

**COUNCIL ACTION FORM**

**SUBJECT:**    **SELECTION OF MASTER DEVELOPER FOR CAMPUSTOWN  
REDEVELOPMENT PROJECT**

**BACKGROUND:**

One of the City Council's top goals is to rejuvenate the Campustown Business District. In accordance with this goal, the City Manager was directed to develop a process that will result in the selection of a Master Developer for a catalyst redevelopment project in Campustown.

After a number of failed attempts over the years, it has become apparent that any successful effort to revitalize Campustown will require an active leadership role from ISU officials. Fortunately, discussions between the Mayor and University President Geoffroy last fall indicated that ISU administration was aware of the importance to the University of a vital and attractive Campustown and, therefore, was eager to take a leadership role in this effort.

Towards this end the City Manager convened a Campustown Redevelopment Committee comprised of Warren Madden from the ISU Administration, Dean Morton and Cathy Brown from ISU Facilities Planning and Management, Dean Luis Gutierrez from the ISU College of Design, Dan Culhane from the Ames Chamber of Commerce/Economic Development Commission, and Steve Schinker and Steve Osguthorpe from the City.

The Committee's first task was to develop the attached Request For Qualifications (RFQ) for this project that was approved for distribution by the City Council on October 13, 2009. In October 2009, Mayor Campbell and President Geoffroy issued this RFQ for interested developers, and the RFQ was advertised on the City's and University's websites. We were fortunate to receive responses from the following eight companies by the submittal deadline date of December 1, 2009:

<i>Hammes Company</i>	Madison, Wisconsin
<i>Hunt Development Group</i>	Minneapolis, Minnesota
<i>Lane 4 Property Group</i>	Kansas City, Missouri
<i>Noddle Companies</i>	Omaha, Nebraska
<i>Randall Corporation</i>	Ames, Iowa
<i>Sherman Associates</i>	Minneapolis, Minnesota
<i>Unities Properties</i>	Minneapolis, Minnesota
<i>Vermillion Development</i>	Chicago, Illinois

The Committee members evaluated the statements of qualifications based on the following criteria:

- Development team members
- Project experience (similar size)
- In-house expertise/out-sourced services
- Commitment to due diligence work
- Understanding of project objectives
- Strategy for accomplishing Step 1 and Step 2 work

After reviewing the submitted materials based on the above criteria, the Committee members agreed that the materials presented by Sherman Associates and United Properties were too general and did not respond to the specific information requested in the RFQ. While this was also the case with the Hammes material, the committee was impressed with the quality of the projects in which they have previously been engaged. However, in the final analysis it was agreed that Hammes appears to be committed to much larger projects that we are dealing with. Therefore, the committee doubted whether we would receive attention from their "first team" in terms of personnel.

While the information submitted by the Randall Corporation was also very general, the committee members acknowledged that they were the only local group, were property owners in the area, and were the originators of a concept that stimulated interest in renovating Campustown. Therefore, it was agreed that they should be invited back for further discussions.

The Committee members further agreed that the Vermillion, Noddle, Lane 4, and Hunt presentations provided examples of projects similar to the one we hope to accomplish, exhibited a strong team (developers, designers, engineers, architects), and best addressed the specific issues contained in our RFQ. Therefore, it was unanimous that these four companies should be invited to Ames, along with the Randall Corporation, to discuss in greater detail their thoughts about Campustown redevelopment.

On January 18, 2010, the Campustown Redevelopment Committee met with the five finalist companies (Vermillion, Noddle, Lane 4, Hunt, and Randall). Committee members asked the companies to speak to the following subjects:

- How the experience detailed in the material they presented will help accomplish the Campustown project;
- Their understanding of the vision we have for the Campustown project;
- How they will approach accomplishing the Step 1 activities outlined in the RFQ (market and economic feasibility studies, funding strategy, land acquisition strategy, environmental/historic assessments, conceptual site planning);
- How they will approach accomplishing the Step 2 activities outlined in the RFQ

(coordination of development activities, construction coordination, completion of final site plans, creation of project pro forma, acquisition of property, development of strategic partnerships including existing landowners, securing private equity and financing, and partnering with the City and University); and

- Their projected project schedule for completing each activity outlined in Step 1 and Step 2.

After completing the on-site interviews, the Campustown Redevelopment Committee members agreed that two companies (Hunt and Vermillion) should no longer be under consideration. It was felt that the Hunt team did not have much experience in University communities, that most of their work was focused in Minneapolis, and that they did not appear to be as interested in the Ames project as we had hoped. The Vermillion presentation did not identify who the other team members would be on the project and focused too much on the University relationship with the project rather than viewing it as a community redevelopment project.

Team members were very impressed with both the Noddle and Lane 4 presentations. Both companies offered excellent examples of similar sized projects from University communities. Of these two companies, the committee members agreed that Lane 4 was the stronger. They have experience with in-fill, mixed use projects in Kansas City, Missouri, Manhattan, Kansas, and Lawrence, Kansas. They have used a variety of innovative private funding techniques to accomplish their projects. Reference checks with University and Chamber representatives in these communities resulted in very positive comments about the work of this group.

The Committee was also impressed with the quality of presentation of the Randall group. They provided much more detail in their oral presentation than they had in their original written response. It was obvious that as local property owners they are very committed to the success of a redevelopment project in Campustown. In addition, because of their local connection, they are more aware of the local commercial market and have already established relationships with the surrounding property owners.

The Committee decided that the best possible alternative would be to see if the Lane 4 and the Randall development groups would consider partnering on the project so that the strengths of both entities could be brought to a redevelopment project in Campustown. A meeting with both groups was held on March 3, 2010 to explore this concept.

During the following few weeks the two groups met to discuss in earnest a possible partnership arrangement. In the end, the Committee received notification from the Randall Corporation on March 30, 2010 that they had concluded that it would not be in the best interest of their group to partner with Lane 4. However, they remain committed to the project and would like to still be considered as the Master Developer for the project.

On April 5, 2010 the Campustown Redevelopment Committee agreed unanimously to recommend to the City Council that Lane 4 be selected as the Master Developer for the Campustown Revitalization Project.

**ALTERNATIVES:**

1. The City Council can select Lane 4 as the Master Developer for the Campustown Revitalization project. This action will authorize City staff to negotiate a Master Developer Agreement and, if later desired, a Developer Agreement.
2. The City Council can select one of the other companies interviewed by the Campustown Redevelopment Committee as the Master Developer for the Campustown Revitalization project.
3. The City Council can decide to not continue to work with any of the companies interviewed by the Campustown Redevelopment Committee and provide new direction regarding how to proceed.

**MANAGER'S RECOMMENDED ACTION:**

The City was very fortunate that, even in these difficult financial times, eight companies expressed interest in investing in the Campustown Business District. Because of the large number of impressive companies, it was difficult for the Committee to make a final recommendation. However, after considering the criteria listed above, the Committee is unanimously recommending that the City Council approve Alternative # 1 and select Lane 4 as the Master Developer for the Campustown Revitalization project.

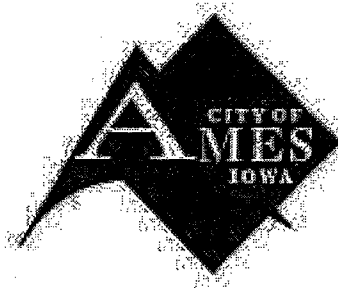
This action will also direct the City staff to negotiate a Master Developer Agreement, which will give Lane 4 some assurance that the City will not entertain any proposals from other developers for this project during the next 180 days while they are expending significant time and money to perform due diligence on the project. This agreement does not bind the City, or the developer, to proceed unless both parties are in agreement with the development concept, costs, and so forth.

Once, and if, final details can be agreed to between the City staff and Lane 4, it is anticipated that a Developer Agreement will be prepared for Council approval that will outline the obligations of both parties as we have traditionally done in other developments.

REQUEST FOR QUALIFICATIONS

**CAMPUSTOWN BUSINESS DISTRICT  
REDEVELOPMENT PROJECT**

Ames, Iowa



**IOWA STATE UNIVERSITY**  
OF SCIENCE AND TECHNOLOGY

October 2009

redeveloping, at least, one full block in the Campustown Business District. While the Master Developer will not be bound to the RDG conceptual plan, it should serve as a guide as many of the following concepts reflected in the plan are important goals of the City and University:

- Enhancement of Campustown can improve the entire community
- Additional mixed-use development is desired with retail/service/entertainment on first floors, and offices on second floors and above
- Campustown can serve as a critical link to the College Creek Greenbelt Corridor between southwest Ames and the ISU campus
- Pedestrian /bike linkages are critical to this development
- Green space gathering areas must also be incorporated into the design along with a pleasant commercial streetscape
- Additional public parking is needed to accommodate customers

While most of the preliminary analysis has focused on the block west of Welch Avenue, the City of Ames and Iowa State University are open to exploring other areas within the Campustown Business District should the Master Developer so desire.

#### **Current Conditions:**

- **Zoning.** The land in the project area is currently zoned Downtown/Campustown Service Center (DCSC). This zoning district will allow office, general retail sales, entertainment, restaurant, short-term lodging uses, and housing above the first floor of the approved uses.
- **Proper Ownership.** All of the properties in the project area, other than the City-owned parking lot, are currently under private ownership. The Master Developer will be expected to create an effective acquisition strategy.
- **Environmental.** No Phase I, Phase II, or Baseline Environmental Assessments have been completed for the site.
- **Parking.** The area includes a City-owned parking lot. While this City-owned land is available for redevelopment, it is expected that the project will include public parking to, at least, replace the current number of spaces.
- **Intermodal Facility.** The City of Ames has applied for a federal grant to construct an intermodal facility east of Hayward Avenue across from Chamberlain Street. If approved, this new facility will include approximately 750 parking spaces and University law enforcement offices.

#### **Available Incentives:**

1. **Tax Increment Financing.** The City will consider creating a TIF District over the one block area that is being redeveloped.
2. **Land Contribution.** The City will consider contributing the City-owned land, which currently serves as a surface public parking lot. Subject to accommodating existing university parking requirements, if the intermodal facility that has been proposed is not funded, the University also will

Other project references:

- Campustown Study:  
[http://www.fpm.iastate.edu/planning/Campustown\\_Study.pdf](http://www.fpm.iastate.edu/planning/Campustown_Study.pdf)
- City of Ames:  
<http://www.cityofames.org/>
- Ames Chamber of Commerce:  
<http://www.ameschamber.com/>
- Ames Economic Development Commission:  
<http://www.amesedc.com/>
- Iowa State University:  
<http://www.iastate.edu/>