

Response to Memorandum Questionnaire

TO: Richard Werbiskis, AICP; RFP Selection Committee (Memo dated November 29, 2018)

FROM: Deltran Operations USA, Inc.

Date: December 5, 2018

RE: Response to Request for Additional Information

- 1. Provide detailed request for City participation/incentives in the redevelopment of the sites including but not limited to asbestos abatement, building demolition and site clearing, infrastructure investment, off-site parking, permit and impact fee reductions and tax abatements. Also provide detailed benefits to be gained by the City as a result of providing said incentives/participation.**

The following are Deltran/GlassHouse Square's "wants" from the City of DeLand:

- Conveyance of subject parcels at no cost to GlassHouse Square based on a takedown/phasing schedule.
- Expedited plans, permits and applications review by City.
- City of DeLand to assist in impact fee reductions/abatements from Volusia County.
- City of DeLand to provide/grant a 10-year tax exemption for Deltran HQ and The Innovation Center.
- Participation in Public-Private Partnership (P3) for construction of parking structure (Deltran and its Development partners to participate in P3).
- Construction of fire station site surface parking field for Phase I parking (project programmed for City execution).
- Dedicated City Team to commence Project Agreement negotiations as soon as feasible for a target Spring 2020 (or earlier) Phase I construction start.
- Dedicated City Team to facilitate/expedite project entitlement process (PUD, site plan review, platting, permits, public hearing process, third party/government agency coordination, etc.).
- Maintenance and liability responsibility for "splash pad".
- Construction of GlassHouse Square Alley as a pedestrian street.

Benefits/"Give Backs" to City from Deltran/GlassHouse Square:

(GlassHouse Square plus MF project on Comfort Service, Inc. Parcel)
A private investment of over \$17 million that includes construction and soft costs.

• Payment of Parcel Closing Costs:	\$ TBD
• Estimated City Impact Fees:	\$ 185,298
• Potential Ad Valorem Revenues per Annum: (Based on current millage rates)	\$ 271,589
• Plans Review Fees:	\$ TBD
• Estimated Building permit fees:	\$ 135,058
• Estimated Design + Construction of "Splash Pad":	\$ 215,000
• Design and Construction of project stormwater system (decreasing outfall of "downstream" water volume to Florida/Georgia Av. intersection):	\$ TBD
• Participation in 3P for Parking Structure	<u>\$ TBD</u>
	TOTAL \$806,945+ plus TBD Fees

Financial/Economic "Give-Backs" to Volusia County/Area

• Estimated Traffic Impact Fees	\$ 289,157
• Estimated School Impact Fees	<u>\$ 576,000</u>
	TOTAL \$ 865,157+

TOTAL Estimated Financial "Give-Backs" \$1,672,102+

2. Are there any perceived City constraints to implementing your proposal?

Phase I of the Project may be implemented immediately upon execution of the Project Agreement. This is based on our analysis of existing available parking, City construction of parking on the fire station site (programmed by the City) and City delivery of the subject sites.

The program consists of:

PHASE I	
BUILDING 1: 30,000 SF	BUILDING 2: 8,100 SF
Mixed Use Building (3 stories)	Retail, Artist's Lofts & Gallery (2.5 stories)
10,000 SF Retail/Commercial (ground level)	2,800 SF Retail/Commercial
10,000 SF The Innovation Center	5 Artist's Lofts
10,000 SF Deltran Headquarters	1,500 SF Gallery Space
Rooftop Event Space	Rooftop Event/Exhibition Space

Phase II must include a parking structure to accommodate parking demand. Deltran and its development partners propose a Public-Private Partnership with the City to build the structure. Terms and conditions of same to be addressed in the Project Agreement or a separate agreement.

3. Are there any other anticipated or perceived impediments or concerns related to the successful implementation of your proposal?

NO. Deltran/GlassHouse Square LLC does not perceive any impediments to the successful implementation of the proposal. The development group looks forward to forging a true partnership with the City for the construction of this exciting redevelopment Project.

4. What is your expectation for the City expediting the permitting process for your proposal? Please provide your expected timeline.

Our October 29, 2018 RFP response package included a development schedule. The schedule provides a range of dates and activities in anticipation of a Phase I program construction start of Spring 2020.

Summary of schedule/key dates and activities:

- A) Project award: December 2018
- B) Acquisition and Project Agreement negotiations: January – April 2019
- C) Jail structure demolition and site clean-up and prep for transfer: May – December 2019
- D) Entitlement process - PUD, Phase I Site Plan and infrastructure plan permitting: April – December 2019 (includes plan and permits preparation and public hearings).

Phase II construction is contingent upon a Public-Private Agreement in place for the construction of the multi-level parking garage.

Deltran/GlassHouse Square hereby commits to work with City Staff to streamline the plans review process in order to shorten the approval process.

Deltran/GlassHouse Square hereby requests that the City be co-Applicant on outside agency applications (Water Management District, Florida Department of Environmental Protection, etc.) since parcel(s) transfer to GlassHouse Square LLC is not to occur until approvals are obtained.

5. Provide a detailed description/proposal, including estimated cost and responsible party, of stormwater management associated with the reuse/redevelopment of the site.

In our initial due diligence into the RFP, the City and specific opportunities and constraints analysis we established:

- A) The City of DeLand has a stormwater Master Plan in place – produced in 2004.
- B) Said Master Plan is currently being updated.
- C) The surrounding CRA area has two (2) areas of drainage concern:

1) Intersection of Florida and Georgia Avenues

2) Intersection of Florida and West New York Avenues

These areas experience flooding conditions during intense short term storm events. There are potential drainage improvements being considered by the City to “cure” the drainage issues.

D) The subject RFP sites are 100% impervious.

The proposed development plan by Deltran will include a stormwater/drainage component that will decrease the amount of impervious coverage, provide capture of site drainage therefore, decreasing stormwater outfall downstream to the Florida/Georgia Avenue drainage area (“Upstream” capture of drainage outfall from subject sites – not currently provided).

Design and construction of the Deltran/GlassHouse Square stormwater system is the sole responsibility of the developer. No City of Deland financial responsibility or participation.

6. Provide a detailed description, including estimated cost and responsible party, for providing adequate vehicle parking specifically for the two sites included in the RFP.

As outlined in the RFP response, parking demand for Deltran/Glasshouse Square’s Phase I program is to be accommodated via a parking strategy that includes: Project on-site parking, existing public parking and future/fire station site parking.

Breakdown as follows:

USE	SPACES	RESPONSIBLE PARTY
A Temporary parking	22	GlassHouse Square ¹
B Artist’s Lofts	18	GlassHouse Square ²
C City Lot (NE corner of FL/GA Ave)	23	Existing
D Fire Station Lot	74	City Programmed ³
E Parallel Parking (S FL Ave)	9	Existing
F Parallel Parking (W Howry Ave)	12	Existing
G City Hall (after hours)	85	Existing
H Parallel Parking (W NY Ave)	8	Existing
Total Parking Available	251	
¹ Estimated cost: \$15,000 - \$20,000		
² Estimated cost: \$12,000 - \$15,000		
³ City Project estimated cost: \$50,100 (excludes structure demolition)		

GlassHouse Square Phase I parking demand: 151 spaces.

Parking for GlassHouse Square Project program at full buildout (Phase I & II) requires the construction of a parking structure.

Parking demand is as follows:

PARKING DEMAND		
GlassHouse Square (Phase I & II)	254	Full build out
Additional City Hall parking	100	As requested by City
Residential project under contract	213	Program for Comfort Service, Inc.
Total Parking Required	567	

USE	SPACES	RESPONSIBLE PARTY
A Parking structure (4 levels)	599	Public-Private Partnership ¹
B Surface spaces	18	In-place (during Phase I)
C Parallel Parking (W NY Ave)	8	Existing
D Parallel Parking (W Howry Ave)	12	Existing
E City Lot	23	Existing
F City Hall (after hours)	67	Existing
Total Parking Available	727	
¹ Average cost for 4 level parking structure is \$8.5 million (per Means Costworks – 2018). A Public-Private Partnership is proposed between City of Deland, Deltran/GlassHouse Square, LLC and the Comfort Service, Inc. MF parcel developer to construct the parking structure on the fire station site. Specific Project proforma to be studied by Finfrock.		

Surplus parking in proposed parking structure: 160 spaces (equates to 52,650 SF ± of retail)

7. Provide a detailed description/proposal, including estimated cost and responsible party, of any publicly accessible amenities associated with your proposal.

GlassHouse Square proposes to construct a “splash pad” as part of the outdoor public accessible amenities. Estimated costs to construct the “splash pad” range from \$130,000 to \$250,000 subject to design and site layout considerations. These costs are to be borne by GlassHouse Square. Specifics relative to maintenance and liability are to be detailed in the Project Agreement. It is anticipated that both maintenance and liability are to be the responsibility of the City of DeLand.

GlassHouse Square shall also include private access only amenities such as roof/deck event spaces and may include indoor event spaces (GlassHouse Square’s responsibility).

8. During your analysis of the existing former jail site, was any consideration given towards retention and repurpose of the existing building? If so, what were the pros and cons?

As part of the initial site(s) investigation the Team studied the potential repurpose and adaptive reuse of the jail structure. However, it was determined that the structure due to spatial and operational limitations, is not a “fit” for GlassHouse Square due to:

- A) It does not allow for the implementation of the proposed building program to include two/phased multi-use buildings (multi-story); lack of surface located open space; and redesign/renovation of ground-level floors to efficiently “engage” retail/pedestrian flows.
- B) Undetermined structure rehabilitation costs to accommodate proposed uses; limitation of structure for phasing, architectural theming and parcelization of lots/uses. Proposed buildings are respectful of the architectural and urban design theme established in the CRA area.

The reuse/repurposing of the structure would not maximize the potential tax base nor create optimal benefits to the CRA/City as a larger building program on the site. The true benefits to the CRA accrue with new construction, increased densities and intensities as the result of new assessments which create new values and increased ad valorem taxes/revenues.

Current Volusia County Tax information indicates that the jail site consists of 35,706 SF, all which is tax-exempt. Assuming a repurposing of the site (with the same square footage) and current millage rates, said use could generate approximately \$55,636 in ad valorem taxes per annum (compared to GlassHouse Square’s estimated \$124,000 ad valorem tax per annum).

9. Are you amenable to modifications of your proposal to achieve the goals and objectives of the City?

YES. GlassHouse Square’s proposed development master plan has “built-in” ability to account for structure placement, building height adjustments, open spaces and phasing as the result of site constraints and/or potential City initiated recommendations. Specific modifications and/or alternatives to be addressed in the Project Agreement (Developer’s Agreement) process.

10. Is your proposal contingent upon your successful acquisition of additional properties? If so, which properties?

NO. Deltran proposes to redevelop/develop the subject parcels described in RFP 18-20 terms and conditions. No additional parcels are required for completion/construction of the building program outlined in Deltran’s response.

Deltran’s development team has secured a purchase contract on the Comfort Service, Inc. parcels that may be incorporated into the GlassHouse Square Project (independent of the RFP’s parcels).

11. What do you anticipate to be the secondary (or multiplier) effects to the Downtown as a result of the implementation of your proposal?

The GlassHouse Square Project implements the City’s 2050 Vision Statement by: redeveloping a core City area, establishing mixed-use centers and providing a diverse and strong economy that will result in a more viable and sustainable community.

Additionally, GlassHouse Square will bring new high value, high wage business to the area (CRA) and fosters the development of complementary business (a goal stated in the Economic Development Department's Mission Statement).

GlassHouse Square's multiplier/secondary effects to the CRA/Downtown area include:

- A) Increased tax base from a non-tax generating real estate asset, contributing to the CRA fund.
- B) A surplus of 160 parking spaces in the Phase II parking structure that equates to 50,600 SF of new/additional commercial space.
- C) Provides a potential redevelopment opportunity for the City owned parking lot at the northeast corner of Florida and Georgia Avenue. Potential program may include 22 residential units and 6,600 SF of street level commercial space.
- D) 142 unit residential/multifamily project on the Comfort Service, Inc. parcel at the northeast corner of Florida and Howry Avenues.
- E) The economic spending power of 179 projected full time employees at an estimated annual payroll of \$8.9 million.
- F) The economic spending power of 182 projected temporary construction employees at an estimated annual payroll of \$9.7 million.
- G) Economic multiplier effect of the estimated Project construction budget of \$11.1 million with suppliers, support industry and associated services.
- H) Strengthens City of DeLand as the center for Artists, entrepreneurs and "sustainable Living" in East Central Florida.

12. Provide supporting reasons why your team and proposal will be the "most advantageous" for the City.

- Project implements the "framework" set forth in the award winning Georgia Avenue District Vision/Master Plan (Outstanding Planning Study 2018 by the Florida Planning and Zoning Association).
- Project is backed by Deltran Operations USA, Inc.'s financial and fiscal strength – no need for capital/investor search.
- Deltran Development Team is ready to commence work immediately upon project award:
 - NO additional studies
 - NO additional land or properties
 - NO re-master planning of the CRA District!
 - No project outside RFP scope
- Experienced Development Team.

- GlassHouse Square is a mixed-use, infill project, anchored by:
 - Deltran’s World Headquarters Building and its 52 employees w/ annual payroll of \$4.2 Million
 - Creation of the Innovation Center – incubator space for entrepreneurs
 - Creation of “Artist-In-Residence” program.
 - Creation of Residential Units
 - Street level commercial/retail uses
- A private investment of over \$17 million that includes construction and soft costs.
- Investment in job creation:
 - Estimated 179 permanent jobs with an annual payroll of \$8.9 million
 - Estimated 182 temporary construction jobs with annual payroll of \$9.7 million
- Estimated “Give Backs” to City/County of \$1.6 million.
- Increase in ad valorem taxes + revenues to CRA.
- Participation in 3P for parking structure construction with a potential surplus of 160 parking spaces for future downtown development.
- GlassHouse Square is REAL and ready for immediate start.
- Secondary/multiplier effects of project to include: 142 residential units on private land and potential development opportunity on City owned parking lot.
- “Upstream” capture of project stormwater flows (currently not in place).
- Flexibility in program/building placement to accommodate site limitations and City preferences.
- Project is not speculative. Phase I can commence immediately upon award. We perform NOW!