

# REQUEST FOR QUALIFICATIONS

## LAKE & CENTRAL PROPERTY

### CITY OF KIRKLAND DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

#### Executive Summary

**Opportunity:** Mixed-use redevelopment of a City-owned surface parking lot in Kirkland's Central Business District with opportunities for ground floor retail space, housing, office, hotel, parking, or combinations thereof. The City parcel contains approximately 20,189 square feet. Two adjoining private property owners (approximately 19,279 square feet and 8,106 square feet) have expressed an interest in participating in redevelopment.

**Location:** Southeast corner of Lake Street and Central Way.

**Development Team:** Qualified developers must have significant urban mixed use experience and a demonstrated ability to develop successful, high quality retail. Qualified developers will have experience working in public/private partnerships and working effectively with community groups.

**Developer Selection Process:** The selection process will be in 5 stages:

1. Submittal of statement of qualifications
2. Evaluation of submittals by Selection Committee
3. Selection Committee interviews finalists
4. Selection Committee recommendation to City Council
5. City Council selection of preferred developer for exclusive negotiation

**Proposals Due:** Submittals are due no later than 5:00 p.m. on February 14, 2003

**Contact Person:** Jeremy McMahan, Planning Supervisor  
City of Kirkland  
Department of Planning and Community Development  
123 5<sup>th</sup> Avenue  
Kirkland, WA 98033  
[jmcmahan@ci.kirkland.wa.us](mailto:jmcmahan@ci.kirkland.wa.us)

The full RFQ is available at <http://www.ci.kirkland.wa.us/depart/planning/pdfs/rfq.pdf>

## **I. THE OPPORTUNITY**

The City of Kirkland is seeking a qualified developer to work with the City on redevelopment of a potential mixed use site in Kirkland's Central Business District. At a minimum, the project would include high quality ground floor retail fronting Park Lane, Lake Street, and Central Way with adequate parking for the project. The preferred use of the upper stories expressed in the Downtown Strategic Plan is housing. In addition to the ground floor retail, the project could include office, hotel, public parking, or combinations thereof. Property disposition could include fee-simple delivery of the site, lease, or condominium ownerships of property interests. Two adjoining property owners have indicated that they are willing to consider joint development of those properties in conjunction with the City-owned piece. The selected developer will have a demonstrated ability to build exceptional retail and mixed-use buildings and work in partnership with public agencies and potential private partners.

The City desires a quality project that meets the following objectives identified in Resolution 4365:

- Create economically viable, high quality retail at this important corner consistent with identified economic development goals.
- Promote an active pedestrian environment.
- Eliminate unattractive surface parking and replace it with public parking in a more appropriate form (structured underground, above ground or behind retail).
- Preserve important open space at the street corners.
- Pursue opportunities for partnerships with adjoining property owners if partnering results in a superior project.
- Optimize overall monetary return and tax revenue to the City while achieving established public objectives.
- Promote the goals and policies of the Downtown Plan Chapter of the Comprehensive Plan and the strategies of the Downtown Strategic Plan (*available at <http://www.ci.kirkland.wa.us/depart/planning/pdfs/dsp2.pdf>*).
- To catalyze economic development and revitalization in the downtown.

## **II. BACKGROUND INFORMATION**

### **Downtown Vision**

The community vision for downtown Kirkland is to continue the transformation of downtown into a high quality pedestrian village. The adopted Downtown Plan notes that this will be encouraged by attracting economic development that emphasizes diversity and quality within a hometown setting of human scale.

The Downtown Strategic Plan (DSP) identifies the Lake & Central property as a prime opportunity site to improve the pedestrian-oriented retail character of downtown Kirkland. This important intersection has been called our "100% corner" and our "Main & Main". In terms of town planning, one of the least desirable land uses at such an important corner is a surface parking lot.

In fact, the City’s design guidelines prohibit new surface parking lots along sidewalks in the downtown core because they interrupt the pedestrian fabric created by attractive storefronts and overhead pedestrian weather protection. Preferred is attractive, anchor retail space that activates the sidewalk by creating the pedestrian linkages between retail streets (in this case, linking the pedestrian activity on Park Lane, Lake Street, and Central Way).

From an economic development standpoint, quality retail at this location benefits the downtown by providing potential customers with more reasons to patronize our downtown businesses and support our local merchants. A successful retail environment not only strengthens the economic vitality of our downtown, but strengthens the City’s tax base in difficult economic times. Redevelopment of the Lake & Central property is just one of the strategies of the DSP which will help achieve the community vision for the downtown.

**Downtown Profile**

Downtown Kirkland is a high quality, lakefront, pedestrian village that is the social, cultural and civic center of the community. Its vibrant environment is a successful mix of unique shops, restaurants, art galleries, retail and personal services, finance, and parks, public art and entertainment for residents and visitors of all ages and incomes. It derives its uniqueness from its historic downtown community roles, its physical setting along the shoreline of Lake Washington, its distinctive topography, the small-town, friendly atmosphere, and the human scale of existing development.

The retail economy is bolstered by a growing housing and office density and superb demographics.

	1 mile	5 mile	10 mile
Population - 2000	10,280	241,920	968,568
Households - 2000	5,475	100,842	416,062
Per Capita Income - 1999	\$44,770-		
Mean Earnings in Households with Earnings in 1999	\$51,427	\$90,056-	\$118,322

Source – Census 2000 and Claritas Inc.

**Subject Property Profile**

Site: The subject property contains approximately 20,189 square feet (per King County Assessor’s office) and is bounded by public right-of-way on all four sides. The site is currently developed with a public surface parking lot containing approximately 57 stalls. The City is considering ways to replace this parking and may consider on-site replacement in conjunction with redevelopment.

Zoning: The site is within the Central Business District 1 (CBD 1) zone. CBD 1 allows a number of uses including retail, restaurant, office, and housing. Office and housing uses are only allowed on the ground floor if there is intervening retail or restaurant use fronting the sidewalk. No setbacks are required and 100% lot coverage is allowed. Three stories are allowed with an additional fourth story allowed if at least the top two stories are housing.

Parking Requirements: Code parking requirements are:

Retail: 1 stall/350 square feet of gross floor area

Restaurant: 1 stall/125 square feet of gross floor area

Hotel: 1 stall/guest room

Housing: 1.7 stalls/unit

The City encourages shared parking and will consider lower parking standards where requirements exceed projected demand.

Additional Review: Development in the downtown requires review and approval by the City Design Review Board to determine compliance with the City's design guidelines and design regulations.

Rights-of-way: The site is bounded to the south by Park Lane, west by Lake Street, north by Central Way, and east by a 16' wide alley. Some encroachment of sidewalk improvements onto the site occurs currently and is likely to continue through redevelopment. The alley may be considered for vacation through the redevelopment process, subject to the provisions of the Kirkland Municipal Code and approval by the City Council.

Subsurface Property Considerations: The property was previously the site of two gas stations. Indications are that underground storage tanks were purged, cleaned, and filled with sand prior to construction of the current parking lot. The City is aware that any issues associated with environmental conditions on the subject property will need to be addressed prior to redevelopment.

Groundwater conditions are unknown. The City will be placing groundwater monitoring wells on the site to observe conditions.

The site is traversed by an active 48" storm water culvert that may need to be relocated depending on depth and the nature of the development project.

### **Additional Property Profiles**

Two adjoining properties have expressed an interest in participating in redevelopment. Although these owners are responsible for representing their own interests, they have provided the City with their preliminary development considerations for consideration by potential developers.

US Bank Property: The US Bank site is located east of the City parcel and fronts Central Way. The site contains approximately 19,279 square feet and is currently developed with a bank, surface

parking lot, and drive-thru tellers. US Bank has expressed the following needs to consider in redevelopment of their property:

- Existing freestanding location currently meets needs of customers and staff. Current building size, parking, and drive-thru provide necessary convenience to customers.
- Any proposed redevelopment of US Bank site must continue to provide this convenience and not result in a decline of deposits or other business during redevelopment.
- US Bank owns the site and expects to be compensated for the value of the site.
- Minimum requirement is to remain whole at the end of the redevelopment. The redevelopment includes a replacement facility of similar size and customer convenience on a fee basis (no lease) to include the cost of the shell, build out, and replacement FF&E.
- US Bank would reserve the right to continue to evaluate the redevelopment process or terminate further participation in redevelopment at any time prior to the execution of any agreements with a developer to proceed with the redevelopment.

US Bank has designated Rick Drottz with Kennedy Wilson as their primary contact on this project.

HIR-II Partnership Property: The HIR-II property is located east of the City parcel and fronts Park Lane. The site contains approximately 8,106 square feet and is currently developed with a retail building. HIR-II has expressed the following goals to consider in redevelopment of their property:

- Market value of the property based on current income.
- Contribute land and building to new development.
- Seek Preferred Return in new project.
- Minimize risks.
- Consider contribution of additional capital, depending upon structure of ownership interest in project.

HIR-II has designated Stan Rosen with Rosen/Harbottle as their primary contact on this project.

### **III SELECTION PROCESS**

#### **General Information**

All questions regarding this RFQ should be directed to:

Jeremy McMahan, Planning Supervisor  
City of Kirkland  
Department of Planning and Community Development  
123 5<sup>th</sup> Avenue  
Kirkland, WA 98033  
425.828.1141  
[jmcmahan@ci.kirkland.wa.us](mailto:jmcmahan@ci.kirkland.wa.us)

## **Selection Committee**

A selection committee has been established including City staff, City consultant Maria Barrientos, Chair of the Downtown Action Team, and an adjoining property owner. The committee will represent a range of expertise in real estate, design and construction, financing, economic development, planning, and other relevant areas.

Once the responses are received, the selection committee will review the responses and evaluate them based on the selection criteria established herein. As necessary, more information may be required from the respondents. Some candidates may be invited to individual interviews with the selection committee. The City may select one or more finalists to submit and negotiate more fully developed responses. The selection committee will recommend a candidate to the City Council for their decision. The respondent selected as most qualified will be given exclusive rights to negotiate with the City. If, at any time, negotiations with any selected party are not proceeding to the satisfaction of the City, in its sole judgment, then the City may terminate the discussions and select another party with which to conduct negotiations.

## **City Council Approval**

All selections and potential transactions are subject to City Council approval. City Council Resolution 4365 (see Appendix A) is a statement of intent for the purpose of giving policy direction in the process of selection and negotiation. Any proposed transaction on City property must be authorized by the City Council through an ordinance.

## **Projected Schedule of Key Activities**

February 14, 2003	Submittals Due
March 14, 2003	Interviews (tentative)
April 1, 2003	Selection committee recommendation to Council (tentative)

## **Public Disclosure**

All responses and accompanying documentation will become the property of the City. Respondents should be aware that the City is required by law to make its records available for public inspection, with certain exceptions (see RCW Chapter 42.17). Respondents should mark all materials they deem confidential or proprietary as such. However, the City will have no obligation to any respondent in the event the City must disclose information that a respondent may define as confidential or proprietary.

## **IV. SUBMITTAL REQUIREMENTS**

### **Materials**

Six copies of the following:

1. Response to the selection criteria.
2. A brief schematic approach to the project, including:
  - a. Project vision.
  - b. General development concept (this may consist of a narrative description and/or schematic visual depictions).
  - c. Development timeline from selection to completion of development.
  - d. Incorporation of the City objectives in the development concept, with a discussion of how the development concept meets the objectives contained in Resolution 4365.
  - e. Description of anticipated City role in the development process, including actions and timeline needed for the proposed concept.
3. Identification of team members, team roles, and team qualifications. Identification of the person or persons with the authority to represent and make legally binding commitments on behalf of the team.
4. Names and phone numbers of relevant references and clients.

### **Format**

Submittals should be in the form of 8-1/2" x11" for text portions. Graphics which are larger than 8-1/2"x11" should be folded to 11"x17".

### **Miscellaneous Process Considerations**

Responses must include sufficient supporting material for City staff to evaluate. The City reserves the right to disqualify any response due to insufficient supporting or explanatory information or to request additional supporting information.

References may be checked for all parties identified under qualifications and experience of the respondents.

Respondents may submit more than one response to this RFQ. However, each response must be a separate, complete package that can be considered independently of any other response from the same respondent.

The City may amend or revise the RFQ as a result of questions submitted by respondents or for any other reason that causes the City to believe it would be in the best interests of the City to do so. Such amendments or revisions will be sent to all persons or firms who have been provided copies of the RFQ.

The City assumes no responsibility for delays caused by the U.S. Postal Service or any other delivery service. Late responses will not be accepted nor will additional time be granted to individual respondents unless the City extends the required submittal date for all respondents.

The City will not be liable for any costs incurred by any respondents in the preparation and presentation of responses to this RFQ or in the participation negotiations or any other aspect of this RFQ process.

Respondents are responsible for errors and omissions in their responses, and any such errors and omissions will not serve to diminish their obligations to the City.

All firms or individuals doing business with the City of Kirkland shall have all required State of Washington licenses.

This RFQ and the responses, including all promises, warranties, commitments and representations made in the successful response shall be binding and shall become contractual obligations to be incorporated by reference in the City's contract with the respondent.

The City reserves the right to disqualify respondents if the submittals are not based on reasonable market assumptions.

The City reserves the right to reject any or all responses at any time with no penalty and to waive immaterial defects and minor irregularities in responses.

## **V. SELECTION CRITERIA**

The intent of this Request for Qualifications is to gather information upon which to base the selection of a developer for potential transaction and redevelopment of the subject property. The City has intentionally not issued a request for proposals (RFP) because the selection will be based on the qualifications rather than any specific proposals. The submittals of qualifications will be evaluated to determine the developer most responsive to the City's objectives most highly qualified to implement the development based on the following criteria:

### **1. Qualifications and Experience of the Firm and/or Principles**

- a. Staffing with strong team experience, including a history of previous working relationships among the principal respondent and consultants.
- b. Demonstrated ability of the respondent to lead a development effort from predevelopment to full occupancy, particularly in the Puget Sound area.
- c. Experience in developing high-quality retail projects.
- d. Financial capacity to complete development in a timely manner.
- e. Project staff capacity and ability to ensure that the project is designed and developed on time and within budget.



- f. Experience with complex transactions containing integrated planning and approaches to implementation of proposals, cost estimating, and project administration.
- g. Ability to be accountable on any matter affecting the City's interest throughout redevelopment.
- h. Ability to accommodate and respond to public review.
- i. Knowledge and experience working with public agency projects and requirements, and with community groups.
- j. Experience working with diverse financial interests of multiple property owners, accumulating land from separate owners, and structuring separate ownership interests.

**2. Demonstrated Responsiveness to City Objectives and Downtown Vision**

- a. Compatibility of developer's project vision and general development concept with City's objectives, and responsiveness of development concept to the City's objectives.
- b. Quality and breadth of schematic approach to the project.
- c. Timeliness of proposed development schedule.
- d. Ability to adjust the development concept to address evolving design, conceptual alternatives, plans, specifications, and financial conditions.
- e. Level of knowledge and understanding of the City of Kirkland Downtown Strategic Plan reflected in the general development concept.

**3. Demonstration of Ability to Implement Project Concept**

- a. Plan for site control consistent with development concept.
- b. Level of interest of potential tenants.
- c. Level of current involvement or presence in Puget Sound development projects.

**Submission Date and Location**

The deadline for submittals of qualifications is **5:00 p.m. on February 14, 2003**. Any submittals arriving thereafter will not be accepted. Six copies of the materials should be submitted to:

Jeremy McMahan, Planning Supervisor  
 City of Kirkland  
 Department of Planning and Community Development  
 123 5<sup>th</sup> Avenue  
 Kirkland, WA 98033

Source: KCAS 9/10/2002

