reflect that. He said he felt we should have asked if they were willing to have charrettes and change their proposals.

The Parkside Project – Average 4.1, Range 0 to 15

Troost said the proposals submitted will not be end proposal, so he put 15 for most everyone.

Wolf said this is an example of the developer not integrating the views of the community into their proposal. He said he did not give a perfect score to anyone.

Jester asked if the committee members scored it low because they did not like their proposal, or because they didn't attend the interviews.

Lahanas said he didn't see much to score. Even though the Carpenter Group was associated with it, he did not feel there was a very strong commitment at that point, but the developer felt they would be an appropriate partner. Sneathen agreed.

Hittner said he took Wolf's suggestions concerning scoring, so 3 points is as low as he used, and he used a 5 point scale rather than a 6 point scale using zero. He rated The Parkside Project consistently across most categories, not because they didn't show up to the interview, but because his score changed dramatically from the first go-round as to whether he thought the proposal was genuine and a product of entities that would actually follow through. He felt there was less coherence to this organization since they did not show up for the interview.

Urban Cultural Arts & Studio Intrigue – Average – 11.9, Range 8 to 15

Wolf said in their proposal they provided goals and a preliminary site plan and then later after charrettes the design would be revised. Jester said others concurred with that.

CRITERION #2 – Demonstration of a sustainable plan to bring new businesses into the project, which will be assets in terms of providing jobs and services to our community. 10 possible points.

Capstone/Vlahakis – 5.6, Range 2 to 8

Sneathen said he ranked them highly, but he did the same with several of the other proponents.

DTN – Average 7.4, Range 6 to 10

Szymusiak said he gave them a 5; he scored a 5 for every proposal. He felt that every plan called for some form of retail or office use on the first floor, but none of them spoke in detail about their past experience in attracting new businesses. They spoke more about neighborhood services than destination retail; i.e., a grocer.

Eysselinck asked if any of the proposals provided percentages of occupancy rates for any of their other developments. Jester said he didn't notice that any of them did.

Mullins said she gave DTN a fairly high score because many of us think of DTN as being in the student housing business, but they do have the retail leasing side. She added that the DMB has had a member from DTN's commercial leasing staff on the Board in the past, and she feels DTN has an understanding of the market and have had successes in the attraction of retail businesses.

Lurvey White – Average 7.5, Range 5 to 10

Jester said the 7.5 score is the highest among those given.

Dempsey said all of his scores were close in this category; the multiple uses and the mix of businesses will be important.

Jester said he scored them high on this criterion because of their proposal to have business start-up space.

Mullins added their experience in working on a project which included MSU uses in Flint was helpful because there may be opportunities in this project to have MSU use it.

MTB – Average 5.6, Range 3 to 9

Troost said their partnership was with Hospitality Specialists, and he had a harder time finding creativity in their proposal, so he gave them a lower ranking.

Mansfield commented that no one had any detail on the number of jobs their development would offer, so he awarded a higher level of points to those who discussed office uses.

The Parkside Project – Average 1.9, Range 0 to 5

There were no comments.

Urban Cultural Arts & Studio Intrigue – Average 6.2, Range 3 to 8

There were no comments.

CRITERION #3 – Provides a plan to expand green space into public areas, including streetscaping and plaza spaces. 10 possible points.

Capstone – Average 5.8 – Range 2 to 9

Mullins said she gave them an 8 because they were able to articulate their vision and because of streetscaping that they did in other projects.

Dempsey said he tended to favor the proposals which showed more visuals of greenspace and which showed the transition into the downtown area and ramped up the density as you headed east, which is important.

DTN – Average 7.4, Range 4 to 10

Sneathen said he rated them higher because of the incorporation of existing properties that they controlled, which provided them with a significant advantage.

Wolf said he gave them a 4 because he did not see in the area they were looking at much greenspace other than outside of the project area.

Lurvey White Ventures – Average 8.4, Range 7 to 10

There were no comments.

MTB & Visser Brothers – Average 6.1, Range 4 to 9

Mullins said there was not really a vision articulated in the proposal or in the interview as to value of greenspace and public space, it mostly about the uses within the building. McCaffrey concurred with Mullins' comments.

The Parkside Project – Average 1.3, Range 0 to 3

No comments.

Urban Cultural Arts & Studio Intrigue – Average 8.5, Range 7 to 10

Lahanas said they spent a lot of time on the graphics showing how people moved through the space. They showed a lot of attention to buffering of the church and the farmers market at the end of it, which makes it an exciting place.

Mansfield said they did a good job of buffering People's Church, and not only incorporating the farmers market, but turning it into a focal point.

Jester said this and one of the other proposals gave much better treatment to the entrance into this area from the rest of the downtown.

Wolf noted they incorporated public art.

Jester said they will get a chance to make adjustments to their scoring before their next and possibly last meeting.

Lahanas spoke to the issue of flexibility; he said this will be a process and there will be citizen engagement, and the developers need to incorporate community input into their designs. During the interviews he felt that some of the proponents did not consider that as important. He did not want to recommend to Council necessarily the top three, but only if we feel they are acceptable.

Wolf said in looking at compilation scores he noticed there are strengths in different areas; i.e. some groups were stronger in charrettes, and others were stronger in getting things done. It might be beneficial to recommend both those kinds of groups to Council and possible a couple of the developers in their

presentations should identify areas that they shored up from the original proposal. He suggested before they put their final teams together, there may be synergy between more than one team.

Yeadon said from a legal standpoint he would have a difficult time saying one of these highly rated proponents is voted out of the contention because they didn't seem flexible enough. If it's a marginal one he would be more comfortable with that from a legal standpoint, but didn't agree with getting rid of a team just because they did not seem flexible enough.

Lahanas said it might be the difference between sending two or three proposals on, and flexibility could be the deciding factor. He asked if we pass on a developer if we can tell them our potential areas of concern and say they may have to partner with other people or hire a consultant so they can come with a full package. Wolf said Council's actions could encourage that.

Jester said at the next meeting he will suggest that we all do some homework around articulating the reason for each of the criteria and the overall reasons in favor or against each of these proposals, and we would articulate the reasons when we pass them on to City Council.

Troost asked what weighting will be put on the financial side. Jester said we have not scored Qualification Criterion 3; this will be done at the next meeting after the Financial Review Subcommittee has had a chance to evaluate the validity of their financial information.

Jester said we will then recommend three proposals for the Financial Review Subcommittee to evaluate, and send them on to City Council.

6. Discussion of Which Proposals Should Advance to Financial Review

Jester said the subcommittee will not be doing any scoring but will say whether or not they believe the numbers are solid. He said we should only advance those proponents that we think are seriously in contention. The proposals with the highest scores were Lurvey White Ventures at 66.1, 61.5 for Urban Cultural Arts & Studio Intrigue, and DTN at 59.6; next was Capstone/Vlahakis at 53.8, then MTB & Visser Brothers at 48.8 and The Parkside Project at 24.2.

Jester said we should also look at the ranking in the overall score by each of the committee members. The best total score was Lurvey White at 24, Studio Intrigue at 34, and DTN at 37; Capstone at 57, MTB & Visser Brothers at 69 and the Parkside Project at 90, making Lurvey White the first choice.

The Committee had a lengthy discussion about which proposals to forward on to the Financial Review Subcommittee, and there was a consensus to not advance MTB & Visser Brothers and The Parkside Project forward at this time.

Lahanas said DTN basically said they have a plan and this is what we are going to do. He said we should convey our concerns as well as DTN's strengths to Council. He recommended that we forward three proposals, and for the third choice convey that they have to strengthen citizen engagement. He said if one of the three we forward on to the Financial Review Subcommittee turns out to be a no, we may want another third application to go on.

Schmitt said since the scores are so close, DTN should be considered. She thought it was contradictory that they have Kelly Rossman doing charrettes, but they thought theirs was a good plan. We should convey our concerns to Council.

Mansfield said he would be inclined to include Capstone/Vlahakis as they were the developer who previously had a \$1 million proposal in financial review.

Szymusiak said when he looks at his scores from a qualifications standpoint as opposed to a proposals standpoint, he did not get clarity as to whether or not Lurvey White was staff or developers. He said he thinks they presented a good plan but want someone else to finish a \$100 million project. He would be more inclined to review four proposals.

Sneathen said when he looks at the scoring and the rankings, there is a clear delineation of the top three; DTN being the third. He does not think financial analysis would change his recommendation.

Lahanas said he would prefer only forwarding three proposals on, because the City Attorney's and Finance Director's time is valuable. Mullins mentioned that it is budget time for the City.

Hittner said is comfortable in ruling out Capstone/Vlahakis. He's confident that DTN has the financial wherewithal to do what they are proposing. His questions are for the two leading selections.

Mansfield moved to forward DTN, Lurvey White Ventures, and Urban Cultural Arts & Studio Intrigue to the Financial Review Subcommittee. Lahanas seconded the motion.

Vote: All yeas. Motion carried unanimously.

7. Discussion of Financial Review Process

Yeadon said the problem with having financial documents submitted to the City or this subcommittee is that they would be subject to FOIA, and a lot of developers do not want to disclose their financial resources, so the subcommittee will review the financial records at their locations. The subcommittee will provide an opinion as to whether or not the development teams can do what they said they can do as far as providing the financial backing for their project. The subcommittee will be looking for the access of sufficient capital to complete the project and will note anyone which they think is not as forthcoming about their financial support.

Jester said team members could re-score the proposals as a result of today's discussion, but they will need to score Criteria 3 for those proposals we are considering. He asked Mullins to put in a table summary of each proposal in terms of the estimated cost of various items and the sources of funds. The Financial Review Subcommittee will submit their findings prior to the next meeting.

Jester said at the next meeting they will discuss what to forward on to Council.

Wolf suggested that the committee members do their evaluations concurrent with the Financial Review Subcommittee's review.

Jester said Yeadon and Haskell are just doing a first look at their finances; and after input from the community and cost estimates, the financial requirements may change. There will be further engagement with the selected developer.

There was a consensus to go with Wolf's plan. Mullins said she will prepare a one-page summary and everyone will provide their scores on Qualification Criterion No. 3. Those will be distributed in advance of the report from the Financial Review Subcommittee. Jester said they will be parallel processes.

Szymusiak moved that the Financial Review Subcommittee, Tom Yeadon and Mary Haskell, for purposes of evaluating the proprietary info, will recommend whether or not they can rely on the claims of the financial properties of the three proposals which they are advancing in this process; Dempsey seconded the motion. Vote: All yeas. Motion carried unanimously.

Jester suggested when committee members score this last criterion that they take the time to write down the most salient arguments and questions/comments on their scoring for the three proposals they are now considering. He said they will discuss as a committee what they want to communicate to Council.

Mullins said the salient comments would be regarding all of the criteria as a whole, not just the financial criteria. Jester concurred.

8. Set Date for Next Meeting

Mullins said the Financial Review Subcommittee should be finished with their review by May 10.

Szymusiak moved, Mansfield seconded to schedule the next meeting for May 22 at 3 p.m. subject to rescheduling if the financial review process has not been completed. Vote: All yeas. Motion carried unanimously.

9. Public Comment

Eliot Singer, 137 University Drive, said when looking at financial aspects the subcommittee needs to read his previous e-mail to the committee in which he spelled out an alternative approach to the Evergreen properties. He said he would work with Lurvey White Ventures or Urban Cultural Arts & Studio Intrigue. He said Jerome Carpenter of The Parkside Project has a real interest in East Lansing and was involved in a big project in Lansing when they made their proposal to East Lansing and were not able to come to the interviews to champion their project. He said their project in Lansing has since been delayed. He said he hopes if things happen in Lansing there will be opportunities for them to piggyback into East Lansing.

Singer said DTN's proposal is a hunting license and that things can get in the way of DTN actually buying the property from Strathmore.

Singer said the financial climate and politics have changed since the City Center II project, and we've learned a lot about the risks of using bonds for large projects. He felt that bonds will not be financially or politically possible. He thinks we could do without a parking structure and can have piecemeal projects, such as the City's Evergreen properties. He said it is not realistic for the developers to do the big infrastructure projects with City bonding, even if the City finances the infrastructure. He said the

City seriously needs to think about parking being the no. 1 problem. He stated he did not think it is possible financially to put in enough parking for big residential projects in downtown East Lansing with the present zoning. He recommended Lurvey White, but said we would have to keep parking in mind.

Chris Root, 729 Sunset, said what struck her most about DTN's presentation was that they basically want to do a City Center 2.5. They said they were already involved in the planning, and there's the question of the status of the privately owned property. She reminded the committee that Dempsey said unless the developer can show clear proof that they own those properties, then the properties cannot be included in their proposal.

10. Adjournment

Eysselinck moved to adjourn the meeting at 4:59 p.m.; Lahanas seconded the motion. Vote: All yeas. Motion carried unanimously.