

BERKELEY UNIFIED SCHOOL DISTRICT

Addendum No. 1 to Request for Qualifications and Proposals ("RFQ/P") #01-0321

Workforce Housing Development

March 26, 2021

This Addendum forms a part of RFQ/P #01-0321 issued by Berkeley Unified School District, and addresses the questions submitted in response to the RFQ/P #01-0321 as follows:

Question 1: "We assume that the team responsible for the Predevelopment Study and Feasibility Analysis is precluded from pursuing this phase of the project. Please confirm."

Answer 1: *The team that performed the Predevelopment Study is not precluded from participating. Although they recommended context for the RFP, they did not participate in the development of the RFP, therefore are not precluded..*

Question 2: "Is it your intent to have the Developer include a design firm on their team at this point in the process? If not, will there be another selection process for architects later?"

Answer 2: *The selected developer will be responsible for developing required design documents and will also be responsible for design coordination. The selected developer shall retain architects and other specialty technical consultants as necessary.*

Question 3: "The RFP Exhibit A says in part, 'The selected developer, as part of the Project planning, will work with the City of Berkeley to obtain the maximum housing density for the Project site.' Please clarify that statement. "

Answer 3: *The District anticipates that the selected developer will confer with the City to determine the maximum housing density for the Project site, including, if applicable, any density bonuses offered by the City, during the due diligence and planning phase of the Project.*

Question 4: "Is BUSD's aim simply to maximize the number of units within the existing zoning and financing constraints?"

Answer 4: *For this Project, the District is primarily focused on the development of workforce housing and the required replacement parking. The District seeks holistic proposals that accomplish this stated goal. However, the sample financial pro forma for the site only demonstrates the financial feasibility of one development strategy. The District understands flexibility in terms of overall size, unit mix and income targeting is necessary at this stage. Developer proposals should allow for flexibility and creativity in developing a specific plan for development implementation at the Project site.*

Question 5: "The housing report pro forma says the site is 0.80 acres but it's 1.32 acres. Please clarify."

Answer 5: *The portion of the property that will be used for workforce housing is limited. The sample pro forma set forth in the Predevelopment Study and Feasibility Analysis provided a preliminary estimate of the size of the Project site. The District understands that it will be necessary to engage a surveyor to determine and record precise*

measurements of the boundaries for the Project's footprint on the site. The District anticipates this engagement will occur during the due diligence and planning phase of the Project.

Question 6: "The housing report pro forma shows a \$4.6M land cost. Respondents should assume \$0, correct? "

Answer 6: *Yes, the land dedication is assumed to be the financial contribution of the District.*

Question 7: "The housing report pro forma development budget includes \$3,914,364 other. What are those costs?"

Answer 7: *The sample financial pro forma budget provided for the site demonstrates the financial feasibility of one development strategy and the selected developer will not be expected to rely on the same approach. The District is looking to the selected developer to draw upon its own experience and expertise to develop a financially feasible plan for the Project.*

Question 8: "What AMI levels do you want the building to target?"

Answer 8: *The District seeks the development of a building with affordable rental housing as defined by the Teacher Housing Act of 2016 (California Health & Safety Code §§ 53572 et seq.) The building must also adhere to any requirements applicable to affordable housing developments using funds from the City's Measure O Affordable Housing Bond.*

Question 9: "How many parking spaces does BUSD want the housing development to provide for the adult school?"

Answer 9: Based on the footprint of the design for the Project, 140 parking spaces will be impacted and will need to be replaced.

Question 10: "Please provide direction so that all respondents can use the same assumptions so that you're comparing apples to apples."

Answer 10: *See response to Question 9 above.*

Question 11: "Would BUSD consider accepting modifying the RFP to accept proposals for developing workforce housing on any site rather than just the adult school? I ask because as an affordable housing advocate, it is important that we stretch the City's affordable housing funds as far as possible. The cost to build 140 structured replacement parking spaces at prevailing wages is about \$10.5M at \$75,000 per space. Since the property likely will appraise for a value well below \$10.5M, the parcel essentially has negative value which results in inefficient use (waste) of millions of dollars of Measure O funds. On the other hand, if BUSD releases an RFP for workforce housing not limited to any particular site, the market will deliver a site at market rate which will result in more efficient use of scarce affordable housing funds."

Answer 11: *The District appreciates your interest in the workforce housing development project and thanks you for your comments. At this junction the District is focused on the development of workforce housing at the Berkeley Adult School site.*

Question 12: "Can the district share any guidance regarding use of LIHTC tax credits vis a vis fair housing law for the exclusive use of BUSD staff?"

Answer 12: *The District understands that the Teacher Housing Act of 2016 creates a state policy supporting affordable housing for teachers and there may be benefits or incentives available for the developers of affordable housing units for teachers. However, the District is not in a position to render any tax advice and understands the selected developer will navigate the legal and tax implications related to its development of affordable housing units in accordance with the Teacher Housing Act of 2016.*

Question 13: "What is required for Tab 8? It is unusual for a RFQ to require a price bid. Given the timing we assume the district is seeking something other than full pricing. a. Please give guidance on what should be submitted for pricing? How will pricing be scored? b. If you do want pricing, should it be based on the Mithun and RCD Study or should a new yield study be done?"

Answer 13: *Respondent's Tab 8 should contain responses to subsections (1) through (6). This includes, but is not limited to, (1) the costs associated with the planning and design services component of the Project as well as an explanation of the method by which those costs have been calculated; (2) Respondent's construction/developer fee which will include profit and overhead; (3) detailed information about Respondent's general conditions costs; (4) Respondent's additional mark-up on subcontractor prices; (5) recommended construction contingent to the applied to errors and omissions, and (6) a proposed timeline over which Respondent's soft and hard construction costs would be recouped from operation of the residential development. Pricing will generally be scored on completeness and lowest price. While price is only one component of the District's adopted best value criteria, proposed pricing should must be based on a viable financial strategy and provide for the development of a financially feasible Project. After the Agreement is awarded, and the City of Berkeley approves the plans and specifications, the selected developer will be required to provide a comprehensive price.*

Question 14: "If there any funding sources available for replacement parking? Based on the background study what sources are eligible to pay for replacement parking?"

Answer 14: *The District's sole contribution to the Project is the land. The District intends for the Project to be funded, in part, through an apportionment from the City of Berkeley from its Measure O Bond. The amount of Measure O funding that may be available to fund the Project is approximately \$24,500,000.*

Question 15: "What tabs of the RFP/Q are relevant to the Developer only and what tabs are relevant to other team members – General Contractor, Architect etc."

Answer 15: *The District is focused on obtaining information from the Respondent developer and would like to get a general sense of the planned Project team.*

Question 16: "What team members would BUSD like to see involved in this RFQ/P?"

Answer 16: *While the District has significant experience with the construction of schools and school related facilities, the District is not an expert in the development of residential properties. Here the District has provided a description of the desired workforce housing development and looks to the selected developer for recommendations regarding the composition and selection of team members.*

Question 17: "Does BUSD want/require any commercial space?"

Answer 17: *The primary focus of the District's Project is the development of workforce housing. To the extent the inclusion of commercial space will improve the economic feasibility of the Project, the District welcomes flexible and creative proposals for the development of the Project.*

Question 18: "Please confirm whether the RFQ requires prevailing wage?"

Answer 18: *The selected developer will be required to comply with the Labor Code prevailing wage requirements.*

Question 19: "Does the project require union subcontractors?"

Answer 19: *No.*

Question 20: "Given that the number of signatory GC's with deep experience in Berkeley will be very small and signatory firms typically have very little experience in the building type called for in the RFQ, will BUSD require the General Contractor to be signatory to carpenters and laborers unions or will signatory status be part of scoring?"

Answer 20: *The District seeks developers with experience within the City of Berkeley and/or the greater San Francisco Bay Area. Typical District projects involve coordination and communication with state agencies and the District will look to the selected developer's team to effectively work with the City of Berkeley.*

Question 21: "It was great to attend the pre-submittal virtual meeting. AGS likes to be part of the design/build team as a sub to provide Geotechnical Engineering Services. How can we have a list of the primes?"

Answer 21: *The District is committed to conducting an open and transparent selection process and will continue to release additional information as the Project develops. The identification of the selected developer will be available when the Project is awarded.*

Question 22: "Will the selected developer be able to select their own design team? Or will BUSD select a design team separately?"

Answer 22: *The selected developer shall retain architects and other specialty technical consultants as necessary.*

Question 23: "What restrictions on tenancy will BUSD require?"

Answer 23: *The District's current focus is on engaging a developer for the desired workforce housing development. During the due diligence and planning process the District and selected developer will define the scope of the selected developer's ongoing property management responsibilities including the day to day operations of the facility. At that time, the selected developer will also work with District to develop criteria for residential occupancy by District Workforce, including compliance with any requirements set forth in the Teacher Housing Act and any conditions imposed by the City of Berkeley in connection with use of proceeds from the City's Measure O Affordable Housing Bond.*

Question 24: "Will there be a time limit on resident tenure? If residents leave BUSD employment will they be required to move out?"

Answer 24: *See response to Question 23 above.*

Question 25: "Is there a page limit? The "Other Services" bullet point at the bottom of p. 13 refers to a page limit, but I don't see a page limit specified in the submittal requirements."

Answer 25: *No, there is not a specified page limit.*

Question 26: "The submittal requirements don't appear to include a pro forma. Can you confirm whether a development pro forma should be included in the proposal?"

Answer 26: *The District is looking to the selected developer to draw upon its own experience and expertise to develop a financially feasible plan for the Project. While there is no specific form of pro forma required, the selected developer's proposal shall clearly demonstrate the economic feasibility of the Project and adequately explain and underlying assumptions incorporated into its financial calculus.*

Question 27: "The submittal requirements don't appear to include any design materials. Can you confirm that teams should use the capacity studies provided in the Feasibility Analysis aren't expected to submit a conceptual site plan, elevations, etc.?"

Answer 27: *The District understands that the development concept for this Project is in the preliminary stages. A conceptual site plan is not required at this stage.*

Question 28: "Given that the selected developer will be responsible for securing all financing and the District won't be funding the project side from the land contribution, will pricing be evaluated based on the proposal that includes the lowest overall costs or based on financing strategy and overall feasibility?"

Answer 28: *Pricing will generally be scored on completeness and lowest price. While price is only one component of the District's adopted best value criteria, proposed pricing should be based on a viable financial strategy and provide for the development of a financially feasible Project. After the Agreement is awarded, and the City of Berkeley approves the plans and specifications, the selected developer will be required to provide a comprehensive price.*

Question 29: "The RFP asks for a budget for each scope of work (p.2). Can you clarify if this means respondents need to itemize the cost to perform each item in the Scope of Work listed on pp. 3-4 or the categories specified in the requirements for Tab 8 on p.12?"

Answer 29: *The District does not intend to hold the selected developer to the exact budget for each scope of work set forth in its proposal. Rather the District seeks proposals based on a viable financial strategy that will provide for the development of a financially feasible Project.*

Question 30: "Does the District anticipate that this project will require a full EIR and an MMRP?"

Answer 30: *The District understands that the property is currently zoned R-2 and directs Respondents to the zoning analysis commencing on page 162 of the Predevelopment Study and Feasibility Analysis. The City of Berkeley will serve as the lead agency for CEQA and will determine the level of CEQA compliance required.*

Question 31: "Should respondents maintain the exact unit and income mix summarized in the Feasibility Analysis or is there some flexibility?"

Answer 31: *Not necessarily, the feasibility analysis for the potential development of the site demonstrates a financially feasible development strategy, some flexibility in terms of overall size, unit mix and income targeting is necessary at this stage. Developer proposals should allow for flexibility and creativity in developing a specific plan for development implantation at the Project site.*

Question 32: "The income mix in the Feasibility Analysis didn't include units at 120% AMI. Does that indicate this isn't a need for BUSD?"

Answer 32: *The feasibility analysis set forth in the Predevelopment Study and Feasibility Analysis provided for the site demonstrates the financial feasibility of one development strategy. The selected developer will not be expected to rely on the same approach. The District is looking to the selected developer to draw upon its own experience and expertise to develop a financially feasible plan for the Project. The District seeks the development of a building with affordable rental housing as defined by the Teacher Housing Act of 2016. (California Health & Safety Code §§ 53572 et seq.) The building must also adhere to any requirements applicable to affordable housing developments using funds from the City's Measure O Affordable Housing Bond.*

Question 33: "Can you confirm whether the District has already discussed utilizing Measure O funds for households up to 120% AMI or will it be the selected developer's responsibility to secure approval?"

Answer 33: *The selected developer will be responsible for ensuring the development meets any criteria set forth in the Teacher Housing Act of 2016 and adheres to any requirements applicable to affordable housing developments using funds from the City's Measure O Affordable Housing Bond.*

Question 34: "Is experience with the Division of State Architect mandatory? DSA review hasn't been required on past educator housing that we've developed on other school districts' sites. Is the District's understanding that it will be required for this project?"

Answer 34: *The District does not expect that any of the primary facilities of the Project will require compliance with Division of State Architect requirements for public school facilities. However, the District is not sure if the development of the replacement parking will require compliance with the Division of State Architect. The selected developer will be responsible to determine if any portion of this project will be subject to the building standards and specifications required by the Division of State Architect.*

Question 35: "Thank you for your time this afternoon. I wanted to confirm my attendance of today's preproposal meeting. I shared your RFQ/P document with a developer that has Bay Area experience and a fund specifically dedicated to workforce housing, L+M Development Partners. My contact there had a conflict was unfortunately unable to attend today's pre-proposal meeting. Please let me know if you are considering

opening this opportunity up to developers that weren't on today's call and I will get L+M up to speed on the parking and predevelopment considerations unique to this project"

Answer 35: *Respondents that fail to attend the mandatory informational meeting, in its entirety, shall be ineligible for responding to this RFQ/P.*

Question 36: "Will you be distributing a list of attendees?"

Answer 36: *Yes, please see Addendum No. 2.*

Question 37: "Would it be possible to get access to the recorded Zoom call from yesterday's workforce housing meeting? I was away from my computer during the call, and was difficult to take notes."

Answer 37: *The recording was taken for the internal District purposes and will not be distributed externally.*

THANK YOU FOR YOUR INTEREST!

[END OF ADDENDUM]