

PROCUREMENT SUMMARY

EXPO/CRENSHAW STATION JOINT DEVELOPMENT PROJECT/PS37025000

1.	RFP Number: PS37025000	
2.	Recommended Vendor: Watt Companies, dba WIP-A, LLC	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP- Joint Development <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: January 10, 2017	
	B. Advertised/Publicized: January 10, 2017	
	C. Pre-proposal/Pre-Bid Conference: January 25, 2017	
	D. Proposals/Bids Due: April 20, 2017	
	E. Pre-Qualification Completed: N/A	
	F. Ethics Declaration Forms Received: April 20, 2017	
	G. Protest Period End Date: October 23, 2017	
5.	Solicitations Picked up/Downloaded: 136	Bids/Proposals Received: 4
6.	Contract Administrator: Brian Selwyn	Telephone Number: (213) 922-4679
7.	Project Manager: Nicholas Saponara	Telephone Number: (213) 922-4313

A. Procurement Background

This Board Action is to approve a Short Term Exclusive Negotiation Agreement and Planning Document (Short Term ENA) with Watt Companies, doing business as WIP-A, LLC and the County of Los Angeles (County) for the development of 1.77 acres of Metro-owned property and 1.66 acres of County-owned property at the Expo/Crenshaw Station. Board approval of the Short Term ENA is subject to resolution of any properly submitted protest.

This project, if approved, will be administered by Metro per the terms of a Memorandum of Understanding entered into by the County and Metro on January 6, 2017.

The Request for Proposals (RFP) was issued in accordance with Metro's Acquisition Policy and will result in a Short Term ENA.

A pre-proposal conference for this RFP was conducted on January 25, 2017 and was attended by 50 people representing 47 firms. Twenty-three questions were asked at the pre-proposal conference and responses were released prior to the proposal due date.

A total of four proposals were received on April 20, 2017.

B. Evaluation of Proposals

A Proposal Evaluation Team (PET), consisting of staff from Metro Joint Development (JD) and Community Relations, the City of Los Angeles, the County of Los Angeles, and a community-based organization was convened and conducted a comprehensive technical evaluation of the proposal received.

The proposal was evaluated based on the following evaluation criteria and weights:

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|--|------------|
| • Vision, Scope and Design | 35 percent |
| • Development Team Experience and Financial Capacity | 30 percent |
| • Financials | 20 percent |
| • Implementation | 15 percent |

The evaluation criteria are appropriate and consistent with criteria developed for other similar Joint Development procurements. Several factors were considered when developing these weights, giving the greatest importance to the vision, scope and design, and team experience and financial capacity to undertake the work of this project.

All four proposals were determined to be within the competitive range and are listed below in alphabetical order:

1. APPA Real Estate LLC
2. Crenshaw Corridor Ventures LP
3. NCNvision, LLC
4. Watt Companies, dba WIP-A, LLC

During the week of May 29, 2017, the PET met and interviewed the firms. The firms' project managers and key team members had an opportunity to present each teams' qualifications and respond to the PET's questions. In general, each team's presentation addressed the requirements of the RFP, experience with all aspects of the required tasks, and stressed each firm's commitment to the success of the project. Also highlighted were work plans and perceived project issues. Each team was asked questions relative to each firm's proposed alternatives and previous experience.

Qualifications Summary of Firms within the Competitive Range

WIP-A, LLC

WIP-A, LLC is a wholly-owned subsidiary of Watt Companies, a privately-held, for-profit Southern California-based developer formed in 1947.

The development team also includes Belzberg Architects, RELM (landscape architecture), Nelson/Nygaard (transportation), Harley Ellis Devereaux (design),

Arup (engineering), BuroHappold (sustainability), Ross Group (outreach), and Allan Kotin & Associates (P3 and real estate).

The proposer has constructed and manages a number of large-scaled, mixed use projects in the Los Angeles area. The proposer has established long-term relationships with financial institutions and has demonstrated its ability to assemble financing for other similarly scaled real estate transactions.

APPA REAL ESTATE LLC

APPA Real Estate LLC (APPA) is a privately-held, for-profit Santa Monica real estate investment and development company formed in 2013.

The development team for the proposal also includes Retirement Housing Foundation (RHF) (affordable senior housing developer), Ankrom Moisan Architects (architecture), and SWA Group (landscape architecture).

Although principals have experience on large, public-private partnerships, APPA as a firm has limited independent experience delivering projects of comparable scale and complexity to what is proposed. RHF has a demonstrated track record in developing and managing affordable housing projects.

CRENSHAW CORRIDOR VENTURES LP

Crenshaw Corridor Ventures LP (Crenshaw Corridor LP) is a California Limited Partnership composed of West Angeles Community Development Corporation, a 501 (c)(3) non-profit community development corporation formed in 1994 in affiliation with the West Angeles Church of God in Christ, and Integral Development LLC, a privately-held, for-profit Atlanta-based developer formed in 1993.

The development team also includes Killefer Flammang Architects, AE3 Partners (design and construction administration), Duane Border (landscape architecture), e7 Architecture Studio (sustainability), Dan Rosenfeld (land use consulting), Charles Dunn (real estate leasing), Concord Group (market analysis), Curton Dunsmuir (building contracting), and T.R.U.S.T. South LA (mobility).

The development team has a track record of delivering both large-scale development (Integral) and local, community-based development (West Angeles CDC). The strength of the team was offset by relatively low scoring in proposed development program/vision and financial offer as highlighted later in this report.

NCNVISION, LLC

NCNvision, LLC (NCNvision) is a Special Purpose Entity consisting of NVision Development Group, LLC, National CORE and Capri Investment Group. National CORE (affordable housing developer) and the Los Angeles-based private development firm NVision Development Group would serve as co-developers of the project.

The development team also includes Capri Investment Group (financial partner), Build Group (construction manager), QDG Architecture (design), Hart Realty Advisors (project management), and Nuvis Architecture (landscape architecture).

NVision Development Group, LLC has limited experience delivering projects of comparable scale and complexity to what is proposed. Co-developer National CORE has a demonstrated track record in developing and managing an extensive portfolio of affordable housing projects.

Summary of Proposed Development Programs¹

Each proposer was required to submit a table with gross square footage for each proposed use, including public and private open space, market rate and affordable housing units, retail or office space, parking, and any other information relevant to the development program. This information is summarized below.

Residential

	WIP-A, LLC	APPA	CRENSHAW CORRIDOR LP	NCNvision
Residential Units (#)	492	375	406	500
# units 30% AMI	-	-	51	-
# units <50% AMI	73	-	-	-
# units <60% AMI	-	125	17	177
% Affordable Units <60% AMI²	15%	33%	17%	35%
# units <80% AMI	-	-	-	68
# units <120% AMI	-	-	22	-
# units <140% AMI	-	-	-	-
% Moderate Units	-	-	5%	14%

¹ The Development Program is based on proposal submissions. The recommended proposal is preliminary and subject to change during the transaction negotiation.

² Per Metro Joint Development Policy, units qualifying as "affordable" are restricted to households earning 60% or less of the Area Median Income (AMI) as defined by the California Tax Credit Allocation Committee (TCAC).

Non-Residential Uses

	WIP-A, LLC	APPA	CRENSHAW CORRIDOR LP	NCNvision
Office (SF)	-	93,925	-	-
Retail/Dining (SF)	47,500	56,372	42,250	109,882
Community Facility (SF)	12,500	5,329	9,000	40,000
Parking (on-site spaces)	591	406	282	356
Bicycle Storage	542	1,340	420	120
Public Open Space (SF)	126,670	43,500	76,407	67,155

Summary of Proposed Funding and Financial Terms³

Each proposer was required to submit the anticipated sources of proposed project funding. Proposers were also required to submit financial officers to Metro and the County which included key financial information such as ENA fee, lease period, rents at all stages of development, and any other terms proposers would like to offer. To further evaluate each proposal, financial projections were calculated to assess the value of each offer and are summarized below.

Funding Sources Ratios

	WIP-A, LLC	APPA	CRENSHAW CORRIDOR LP	NCNvision
Equity	39.5%	33.3%	16.8%	18.3%
Conventional Debt	60.5%	50%	65.8%	44.6%
Competitive Grants	-	16.7%	14.8%	37.1%
Other	-	-	2.6%	-

Site A Financial Terms (County)

	WIP-A, LLC	APPA	CRENSHAW CORRIDOR LP	NCNvision
Ground Lease Term and Options	66 years	65+17+17 years	66 years	99 years
ENA Fee	\$25,000	\$275,000 ⁴	\$25,000	\$25,000
Holding/Construction/Lease-Up	\$641,070	\$500,000	\$ -	\$511,712
NPV of Ground Rent Over Term ⁵	\$25,957,880	\$12,094,454	\$1,559,389	\$19,435,692
Potential Additional Rent	Yes ⁶	No	No	Yes
Participation Sale/Refinance	Yes	Yes	Yes	No

³ The Funding and Financial Terms are based on proposal submissions. The recommended proposal is preliminary and subject to change during the transaction negotiation. The Board will consider final terms as part of the proposed Ground Lease approval.

⁴ Refundable under certain conditions.

⁵ Projected net present value (in 2018 dollars) of ground rents to be received by the County over the lease duration, beginning with the first stabilized year of operation using a 4% discount rate.

⁶ "Look-back" provision that would provide a one-time payment to the County in the event the project proves to be more profitable than projected.

Site B Financial Terms (Metro)

	WIP-A, LLC	APPA	CRENSHAW CORRIDOR LP	NCNvision
Ground Lease Term and Options	65 years	65+17+17 years	66 years	60+39 years
ENA Fee	\$25,000	\$275,000 ⁷	\$25,000	\$25,000
Holding/Construction/Lease-Up	\$641,070	\$500,000	\$325,000	\$609,113
NPV of Ground Rent Over Term ⁸	\$24,676,819	\$12,094,454	\$6,665,086	\$20,696,740
Potential Additional Rent	Yes ⁹	No	Yes	Yes
Participation Sale/Refinance	Yes	Yes	Yes	No

⁷ Refundable under certain conditions.

⁸ Projected net present value (in 2018 dollars) of ground rents to be received by Metro over the lease duration, beginning with the first stabilized year of operation, using a 4% discount rate.

⁹ "Look-back" provision that would provide a one-time payment to Metro in the event the project proves to be more profitable than projected.

A summary of the PET's scores is below.

1	WIP-A, LLC	Average Score	Factor Weight	Weighted Average Score	Rank
2	Vision, Scope and Design	78.67	35.00%	27.53	
3	Development Team Experience and Financial Capacity	78.33	30.00%	23.50	
4	Financials	79.44	20.00%	15.89	
5	Implementation	77.92	15.00%	11.69	
6	Total		100.00%	78.61	1
7	APPA				
8	Vision, Scope and Design	76.50	35.00%	26.78	
9	Development Team Experience and Financial Capacity	66.94	30.00%	20.08	
10	Financials	66.39	20.00%	13.28	
11	Implementation	71.25	15.00%	10.69	
12	Total		100.00%	70.83	2
13	Crenshaw Corridor LP				
14	Vision, Scope and Design	70.33	35.00%	24.62	
15	Development Team Experience and Financial Capacity	76.67	30.00%	23.00	
16	Financials	66.67	20.00%	13.33	
17	Implementation	63.33	15.00%	9.50	
18	Total		100.00%	70.45	3
19	NCNvision				
20	Vision, Scope and Design	65.00	35.00%	22.75	
21	Development Team Experience and Financial Capacity	60.56	30.00%	18.17	
22	Financials	63.33	20.00%	12.67	
23	Implementation	56.67	15.00%	8.50	
24	Total		100.00%	62.09	4

C. Background on Recommended Developer

The recommended firm, WIP-A, LLC, is a wholly owned subsidiary of the Watt Companies (Watt). Watt was established in 1947 and has grown into one of the largest owners, managers, and developers of commercial and residential real estate on the West Coast. Watt offers a broad range of services and solutions, including building and development, investment, advisory and asset management. Throughout its history, it has successfully developed properties in partnership with land owners and institutional partners. The senior members at Watt Companies have more than 150 collective years of industry experience. The firm owns and manages a real estate portfolio of \$1.5 billion. Two examples of local projects in which Watt played a major role are Crenshaw Plaza, a 139,000 square foot neighborhood retail center located at the southeast corner of Crenshaw Blvd. and Slauson Ave. in Los Angeles, and Renaissance at Inglewood, a master planned community in the City of Inglewood featuring 375 single family detached homes.

The proposed team assembled by WIP-A includes firms with experience in architecture, engineering, urban design, community outreach, and public/private partnerships. Belzberg Architects has a diverse portfolio of design projects in the USA, Canada, and Mexico. RELM (formerly Melendrez) is a landscape architecture and urban design firm responsible for notable projects such as Blossom Plaza adjacent to the Gold Line Chinatown Station. Nelson/Nygaard Consulting Associates, Inc., founded in 1987, is an internationally recognized firm committed to developing comprehensive transportation systems. Harley Ellis Devereaux (HED) was founded in 1908, and has a large portfolio of mixed-use urban infill developments. Arup is a global design and business consulting firm with technical engineering expertise. BuroHappold Engineering delivers design solutions for environmentally friendly buildings, communities and organizations. Allan Kotin has over 50 years in public/private joint ventures. The Ross Group provides strategic planning and public meeting coordination services, and staff members have held prominent leadership positions in the Crenshaw Chamber of Commerce and the Crenshaw Family YMCA. Team members have worked together in smaller combinations on several projects, and bring a number of best practices from other notable transit-oriented development projects throughout Southern California.

D. DEOD Summary

Metro encourages Development Teams to create opportunities to include Small Business Enterprise (SBE), Disadvantaged Business Enterprise (DBE) and Disabled Veteran Business Enterprise (DVBE) firms in their projects, through professional or construction services.

WIP-A, LLC, the developer and manager of the project, is a majority woman-owned business enterprise. The team also includes RELM, a Metro-certified SBE firm which specializes in landscape architectural services.