



Finance Department

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DATE: May 8, 2015

TO: Mayor Soglin and the Board of Estimates

FROM: Judge Doyle Square Negotiating Team

SUBJECT: Judge Doyle Square RFP Responses - Next Steps

Synopses of Proposals Received

On Friday, May 1st, the City received four responses to its Request for Proposals (“RFP”) to develop Judge Doyle Square. The following teams submitted responses to the RFP:

1. **Beitler Real Estate Services Joint Venture** of Chicago, IL proposes to build a 677 stall parking garage to replace the Government East public parking ramp and 45,000 square feet of government office space on Block 88. Two mid-priced hotels of 150 rooms each plus a 200 unit apartment building with 306 parking stalls to serve both uses is proposed for Block 105. The total project cost is estimated at \$112.8 million and the developer isn’t seeking any City financial assistance for the private components of the project. The public parking replacement and proposed government office building would be public costs.
2. **Doyle Square Development, LLC**, a joint venture of Urban Land Interests of Madison, WI and the North Central Group of Middleton, WI, proposes a 196,790 square foot office building on Block 88 for City and/or private use. A 257 room dual branded upscale hotel with a Marriott flag, and a 108 unit apartment building and 12,645 square feet of retail space along Pinckney Street is proposed for Block 105. An underground ramp of 1,302 stalls would be built under both blocks to replace the Government East public parking ramp and to serve the new development. A total project cost was not provided; however the total development cost for the parking is estimated to be \$48 million. The proposal indicated that public financing wouldn’t be required for any other element of the development other than the parking.
3. **JDS Development, LLC**, a joint venture of the Hammes Company of Madison, WI and Majestic Realty of Los Angeles CA, proposes 580,200 square feet of development including a 250,000 square foot Corporate Headquarters and Research Facility on Block 88 and an additional 107,000 of office expansion space on Block 105 for Exact Sciences of Madison, WI. An additional 65,500 square feet for a food hall, health and wellness facility, lobby, conference center and broadcast studio/digital media center is proposed on Block 88. The proposal envisions this component would be publicly funded. A 210 to 250 room hotel and 16,700 square feet of retail, restaurant, lobby, and bicycle center are proposed for Block 105. A 1,410 to 1,540 stall parking facility is proposed primarily on Block 105 to replace the Government East public parking facility and to serve the new development. The total project cost is estimated to be \$186.4 to \$203.2 million. The estimated cost of the

proposed public elements of the project is \$55.6 to \$65.5 million. No public financing for the other private components of the project is proposed.

4. **Vermillion Enterprises, LLC** of Chicago, IL proposes a 282 room Marriott hotel on Block 88 with ancillary restaurant and retail facilities. The proposal includes a 93 unit apartment building and a 94,000 square foot office facility with an additional 13,500 square feet of retail and bicycle facilities on Block 105. A total of 1055 parking stalls including 618 stalls to replace the Government East public parking ramp are proposed for Blocks 88 and 105. The estimated total cost of the project is \$189.5 million. Public financing for the parking is estimated at \$52.2 million and no public financing is proposed for the other private components of the project.

Upon receipt of the proposals, the Negotiating Team reviewed the proposals to ensure that there wasn't any proprietary information included in the documents and following that review, placed the responses on the City's website (www.cityofmadison.com/planning/judgedoylesquare/gallery/) on Friday, May 1st. In addition, hard copies of the responses were distributed to the Council Office for Board of Estimates members and two copies for the Common Council Office on May 1st.

Board of Estimates Role

As authorized by the Common Council in its February 3, 2015 approval of the RFP document, the Judge Doyle Square Negotiating Team reports to the Mayor and the Board of Estimates. The Board of Estimates will make the final selection and recommendation for the Common Council's consideration. The RFP specifies that the City may reject or accept proposals at its own discretion, and holds the right to independently negotiate the final terms of the project. The RFP also requires that the proposers not communicate with members of the Board of Estimates regarding the project at any time during the RFP evaluation process, except at the request of the City of Madison Point of Contact.

Compliance with the RFP Requirements and Completeness Review of the RFP Responses

The Negotiating Team has reviewed the RFP responses in relation to their respective compliance with the requirements of the RFP and the completeness of the proposals. While there are differences in the level of detail in the responses, the Negotiating Team recommends that each proposal be considered complete and in compliance with the requirements of the RFP as follows:

1. Response received on time on or before May 1, 2015 at 2 p.m. (CDT) (Pg 3 of the RFP)
2. One signed original and 15 hard copies submitted (Pg 3)
3. One electronic proposal in a PDF format submitted (Pg 3)
4. Response includes executed Signature Affidavit (RFQ Form A) (Pg 20)
5. Response includes Proposer Profile (RFQ Form B) (Pg 21)
6. Response includes Proposer References (RFQ Form C) (Pg 22/23)
7. Response includes Chapter 1 (Pg 11) - Development Venture and Team (Pg 9)
8. Response includes Chapter 2 (Pg 11) – Experience to Undertake Project (Pg 9)
9. Response includes Chapter 3 (Pg 11) – Preliminary Project Concept (Pg 9)
10. Response recognizes and addresses the eleven program and project elements (Pg 8)
11. Response includes Chapter 4 (Pg 11) – Financial Capacity (Pg 9/10)
12. Response includes Chapter 5 (Pg 11) - Professional and Project References (Pg 10)

Project Timetable

The RFP included a Project Schedule as Section 7 (Page 19). The Timetable provided the following timeline:

2015

Issue RFP	Week of February 9
RFP submissions due	May 1
Preliminary RFP analysis by City Negotiating Team	May 1 – May 29
Board of Estimates' review and recommendations	June 1 – July 31
Council action on RFP	August
Deal negotiation	September – December
Development team selected	December / January

2016

Execution of development agreements
Parking ramp design receives go ahead
Project construction commences

Extraordinary Issues

Each proposal the City received has unique aspects to it. However, the Negotiating Team believes the inclusion of the Exact Sciences Corporate Headquarters and Research Facility in the JDS Development LLC proposal represents a potentially extraordinary opportunity. Locating a 400,000 square foot corporate headquarters facility in the central business district and retaining a home-grown bio-science employer that expects to employ as many as 900 staff by late 2017 would be unprecedented in the history of the City of Madison.

Exact Sciences has determined that it needs to make a siting decision for its headquarters by June 2015 in order for a building(s) to be designed and built and occupied by mid-2017. As a condition of the RFP response, Exact Sciences has set the following dates to meet its internal decision timeline:

- Execution of a preliminary development agreement with the City by June 15 (45 days following RFP submittal) to provide the preliminary framework and expectations for a final development agreement; and
- Execution of a final development agreement by August 1, 2015 (45 days following execution of the preliminary development agreement).

Recommendations

The Negotiating Team recommends the Board of Estimate's concurrence in the following findings and next steps:

1. The four RFP responses received on May 1, 2015 be considered complete and in compliance with the RFP requirements.
2. The potential relocation of Exact Sciences Corporate Headquarters and Research Facility in downtown Madison is an unprecedented extraordinary opportunity for the City. Since Exact Science's timeline for its siting decisions is accelerated and the City's review schedule should be adjusted to address this opportunity.

3. The Negotiating Team immediately engage JDS Development LLC/Exact Sciences in an exclusive negotiation of a preliminary development agreement and report back to the Board of Estimates with a report and draft preliminary agreement by its June 29th meeting.
4. The Board of Estimates report their actions to the next Common Council meeting on May 19th with a recommendation that the Common Council affirm the actions set forth in this memorandum.
5. If directed by the Board of Estimates on June 29th, the Negotiating Team continue the exclusive negotiation with JDS Development/Exact Sciences over a final development agreement and report back with a report and final development agreement at its August 24th meeting, to be followed by Common Council action.
6. To the extent a preliminary agreement can't be concluded in time for the June 29th Board of Estimates meeting and Exact Sciences has not extended that deadline, the Negotiating Team then initiate a review of the remaining three proposals.
7. The Negotiating Team provide interim reports for the Board of Estimates at its June 8, July 13 and July 27 meetings in addition to the report back dates of June 29 and August 24.
8. The City schedule a date for JDS Development/Exact Sciences to publicly present its proposal to the City's elected officials and the community.

CC: Members of the Common Council