



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: August 28, 2020

TO: Honorable Mayor Kevin L. Faulconer

FROM: Erik Caldwell, Deputy Chief Operating Officer, Smart and Sustainable Communities

SUBJECT: Intent to Award: Midway – Pacific Highway Development and Operation RFP

It is with great pleasure to announce the successful bidder for the Midway-Pacific Highway Development and Operation RFP, more commonly known as the Sports Arena RFP. Following a comprehensive and rigorous evaluation by the evaluation committee, Brookfield +ASM Global (Brookfield) was selected as the successful respondent.

Brookfield's proposal best aligned with the City's desire to select a proposer that would provide a high level of service to the local and regional community, and overall operate the site in a fiscally responsible manner. This proposal also encapsulated the City's vision for a vibrant, pedestrian- and transit-oriented entertainment area that is a landmark and attraction for the Midway-Pacific Highway Community and surrounding communities, incorporating a mix of entertainment, office, retail, residential, public, and park use.

Brookfield included three Masterplan Concepts in their proposal: Masterplan 1 reflected existing zoning with existing height limit overlay removed; Masterplan 2 reflected rezoning for a more intensive land use and a new arena; and Masterplan 3 reflected existing zoning and existing height limit overlay. Masterplan 1, which Brookfield determined to be their most viable option, incorporated 5.5 acres of public parks, 1,800-2,100 housing units (10% affordable), 590k square feet of commercial space, \$5M/yr. revenue by 2034, and enough parking for residential and commercial/entertainment uses. Brookfield showed flexibility in their proposals by incorporating the concept of a new arena in their original submission.

The City contracted with Jones Lang Lasalle (JLL) to be engaged at the evaluation committee capacity. JLL performed a complete review of responsive proposals to support the City evaluation committee and score proposals based on the RFP evaluation criteria, with a focus on (1) general development economics and feasibility, which will primarily include vetting of key assumptions from the respective development financial models, (2) known capabilities of the proposed development teams, and (3) key risks associated with the proposals and proposed development. JLL provided a summary presentation of the proposals received, its quantitative and qualitative analysis to support meetings of the City's selection committee and its evaluation process.

The solicitation process included various components to ensure proposers, as well as the evaluation committee, were well informed and fully understood the objectives of the RFP and detailed information incorporated into the proposer's submissions. The following is a timeline of key milestones:

<u>Date</u>	<u>Key Milestone</u>
February 7, 2020:	RFP was issued
April 8, 2020:	Virtual pre-bid information exchange session took place
April 15, 2020:	Questions and Comments period closed
April 24, 2020:	Responses to proposer's questions posted publicly as Addendum D
June 8, 2020:	Proposal due-evaluation committee begins individual review/scoring
July 9, 2020:	Evaluation Committee submits clarifying questions to responsive bidders
July 10-20, 2020:	Virtual Open House Live
July 31, 2020:	Initial Scoring complete
August 13/14, 2020:	Oral Presentation/Interview take place
August 17, 2020:	Scoring finalized

A key component of the solicitation process was the public engagement survey that took place during the Virtual Open House. The public showed the greatest desire to have a sports stadium and concert venue which was closely followed by public space such as plazas, amphitheaters and gathering spaces, and open space. When asked about the various types of housing the public would like to see, they responded with a greater interest in affordable to middle/moderate income housing development. We would also like to note that the public preferred the development concept from the Midway Sports and Entertainment District Team the most.

The evaluation committee, which consisted of Mike Hansen (Director of Planning), Christina Bibler (Director of Economic Development), Adam Jones (Financial Operations Manager), CaSundra Perry (Asset Manager of READ), Andrew Philips (CivicSD), and Jones Land Lasalle (JLL) conducted an initial scoring of the materials submitted, evaluating:

1. Responsiveness to RFP;
2. Development/Operating Plan;
3. Professional Experience and Qualifications;
4. Financial Capability;
5. Community/Public Service; and
6. Oral Presentation/Interview

Scoring Factors 1-5 allowed for 100 points to be awarded. In the event the top two proposers were within ten points of each other following the initial scoring, the City had the option to hold Oral Presentations/Interviews with the top two proposers, which allowed for up to an additional eleven points to be awarded. The initial scoring found Brookfield to have a slight lead on the Midway Sports and Entertainment District Team (MSSED) by two points. Consistent with the process set forth in the RFP, the evaluation committee determined it prudent to host interviews to establish rapport between the proposers and further clarify any

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relevant information. Upon completion of the interviews the committee again individually scored, and Brookfield was recognized as the successful bidder, scoring 93.67 points to MSED's 90.83.

Moving forward, we intend to solicit outside real estate consulting services to assist in the negotiations. We currently anticipate negotiations to take six months. Once negotiations are complete, we will take the draft agreement to Council for approval by March/April 2021. If the ballot measure in November to remove the 30' height limits related to this site fails, we have the option of canceling negotiations and reissuing the RFP.

Attached you will find the Notice of Intent letter that was sent to Brookfield. We are excited about the opportunity the City must commence with the negotiations and appreciate your ongoing support and shared excitement.

Sincerely,



Erik Caldwell
Deputy Chief Operating Officer, Smart and Sustainable Communities

Attachment: Notice of Intent Letter

cc: Aimee Faucett, Chief of Staff, Office of the Mayor
Kris Mitchell, Chief Operating Officer
Andrea Tevlin, Independent Budget Analyst
Jeff Sturak, Assistant Chief Operating Officer
Rolando Charvel, Chief Financial Officer
Almis Udrys, Deputy Chief of Staff, Office of the Mayor
Jessica Lawrence, Director of Policy and Council Affairs, Office of the Mayor
Kristin Geitz, Interim Director, Real Estates Assets Department
Christina Bibler, Director, Economic Development Department
Mike Hansen, Director, Planning Department
Adam Jones, Financial Operations Manager, Department of Finance
CaSundra Perry, Asset Manager, Real Estates Assets Department
Andrew Philip, President, Civic San Diego
Jones Lang Lasalle, JLL