



TITLE: Conduct a Public Hearing to Consider/Discuss/Act on a Resolution Authorizing the City Manager to Negotiate an Agreement(s) with a Development Firm(s) for the Redevelopment of City-Owned Properties in the Downtown Area

MEETING DATE: May 7, 2013

DEPARTMENT: Administration / Purchasing / Planning

CONTACT: Jason Gray, City Manager
Debbie Nye, Purchasing Manager
Kevin Spath, AICP, Assistant Director of Planning

RECOMMENDED CITY COUNCIL ACTION:

- Approval of the Resolution.

ITEM SUMMARY:

- After evaluating the proposals based on the selection criteria published in Section 5 of the Request for Proposals (RFP) as well as on the results of the interviews and the Open House event, Staff recommends moving forward with the following:
 - Primary Site: Zenstar Development (Proposal #4)
 - Secondary Sites: In Town Homes (Proposal #2)
- City Council's approval of the Resolution represents formal selection of the proposals and authorizes the City Manager to negotiate the terms of public/private partnerships with the selected development firms for the development, design, and construction of the City-owned properties. City Council's approval of the Resolution does not obligate the City to participate in a public/private partnership.
- Detailed financial analysis of specific City participation elements will be performed as part of the negotiation process. Upon completion of the negotiation process, agreements (along with specific City participation elements) will be brought to the City Council for consideration and approval.
- In the event that a mutually beneficial agreement is not reached with a selected development firm(s), the City Manager will begin to negotiate with the next best qualified offeror. In that event, the City Council would be notified of that situation and a revised Resolution would be brought back to the City Council for

consideration and approval.

- The proposals from both of the Staff recommended development firms reflect a site for a future municipal building(s). It is anticipated that future discussions with the City Council will be necessary to decide which property(s) included in the proposals, if any, will be home to a future municipal building(s).

BACKGROUND INFORMATION:

- Since the adoption in 2008 of the Town Center Study Initiative Phase 1 Report and associated illustrative vision (together known as the “Town Center Master Plan”), the City of McKinney has been evaluating and implementing a comprehensive strategy of implementation tools (e.g. development policies, development ordinances, grants, public infrastructure investments, catalyst projects, etc.) in order to bring the vision to life and truly allow revitalization and economic redevelopment of the historic Town Center to be achieved and sustained over the long-term.
- In July 2012, as a proactive step to increase momentum for continued revitalization in the Town Center, the City issued a Request for Proposals (12-025RFP) seeking master development proposals from qualified private development firms for the redevelopment of 10 City-owned downtown properties. Redevelopment of any combination of these properties is expected to include new residential uses and/or new commercial uses (in single use and/or mixed use buildings) within a compact and pedestrian-friendly design that is consistent with the City’s adopted Town Center Master Plan.
- In November 2012, the City received the following 4 proposals:
 - Proposal #1 submitted by CB Jeni Homes (Allen, TX)
 - Proposal #2 submitted by InTown Homes (Houston, TX)
 - Proposal #3 submitted by GroundFloor Development (Dallas, TX)
 - Proposal #4 submitted by Zenstar Development (Austin, TX)
- The proposals have been evaluated by an executive-level Staff team that includes members from the City Manager’s Office, City Attorney’s Office, Development Services, Planning, Engineering, and Purchasing Department.
- As published in Section 5 of the RFP, evaluation criteria include but are not limited to:
 - Demonstrated experience and performance of the development firm with comparable projects and public/private partnerships
 - Financial capacity of the development firm
 - Financial and technical competence of the development firm
 - Capability of the development firm to deliver the project as proposed
 - Financial and technical feasibility of the proposal
 - Quality of comparable projects

- Sensitivity of the proposal to the existing context
 - Consistency of the proposal with the McKinney Town Center Master Plan
- Between February 28, 2013 and March 8, 2013, Staff conducted interviews with each of the four development firms.
 - On April 8, 2013, the City hosted an informational Open House event during a Special Meeting. Approximately 75 stakeholders were in attendance. Each of the four development firms made a 15-minute presentation to the City Council. Subsequent to each presentation, the City Council had 10 minutes to ask questions of each development firm. Then, during a “breakout” session (approximately 90 minutes), each development firm was available to discuss their proposals with any interested stakeholders face-to-face and answer any questions. Stakeholders were invited to share their thoughts regarding the four proposals on comment cards.

FINANCIAL SUMMARY:

- Detailed financial analysis of specific City participation elements will be performed as part of the negotiation process. Upon completion of the negotiation process, agreements (along with specific City participation elements) will be brought to the City Council for consideration and approval.

BOARD OR COMMISSION RECOMMENDATION:

- N/A