

## Request for Letters of Interest (RLI) for Leasable Space in the Moran Center at Waterfront Park Project Burlington, Vermont

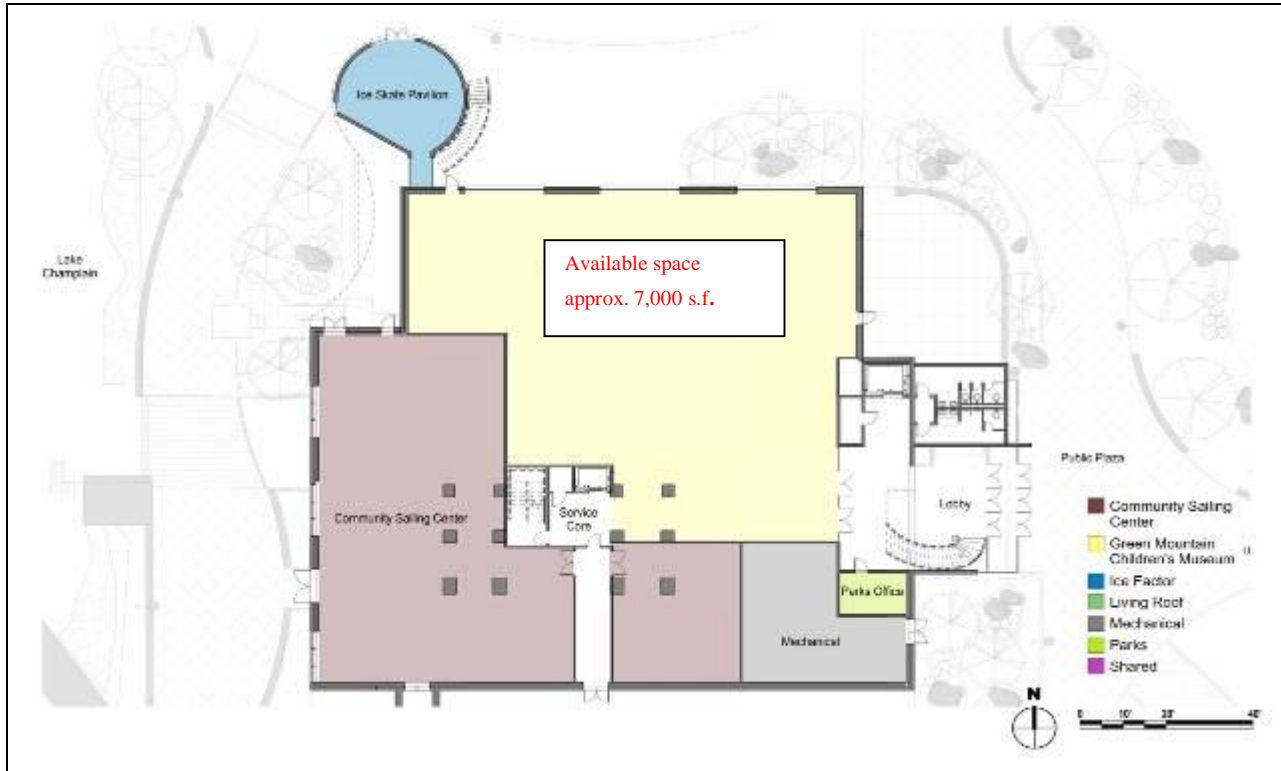
The **City of Burlington** is seeking Letters of Interest from for-profit and non-profit businesses interested in occupying up to 7,000 s.f. of ground floor space in the Moran Center at Waterfront Park redevelopment project. This space was previously identified as space for the Green Mountain Children's Museum which has opted out of the project. Based on the Letters of Interest, using an open and public review process, the City will select a short list of Preferred Candidates that will be invited to submit full proposals for the available space on Burlington's downtown waterfront. The Moran Center property is subject to the "Public Trust Doctrine". All proposed uses must be among the uses permitted under this doctrine. For a list of eligible uses, see "Possible occupancy" on page 10.



Current building and site design:



First floor plan – the available first floor space is shown in yellow.



Additional information about the project can be found at CEDO's website [http://www.cedoburlington.org/waterfront/moran\\_plant/moran\\_plant\\_redevelopment.htm](http://www.cedoburlington.org/waterfront/moran_plant/moran_plant_redevelopment.htm) or by appointment at CEDO.

Letters of Interest should be sent to:

Kirsten Merriman Shapiro, Special Projects  
Community and Economic Development Office (CEDO)  
Room 32 – City Hall  
149 Church Street  
Burlington, Vermont 05401

## DEADLINE

The deadline for submitting Letters of Interest is 2:00 PM (EST) on December 18, 2009. Seven (7) hard copies and one electronic copy should be submitted. All submissions shall be easily reproducible and will remain the property of the City of Burlington. It is expected that the selection of Preferred Candidates will occur within 6 weeks of submission of Letters and that several Preferred Candidates will be selected. Preferred Candidates will be asked to submit a full proposal.

## INQUIRIES

A pre-submission meeting will be held on December 4, 2009 at 10:00 a.m. in Conference Room 12 in Burlington City Hall. This meeting will be followed by a site visit.

Although pre-registration for the pre-submission meeting is not necessary, all interested parties need to register with CEDO at 802-865-7144 to be on a distribution list for responses to questions.

Questions regarding this Request for Letters of Interest (RLI) must be submitted in writing either through letters or via e-mail to Kirsten Merriman Shapiro at [kmerriman@ci.burlington.vt.us](mailto:kmerriman@ci.burlington.vt.us). Telephone contact is permitted, but all questions must be made in writing to allow the information to be shared with other applicants. All questions must be submitted by December 7, 2009. A consolidated response to all questions will be circulated to all registered interested parties.

The City of Burlington assumes no responsibility and no liability for costs incurred in responding to this request or in responding to any further requests. The City of Burlington also reserves the right to reject any or all letters, to waive any and all formalities, to re-advertise for additional letters, to extend the deadline for submission or to take any action that it believes will be in the best interests of the City of Burlington.

## **BACKGROUND**

The “Moran Center” project is a public-private partnership involving the redevelopment of a former coal-fired electric generating plant on Burlington, Vermont’s waterfront. Built in 1954 by the Burlington Electric Department, decommissioned in 1986, and purchased by the city in 1990, the J.E. Moran plant has sat abandoned and blighted ever since. The site has long been recognized for its redevelopment potential because of the building’s structural integrity and strategic location anchoring the north end of the downtown waterfront.

In 2006 the City embarked on an extensive public process (two and a half years, over 100 public meetings, city-wide surveys and several town meeting day votes) to engage the community in defining the best option for the Moran site. Goals were set for the redevelopment of Moran as a year-round, publically accessible community facility with a variety of recreation and education opportunities and public amenities, and that would further the City’s ongoing waterfront revitalization efforts, generate new revenues and create new jobs. The city put forth the following principles for the redevelopment project:

- Permanent public ownership and control
- Year-round use
- Create and extend elements of the Waterfront Park
- Minimize undue traffic and parking issues
- Retain the Community Sailing Center
- Provide opportunity for new public and private partnerships
- Utilize the existing building shell where cost-effective
- Retain historic elements when possible
- Generate income for operations and maintenance
- Keep development costs reasonable
- Utilize the highest standards in energy conservation and green building construction

The proposal that resulted from that process was “The Moran Center at Waterfront Park.” The project will create commercial spaces in a completely renovated building, which will be leased to nonprofit and for-profit businesses. The fee-based uses will be balanced with

year-round public access to an observation deck over-looking the lake, public rest rooms, a community room, and public park space that includes splash area and new skate park. The project will remediate environmental contamination, create new jobs, and significantly impact the local economy.

In March 2008, Burlington voters approved by a 2-1 margin an advisory referendum endorsing the proposal. It had been thoroughly vetted by the City Council's Board of Finance, the Parks Arts and Culture Committee, and by a citizen's advisory committee whose membership included local business leaders and residents from each ward. It was also endorsed by the Planning Commission, 13 of 14 City Councilors, the Burlington Business Association and Lake Champlain Chamber of Commerce.

Since receiving voter endorsement great strides have been made:

- Schematic designs are complete and design development plans are nearly complete.
- Extensive environmental remediation has occurred, making the structure ready for renovations.
- The City has secured and/or identified the vast majority of the funding required for its share of project development costs from sources that do not impact local tax rates.

The tenants that were included in the proposal endorsed by voters include the Lake Champlain Community Sailing Center and Ice Factor. The Sailing Center is a community-based nonprofit that provides youth camps, adult instruction, boat rentals and small boat storage, regardless of age, physical or financial ability. CSC seasonally occupies a small area in an adjacent building, but will expand into a year-round operation in the renovated Moran building. Ice Factor will be a family adventure center, with the nation's first indoor ice climbing wall, rock climbing, and aerial adventure course. IF will also operate a café, restaurant and seasonal ice skating rink.

The third tenant in the proposal was the Green Mountain Children's Museum, a start up non-profit. However, after evaluating its capacity to participate in the project, GMCM has opted out of the Moran project and will instead work towards a project in a different location. GMCM's decision to opt out has prompted the City to issue this RLI and seek Letters of Interest for one or more replacement tenants for this exciting redevelopment project.

GMCM would have occupied approximately 7,000 square feet on the north and east portions of the first floor of the Moran redevelopment, with an abutting outdoor patio. The city now seeks to fill that space with one or more new tenant(s). The available space could be subdivided into two spaces for two users, or reduced in size for a single user. Although it is the City's preference to work within the current floor plan design, Letters of Interest from compelling uses proposing to use more than 7,000 square feet will be considered, up to a maximum of approximately 12,000 square feet.

## **PROJECT FINANCES**

**A. Project Development Costs.** Development of the Moran Center is currently estimated to cost approximately \$15.5million. As a public-private partnership, the financial structure for the development involves an allocation of costs between the City and the tenants. The City will provide funding from a variety of sources for approximately \$8.4million of the

development costs, with the tenants collectively paying approximately \$7.1 million. The City has commitments for and/or has identified the sources for all but a small amount of its share of development costs. The City expects little difficulty in obtaining the remaining amount.

**B. Pre-Paid Rent.** Each tenant is expected to provide pre-paid rent covering their share of costs in exchange for a thirty year lease for one dollar per year. Based on the current design for the available space, the pre-paid rent for this 7,000 square foot space is estimated to be \$1,650,000. This amount may vary up or down somewhat depending on design details required for the successful tenant(s). If the space is smaller or subdivided into two spaces, the pre-paid rent will be adjusted proportionally and based on any associated altered development costs.

**C. Tenant Fit-up Costs.** Each tenant space will be provided as an empty shell without finishes. This will include a structurally sound building with all basic utilities, exterior finishes, rough plumbing and rough HVAC to each space, unfinished concrete floors, minimum lighting and minimum electric to meet shell building temporary code requirements, and similar. Each tenant is responsible at its sole cost to fit-up its space to its needs, including, but not necessarily limited to such things as tenant's bathroom(s), interior partitions within tenant's space, ceilings, full lighting, electrical, communications and IT to support tenant's program requirements, as well as HVAC distribution within its space, floor and wall finishes, and similar.

**D. Tenant Startup Costs.** In addition to its pre-paid rent and fit-up costs, each tenant is responsible for all other startup costs associated with establishing its operations at the Moran Center. Such costs will vary for each tenant based on its specific requirements. Tenant startup costs may include but are not necessarily limited to such costs as the costs of fixtures, equipment, pre-opening staffing, marketing, inventory, legal, accounting, relocation expenses and similar.

**E. Potential Subsidy.** The City plans to take advantage of a Federal tax credit program, known as New Market Tax Credits, to help pay for its share of development costs. Each tenant will have the opportunity to "piggy-back" on the City's use of this structure to help subsidize their pre-paid rent. The value of the potential subsidy will vary from tenant to tenant and will be directly tied to each tenant's combined fit-up and startup costs (not including pre-paid rent). For rough planning purposes, the potential subsidy may be worth approximately 20% of a tenant's combined fit-up and startup costs. For example, if a tenant's combined fit-up and startup costs are \$2,000,000, the approximate estimated subsidy would be \$400,000. This subsidy would be applied to the tenant's pre-paid rent obligation. This subsidy is not guaranteed.

**F. Moran Operating Costs.** Each tenant will be responsible for a pro-rata share of the annual operating costs associated with the Moran Center building and immediate abutting walks and landscaping. These costs include such expenses as cleaning common bathrooms and hallways, trash removal, maintenance and repairs of common spaces and facilities, building insurance, etc. It is estimated that in the first year of operations these costs will be approximately \$6.25 per square foot of tenants' space. Each tenant will pay 1/12<sup>th</sup> of its share of the estimated costs per month. The estimate will be reconciled to actual costs annually, with additional amount due or a credit against the following year's estimated costs as applicable. Estimated costs will be adjusted annually for the following year.

**G. Property Taxes.** For-profit tenants will pay all applicable real estate and business personal property taxes. Non-profit tenants may be eligible for a waiver of property taxes, depending on the mission of the organization, services provided, and group of persons served. Property tax exemption for non-profits can not be guaranteed.

## **PROJECT SCHEDULE**

The City's intended schedule includes:

- City Announce short list of Preferred Candidates by January 26, 2010
- Full proposals from Preferred Candidates due by February 9, 2010
- Development Agreements signed by April 30, 2010
- Tenant financing secured by October 2010
- Construction commencement October 2010
- Tenant Occupancy November 2011

## **ELIGIBLE APPLICANTS**

Both for-profit and non-profit businesses are eligible to apply. Collaborative applications involving two or more entities will be considered. All proposed uses must comply with the uses permitted under the limitations of the Public Trust Doctrine. See "Possible Occupancy" on page 10.

## **SUBMISSION REQUIREMENTS**

The Letter of Interest should be no longer than ten (10) pages. The purpose of the Letter is to provide information on the Applicant's proposed use and the capacity of the person or organization to participate in developing the property. The Applicant must provide information that addresses the Evaluation Criteria. The Letter should contain:

- I. Name of Organization
- II. Contact Person
- III. Business Address
- IV. Telephone and Fax Numbers
- V. E-mail Contact
- VI. Type of Organization (*Individual or sole proprietorship, partnership or corporation*)
- VII. Key Personnel (*Names of key personnel, titles, experience, and length of service*)
- VIII. Proposed Use (*Brief Description of Applicant's Proposed Use and amount of space preferred.*)
- IX. Address each of the Evaluation Criteria: (*described further in the review and evaluation criteria below*) Provide approximately two paragraphs in response to each criterion.
  - A. Financial Capacity
  - B. Development Experience
  - C. Management Experience
  - D. Compliance with Land Use Regulations
  - E. Organizational Capacity
  - F. Ability to Work with Government Agencies
  - G. Adverse Findings
  - H. Compatibility with Other Proposed Uses at Moran Center

- I. Employment Opportunities and Revenue Generation
- J. Enhances Quality of Life
- K. Distinguishing Attributes

Upon review, the City of Burlington, at its discretion, may request additional information or clarification. Such additional information may include the completion of disclosure statements.

Submissions should be sufficiently comprehensive and accurate for us to identify Preferred Candidates and move forward without delay or misunderstanding. To facilitate this, upon request we will provide a CD containing extensive information regarding the project, including schematic floor plans, outline construction specifications, building elevation drawings, a site plan, financial information and more. We expect that the materials being provided are sufficiently comprehensive for you to be able to determine your costs to fit up the space with reasonable accuracy. If you have any questions about the plans and specifications, please contact Kirsten Merriman Shapiro.

Additional background information about the redevelopment project can be found in the "Moran Center at Waterfront Park: Guide to the Redevelopment of the Moran Plant". Please be aware that the Guide is now nearly two years old. While the general concept described in the Guide remains, many details have changed. Therefore it should be understood to provide background information and general concepts only. It is available on line at: [http://www.cedoburlington.org/waterfront/moran\\_plant/Moran%20Report%20Final%20Draft.pdf](http://www.cedoburlington.org/waterfront/moran_plant/Moran%20Report%20Final%20Draft.pdf)

## **SELECTION PROCESS**

The city has committed to a full open public process for the selection of new tenant(s). Applicants must be willing to participate in this open public process. The City will entertain requests from applicants for confidentiality and we understand some information submitted may be proprietary requiring confidentiality. Applicants must explicitly identify any information contained in their proposals that they wish to remain confidential by placing it within a separate envelope marked "Confidential". The City will respect such confidences, but reserves the right to reject an Applicant for requesting confidences that the City deems important to discuss publically. The City expects to take 3 to 5 weeks to review initial submissions and then select Preferred Candidates. These Preferred Candidates will be invited by the City to submit full proposals for final consideration.

## **REVIEW AND EVALUATION CRITERIA**

The City of Burlington will determine if Applicants meet minimum qualification requirements based on the criteria specified below. The City will also use the provided information to select a short list of "Preferred Candidates". Applicants must be qualified in each of the following criteria in order to be considered. Please provide a brief statement (approximately two paragraphs) addressing each of the criteria below. The short list of Preferred Candidates will be asked to provide more detailed information as part of their full proposals.

### **A. Financial Capacity – one copy of this information must be submitted in a separate envelope and will remain confidential throughout the entire RLI /RFP process and thereafter.**

The City of Burlington will consider the Applicant's ability to obtain its required financing for pre-paid rent, fit-up costs and start-up costs in a timely manner. The City

will take into consideration whether an Applicant has demonstrated experience in securing financing in assessing its capacity to carry out the predevelopment process and close on financing in a timely manner. The City may evaluate the Applicant's credit history, financial records, and bank and other references.

### **B. Development Experience**

The Applicant will be evaluated on the extent of its experience with real estate or business development projects and its ability to move expeditiously through the development process for this project. Considerations may include, but not be limited to, assessing the quality and efficiency of completed work through site visits, contacting references and reviewing other information. At a minimum, briefly list and describe all previous or current projects that demonstrate Applicant's ability to successfully accomplish complex real estate or business projects.

### **C. Management Experience**

The City of Burlington may consider the extent and quality of the Applicant's management of existing endeavors. At a minimum, list all on going concerns that have been managed by the Applicant in the last five years. Provide other information that demonstrates Applicant's capacity to successfully manage complex projects.

### **D. Compliance with Land Use Regulations**

The Applicant's proposal must comply with the Public Trust Doctrine (see below, under "Information about the Property") and Burlington's Comprehensive Development (Zoning) Ordinance. See:

[www.ci.burlington.vt.us/planning/zoning/zn\\_ordinance/cdo\\_ordinance\\_toc.html](http://www.ci.burlington.vt.us/planning/zoning/zn_ordinance/cdo_ordinance_toc.html)

Provide a description of Applicant's proposed use and how it complies with permitted uses under the Public Trust Doctrine.

### **E. Capacity**

The City of Burlington may consider the Applicant's current workload and other pending financial and project obligations when assessing its capacity to carry out the development in a timely manner.

### **F. Ability to Work with Government Agencies**

The City of Burlington may evaluate the Applicant's demonstrated ability to work successfully with public agencies, meet schedules and comply with special reporting requirements imposed by government funding streams. Additionally, the Applicant must be prepared to fully participate in the City's robust public process for this redevelopment project.

### **G. Adverse Findings**

An Applicant may be rejected at any time during the process if adverse findings are made with regard to the Applicant or any of its principals or related entities, including, but not limited to the following:

- Past or pending government or private mortgage foreclosure proceedings or arrears with respect to any property owned or managed by the Applicant.
- Past or pending governmental tax or lien foreclosure, substantial tax arrears or bankruptcy or insolvency.
- Past or pending governmental default or arrears in water and sewer charges.
- Arson, fraud, bribery, or grand larceny conviction or a pending case.

- Past or pending default on any obligation to, unsatisfied judgment or lien held by, or contract with any governmental or quasi-governmental agency.
- Past or pending suspension, debarment, or finding of non-responsibility by any government or quasi-government agency.
- A past or pending voluntary or involuntary bankruptcy proceeding.
- A negative history with the City of Burlington or any other government or quasi-government agency.

If any of the above applies to Applicant, please provide a summary statement as to date(s) and details of occurrence(s).

**H. Compatibility with other proposed uses**

The City will consider the degree to which the proposed use is compatible with the other proposed uses for the Moran Center, as well as other existing waterfront uses, and consider the extent to which the Applicant’s proposed use strengthens the waterfront as a year-round destination.

**I. Employment Opportunities and Revenue Generation**

The City will consider the degree to which the Applicant’s proposal creates employment opportunities and/or generates new revenues for the City of Burlington.

**J. Enhances Quality of Life**

The City will consider to what degree the applicant’s proposal enhances the quality of life for a broad cross-section of Burlington residents.

**K. Distinguishing Attributes**

The City of Burlington will take into account any distinguishing attributes of the Applicant and its proposed use that further the City of Burlington’s goals and initiatives.

**REVIEW PROCESS**

The City of Burlington will utilize the criteria above to determine if an Applicant meets basic threshold criteria for eligibility and to select a short list of Preferred Candidates from which we will request full proposals. The City reserves the right seek additional information or to interview individual Applicants. The City reserves the right at its sole discretion to a) accept or reject any and all proposals in whole or in part, b) to waive any technical deficiency in any submission, c) to waive any evaluation criteria and, d) to extend the application deadline and/or seek additional applications after the deadline has passed.

The City will notify all Applicants as to whether or not they have been selected as a Preferred Candidate. Inclusion on the list of Preferred Candidates does not ensure that an Applicant will ultimately be selected as a tenant for the Moran Center.

Preferred Candidates selected to submit a full proposal will receive outline terms and principles of the “Development Agreement” prior to their full submission. We expect the final selection process following submission of full proposals by Preferred Candidates to take approximately 3 weeks.

Because the intended project schedule is short, following final selection of the tenant(s) we expect the selected tenant(s) will immediately commence final negotiations of the Development Agreement and Lease Agreement. Accordingly, we anticipate entering into a

“Development Agreement” outlining the process and expectations within two months of final tenant selection.

## **INFORMATION ABOUT THE PROPERTY**

**Site characteristics:** This property is located on the shores of Lake Champlain on Burlington’s downtown waterfront.

**Parcel size:** approximately 3.8 acres

**Gross building area:** approximately 37,500 s.f. (subject to change)

**Available net building area:** Up to 7,045 s.f. (Applications for more space may be considered for compelling uses).

**Possible occupancy:** The project is located on lands subject to the Public Trust Doctrine. Only the following uses are permitted within the Public Trust district:

- a. Governmental facilities: such as water and sewer plants; Coast Guard and naval facilities; roads that are accessory and transportation facilities accessory to the uses permitted under this section; or existing roads, and similarly sized extensions of those roads, that service the filled public trust lands and immediately adjacent lands;
- b. Indoor or outdoor parks and recreation uses and facilities including parks and open space, marinas open to the public on a non-discriminatory basis, water dependent uses, boating and related services;
- c. The arts, educational and cultural activities including theaters and museums;
- d. Fresh water and other environmental research activities;
- e. Services related and accessory to the uses permitted under subsections (a) through (d) of this section, including restaurants, snack bars, and retail uses and ancillary parking; only those uses that are subordinate and customarily incidental to the uses listed shall be considered as related and accessory services; and/or
- f. Railroad, wharfing and storage uses.

**Parking:** The City is developing an adjacent transportation infrastructure project that will create an additional 137 parking spaces, roadways, sidewalks and realigned bike path along with pedestrian and bicycle facilities. See attached layout. Additional information is available on line at [www.cedoburlington.org/waterfront/waterfront\\_access\\_north\\_project.htm](http://www.cedoburlington.org/waterfront/waterfront_access_north_project.htm)

### **Environmental:**

A Phase I and II Environmental Site Assessments (ESA) have been completed. These reports are available for review at CEDO.

[www.cedoburlington.org/waterfront/moran\\_plant/site\\_data.htm](http://www.cedoburlington.org/waterfront/moran_plant/site_data.htm)

**For more information on the site, please refer to:**

[www.cedoburlington.org/waterfront/moran\\_plant/site\\_data.htm](http://www.cedoburlington.org/waterfront/moran_plant/site_data.htm)

For Relocation and Business Information please refer to:  
[www.cedoburlington.org/business/doing\\_business\\_in\\_burlington/dbb\\_toc.htm](http://www.cedoburlington.org/business/doing_business_in_burlington/dbb_toc.htm)



Western view from the fourth floor of the Moran Center



The Moran property is adjacent to Waterfront Park



The Moran Center project is located in Burlington's downtown waterfront

