

City of Falls Church

Meeting Date: 1-8-18	Title: (CONSENT) AUTHORIZE THE CITY MANAGER TO EXECUTE ON BEHALF OF THE CITY A CONTRACT WITH THE FIRM OF ALVAREZ MARSAL FOR COMMERCIAL REAL ESTATE SERVICES (PHASE II)	Agenda No.: 12.a.	
Proposed Motion: Move to authorize the City Manager to execute on behalf of the City a contract for Phase 2 services under RFP 04-19-17-CREAS for commercial real estate advisory services to Alvarez & Marsal under the terms set forth in the RFP, with expenditures not exceed \$530,000			
Originating Dept. Head: Wyatt Shields, City Manager FWS 1-8-18		Disposition by Council:	
City Manager: Wyatt Shields 703.248.5004 FWS 1-8-18	City Attorney: Carol McCoskrie 703.248.5010	CFO: Kiran Bawa 703.248.5092	City Clerk: Celeste Heath 703.248.5014 CH 1-4-18

REQUEST: Council is requested to approve a contract for Phase 2 Commercial Real Estate Advisory Services to the firm of Alvarez & Marsal to advise the City on the GMHS Campus Project. The scope of work is described below, and generally, to be the City’s advisor on the sale or lease of up to ten acres of property. The contract includes the provision of a full time project manager assigned exclusively to the City.

RECOMMENDATION: Staff recommends approval of the motion in order to work with Alvarez and Marsal for Phase II of the Commercial Real Estate Advisory Services contract,

BACKGROUND: In mid-April, the City issued an RFP for Commercial Real Estate Advisory Services for the Campus Planning effort. The scope of work in the RFP is for three phases of services.

Phase I: (pre-referendum)

- Conduct a Market Valuation of the site based on highest and best use, as well as on density and use parameters provided by the City. The analysis will include a land valuation and tax yield.
- Provide expert guidance on bringing the property to market in the most effective manner to maximize land value and quality of development and minimize risk to the City.

Phase II: (post referendum)

- Serve as the City’s commercial real estate advisor for the process of conducting land transactions through execution of a development agreement.

- 30 • Advise on the creation of the two step procurement process
- 31 including a Request For Qualifications and Request For
- 32 Proposals (present through June 2019)
- 33 • Advise on negotiations resulting in a Development Agreement
- 34 (Fall 2018 through June 2019)

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36 Phase III: (post agreement)

- 37 • Serve as the City's commercial real estate advisor through the
- 38 subsequent build-out period in the event that issues arise relating
- 39 to compliance with the development agreement.

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41 The City received five responses to the RFP for Commercial Real Estate Advisory
42 Services. A selection committee composed of the City Attorney, Planning Director,
43 Economic Development Director and City Manager evaluated the responses based on
44 qualifications, approach and methodology, experience with similar projects, and
45 compliance with the terms of the RFP. The selection committee checked references. As
46 part of the evaluation process, the top ranked firm gave a presentation to the Economic
47 Working Group. The City hired Alvarez and Marsal for the Phase 1 work, which
48 included the Valuation Study and the Procurement Roadmap. Staff recommends
49 continuing this work with Alvarez and Marsal for Phase II.

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51 In addition, the City has agreed to hire a project manager for the Campus Economic
52 Development Project through the Alvarez and Marsal Contract, This is a full time
53 position that will be assigned exclusively to the City of Falls Church. The Project
54 Manager portion of the contract cost is \$191,000 spread over the next 18 months.

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56 FISCAL IMPACT: Funding for these contracted Commercial Real Estate services
57 were appropriated through the Campus CIP Project and through the City General
58 Operating Budget (for the Project Manager position). The Contract is structured with a
59 budget for each phase of the project from procurement through negotiation of the final
60 Economic Development Agreement.

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62 TIMING: Routine

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