

## SECTION C: SPECIFICATIONS/WORK STATEMENT

### C.1 Scope of Work:

The Government of the District of Columbia, Office of the Deputy Mayor for Planning and Economic Development (“DMPED”) is seeking a contractor to support the analysis needed for an Economic Development Conveyance (“EDC”) application to the US Army on behalf of the Walter Reed Local Redevelopment Authority (“LRA”) for 66.57 acres of the site. The LRA, acting through the DMPED, is charged with negotiating and submitting an EDC application as required through the Base Closure and Realignment Closure process (“BRAC”). The services to be provided under the contract will encompass (1) analyzing the proposed economic impacts and benefits outlined in the 2012 Reuse Plan and (2) developing a business and operations plan to support transfer terms to be negotiated by the LRA.

#### C.1.1 Applicable Documents:

DMPED is seeking a contractor who has the skillset to incorporate the following documents and District law into an EDC application. The documents are as follows:

	<b>Document Title</b>	<b>Source</b>
1	Homeless Assistance Submission narrative	<a href="http://dmped.dc.gov/DC/DMPED/One+City+Development/Walter+Reed+LRA+Homeless+Assistance+Submission+Draft+March+15+2012">http://dmped.dc.gov/DC/DMPED/One+City+Development/Walter+Reed+LRA+Homeless+Assistance+Submission+Draft+March+15+2012</a>
2	Draft Final Reuse Plan	<a href="http://dmped.dc.gov/DC/DMPED/Projects/Development+Projects/Walter+Reed+LRA+Draft+Homeless+Assistance+Submission+and+Reuse+Plan+of+2012">http://dmped.dc.gov/DC/DMPED/Projects/Development+Projects/Walter+Reed+LRA+Draft+Homeless+Assistance+Submission+and+Reuse+Plan+of+2012</a>
3	December 2011 Market Study for the Site	Attached (Attachment A)
4	January 2012 Preliminary Economic and Fiscal Benefits Assessment	Attached (Attachment B)
5	32 CFR Part 174	<a href="http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&amp;tpl=/ecfrbrowse/Title32/32cfr174_main_02.tpl">http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&amp;tpl=/ecfrbrowse/Title32/32cfr174_main_02.tpl</a>
6	Historical Walter Reed LRA Documents	<a href="http://www.walterreedlra.dc.gov">www.walterreedlra.dc.gov</a>

## **C1.2 Definitions:**

Please review the Reuse Plan Glossary to supplement the terms used here.

- “BRAC” - Base Closure and Realignment Closure.
- “District” – Government of the District of Columbia.
- “DoD” - U.S. Department of Defense.
- “DoS” – U.S. Department of State.
- “EDC” - Economic Development Conveyance application, which will outline the terms of the conveyance from DoD to the LRA for the Site.
- “HUD” – U.S. Department of Housing and Urban Development.
- “LRA” - Walter Reed Local Redevelopment Authority.
- “ODMPED” - Office of the Deputy Mayor for Planning and Economic Development.
- “Reuse Plan” – The Reuse Plan that describes existing conditions and a proposed future development program for the Walter Reed Site.
- “OEA” – US Department of Defense, Office of Economic Adjustment.
- “RFP” – Request for Proposals.
- “RFQ” – Request for Qualifications issued for a master developer for the Site.
- “Site” – The Walter Reed Army Medical Campus, which is bounded by Aspen St NW, Georgia Ave NW, Fern St NW, and Alaska Ave NW and is 110.1 acres. Sixty-six and a half acres have been designated for the potential reuse by the LRA. The Site address is 6900 Georgia Ave NW, Washington, DC 20307.

## **C.2 Background:**

The LRA, acting through DMPED, is charged with submitting a Homeless Assistance Submission along with a Reuse Plan to the U.S. Department of Defense (DoD) and the U.S. Department of Housing and Urban Development (HUD) as required through the Base Closure and Realignment Closure process (BRAC). In July, the DC Council approved the Homeless Assistance Submission by legislation and the Submission was submitted to HUD and the US Army for review and approval. Once HUD has approved the Homeless Assistance Submission, and after application to the Office of Economic Adjustment (OEA), the LRA will become an approved implementation LRA that will be in a position to submit an EDC application to US Army. The EDC will outline the terms of the conveyance from US Army to the LRA for the Site. In an effort to ensure that the Site will be developed in a timely manner, DMPED will need to solicit for a master developer. The master developer shall also assist the LRA with the final preparation of the EDC application.

## **C.3 Requirements:**

### **C.3.1 Initial Meeting**

C.3.1.1 The contractor shall coordinate and attend an initial meeting with DMPED within five (5) days after contract award and provide meeting minutes within 24 hours following the initial meeting.

### C.3.2 Business and Operations Plan

C.3.2.1 The contractor shall provide a Business and Operations Plan that will provide the appropriate marketing, financial and revenue data to arrive at a discounted cash flow value estimate of the parcel. This analysis must be for the entire LRA portion of the site. Additionally, the LRA will use the analysis in determining the best mix of uses to be transferred and conveyance mechanisms, as proposed in the 2012 Reuse Plan.

C.3.2.2 The contractor provided Business and Operations Plan must review the marketability of the financial feasibility of the proposed reuse, including such items as proposed phasing schedule, absorption rates, carrying costs, tenant mix, environmental insurance, administrative costs, and overall financial feasibility of the project.

C.3.2.3 The contractor shall suggest and explain financing vehicles for redevelopment of the site including federal and District grants, bond issues, property sales, leases and other tax increment financing options.

C.3.2.4 The contractor shall ensure that this analysis will assume that the property will be developed in accordance with the Business and Operations Plan, consistent with the 2012 Reuse Plan, and arrive at a targeted net financial return from the sale, leasing and operation of the subdivided parcels to be created on the Site.

C.3.2.5 The contractor shall draft the Business and Operations Plan with the analyses outlined here and with an executive summary and final recommendations section.

C.3.2.6 A description of the studies processes, methodology, data gathering, techniques, findings and general study outcomes must be submitted to the District for review and approval.

C.3.2.7 The contractor shall summarize the current real estate market conditions for Washington, DC and generally, the metro area.

C.3.2.7.1 Based on the December 2011 Market Analysis, the contractor shall update and analyze the local options for economic development through an updated market analysis (forecasts of population, building permit, leasing, and other data).

C.3.2.8 The contractor shall conduct a detailed fiscal analysis that considers cash flow, annual revenues and costs, cumulative revenue and costs, off-site infrastructure costs, and product absorption for the site by year. Analyzed expenses should include but not be limited to, management, leasing, replacement reserves, capital improvement reserves, preparation costs, demolition, infrastructure improvements and repair, hazardous material remediation and abatement, ADA, and historic preservation compliance.

C.3.2.8.1 The contractor shall provide a summary report listing each building or structure by number, uses, area in square feet, forecasted vacancy/occupancy and related costs. Market supported capitalization, discount, and vacancy rates must be collected to estimate the percentage of the developer's profits.

C.3.2.8.2 The contractor shall provide a cash flow analysis that includes a reversionary estimate in the final year of using a market supported capitalization rate.

C.3.2.8.2.1 The contractor shall provide a cash flow schedule for the Site in its entirety and the portion of the Site subject to an EDC for a term of 15 years and, alternatively, for market-supported terms estimated by the consultant.

C.3.2.8.2.2 The contractor shall provide separate spreadsheets showing absorption, reserves, expenses, improvements, soft, demolition, and other costs presented by amount and per square foot.

C.3.2.8.2.3 The contractor shall provide values estimated by discounted cash flows estimated for the anticipated EDC portion of the Site, for the surplus properties as a whole and separately for each other transfer use.

C.3.2.8.3 The contractor shall analyze the income potential of utility privatization for possible inclusion in the EDC based on the 2012 Reuse Plan and Utility Financial Feasibility Plan (the Utility Financial Feasibility Plan is currently under development with DMPED).

C.3.2.9 The contractor shall assist in the development of the disposition strategy, including phasing, that will ensure the successful and rapid redevelopment of the site consistent with the 2012 Reuse Plan and to maximize job creation.

C.3.2.9.1 The contractor shall perform an ownership analysis of the LRA retaining fee simple ownership, ground lease structure, or long-term leases for the Homeless Assistance Provider buildings and the Public Benefit Conveyance user sites.

C.3.2.9.2 The contractor shall propose an appropriate and feasible strategy for using available BRAC transfer tools (e.g. LIFOC, early transfer) in order to maximize the ability to rapidly attract tenants or new property owners committed to creating quality jobs.

C.3.2.10 The contractor shall prepare a development timetable and updated preliminary phasing plan (a proposed phasing plan is listed in the 2012 Reuse Plan) for the sites based on the projected availability of property and ability to achieve cash flow and generate short and long term jobs including the project number and type.

C.3.2.10.1 The contractor shall include an analysis of how revenues from lease and/or sale of the property support the creation of jobs, including an absorption schedule for the site.

C.3.2.10.2 The contractor shall identify performance milestones, strategies, and ability to meet a schedule of performance.

C.3.2.10.3 The contractor shall analyze potential synergistic land uses and tenant relationships that can aid in the successful development of the Site based on the 2012 Reuse Plan.

C.3.2.11 The contractor shall develop an investment and financing strategy that includes grants, local funding options such as a special tax allocation district, bonds, taxation, licensing, interim leasing, permitting, fair-share property assessments, impact and other fees, privatization and private investment.

C.3.2.11.1 The contractor shall estimate the level of federal and local investment overall and the relative likelihood of participation.

C.3.2.11.2 The contractor shall assess economic options based on the 2012 Reuse Plan and Utility Financial Feasibility Plan.

C.3.2.12 The contractor shall prepare a fair market value estimate for the Site.

C.3.2.12.1 The contractor shall prepare a separate fair market value estimate for the anticipated EDC portion of the Site and the non-EDC share.

C.3.2.12.2 Using cash flow analysis, the contractor shall demonstrate any added or enhanced value to the adjoining non-EDC portion of the Site by the LRA's ownership and development of the EDC portion and overall benefit to the US Army.

C.3.2.13 The contractor shall include an analysis of environmental insurance options and associated costs.

C.3.2.14 The contractor shall integrate the completed and projected environmental remediation strategies into alternative disposition strategies and business and operations plan.

### C.3.3 Preparation of the EDC Application.

C.3.3.1 The contractor shall request assistance in preparing the EDC application according to 32 CFR Part 174 (See applicable documents under §C.1.1(5)) to provide:

C.3.3.1.1 A copy of the District provided 2012 Reuse Plan.

C.3.3.1.2 A project narrative including the following:

C.3.3.1.2.1 A general description of the property.

C.3.3.1.2.2 A description of the intended uses.

C.3.3.1.2.3 A description of the economic impact of closure or realignment on the local community.

C.3.3.1.2.4 A description of the economic condition of the community and the prospects for redevelopment of the property.

C.3.3.1.2.5 A statement of how the EDC is consistent with the overall redevelopment plan.

C.3.3.2 The contractor shall provide a description of how the EDC will contribute to short- and long-term job generation on the installation, including the projected number and type of new jobs it will assist in generating.

C.3.3.3 The contractor shall provide a business/operational plan for development of the EDC portion of the site as written in 32 CFR Part 174 and as described in Section C.3.2.

C.3.3.4 The contractor shall provide a statement describing why an EDC will more effectively enable achievement of the job generation objectives of the 2012 Reuse Plan regarding the Site requested for conveyance than other federal real property disposal mechanisms.

C.3.3.5 The contractor shall incorporate District provided evidence of the LRA's authority to acquire and dispose of property into the EDC application package.

C.3.3.6 The contractor shall incorporate District provided evidence that the LRA has authority to perform actions required of it, pursuant to the terms of the EDC, and that the officers submitting the application and making the representations contained therein on behalf of the LRA has the authority to do so.

C.3.3.7 The contractor shall incorporate a commitment from the District that the proceeds from any sale or lease of the EDC Site received by the LRA during at least the first seven years after the date of the initial transfer of the property as written in 32 CFR Part 174.

C.3.4 The contractor shall incorporate a commitment from the District to execute the agreement for transfer of the property and accept control of the property within a reasonable time, as determined by the Secretary concerned after consultation with the LRA, after the date of the property disposal record of decision.

C.3.6 The contractor shall submit all preliminary documents for the District's review and approval.

**END OF SECTION C**