

Request for Proposals:

First Street North Anchor Mixed-Use and Hotel Redevelopment Opportunity Lake Oswego, Oregon

DATE ISSUED: November 13, 2019

RESPONSES DUE: February 7, 2020, 2:00 p.m.



Lake Oswego Redevelopment Agency
PO Box 369
380 A Avenue
Lake Oswego, OR 97034

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FIRST STREET NORTH ANCHOR MIXED-USE AND HOTEL REDEVELOPMENT

REQUEST FOR PROPOSALS

The Lake Oswego Redevelopment Agency (LORA), the urban renewal agency of the City of Lake Oswego, Oregon, is seeking statements of qualifications and intent from developers interested in pursuing redevelopment of the First Street North Anchor site and a hotel in downtown Lake Oswego. LORA intends to seek proposals from qualified developers and then select a developer to enter into an agreement regarding disposition and development of the site consistent with redevelopment goals and objectives.

A non-mandatory pre-proposal meeting and site visit will be held **Thursday, December 5, 2019 from 9:00am - 10:30 am** in the Lake Oswego Council Chambers, 380 A Ave, Lake Oswego OR 97034.

Responses to this Request for Proposals are due by 2:00 pm on February 7, 2020.

Mail to or drop off at:

Lake Oswego Redevelopment Agency
ATTN: Sidaro Sin
PO Box 369
380 A Avenue
Lake Oswego, OR 97034

Proposals can also be email in Adobe Acrobat (.pdf) format to: ssin@ci.oswego.or.us
[Confirmation of receipt is required for verification of delivery]

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1. LAKE OSWEGO CONTEXT

Lake Oswego Community

With a population of 38,000 and more than 2,200 businesses, the City of Lake Oswego is the largest city in Clackamas County, Oregon. Located 8 miles south of Portland between the Willamette River and I-5, the City has a convenient location, strong demographics, outstanding schools and community amenities, and a beautiful setting. It encompasses the Kruse Way office submarket, with more than 2 million square feet of office space and a significant cluster of financial, real estate, insurance and other professional services firms. Major employers include the Lake Oswego School District, Mary's Woods at Marylhurst, City of Lake Oswego, Logical Position, Navex Global, Greenbrier Companies, Microsystems Engineering, New Seasons Market Inc., and Black & Veatch Corporation.

The First Street North Anchor site is in downtown Lake Oswego. Downtown is on the east side of Lake Oswego with direct access to Highway 43 (State Street). The area is serviced by regular TriMet bus service. Downtown offers shopping, dining, housing, office uses, groceries and services in a compact grid surrounded by attractive walkable neighborhoods. Amenities include Millennium and Sundeleaf Plaza parks, Headlee Walkway along Lakewood Bay, the Gallery Without Walls outdoor sculpture gallery, the Lakewood Center for the Arts, the renovated Lake Theater and Café, and City Hall. Downtown is also close to the Lake Oswego Public Library, and Foothills and George Rogers Park both on the Willamette River.

Lake Oswego Redevelopment Agency

The Lake Oswego City Council created the Lake Oswego Redevelopment Agency in 1979 for the purpose of revitalizing downtown. LORA takes its direction from the City Council, acting in its capacity as the LORA Board (Board). In 1986, the Council adopted the first East End Redevelopment Plan, and by 1989 LORA began investing in downtown projects including parks, street improvements, infrastructure, parking, and property acquisition. LORA understands the value and the need for public investment in the downtown to encourage private development and has invested over \$45 million in capital projects. The most notable projects include Upper and Lower Millennium Plaza Parks, Sundeleaf Plaza Park, First Street and Second Street Streetscape Improvements, the Headlee Walkway, State Street Pedestrian Improvements and the trolley station site improvements.

In 2004, a revised East End Redevelopment Plan was adopted by City Council (Appendix A). The Plan, most recently was amended in February 2015 and includes the First Street North Anchor project as Project "H" and a Hotel project as Project "T".

LORA has a successful track record of public-private partnerships, exemplified by the \$35 million Lake View Village project completed in 2003. The mixed-use project provides 100,000 square feet (SF) of retail and office with a 365-space public parking garage at the



LAKE VIEW VILLAGE

corner of First Street and A Avenue. LORA assembled the project site, relocated tenants, and entered into a disposition and development agreement with the developer, which included LORA retaining ownership of the parking structure. In 2018, the \$100 million mixed-use Windward project was completed. The project includes three buildings with 290,000 SF of floor area, 200 high-end residential units, 42,000 SF of retail/commercial, 430 parking spaces (135 of which are public parking spaces) and a public east-west pedestrian pathway. While the development was primarily privately funded, LORA contributed towards the public parking spaces, pedestrian pathway, development permits and construction cost.



THE WINDWARD



LAKE OSWEGO CITY HALL

LORA continues to invest in the downtown and is currently constructing a \$43 million City Hall. The new City Hall will provide a seismically safe, energy efficient and better functioning building for the community. It will include space for all existing departments including police and 911 dispatch center, as well as public meeting spaces. It will also provide storefront retail space for the Lake Oswego Arts Council and the Friends of the Library’s “Booktique”. This project is expected to be completed in 2021.

The City’s investments in the downtown have encouraged other private investment as reflected in the mixed-use Beacon project located at B Avenue and 3rd Street. This project will include underground parking, 10,000 SF of ground floor retail, 30,000 SF of high-end coworking offices and collaborative shared spaces, and a 10,000 SF rooftop event center that seats 250 guests with views to Mount Hood. It is scheduled to open spring 2020.



SW PERSPECTIVE

THE BEACON

In 2012, the Council expanded the responsibilities of LORA by adopting the Lake Grove Village Center Urban Renewal Plan for the purpose of funding Boones Ferry Road and parking improvements in the Lake Grove Business District. The \$36 million Boones Ferry Road project is intended to create a street that serves as the centerpiece of the Lake Grove area and define the character of the area through its design and streetscape enhancements. Improvements will include enhanced pedestrian and bicycle facilities, stormwater management, accommodations for auto, truck and bus traffic, and public improvements in the rights-of-way to support existing and future businesses. The project is under construction and is expected to be completed in 2021.

2. PROJECT INFORMATION

Project Site

The First Street North Anchor site is approximately 46,800 SF and includes developable properties on the east and west sides of First Street abutting of B Avenue (Appendix B). The property on the west side at 500-520 First Street is 16,800 SF. The property on the east side includes three parcels at 525 First Street, 33-41 B Avenue and 504 N State Street/95 B Ave that total 30,000 SF.

Previous Planning Efforts

In 2011 the Leland Consulting Group analyzed the feasibility of a library-based First Street North Anchor project in the area of First Street and B Avenue in downtown Lake Oswego (Appendix C). Based on the positive findings of this analysis, LORA began to assemble a site and a library bond measure was placed on the November 2012 ballot. However, the bond measure failed. In April 2013, the Board directed the issuance of a Request for Proposals (RFP) for a mixed-use project without a library component. Additional general information about the Lake Oswego retail market and demographics can be found in Appendices D and E.

On January 31, 2015, the Board in partnership with First Addition-Forest Hills and Evergreen Neighborhood Associations and the Lake Oswego Chamber of Commerce hosted a public forum to receive input on specific uses for the project. Over 75 people attended the forum. Attendees were most interested in a mix of uses including restaurants, housing and small-scale specialty retail stores. Other favorable uses included an art gallery, a hotel, public meeting rooms, public outdoor space, green space and possibly public parking. Additionally, in January a question was posted on the city's webpage as part of the "Open City Hall" program regarding desires for the project. A complete summary of the results from the forum is found in Appendices F and G.

The First Addition/Forest Hills Neighborhood Association also conducted a survey in 2015 that included questions specific to the First Street North Anchor project. This survey was sent to all residential and business addresses in the neighborhood. The results of this survey are found in Appendix H.

Development Objectives

The East End Redevelopment Plan lists general and specific objectives for redevelopment within the East End District (see Section 600 of the Plan). The First Street North Anchor project is identified as Project "H" in the Plan and is intended to "anchor" the north end of First Street compact shopping district with active uses, complementing Lake View Village, the Windward and Millennium Plaza Park at the south end and encourage more pedestrian activity within this core retail area of downtown. The Hotel project is identified as Project "T" in the Plan and envisions a high-quality boutique style hotel that provides lake, river or mountain views and is located close to restaurants, retail and transit.

More specifically, the Plan describes the projects as follows:

Project H - First Street North Anchor

The block comprising the northeast and northwest corner of 1st Street and B Avenue, should be considered a key site for redevelopment as an anchor for the 1st Street compact retail core. A mixed-use project could include a public library and public parking. A library-based project with public parking would serve as both a civic anchor and economic catalyst for downtown retail and contribute to foot traffic and vitality. A new public library and public parking would be an amenity, adding to the attractiveness of the Redevelopment Area as a residential or business location and stimulating redevelopment of underdeveloped properties. Redevelopment could also include the 1st Street right-of-way. Potential acquisition of tax lots 400, 500, 600, 1100 and 1200 of Tax Map T2S R1E 03DD and possible resale to a developer.

NOTE: The current RFP does not include a public library component.

Project T - Hotel

The project will encourage development of a new, high quality boutique style hotel within the District. The hotel is expected to be within a range of 30 to 70-units. Properties which provide lake, river, or mountain views and which are located within 400' of restaurants, transit, and retail shopping or other significant amenities will have substantial preference for siting. The project may include land assembly, relocation and infrastructure improvements.



NOTE: The 30-70 units is considered more of an aspirational statement. Proposals are open to recommending the number of units that support market feasibility and demand.

A successful project will require broad community support with key stakeholder groups including the First Addition/Forest Hills Neighborhood Association, Evergreen Neighborhood Association and the Chamber of Commerce. The project also must meet the design and development standards defined in the Lake Oswego Community Development Code – Downtown Redevelopment Design District (Appendix I).

LORA is open to proposals for a project that would meet the following objectives:

1. Vibrancy – Provide retail and commercial uses, including dining, drinking, shopping and personal services to strengthen the downtown shopping and dining experience. The City’s long-term goal is to create an active pedestrian zone from Millennium Plaza Park to the intersection of First Street and B Avenue. Ground floor uses should contribute to this goal.

2. Mix of Uses – A boutique hotel is a key and required element for the project that will serve as a focal point to anchor the north end of First Street. Proposals can include other uses such as housing and commercial office. Other potential uses could include those recommended by community members attending the January 2015 public forum and that would be supported by the market (Appendix F). Proposed uses should not detract from existing downtown uses and services, but rather complement them and address community needs not currently met.
3. Design Excellence - Building and site design and construction demonstrating environmental sustainability, high quality materials, and an “anchor” presence at the north end of the First Street retail corridor.
4. Community Support - A process during the project development phase that ensures that the mix of uses and final design have broad support by the community and key stakeholder groups.
5. Return on Public Investment - Transaction terms that provide a reasonable return on the Agency’s investment in assembling the project site, and a mix of private and public uses that both increase assessed property values and tax revenues and provide public amenities for downtown and the community. Return on investment could be demonstrated by public amenities such as public plazas and other features that contribute to an attractive downtown.

In addition to the project objectives above, proposals should consider the following:

1. A master planned development for the entire site is preferred, however other proposals may be considered if there are circumstances that preclude it.
2. Vacation of the rights-of-way may be a consideration if it provides a substantial benefit to the public and advances the objectives of the North Anchor project.
3. Use local businesses and contractors for the project.
4. Explore opportunities for collocating public uses in the development.

Tax Lots/Map

The First Street North Anchor properties (“Site”) includes four parcels:

1. 500-520 First Street – Tax Lot 21E03DD01200
2. 525 First Street – Tax Lot 21E03DD00500
3. 33-41 B Avenue – Tax Lot 21E03DD00400
4. 504 N State Street / 27 B Avenue – Tax Lot 21E03DD00300

Ownership Status

LORA owns all four parcels at 500-520 First Street, 525 First Street, 33-41 B Avenue and 504 N State St/ 27 B Ave.

Size

The total area of the four combined parcels is approximately 46,800 SF. The site is bisected by First Street with 16,800 SF available on the west side of First Street and approximately 30,000 SF available on the east side (bisected by a public alley).

Floodplain Status

The site is outside of FEMA flood hazard zones.

Zoning

The parcels are zoned East End General Commercial (EC) and are located within the Downtown Redevelopment Design District (LOC 50.05.004).

Topography

The site slopes down from west to east and north to south. There is approximately 24 feet of grade difference between the north end of First Street site boundary line to the northwest corner of State Street and B Avenue.

Structures

The site contains five structures totaling approximately 21,500 SF. It is anticipated that the selected developer will raze the site for redevelopment.

Tenancies

There currently are three tenants remaining; two of them with month-to-month leases and the third operates under an agreement with the City and can be relocated. Tenants have been given notice of their eligibility for relocation assistance.

Utilities

Appendix C includes an analysis of existing utilities prepared by the design engineering firm, KPFF Consulting Engineers, in 2010. This assumed a mixed-use First Street North Anchor project including a 60,000 square-foot library, hotel, residential and retail uses. Again, a library component is not part of the current vision for this project.

Transportation and Access

Appendix C includes a link to a traffic analysis prepared by the traffic engineering firm, DKS Associates, in 2010. The 2010 analysis assumed development of a mixed-use First Street North Anchor project including a 60,000 SF library, hotel, residential and retail land uses.

In 2017, an updated Traffic Impact Analysis (Appendix J) was done by DKS Associates to test the proposal under consideration at the time, which included an 80-unit hotel with 4,000 SF of restaurant, an 85-unit apartment and up to 5,300 SF of ground floor retail. The analysis concluded the development would not significantly impact the surrounding transportation system. It also recommended pedestrian, signage and signal timing improvements to help with the transportation system safety and efficiency. Any new development on the North Anchor site will be required to submit a new traffic impact analysis specific to the development proposed during the development review process.

Environmental Conditions

The Agency conducted the following environmental analysis prior to acquisition of all North Anchor properties (Appendix K).

1. Phase I Environmental Site Assessment for each acquired property.
2. Limited Phase II soil vapor testing on the 41 B Avenue property, due to current and uses of adjacent properties.
3. Phase II Environmental Site Assessment for the 504 N State St/ 27 B Ave due to current and historic uses on the property. The Agency has coordinated remediation efforts with DEQ and they have issued a pathway to closure letter (Appendix L).

Purchase Price

LORA paid a total of \$6.8 million to assemble the site. The final sale price to the selected developer will be determined in the context of a disposition and development agreement (DDA) outlining public and private obligations.

1. DEVELOPER QUALIFICATIONS, SUBMISSION AND EVALUATION PROCESS

Developer Qualifications

LORA seeks a North Anchor developer with the experience to design, construct and maintain a quality project that will benefit the Lake Oswego community. Developer qualifications are based on:

1. Experience in developing high-quality, successful infill projects.
2. Experience in delivering sustainable, LEED-certified projects.
3. Ability in having secured financing for similar projects.
4. Demonstrated ability to build public support for development projects.
5. Experience in successfully working with public agencies on similar projects.

Submission Requirements

Please provide a succinct response to the following requirements. Submittals shall not exceed 35 pages, excluding appendices.

1. Cover Letter

Please outline why your firm is interested in this opportunity, and how it is best qualified to meet the above Development Objectives.

2. Developer Team and Statement of Qualifications

- a. Identify development team members and roles. Provide resumes for key team members.
- b. Describe qualifications and experience in developing high-quality, successful infill mixed-use and hotel projects. Please include projects that have characteristics similar to what you may be thinking about for the North Anchor site, and provide photos and descriptions of up to 5 referenced projects.
- c. Describe experience with designing and constructing sustainable, green buildings.
- d. Describe public outreach experience.
- e. Describe experience working with public agencies on similar projects.

3. Development Concept

Outline a preliminary development concept for the First Street North Anchor Site and how it responds to the above Development Objectives. Please submit high-level schematic plans and illustrations to sufficiently convey the preliminary development concept.

4. Funding Plan and Financial Capability

Provide the framework for funding the project including a concept for public and private participation. Provide evidence of financial condition and ability to secure financing for the project. Describe potential sources of debt and equity, as well as any public resources you may be contemplating. (Please see conditions regarding

confidentiality of submitted material in Conditions for Request for Proposals below.)

5. Public Outreach Plan

Describe your approach to building public support for the suggested development concept.

6. Proposed Development Schedule

Provide a schedule outlining the firm's expected project timeline beginning with notification that you been selected as the site's developer. Please include key milestones such as initiation of due diligence, the execution of a DDA, and initiating construction and anticipated occupancy.

7. References

Provide contact information for references. References will be contacted and considered during the submittal review.

Submittal Instructions and Agency Contact

See page 1 for deadline and method of submittal. Questions regarding this RFP (including any objections to the qualification specifications) should be emailed to Sidaro Sin (ssin@ci.oswego.or.us) no later than January 24, 2020. All material changes or clarifications of any information in this RFP will be published as a written addendum on the Agency's website: <https://www.ci.oswego.or.us/lora>. The Agency will also attempt to provide updates to parties who identify themselves as interested parties, but the Agency is under no obligation to do so.

Evaluation Criteria

The evaluation committee will rank firms based upon the points awarded for the written submittal and interviews (if interviews are held).

All complete submissions will be reviewed for:

1. Demonstrated success of assigned team members in development of a boutique hotel and tenanting of high-quality mixed-use development projects. (Maximum 25 points)
2. Development concept that responds to the Development Objectives in this RFP. (Maximum 25 points)
3. Funding plan showing financial capacity to complete the proposed development including ability to secure financing for this project. (Maximum 25 points)
4. Demonstrated ability to work with public agencies, neighborhood groups and business organizations to develop broad public support for development projects. (Maximum 15 points)
5. Project schedule. (Maximum 5 points)
6. References. (Maximum 5 points)

LORA will hold interviews with up to the top three proposers. The purpose of the interview is to provide firms with an opportunity to further explain and clarify aspects of their written proposals as well as address questions from members of the evaluation committee. The committee may award up to an additional 100 points based upon the interview responses. Proposers should plan on being available the week of February 24-28 for interviews.

Selection Process

The following is a tentative schedule for the selection process:

Release of the RFP	November 13, 2019
Pre-proposal Meeting and Site Visit (non-mandatory)	December 4, 2019
Deadline for RFP Questions and objections to Qualification Specification	January 24, 2020
Submissions Due	February 7, 2020
Submittal Evaluation and Interviews	February 28, 2020
Board Authorization to Negotiate with Selected Developer	March 17, 2020
DDA Negotiations and Execution	Spring - Fall 2020

4. CONDITIONS FOR REQUEST FOR PROPOSALS

The following are specific conditions for the RFP:

- This RFP is not a request for competitive proposals and is not subject to the Oregon Public Contracting Code (ORS Ch. 279A or ORS 279B).
- The Agency reserves the right in its sole discretion to accept or reject responses to this RFP, without cause.
- LORA reserves the right to modify the selection process outlined in this RFP and will publish any modification on the Agency's website: <https://www.ci.oswego.or.us/lora/north-anchor-project>; the Agency may also attempt to notify those who indicate intent to submit a response, but is under no obligation to do so.
- No representation or warranty is made to the accuracy of information provided in or linked to this RFP.
- RFP respondents are advised not to contact members of the Lake Oswego Redevelopment Agency Board (who are also members of the City Council) regarding this RFP.
- All submissions will become the property of LORA and will be subject to public inspection according to the Oregon Public Records Law. If a respondent believes that a specific portion of its submission constitutes a proprietary "trade secret" or confidential information under Oregon Public Records Law, and is therefore exempt from disclosure, that portion should be clearly identified as a "trade secret" or "confidential." Proposers should contact LORA in advance of submitting such information to determine if LORA concurs that the type of information will qualify. All such labeled information that in LORA's determination qualifies under Oregon law will, to the extent permitted by law, be held in confidence and used only in the evaluation process for this RFP. LORA may disclose such information to both governmental and nongovernmental evaluators. In such case, the evaluators will be required to agree to maintain confidentiality. If a request is made for disclosure of material that is marked "trade secret" or "confidential," and accepted by LORA as such, LORA will notify the proposer of the request and may tender defense of the request to the proposer. If tendered, the proposer shall indemnify LORA from any costs and or attorney's fees awarded against LORA. LORA makes no representation that a project developed in response to this RFP will or will not be considered a "public improvement" project or "public works" project, for purposes of compliance with public contracting requirements or prevailing wage laws.
- LORA will not pay any third-party brokerage fees on transactions that result from this RFP.
- All press releases regarding the RFP shall be approved by LORA prior to release.

5. APPENDICES

- A. [East End Redevelopment Plan](#) (Updated 18th Amendment, effective 2/24/15)
- B. [North Anchor Project Site Map](#)
- C. [2010 North Anchor Feasibility Study](#) Reports:
 - i. Market and Demographic Research
 - ii. Transportation Systems Analysis
 - iii. Utilities
- D. [Lake Oswego Retail Market Analysis](#) (January 2013)
- E. [Lake Oswego Baseline Population Analysis](#) (August 2010)
- F. [North Anchor Public Forum Results](#) (January 2015)
- G. ["Open City Hall" City Webpage - North Anchor Question](#) (January 2015)
- H. [First Addition/Forest Hills Neighborhood Association 2015 Neighborhood Survey](#)
- I. [Lake Oswego Community Development Code – Downtown Redevelopment Design District](#) (50.05.004)
- J. [Traffic Impact Analysis, DKS Associates](#) (January 2017)
- K. Environmental Site Assessments:
 - a. [500 First Street Phase I ESA Report](#)
 - b. [525 First Street Phase I ESA Report](#)
 - c. [33-41 B Ave Phase I ESA Report](#)
 - d. [33-41 B Ave Limited Phase II ESA Report](#)
 - e. [504 State Street / 27 B Avenue Phase II ESA Report](#)
- L. [Department of Environmental Quality Pathway to Closure Letter](#) (April 2014)