



Appendix: Revisions/Modifications

Ronstadt Transit Center Joint Development Project

The Alexander Company/OasisTucson Inc.

City of Tucson, Arizona

Requests for Proposal No. 140983

Second Submittal: September 30, 2015





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Ronstadt Redevelopment ✓

"The redevelopment of this site needs to be a win for transit users. Level of service, efficiency, quality, much-improved comfort and amenities, and convenience for the transit user needs to improve significantly as a result of this project."

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Poster Frost Mirto
May 24, 2013



Contact Information

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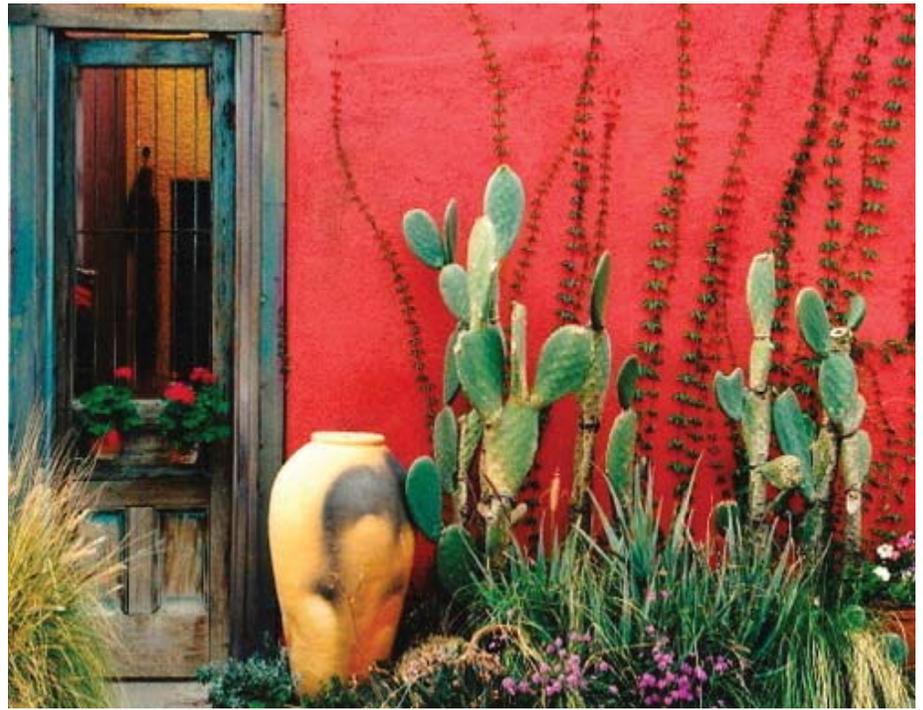


City of Tucson



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“Downtown is for Everyone” ✓

“The phrase that was most common to the Bus Riders Union and to the Downtown Tucson Partnership (Merchants Sub-Committee) is that “Downtown is for Everyone.” The greater Ronstadt Transit Center site should be successfully transformed to accommodate new development for a variety of mixed uses at the same time as it can provide an efficient and pleasant downtown transportation hub for all Tucsonans”.

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Summary of Proposal

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Summary of Proposal

We have collectively spent over 1,200 hours as a project team collaborating and analyzing our Ronstadt Transit Center Joint Development Project proposal. We believe that this is an exciting, challenging and important project for not only the transit users of Tucson but for the development and activation of Downtown Tucson. The landscape of Downtown is littered with both promise and broken promises. It is of the utmost importance to the members of our team that we propose something worthy of Tucson as well as realistic within the constraints of the transit center site. We believe in our proposal and with the cooperation of the City and the Rio Nuevo District believe we can bring it to fruition. In the end the Ronstadt and new Intermodal Center will enhance Downtown Tucson and activate the center of the Congress Street Entertainment District.

Included with this addendum to our proposal we have outlined specific adjustments based on public comment and technical review. However our touchstones for the project have not changed and are important to reiterate.

1. Focus on the Intermodal Center.

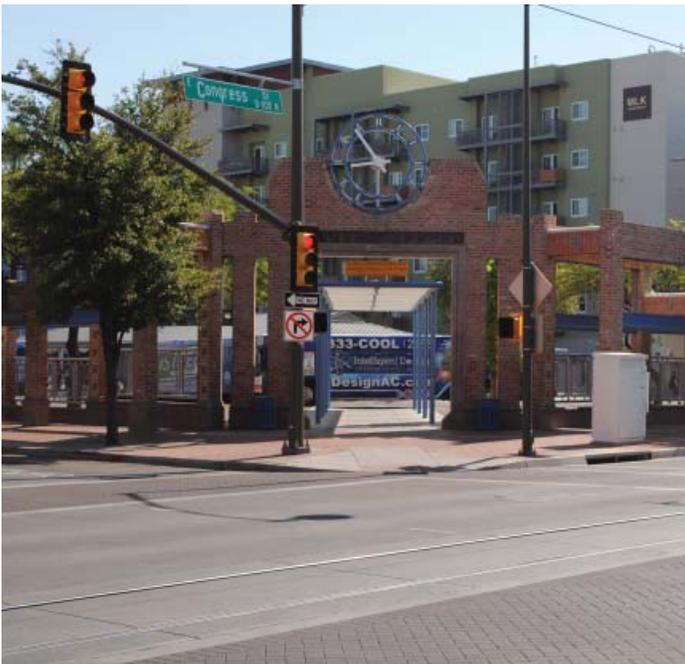
The RFP is clear with its direction to not diminish or minimize the existing transit center. Our proposal embraces the current transit center and enhances it with sensitivity to SunTran's efficiency, bus rider's comfort and flexibility towards future intermodal needs. Our proposal does not require SunTran to change their current operations. Our proposal enhances the downtown experience with the creation of the Toole Avenue Rotary which removes buses from the Congress Street Entertainment District and aids in traffic movement; within and through downtown.

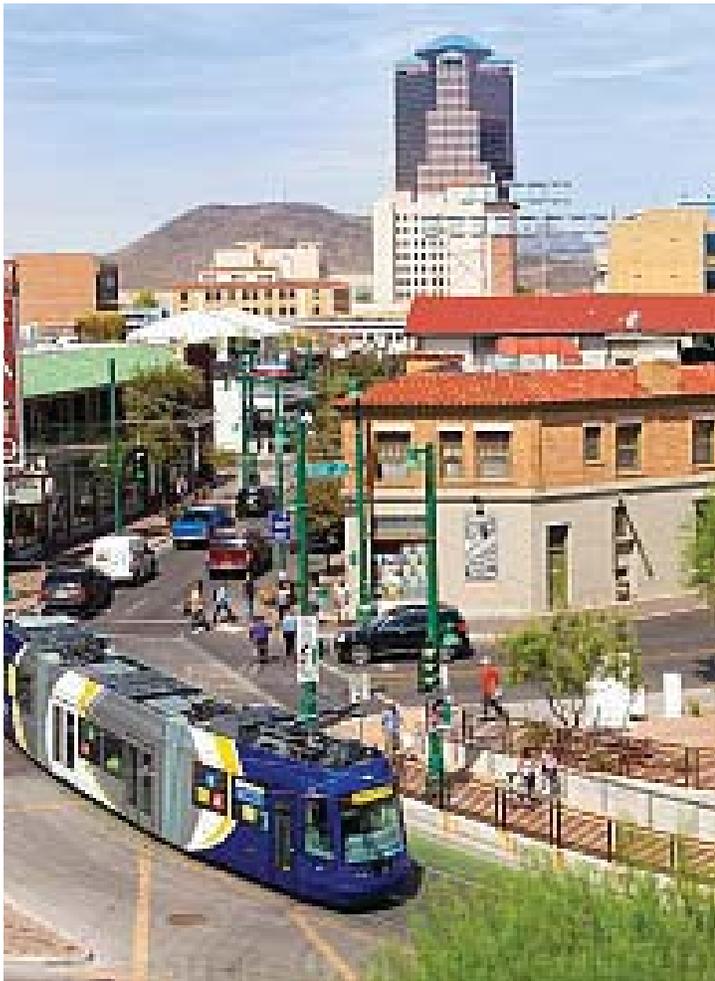
2. Design with Contextual Sensitivity.

Using the historic Pioneer Hotel as a precedent we have created a building that will fit historically and contextually into the fabric of Downtown Tucson. In this addendum, we have refined the design and are excited to finalize the design with stakeholder input and in conjunction with the City of Tucson



Summary of Proposal





and the Rio Nuevo District.

3. Be Fiscally Responsible.

As stated by many of the stakeholders and also outlined in Corky Poster's project report to the City, this is a very difficult and complex project. For example, we were unable to make the project financially feasible without embracing the FTA and the approximately \$6.5M they invested on the Ronstadt Transit Center site. Moving the transit facility would force the reimbursement of these funds and the proposed revenue from the project does not support these additional costs. We also were very sensitive to not request from the City of Tucson any General Funds and to make sure all public investment received a proper return. These financial constraints helped us focus on the most important aspect of this project; making it financially feasible. We are confident that working collaboratively with the City and the Rio Nuevo District we can make this project a reality for Downtown Tucson but all stakeholders need to realize and accept the financial constraints on this multi-modal, mixed-use project.



Historic and Contextual Sensitivity ✓

"The greater Ronstadt Transit Center site is in the midst of an historic downtown. The historic urban fabric should be maintained. Efforts should be made to avoid closing Pennington or Toole. The historic brick facade and the Melody Peters ceramic public art should be maintained if possible. Historic building massing, scale, rhythm, and streetscape should be maintained along Congress and 6th Avenue as much as possible. These streets should be largely filled in as they historically were, but with permeable entries on 6th Avenue and Congress. The Tucson Pima County Historic Commission should be involved in this design process."

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Specific Adjustments 3





Intermodal Center

We are including additional conceptual images of what we envision for the Intermodal Center. Included in the public's comments were concerns about the ceiling height and air flow within the Intermodal Center. As we have noted in our response to the public questions, the previously proposed Intermodal Center was open air on two sides and had access controls to enter and leave the facility to reduce loitering and illicit activities in the Center. We are proposing as a different option, should the City desire, a more flexible and open Intermodal Center. Final design and SunTran operational tweaks such as access control would be agreed upon during Detailed Design. Specifically our Intermodal Center adjustments are outlined below:

1. Addition of Light/Air Well

We have added a light/air well through the entire building to help with the feeling of openness and to provide additional light and air into not only the Intermodal Center but also into every floor of the public parking garage. Additionally our current proposal expands the 6th Avenue entrance into a Grand Entrance that is 40 feet wider than our initial submittal. The Center was already open on the North and East side as well as the 6th Avenue entrance.



Alexis Istanbul Architects
www.ai-architects.com

Transit Center Perspective

2. Optional Turnstiles

We created the turnstile model for the Intermodal Center based on increasing efficiency for SunTran and decreasing the illicit activity around the Center. Since this is primarily an operational issue we believe the final decision should be with the future members of the Ronstadt HOA which would

Specific Adjustments based on Public and Technical Comment



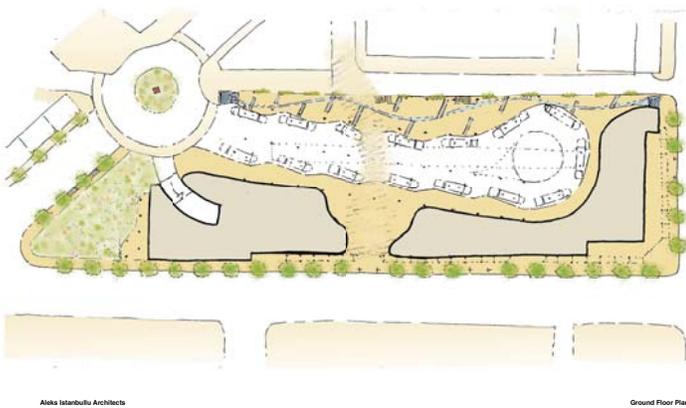
include the City of Tucson, the Rio Nuevo District and the developer as well as necessary input from SunTran. At this time the turnstiles should be considered optional and a final decision would be jointly made at Detailed Design.

3. Additional Congress Street Entrance

Though the Design team felt that a secure Intermodal Center required a single primary space we have added another entrance on Congress Street, near Arizona Alley. This is an operational decision for the City and SunTran and is linked to the turnstile decision. However on the enhanced renderings you will see an entrance along Arizona Alley off of Congress as a conceptual.

4. Design Flexibility Based on Number of Buses

Our proposal was for 15 bus bays indoors and additional street level spaces on 6th Avenue for Greyhound. Depending on final operational requirements from the City and SunTran, we will determine the actual number of required bays. If fewer bays are required there are options to use the space adjacent to the Arizona Alley as a more activated retail or open space component which would include vendors and a potential indoor-outdoor market.



5. Integrated Art Component

As we have repeatedly stated we strongly believe the arcade and associated tiles is an integral component of the Ronstadt Site and should be preserved. We are taking this a step further and in order to enhance the existing arcade we have brought Melody Peters onto our Design Team to expand this theme and to bring the concept within the Intermodal Center.

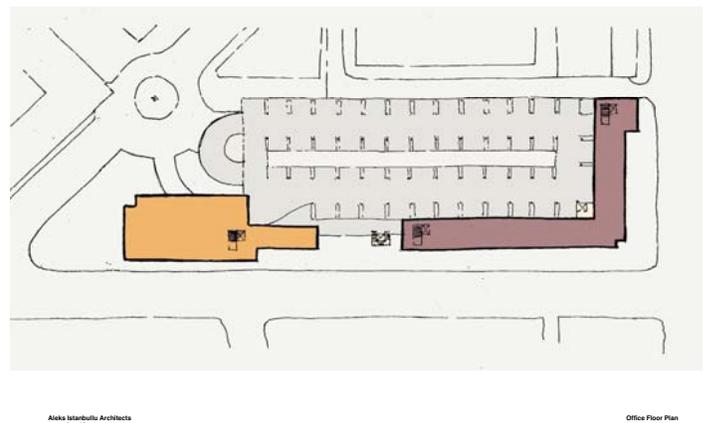
This may include the design of the primary 6th Avenue entrance into the Intermodal Center as well as augmenting the interior such as tiling the support beams and walls.

Private Development

We are proposing massing and facade changes to make the building more visually appealing from both 6th Avenue and Congress Street. Our original intent was to promote a design concept and leave the primary building design to a collaborative conversation with the City and the public. Based on the comments we received, we felt we needed to show what the Design Team feels the building could be with the understanding that additional stakeholder input is desired and financial feasibility considered. Other refinements to the development program include:

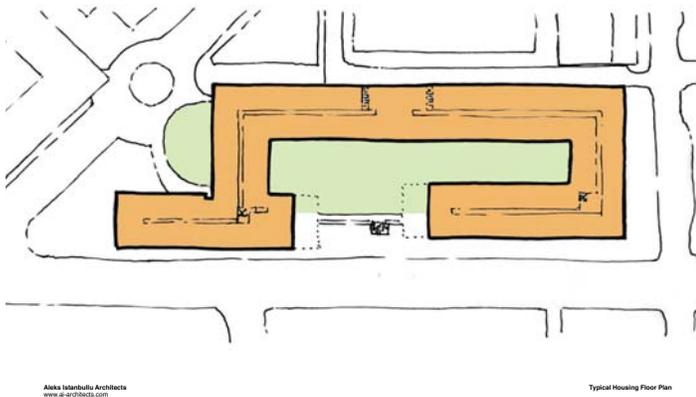
1. Flex Space on 2nd Floor

We have reduced parking on the South and West side of the Ronstadt building on the second and third floors, and defined these areas which face Congress Street and 6th Avenue as flex space. The 17,700 square feet of flex space could be for sale or rental housing such as loft space, additional retail or possibly office space. For this pro forma, it is considered 7,700 square feet of retail/restaurant and 10,000 square feet of office space. The goal of the Flex Space is to actively seek additional revenue opportunities to pay for the project and to increase the function, usability and activation of the site. This programming change does reduce the number of rentable units from 260 to 215 on the South Site depending on final number of studios.



2. Massing Adjustments

We believe that it is important to break up the building facade along 6th Avenue by adjusting the massing and using architectural articulations to change the feel and design of the building. To this end, we have increased the separation in the building along 6th Avenue to improve how the building addresses the streetscape and enhances the articulation. Along Congress Street we have added balconies to highlight the Congress Street frontage and show activation along the 2nd floor. Our intent, when we can all sit down together, is to define the final massing program and design theme to better activate the pedestrian realm and to maximize the feel of the building.



3. Reduction of Parking

To promote multimodal transportation, increase leasable square footage, reduce public cost and to provide natural light and air for the Intermodal Center, we have reduced the number of parking spots on both the North and South sites. We do maintain the flexibility of adjusting parking on either site or lease spaces in the Pennington Garage should market conditions dictate. Parking on the South Site has been reduced from 365 to 325 spaces and the North Site has been reduced from 261 to 172 spaces.

4. Increase of Units on the North Site

Although the North Site is still very conceptual and acquisition based on Phase One success, we have increased the number of proposed units on the site. Market conditions and our performance on the South Site will dictate what ultimately happens on the North Site. During negotiations we will determine the commitments from our team with regard to

minimum development requirements and commitments to timeframes. We have increased the number of units from 118 to 172 with this addendum.

Miscellaneous Adjustments

1. Open Space

We would like to add additional passive and active outdoor space, including a small pocket park with a dog park to the North Site. We will work with the City, the Downtown Partnership and the public to define the final size, location and programming of all open space which may include open space at 6th Avenue and Congress Street. In this addendum we added a mini pocket plaza at the corner of Congress Street and Arizona Alley that may or may not serve as an additional entrance to the Intermodal Center.

2. Adjusted Proforma

We have updated the pro forma to reflect changes in the program with regards to uses, square footages and parking. Per the Technical Review recommendations we have 1) broken out the public soft costs, 2) updated our costs estimate to 2018 to show escalation clearer and 3) raised our costs in some areas to be more conservative. We emphasize once again that the project costs will need to be kept tightly under control in order for the project to remain feasible.

Inter-Modal Transportation Center ✓

"Ronstadt needs to not just be a transit center, but must evolve into a transportation center for public buses, the Modern Streetcar, bicycles and bike-share, pedestrians, car-share, "park-once" parking, inter-city train, inter-city buses, vans, taxis, kiss-and-ride, and other forms of transportation evolving and changing."

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May 24, 2013



Updated Renderings

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Revised Renderings

6th and Congress Intersection Looking North



Aleks Istanbulu Architects
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Intermodal Center Grand Entrance



Aleks Istanbulu Architects
www.ai-architects.com

Lightwell Inside of the Intermodal Center



Aleks Istanbulu Architects
www.ai-architects.com

Congress Street - Showing Mini-Plaza and Optional Entrance into Intermodal Center



Aleks Istanbulu Architects
www.ai-architects.com

6th Avenue Sidewalk Looking North



Aleks Istanbulu Architects
www.ai-architects.com

Intermodal Center Grand Entrance Along 6th Avenue



Aleks Istanbulu Architects
www.ai-architects.com

Flexible Uses ✓

"The potential development uses for this site will be driven to a large extent by the feasibility of land uses in the marketplace. Proposed uses should be in accordance with community desires, but in the end, development will be driven by what feasible uses can pencil out on this site. The Tucson community needs to be flexible and open-minded in its evaluation of proposed uses for this site. Developers need to be creative and thoughtful in their proposals. Projects that meet a local downtown need for services and activities will be most welcomed."

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Updated Pro Forma

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The Ronstadt Pro Forma (2018 Dollars)

Residential Rents	\$1.50	RE Taxes per unit	1,000
Commercial Rents	\$2.00	Rentable Residential	183,950
Parking Rents per space	80	PUPA Comm. Expense	2,500
Residential Units	215	PUPA Res. Expense	4,000
Parking Spaces	325	Residential Vacancy	7%
		Commercial Vacancy	10%
Commercial space (private)	21,600	City Lease Payment	100,000
Commercial space (public)	3,200	Interest Rate	6%
Operating reserves Unit	300	Amort	25

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Rental Income													
Apartments	\$3,311,100	\$3,393,878	\$3,478,724	\$3,565,693	\$3,654,835	\$3,746,206	\$3,839,861	\$3,935,857	\$4,034,254	\$4,135,110	\$4,238,488	\$4,344,450	\$4,453,061
Commercial	\$595,200	\$610,080	\$625,332	\$640,965	\$656,989	\$673,414	\$690,250	\$707,506	\$725,193	\$743,323	\$761,906	\$780,954	\$800,478
Flex	\$371,700	\$380,993	\$390,517	\$400,280	\$410,287	\$420,544	\$431,058	\$441,834	\$452,880	\$464,202	\$475,807	\$487,703	\$499,895
Potential gross income	\$4,278,000	\$4,384,950	\$4,494,574	\$4,606,938	\$4,722,112	\$4,840,164	\$4,961,168	\$5,085,198	\$5,212,328	\$5,342,636	\$5,476,202	\$5,613,107	\$5,753,434
Commercial/Office vacancy	(\$96,690)	(\$99,107)	(\$101,585)	(\$104,125)	(\$106,728)	(\$109,396)	(\$112,131)	(\$114,934)	(\$117,807)	(\$120,753)	(\$123,771)	(\$126,866)	(\$130,037)
Residential vacancy	(\$231,777)	(\$237,571)	(\$243,511)	(\$249,598)	(\$255,838)	(\$262,234)	(\$268,790)	(\$275,510)	(\$282,398)	(\$289,458)	(\$296,694)	(\$304,112)	(\$311,714)
Effective Income	\$3,949,533	\$4,048,271	\$4,149,478	\$4,253,215	\$4,359,545	\$4,468,534	\$4,580,247	\$4,694,754	\$4,812,122	\$4,932,426	\$5,055,736	\$5,182,130	\$5,311,683
Operating Expense													
Residential	(\$860,000)	(\$881,500)	(\$903,538)	(\$926,126)	(\$949,279)	(\$973,011)	(\$997,336)	(\$1,022,270)	(\$1,047,826)	(\$1,074,022)	(\$1,100,873)	(\$1,128,395)	(\$1,156,604)
Commercial/Office	(\$75,000)	(\$76,875)	(\$78,797)	(\$80,767)	(\$82,786)	(\$84,856)	(\$86,977)	(\$89,151)	(\$91,380)	(\$93,665)	(\$96,006)	(\$98,406)	(\$100,867)
Property Tax													
Lease Payment	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
Reserves	(\$64,500)	(\$66,113)	(\$67,765)	(\$69,459)	(\$71,196)	(\$72,976)	(\$74,800)	(\$76,670)	(\$78,587)	(\$80,552)	(\$82,565)	(\$84,630)	(\$86,745)
Total Operating Expense	(\$1,099,500)	(\$1,124,488)	(\$1,150,100)	(\$1,176,352)	(\$1,203,261)	(\$1,230,843)	(\$1,259,114)	(\$1,288,091)	(\$1,317,794)	(\$1,347,539)	(\$1,378,438)	(\$1,409,590)	(\$1,441,939)
Net Operating Income	\$2,850,033	\$2,923,784	\$2,999,378	\$3,076,863	\$3,156,284	\$3,237,692	\$3,321,134	\$3,406,662	\$3,493,328	\$3,581,887	\$3,672,300	\$3,764,539	\$3,858,743
Senior Debt Service	(\$2,398,407)	(\$2,398,407)	(\$2,398,407)	(\$2,398,407)	(\$2,398,407)	(\$2,398,407)	(\$2,398,407)	(\$2,398,407)	(\$2,398,407)	(\$2,398,407)	(\$2,398,407)	(\$2,398,407)	(\$2,398,407)
Cash Flow	\$451,626	\$525,377	\$600,971	\$678,456	\$757,877	\$839,285	\$924,727	\$1,008,255	\$880,922	\$966,480	\$1,054,199	\$1,144,132	\$1,236,337
Cash on Cash	7.19%	8.37%	9.57%	10.80%	12.07%	13.37%	14.69%	16.06%	14.03%	15.39%	16.79%	18.22%	19.69%
Public Funds													
City of Tucson Sales Tax	\$216,000	\$221,400	\$226,935	\$232,608	\$238,424	\$244,384	\$250,494	\$256,756	\$263,175	\$269,754	\$276,498	\$283,411	\$290,496
Rio Nuevo Sales Tax	\$604,800	\$619,920	\$635,418	\$651,303	\$667,586	\$684,276	\$701,383	\$718,917	\$736,890	\$755,312	\$774,195	\$793,550	\$813,389
Land Lease Payment	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Parking/Lease Revenue	\$312,000	\$316,680	\$321,430	\$326,252	\$331,145	\$336,113	\$341,154	\$346,272	\$351,466	\$356,738	\$362,089	\$367,520	\$373,033
Total	\$1,232,800	\$1,258,000	\$1,283,783	\$1,310,163	\$1,337,155	\$1,364,772	\$1,393,031	\$1,421,945	\$1,451,531	\$1,481,804	\$1,512,782	\$1,544,481	\$1,576,918
City of Tucson Return	4.92%	5.00%	5.09%	5.18%	5.27%	5.36%	5.45%	5.55%	5.65%	5.75%	5.86%	5.97%	6.08%
Rio Nuevo Return	13.17%	13.46%	13.75%	14.05%	14.35%	14.66%	14.98%	15.30%	15.64%	15.98%	16.33%	16.68%	17.05%
Public Return	9.21%	9.40%	9.59%	9.79%	9.99%	10.19%	10.41%	10.62%	12.45%	12.71%	12.97%	13.24%	13.52%
Private Return	7.19%	8.37%	9.57%	10.80%	12.07%	13.37%	14.69%	16.06%	14.03%	15.39%	16.79%	18.22%	19.69%

Project Budget - South Site, Phase One			
	Square Feet	Cost per SF	Total Cost
Construction			
Residential/Flex	231,898	\$110.87	\$25,711,386
Commercial	27,280	\$100.00	\$2,728,000
Parking/Podium	116,000	\$60.00	\$6,960,000
Intermodal Center	66,000	\$60.00	\$3,960,000
Streetscape, Roads, Utilitites			\$1,250,000
Interest and Taxes			\$1,000,000
Insurance			\$100,000
Permit/Impact Fees			\$1,500,000
Legal, Syndaication, Finance Fees			\$600,000
Appraisal, Market Study, Misc			\$70,000
Design/Engineering			\$1,450,000
Rent Up Reserves			\$400,000
Cont/Predev/Reimuburse/FF&E			\$3,380,000
Public Soft Costs			\$1,217,000
			\$50,326,386

Overall Project Costs			
	Square Feet	Cost per SF	
Construction South Site			
Residential/Flex	231,897.50	\$110.87	\$25,711,386
Commercial	27,280	\$100.00	\$2,728,000
Parking/Podium	116,000	\$60.00	\$6,960,000
Inter-Modal Center	66,000	\$60.00	\$3,960,000
Streetscape, Roads, Utilitites			\$1,250,000
	Square Feet	Cost per SF	
Construction North Site			
Residential	135,000	\$125.00	\$16,875,000
Live/Work	8,450	\$120.00	\$1,014,000
Parking/Podium	75,400	\$70.00	\$5,278,000
Interest and Taxes			\$1,500,000
Insurance			\$200,000
Permit/Impact Fees			\$2,250,000
Legal, Syndaication, Finance Fees			\$1,000,000
Appraisal, Market Study, Misc			\$100,000
Design/Engineering			\$2,250,000
Rent Up Reserves			\$600,000
Cont/Predev/Reimuburse/FF&E			\$5,380,000
			\$77,056,386

Development Costs: Sources and Uses

Source			Cost
Senior Debt			\$30,659,690
Equity/Deferred Fee			\$6,279,696
City of Tucson 108 Fund			\$6,427,000
Rio Nuevo			\$6,960,000
Total			\$50,326,386
Use			Cost
Construction	Square Feet	Cost per Square Foot	Total
Residential/Flex	231,898	\$110.87	\$25,711,386
Commercial	27,280	\$100.00	\$2,728,000
Parking/Podium	116,000	\$60.00	\$6,960,000
Intermodal Center	66,000	\$60.00	\$3,960,000
Streetscape, Roads, Utilities, Art			\$1,000,000
Interest and Taxes			\$1,000,000
Insurance			\$100,000
Permit/Impact Fees			\$1,500,000
Legal, Syndication, Finance Fees			\$600,000
Appraisal, Market Study, Misc			\$70,000
Design/Engineering			\$1,450,000
Rent Up Reserves			\$400,000
Cont/Predev/ Reimburse/FF&E/ Development Services			\$3,380,000
Public Soft Costs			\$1,217,000
Total Costs			\$50,326,386

Developer Experience ✓

“Developers considered should be experienced in public/private partnerships, urban mixed-use, and transit-oriented development. They should demonstrate a commitment to transparency, consensus building, and strong/positive government relationships.”

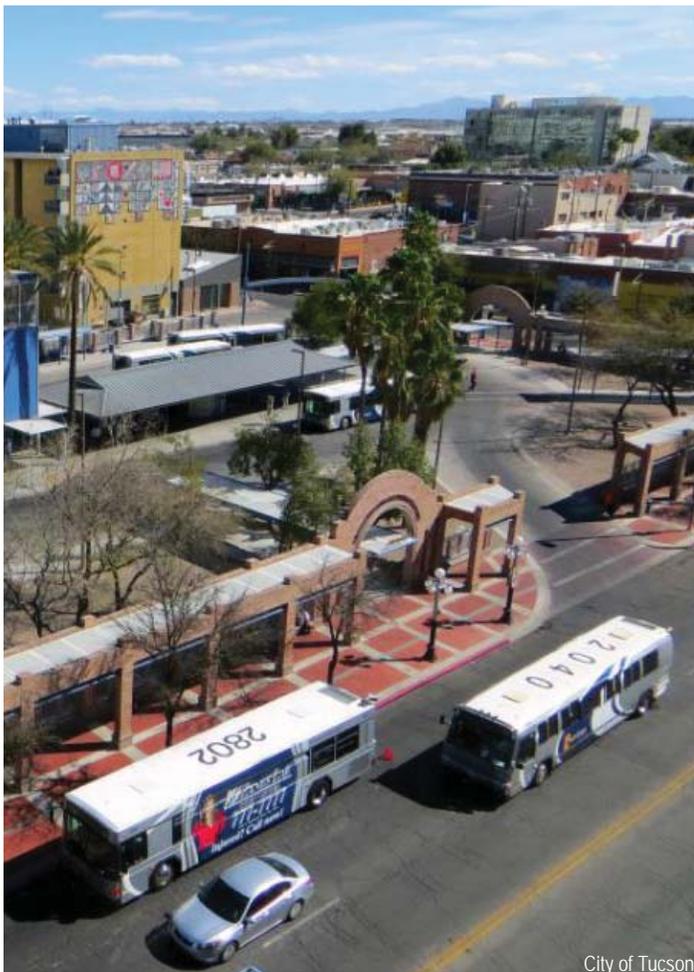
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Technical Q&A

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that said, the cost for the project we projected is reasonable based on our experience for similar projects both in the marketplace and outside the marketplace.

Please note that COSTS MUST BE MAINTAINED as there is only so much revenue coming from the retail, parking and residential units to fund the project. The revenues from Phase One dictate a project cost under \$50M and anything above that is not financeable or buildable based on our experience.

Finally the timeline gap between Phase One and Phase Two is for two reasons. First and foremost, we are focused on the development of the Intermodal Center and will need the North Site for staging or transit services. Second, we believe prudent financial participants will want to see proven results on the South Site before adding more housing product into the market.

2. Financing

Financing is unclear related to the City's financial commitments, Rio Nuevo's financial commitment, the term for \$100,000 City lease payment, source of parking revenues, and aggressive tax revenue assumptions; lack of funding identified for Phase Two.

Our proposal is for the public to finance, own and operate the parking garage and Intermodal Center, using project generated revenues to pay for those improvements. These revenues are primarily parking fees paid by users, sales taxes from the retail and the proposed 30 year \$100,000 payment. Final details, budgets and working relationships would be agreed upon prior to project commencement.

Sales tax revenue assumptions are in 2018 dollars based on our experience on similar projects and in concert with the two tenants who we are working with. We agree that this projection depends greatly on the type and quality of the tenant but all tenants in Plaza Centro and the Stiteler Properties are paying over \$25/sf so we feel we are not aggressive for an activated downtown.

Phase Two is privately financed; our commitments and

Technical Q&A

Summary of Key Issues

1. Project Cost and Phasing Schedule

Overall, the proposed project costs seem low, considering soft costs, contingencies and escalation. Phase 1 schedule seems aggressive; clarify reason for gap prior to beginning Phase 2.

All parts of the proposed project, including the schedule, depend greatly on the program of the project and decisions made by the City during the process, negotiation of the structure of financing and operational decisions for the transit center. At this point, it is hard to pin down an exact schedule and cost for the program beyond our current estimates. With

success triggers for Phase Two development will be negotiated and within the final development agreement.

3. Transit Center

The proposed configuration of the Transit Center is of concern including potential conflicts with transit center and retail/restaurant uses such as public/private entrances and grease traps/sewer access, and aesthetic/experience of an indoor transit center with low ceiling and bus exhaust. A secondary access point for emergency situations would be needed. Please provide evidence and examples that an indoor terminal is desirable.

Indoor transit centers for buses and trains have been successfully delivered throughout the world. Rochester, Denver and San Francisco have constructed or are constructing similar facilities. Rochester is probably the best comparable because of the size of the market. Other facilities, such as in Chicago, Indianapolis and Minneapolis, separate the waiting area indoors from the buses which is possible in this proposal if that is something that interests the City.

The ceiling in the facility is not low (20 feet) and will be open on two sides for air flow plus a ventilation system to recycle air from the outside. In our amended proposal, we have added a light/air well to provide natural light and to augment the fresh air system.

There are only public entrances into the facility and separating grease traps and providing sewer access is easy through proper planning. Secondary access for emergency vehicles will be provided through Arizona Avenue. We believe keeping the center on the site and operating in a similar and improved manner is important. As instructed by the RFP, we did not want to reduce the number of bus bays or change the way the system is operating. Rather, we want to enhance its connection to different modes of transit and improve its operations and conditions on the site. Our design program is reflective of maximizing the site for both transit and development. Should we have to reduce the

retail program, we are not confident our project would be financially viable nor are we confident that there would be enough revenue to pay for a new facility. We want to be able to have a productive and meaningful dialogue about how we, collectively, deliver a great Intermodal Center and a great mixed use project and are amenable and expecting that that dialogue will include changes to the program in the proposal. But the alternatives are moving the transit center, moving part or all of the development or, as the other proposal has done, reduce the size of the transit center in both scope and function – none of which were deemed by our team as financially feasible or improvements to the current conditions for operators or users of the system.

4. Greyhound

Greyhound is currently working with the City of Tucson on other sites for the relocation of their station. Your plan should not rely on the relocating of Greyhound to this site.

We are not relying on Greyhound; rather we are hopeful of connecting multi-modes of transit together in one central location. We are confident that if the City chose to locate Greyhound somewhere else that we could lease out the retail space and find an alternative to connecting transit riders to the new Greyhound site.

Detailed Questions and Clarifications

I. Scope

(a) Please confirm whether operational responsibility and costs for maintenance and security of the Transit Center are proposed to be developer, City or another entity.

We are leaving the design, maintenance and operation of the future Intermodal Center in the City's control where it belongs.

(b) Please confirm if any costs for improvements located within the public right-of-way, or for "public amenities" (e.g. open space, performance spaces,

pocket parks, gardens) are proposed to be borne by developer (construction cost, operation & maintenance costs, and security responsibilities).

The cost of the streetscape would be part of the negotiation but we projected the cost to be paid by the developer and refunded from construction sales tax per ordinance by the City of Tucson. The developer would maintain their TRE portion through CAM and the remaining right of way would be either maintained by the City or by the HOA as it is for other condo type projects such as Plaza Centro.

(c) Please confirm where parking for restaurant /retail space employees and customers is provided.

Customers and employees can park in the parking garage onsite or at any of the other parking options downtown. We are not providing free parking for employees, nor do most retail establishments within Downtown Tucson, on 4th Avenue or on University Avenue.

(d) Please explain design of/relationship between preserved brick arcade and retail shops/restaurants access and visibility.

We believe that using the Arcade with design appropriate signage designed by Melody Peters will have the same effect as new retail frontage with the added benefit of incorporating the arcade into the design context and to provide a unique sense of arrival. The Arcade is an iconic feature in Downtown Tucson and a functional element providing shade along a significant urban streetscape. Additionally the City is now requesting we retain the Arcade and Tiles which seems to validate our decision to do so.

II. Cost

(a) How has the construction cost for the residential portion of the project been calculated, and how does it relate to other recent Tucson developments?

It is based on a budget provided by our contactor, Tofel Construction, and it aligns with the benchmark projects we

interviewed for cost and the Cadence/Plaza Centro project which is an identical construction technique, type 3a over concrete podium garage. The shape, scale and design of the project provides cost efficiencies although we did project the cost of the building to be higher than that of similar projects for reason of contingencies and escalation.

(b) Have escalation costs been included in the figures? If so, how were they calculated?

Yes, escalation in cost and expenses are projected at approximately 3.7% for the first year (2016) and 4% per year after. For example, our construction estimate was increased 11.7% (3.7%, 4%, 4%) to reflect 2018 dollars. We are including a rough construction estimate for Phase 2 but it will depend on final concept and market performance. It is important for us that Phase One can stand alone because our commitment to the project is to develop Phase One, and if we perform, develop Phase Two shortly after. We do not want to depend on revenue or development offsite to fund the project because there are too many variables and risks. For Phase One, costs were tied to inflation (in the US from 2000-2015 was approximately 2.5%) and the Construction Cost Index.

(c) Does the project cost include design, construction or developer contingencies? If so, please provide details and amounts.

The construction and soft cost estimates are based on our experience in similar projects both in the market and in other markets. We have not added contingencies for each category, rather we added a 7% contingency for the project at this point.

(d) The overall project costs on p19 show no incremental soft costs associated with the North Site – please explain.

We believe that confusion was a result of a formatting issue. The North and South Hard Construction cost were separated but the soft costs were combined together. If you compare

the soft cost categories from that exhibit to the individual South Site exhibit you will see the difference.

(e) Generally, soft cost line items appear to be very low. Please provide details on assumptions for these costs.

Our subcontractors were asked for a fixed fee estimate for services for the project. We are planning on a design-build fixed fee project for the private portion. Those estimates are what were provided and in line with other projects we have worked on including Plaza Centro.

(f) Please provide line-item detail and assumptions for the dollar amount on p81 of the Proposal, for \$1.25 million for “public road work, streetscape and utility work.”

Again, without an actual project program those numbers are tough to project at this point. That “ballpark” number was based on a combination of the traffic circle cost estimate in the Parsons Brinkerhoff study, estimates of utility work based on current utility locations and our transportation and design team estimates for site work.

(g) Where are costs for North site streetscape, roads, utilities, art, etc. shown?

They are not shown. The North Site program is completely conceptual at this point. Our expectation is to define that program and timing triggers for that project during negotiation.

(h) Please provide a breakout of the Cont/Predev/Reimburse/FF&E/Development Services” line item of \$3.38 million on p82.

\$3,201,996 is 7% of the estimated project cost. Approximately \$2,000,000 is for development services, approximately \$200,000 is for fixtures, furniture and equipment and approximately \$1,000,000 is for predevelopment reimbursables and contingency.

(i) How does Appendix B apply to this project?

It is an estimate of cost from Tofel Construction, our general contractor, for the Phase One apartments in 2015 dollars.

III. Schedule/Phasing

(a) Proposal p8 notes that the South Site will have 260 units, but may be developed in two phases – please explain.

It is anticipated that the apartments will be built all together in one phase but the design allows the apartment construction to be completed in two phases should either the market or financial participants dictate such a need (lack of absorption) or the City desire a phased approach to the apartments.

(b) Please confirm details for construction of the parking garages – Proposal p15 shows no parking for North Site Net Leasable Area, but p19 North Site shows 92,000 SF.

Our preliminary design included 92,000 sf of parking area on the North Site. That amount is conceptual and open to react to market needs for parking on the site. Our expectation is that we will develop that site in accordance with the development agreement timelines and based on performance on the South Site.

(c) Project schedule on p39 suggests a 4-6 month lease-up/stabilization period for a 260 unit development – seems very aggressive. Please confirm.

This schedule, while preliminary, assumes that the south site is brought online in two components with units available in March and all units leased by November. We will likely need to adjust our assumptions upon completion of a formal market study.

(d) Narrative on p8 mentions “interim downtown bus transfer plan.” However, the cost for this work is not identified. Please provide estimated costs, or an allowance for this work, identify whether developer,

City or another entity are proposed to bear this cost, and include this in the project schedule.

That decision and estimate needs a public discourse and the involvement of the operator. Our Traffic Team has stated that this plan may either be an interim site downtown or a plan to spread the distribution throughout the transit system. We cannot project at this time which the City and SunTran will choose.

(e) Schedule on p39 assumes “Entitlements in place for public portion, Phase 1 & Phase 2” – if these are only delivered for the South Site, how would that impact schedule?

Presuming the need to rezone the North Site to OCR-2 or equivalent, it could delay the beginning of phase 2 depending on the length of the process. The project does not need the North Site rezoned before we would begin the South Site, but it may impact how we view the value of the site. We believe that in the negotiation process we could come to a better understanding of how we value the site and the project schedule. We are willing to commit to construction dates and timing in those negotiations.

(f) Please confirm assumed plan review durations for City and other public agencies.

Yes, we have assumed that all reviews will go through the normal process, a process that can range in time based on complexity.

IV. Business Terms

(a) Please describe your contingency plan to provide additional parking if residential parking demand is greater than assumed – address supply, cost and revenue sharing implications.

Our hope is to develop a transit orientated development to promote alternate forms of transportation and lifestyles beyond the car. With that said, the design for the South Site includes a total of 325 parking stalls, which is well within

industry norms for urban sites.

(b) Does this proposal reflect the construction of all public improvements in compliance with Title 34 of Arizona Revised Statutes?

It assumes that the procurement, wages and delivery must conform to both state and federal requirements because of the involvement and delivery of public funding and public improvements and the involvement of federal funding (HUD 108 funds). We left the option to the City on delivery and assumed the process to be similar to Plaza Centro.

(c) Please confirm the expectation that the City will contribute \$5.39 million toward the project (p81) and what revenue is anticipated for this investment.

It is an estimate based on an estimate. Our expectation in the proposal is the City will finance the public portion (Intermodal Center, street improvements, bring utilities to the site) and deliver a development pad for the Developer to build. The revenues to pay for that are from sales tax and land lease payments. The expectation of the garage is that it be delivered based on the same financing structure as the AC Hotel. We are also proposing that it would make sense if the City and Rio Nuevo work together to finance and deliver the garage, public improvements and Intermodal Center together, with the combination of taxes, land lease payments and parking lease payments covering the debt, loan and return for those investments.

(d) The business terms suggest HUD Financing – does your proposal provide any resources to prepare and submit this application?

We haven't spoken to HUD at this early stage but HUD funding remains an option. As with any other predevelopment expense for the private portion of the project, the developer would provide the resources to prepare the application should we decide to go that route.

(e) Please confirm how long the \$100,000 “City Lease

Payments” continue.

The HUD webinar we attended on Joint Development projects suggested 30 years. Our proposal is for 30 years (\$3 Million Dollars).

(f) Please confirm how long the \$350,000 (and escalating) “Parking Lease Revenues” continue.

As long as we are required to satisfy the City and Rio Nuevo. Negotiations may steer away from this format and embrace the Plaza Centro model where the City leases out spaces individually. Final direction will be determined during negotiations.

(g) Please confirm the funding source for the \$80 (and escalating) monthly fee for each parking space.

We are projecting \$80 per month in revenue from a combination of monthly resident parking as well as daily parking.

(h) Please confirm the number of affordable units (noted on p84) that were assumed in the proforma on p83.

While it is our intent to incorporate affordable units, the projections do not yet reflect those affordable rents because the amount and degree of affordability will depend on the procurement of Federal resources, which can't be applied for until after selection as the Developer.

(i) The \$216,000 (and escalating) City of Tucson retail sales taxes generated by the project appear to assume annual taxable sales of \$500/NSF – please confirm.

Yes, \$500 a foot in 2018 dollars. It is based on our experience at Plaza Centro (the Congress Street Frontage estimate) and from the estimates of the main proposed tenant (10,000 square foot) on the 6th Street side and the proposed tenant in the café space at the northern end of the South Site. We

would want signed leases and financial commitments before we reveal those proposed tenants.

(j) Please confirm the details of your proposed commitments (p82) for local retailers, smaller tenants, street vendors and pop-up retail spaces described.

We are absolutely committed to small, local businesses, providing space for pop up and street vendors and service level retail for both transit users and residents of the project. We believe our anchor tenant will show that commitment. However there are no firm commitments for retail spaces we don't own or even know if we will control in the future.

(k) Would developer be amenable to an air rights lease or condominium ownership arrangement if the City requires continuing ownership of the land and transit center?

Yes, our proposal was based on the presumption that the public would maintain control of the Intermodal Center and the public garage with the retail space and air rights being delivered through a condo plat similar to Plaza Centro.

(l) Would developer be open to a revenue sharing arrangement based on the project's financial performance?

We are open to discussing any arrangement that delivers a quality Intermodal Center and a financially viable commercial and residential project.

Ongoing Dialogue ✓

"The needs of the downtown neighborhoods should (be) paramount in the redevelopment. Developers, Sun Tran, and the City of Tucson must commit to ongoing dialogue and negotiation with neighborhoods."

Community Planning Process:
Ronstadt Center Site Redevelopment, City of Tucson
Poster Frost Mirto
May 24, 2013



Addendum Recognition 7





Aleks Istanbulu Architects

Addendum Recognition

Addendum I

ITEM ONE (1): PHASE II REVISED PROPOSALS DUE DATE: You will receive separate notification on this date. Included will be requested clarifications on the Phase II submittals assembled from city staff and independent third party subject matter experts. It is anticipated that a 30 day responses period will be sufficient to provide clarifications and/or proposal revisions.

We are in receipt of the addendum and are including a signed copy for your records

ITEM TWO (2): MODIFICATIONS / CLARIFICATIONS / ADDITIONAL INFORMATION: PUBLIC ART Subsequent to the public presentations on the Offerors' Ronstadt Transit

Center Joint Development Project proposals, it was brought to our attention that the tiles created by artist Melody Peters and included in the arcade on the Ronstadt Transit Center site were commissioned as public art and require proper handling as art assets in the City's collection. The City of Tucson is committed to keeping the art, and expects the selected Offeror to either:

1. Retain the tiles in their current location
2. Work directly with the artist on the integration of the tiles within the project to ensure that the integrity of the artwork and the interest of the artist and the public are respected. Offerors should indicate which option they would pursue if they were to be selected. This may be done in conjunction with any revisions being made to proposals. See Item 1 of this amendment for submission of revisions.

We have brought Melody Peters on to our design team and intend to pursue both options outlined in Addendum #1. As we have previously proposed, we are preserving the arcade and tiles in place. In addition, we are Mrs. Peters to work with the other members of the design team to bring the same aesthetic value into the Intermodal Center and potentially on the lower facade of the building.

Emailed Addendum II

"Offerors are to submit written responses to clarification questions sent with this notice. These responses may be included as an appendix to any proposal revisions. Offerors may also submit revisions/modifications to the Phase II proposal previously received. This may take the form of revisions only. To further clarify this, any revisions/modifications to your project should respond to: 1) the public questions and comments, 2) the public art amendment, and/or 3) the technical comments. Proposal revisions should not go beyond responding to these topics."

We are in receipt of the emailed addendum.

REQUEST FOR PROPOSAL AMENDMENT

CITY OF TUCSON DEPARTMENT OF PROCUREMENT
255 W. ALAMEDA, 6TH FLOOR, TUCSON, AZ 85701
P.O. BOX 27210, TUCSON, AZ 85726
PHONE: (520) 837-4125/FAX: (520) 791-4735
ISSUE DATE: Thursday, August 27, 2015

REQUEST FOR PROPOSAL NO.: 140983
RFP AMENDMENT NO.: One (1)
PAGE 1 Of 1
PRINCIPAL CONTRACT OFFICER: DAN LONGANECKER, CPPB
Dan.Longanecker@tucsonaz.gov

A SIGNED COPY OF THIS AMENDMENT MUST BE SUBMITTED WITH YOUR SEALED PROPOSAL.
THIS REQUEST FOR PROPOSAL IS AMENDED AS FOLLOWS:

Ronstadt Transit Center Joint Development Project: Phase II

ITEM ONE (1): PHASE II REVISED PROPOSALS DUE DATE:

You will receive separate notification on this date.

Included will be requested clarifications on the Phase II submittals assembled from city staff and independent third party subject matter experts.

It is anticipated that a 30 day responses period will be sufficient to provide clarifications and/or proposal revisions.

ITEM TWO (2): MODIFICATIONS / CLARIFICATIONS / ADDITIONAL INFORMATION:

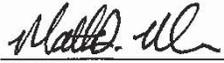
PUBLIC ART

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ALL OTHER PROVISIONS OF THE REQUEST FOR PROPOSAL SHALL REMAIN IN THEIR ENTIRETY.
VENDOR HEREBY ACKNOWLEDGES RECEIPT AND UNDERSTANDING OF THE ABOVE AMENDMENT.

 8-28-2015
Signature Date

Matthew D. Meier
Print Name and Title

Alexander Company, Inc.
Company Name
345 W. Washington Ave., Ste 301
Address
Madison WI 53703
City State Zip