



City of Norfolk Military Circle Redevelopment Request For Qualifications (RFQ)



Seeking Qualifications for Developers & Development Teams

Deadline: November 20, 2020 COB

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norfolkdevelopment.com

Introduction

Purpose of RFQ

The Economic Development Authority of the City of Norfolk (EDA) invites qualified local, regional, and national real estate developers and their development teams to submit their qualifications for consideration to lead the redevelopment of Military Circle Mall, an under-performing asset in the City of Norfolk.

The EDA is a political subdivision of the Commonwealth of Virginia authorized to acquire, own, lease, and dispose of properties, promote industry, and develop trade for the benefit of the City of Norfolk. The EDA purchased the Mall property and the former DoubleTree Hotel in June 2020.

The EDA is seeking statements of qualifications from real estate developers and their development teams to lead the redevelopment of Military Circle Mall. The approximately 935,000 square-foot mall, its parking lots and outparcels occupy approximately 89 acres— of which approximately 73 are EDA owned or controlled—at the crossroads of two interstate highways in the heart of the Hampton Roads region (see map in Appendix A).

It is the EDA's intent that Military Circle be transformed into a mixed-use district with office, multi-family residential, retail and other amenities that will revitalize the commercial corridor in which it sits. The office development will be undertaken in consideration of an existing 200,000 square-foot Optima Health office building adjacent to the mall on approximately 16 acres that is owned by MBP, Inc. (Sentara Healthcare).

The successful development team will have experience with large, mixed-use redevelopment projects (office, retail, hotel, residential, entertainment, etc.), that promote community health and wellness, and which have been catalysts for stimulating economic growth and revitalization.

Responses to this request for qualifications will be used as part of a two-phase selection process. The RFQ is intended to pre-qualify respondents who will then be invited to submit proposals under a subsequent RFP process for the project development, design, construction, financing, ownership, and management. The following provides background information; the EDA's goals for the project; RFQ submission requirements; and evaluation and selection criteria.

Background

Metropolitan Area

The Hampton Roads region consists of fifteen urban, suburban, and rural communities, located in Southeastern Virginia. The region is roughly contiguous with the Virginia Portion of the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area, the second largest in Virginia, with over 1.7 million residents.

The region's central location on the U.S. East Coast provides advantages like proximity to major business, financial, and governmental hubs, and direct access to global markets. Hampton Roads' centrality is demonstrated by the fact that approximately 43% of the U.S. population lives within a one-day drive.

Nearly 795,000 non-Military jobs are located in Hampton Roads. The region also has a very large presence of approximately 70,000 uniformed military service members. Key private industries include: Advanced Manufacturing; Business and Shared Services; Distribution and Logistics; Food and Beverage Processing; and Information Technology.

Home to seven four-year higher education institutions and three community college systems, Hampton Roads offers numerous education opportunities. The region also has a very rich arts and entertainment scene with numerous visual arts centers and museums, performing arts groups and organizations, sports teams, performance venues, and festivals.

City of Norfolk

Norfolk is a central city of 245,000 residents within the Hampton Roads region. The locality is home to many of the region's most important commercial, educational and cultural assets.

Commerce – Norfolk is the region's jobs center with more than 145,000 non-military positions. The city is home to the Port of Virginia corporate offices as well as Norfolk International Terminals; Norfolk International Airport; and the largest naval station in the world. Major industries include healthcare; information technology; shipbuilding and repair; manufacturing; business/shared services; transportation and logistics; and insurance.

Education – Old Dominion University, Norfolk State University and Eastern Virginia Medical School are located in Norfolk as well as the administrative offices and flagship campus of Tidewater Community College.

Culture – Norfolk is the region's traditional cultural center with the Chrysler Museum of Art; Virginia Symphony, Opera Virginia; and Virginia Stage Company.

Recreation/Entertainment – Norfolk is host to the Virginia Zoo; Norfolk Botanical Gardens; Norfolk Tides Baseball; and Norfolk Admirals Hockey. Norfolk also boasts several entertainment venues such as the Norfolk Scope, Chrysler Hall, Chartway Arena, and the Attucks Theater.

Diversity – Norfolk is the Commonwealth of Virginia's largest majority minority city, which infuses the entire asset base described above with a vibrant mix of offerings, traditions and perspectives. Along with being an ethnically diverse city, Norfolk has great age diversity with a large youth population and a median age of just over 30 years old.

Resiliency – Norfolk is a waterfront community, at the mouth of the harbor, with many streams and rivers. While this makes for beautiful scenery it also poses challenges due to climate change. For almost a decade, Norfolk has been actively working to become one of the most resilient cities in

the United States. The city has been a leader in incorporating resiliency building initiatives in zoning, capital improvement investments and citizen engagement programs.

Project Area Overview

Military Highway Corridor

The Military Highway Corridor is a regional retail destination that includes the JANAF shopping center; Military Circle Mall; IKEA; and the Norfolk Premium Outlets to the North. Approximately 28% of all the city's retail sales and 20% of food, beverage, lodging and admissions occur in this corridor. Arguably, Military Circle Mall is the worst performing asset in this portfolio.

Military Circle Mall

Military Circle Mall is a 50-year-old suburban-style shopping mall that opened in 1970. The first enclosed mall in Norfolk, Military Circle Mall once thrived but now its 935,000 square feet is only 54% occupied. Also, on the property is a 15 story 200 room hotel, also built in 1970, that has been vacant for over a decade. The EDA purchased Military Circle Mall and the hotel in June 2020.

Of the three original anchor store "boxes," two are vacant and the third was repurposed by the EDA into office space in 2017 and is owned by MPB, Inc and is 100% occupied by Optima Health and Sentara Healthcare. The Optima Health building, located on an adjacent parcel, is owned by MPB, Inc. a subsidiary of Sentara Healthcare, which is also Optima's parent, and is not part of this proposal but should be integrated into the corporate office complex portion of this redevelopment strategy.

The ownership map, included in this RFQ, identifies the parcels owned by MBP, Inc. and the EDA as well as parcels totaling approximately 5 acres ground leased by the EDA. The EDA-owned and leased parcels comprise the area to be redeveloped under this plan.

Redevelopment Opportunities

Redevelopment of the Military Circle area, a long-standing city priority, has been studied on numerous occasions. These various studies and other resources are available for download under "Toolbox" on the RFQ website: <https://norfolkdevelopment.com/city-of-norfolk-military-circle-redevelopment-request-for-qualifications-rfq/>

The Mall property is located at a crossroads of the Hampton Roads region. Situated just minutes from the confluence of I-64 and I-264, the property is 10 minutes (5.9 miles) from Downtown Norfolk; less than 15 minutes from Virginia Beach Town Center (6.6 miles); 15 minutes from Chesapeake's Greenbrier area (8.4 miles); and 25 minutes from the Peninsula (19.0 miles) – offering unmatched connectivity to the region's business, workforce and entertainment centers.

Over a quarter of the region's Civilian Labor Force lives within a short 15-minute commute of the site. It also boasts some of the best transit connectivity in the region with bus lines connecting to service throughout Norfolk, Virginia Beach and Chesapeake. Additionally, the city's nearly 7.5-mile light rail route runs from the Eastern Virginia Medical School campus to within a half mile of the site. Current plans call for light rail to extend through the Military Circle area and onward to Naval Base Norfolk, solidifying the mall's position as a transit hub.

As previously noted, resiliency is a high priority for the city, which has been a leader in incorporating its concepts in zoning, capital improvement investments and citizen engagement programs. The Military Circle Mall area has some of the highest elevations in Norfolk and is well positioned to be a major growth corridor within the 50-year vision for the city's future.

Map

An ownership map showing the parcels owned by the EDA (green shading), that are the subject of this RFQ, can be found in Appendix A at the end of this RFQ. Also note the property owned by MPB, Inc. (yellow shading), which must be cohesively incorporated into the development. Lastly, a portion of two parcels (notated with a "star" on the map) are under an assignable long-term lease that expires August 31, 2066. Please refer to the 2004 survey under the RFQ Toolbox tab for specifics as to dimensions of the ground lease.

The map included is for reference only and should not be used as a substitute for a formal survey of the project area. Parcels not shaded are owned by third parties and are included for reference only.

Strategic Vision

Transform an underperforming and aging Norfolk landmark into a holistic and vibrant wellness-centered community, anchored by one or more major employers, and enlivened by a mix of live-work-play uses and amenities.

Project Goals

The project area represents a significant opportunity to develop the Military Circle area into a premiere residential, employment and entertainment community of choice in Hampton Roads.

• Development

- Redevelop the underutilized shopping mall, to include contiguous EDA-owned outparcels and anchor box stores, into a corporate complex. First and foremost, Military Circle Mall will be repurposed into a thriving mixed-use office employment center. Redevelopment plans should allow for a multitude of business uses including corporate, education, government and nonprofit.
- Incorporate additional uses such as mixed-income residential housing; retail and restaurants; hotel; etc. to create a thriving, inclusive, mixed-income community.
- Provide a rich mix of public spaces such as a community center; health clinic; and a variety of parks, plazas, and open spaces.

- Create a critical mass of community and business activity that supports expanded transit options, including an extension of the City's existing light rail system to the area.
- **Fiscal**
 - Maximize private investment, optimize public investment, and minimize public risk.
 - Increase tax revenue for the City of Norfolk from an area that has produced diminished returns in recent years.
- **Community**
 - Create a holistic health and wellness community with a walkable street grid. The developer should bring stakeholders together, to create a sense of community and a central location to spend time with coworkers and peers and provide employees and residents with more opportunities for physical activity.
 - Connect the redevelopment to surrounding neighborhoods and their residents.
 - Address Norfolk's resilience challenges through sustainable and resilient design.
 - Redevelopment of the project area should create opportunities for permanent jobs for workers of various skill levels and abilities.
 - Implement this plan with a diverse, inclusive development team and diverse equity participation.

Specific Project Requirements

Development teams should outline a vision that creates a sense of community by offering many ways for people to interact with each other by providing a range of activities and public spaces that are supportive of each other and not only serve the residents, but the larger region as well.

- **Development**
 - Infrastructure: Upgrade water, sewer, road and other infrastructure to support current and future development. Development should incorporate substantial water quality and stormwater management improvements and an increase in pervious surface and green space.
 - Office Complex: Develop a signature corporate office complex with 300,000-550,000 square feet of office space.
 - Residential: Housing developed should allow for a full range of quality choices for residents of all income levels.
 - Hotel: Proposals should consider how to support the additional business activity with hotel rooms and meeting spaces that are easily accessible and visible upon entering the community from Military Highway.
 - Parking: Provide an integrated parking system that adequately serves the needs of the project while minimizing the extent of paving and empty spaces.
 - Transit: The development should take into consideration existing transit connections including current and future alignment for light rail.
 - Quality design and density: Create a high-density development, including a mix of land uses that achieves a balance of compact mixed-use community with green space, landscaping,

and public space. Development will be of high architectural quality and well-planned site design for maximum efficiency of the entire site.

- **Fiscal**

- Economic Development: Proposals should directly increase the Norfolk tax base, provide the basis for new jobs with living wages and increase the aesthetic appeal of the city. Developments in Military Circle should also encourage reinvestment, revitalization, and redevelopment within the entire Military Highway Corridor enhancing opportunities for business expansion and development that diversify the city's revenue base.

- **Community**

- Minority Business Support: The development should support the city's mission to facilitate, produce and advance opportunities for minority business enterprises and emerging small businesses to successfully participate in the project.
- Business Retention Assistance: Project should include a program to assist current businesses within Military Circle Mall to maintain operations in Norfolk. Proposers should outline successful experience working with displaced retailers, restaurants, and small businesses to clarify operational requirements, identify suitable locations, and provide technical assistance as needed.
- Sustainable Development: The development should incorporate state-of-the-art technology for new construction or rehabilitation of existing spaces that promotes innovative and sustainable building methods that create a healthier, more vibrant, economically competitive and resilient community.

Solicitation Structure

This RFQ is the first stage of a two-part solicitation process.

- **Stage 1 – Request for Qualifications (RFQ)**

- Submissions: Qualifications due: 11/20/2020.
- Evaluation: RFQ submissions will be evaluated 11/20/2020 – 12/18/2020.
- Shortlist: The EDA will short-list respondents according to the evaluation criteria below 12/18/2020.

- **Stage 2 – Request for Proposals (RFP)**

- RFP Release: The EDA will invite shortlisted RFQ respondents to respond to a request for proposal, which will require additional materials. The shortlisted respondents will be provided with a list of all required documents and the timeline for submission 12/18/2020.
- Selection: The EDA will negotiate a purchase and sale or development agreement with one or more selected respondents. Each development agreement will provide exclusive development rights to a defined geography and/or product type within Military Circle and reflect specific land uses.

Submittal Requirements

The EDA is currently interested in identifying a master developer and design architect that can field a comprehensive development team to redevelop the former Military Circle Mall property. The evaluation criteria will be weighted in the favor of a team with experience in large redevelopment projects, with a mix of uses, in an urban setting.

Proposal teams must include, at a minimum, a Master Developer and Architectural Firm. Additional team members needed to meet the EDA's goals as described herein may be named explicitly. If so, firm capabilities need to be included. If not, proposers must demonstrate how they included necessary partners in past projects and how they would attract top local, regional or national partners to fulfill those roles.

All teams must demonstrate the financial wherewithal to purchase and develop the property as outlined in the project goals.

All submittals must include the information in the order listed below in a way that shows the respondent can address the Project Goals:

Cover Letter/ Letter of Introduction [2 pages max]

Introductory cover letter identifying the lead firm, contact information for the proposed project manager, and the reason for interest in this development opportunity. Include the legal structure of the development team. The letter needs to be signed by a principal or authorized officer of the company who may make legally binding commitments for the entire development team.

Table of Contents (Optional) [1 page max]

Development Team Organization [3 pages max]

Overview of the development team organization including the names or categories of firms proposed to complete the project requirements. Where applicable, indicate the lead firm and lead individual for each component of the work. Please list an approximate percentage of that person's time that will be devoted to the project.

Summary of Qualifications [5 pages max]

Statement of project understanding and summary of qualifications and approach to performing the work and meeting the EDA's goals based on the development team's skills and experiences. At this stage of the project, only a general description of the types of uses and general character/function of the development that the team would explore for the site is required.

Relevant Experience [6 pages max]

Descriptions of no more than five projects that are comparable in terms of public spaces, mixed-use development, multi-building/multi-phase buildout or other aspects relevant to this project. Each description should generally include the following:

- Name, location and description of the type of project including project size.
- The member(s) of the proposed Military Circle Mall redevelopment team that were involved and the services they performed.
- Project specifics:
 - Contact information for a project reference not associated with this proposal.
 - Project construction budget and sources of financing
 - Number of permanent jobs created
 - Increase in taxable value
 - Project start and end dates
 - Any website link or links to relevant articles regarding the project.
- Whether the developer or another member of the current team has or had an ownership interest in the project and, if so, was it a controlling or non-controlling interest.
- Whether the developer or another member of the current team has or had an operating role in the development since its completion.
- Experience providing opportunities for minorities and women to participate in the development.
 - Include experience creating employment opportunities for minorities and other underrepresented groups.
 - Indicate any past or current successes relating to subcontracting to Minority Business Enterprises and Women's Business Enterprises. Preference will be given to proposals including MBEs and WBEs as a part of their team.

Firm Descriptions [2 pages max/firm]

Description of each partner firm such as history, services offered/general experiences, number of employees, location of offices, and any DBE/SWaM qualifications. For respondents not yet proposing a full team of specific partners, detail the type of firm that will be recruited and its role.

Resumes [2 pages max/person]

Resumes for the key project personnel listed under "Development Team Organization," including the location of the primary office to which they are assigned.

Financial Capabilities [5 pages max]

Demonstrate the ability to self-finance or secure funding for large mixed-use projects such as this by providing a list and contact information for the following:

- Experience with private only and public/private project financing mechanisms.
 - Private sources of financing used for recent projects.
 - Public sources of financing/incentives used for recent projects.
- Past bankruptcies or pending financial litigation involving any team firm or principal.

Format Requirements of Submittals

Proposals are due to the City of Norfolk Department of Development at:
<https://norfolkdevelopment.com/wp-content/uploads/2020/09/Upload-Documents.pdf> by
November 20, 2020 at 5:00pm EST. Please, submit one complete pdf electronic file with cover
letter addressed to:

Attn: Mr. Jared Chalk
Executive Director
Economic Development Authority of The City of Norfolk
Norfolk Economic Development Department
999 Waterside Drive, Suite 2430
Norfolk, VA 23510

**Please post all questions pertaining to this RFQ on the “Q&A Online Forum” accessible from the
main RFQ webpage.** All questions submitted in response to this RFQ, and answers to those
questions, will be made public and visible to other proposers.

For all other issues, please contact Robert Sharak at robert.sharak@norfolk.gov or Sean
Washington at sean.washington@norfolk.gov. Please include “Military Circle Redevelopment” in
the subject line.

The EDA reserves the right to reject submittals that fail to contain all required information or fail to
follow all of the instructions contained in this RFQ.

Nothing set forth herein shall be deemed to bind the EDA to enter into negotiations for, or award, a
contract for the above-described services, and the EDA retains the sole discretion to cancel or
modify any part of or all of this RFQ at any time.

Evaluation of Qualifications

Proposals will be reviewed by a Qualifications Review Committee which may include members of
city administrative leadership, Norfolk City Council and the Economic Development Authority
Board. Depending upon the number and quality of submittals, interviews may be conducted during
this initial RFQ process. The committee will recommend to the EDA Board those firms to be invited
to respond to the RFP.

The Qualifications Review Committee will assess each proposal against the criteria listed in the
Evaluation Criteria section. In selecting development teams under this RFQ, the EDA and
Committee will consider responses, interviews, general qualifications, project history, and the
evaluation criteria set forth in this RFQ.

Addenda & Clarification of Proposals

Addenda to this RFQ will be posted under “toolbox” on the EDA’s webpage at:

<https://norfolkdevelopment.com/city-of-norfolk-military-circle-redevelopment-request-for-qualifications-rfq/>

All respondents are responsible for checking the website regularly for any addenda and shall acknowledge all addenda by number in the cover letter to be included with the RFQ submission. Failure to receive or acknowledge an addendum may result in the rejection of the submittal.

During the evaluation of proposals, the EDA reserves the right to contact a proposer to request additional information for purposes of clarification of RFQ responses; reject proposals which contain errors; or at its sole discretion, waive disqualifying errors or gain clarification of error or information.

Evaluation Criteria

Development Team

- Years and breadth of experience in the field.
- Scope of services provided including real estate management and development; marketing and public relations; architecture and design; landscape architecture; engineering and construction; and tenant relocation assistance.
- Financial capability to complete the project.
- Strength of professional, financial and project references.
- Diversity of team and Military Circle ownership structure.

Experience to Successfully Undertake this Project

- Experience with urban redevelopment.
- Experience with similar mall redevelopment projects where primary site usage was converted to office.
- Capability to fulfill office component.
- Capability to fulfill residential component.
- Capability to fulfill a hotel component.
- Capability to fulfill commercial/retail component.
- Capability to fulfill an entertainment component.
- Experience successfully overcoming barriers to site redevelopment (i.e. mall operating agreements, cross easements, community opposition, etc.).
- Experience incorporating public spaces into redevelopment.
- Successful reconciliation of private sector site needs with municipal/community desires.
- Proven capacity to deliver the project requirements on time and on budget.
- Extensive experience with private only and public/private project financing mechanisms.

- Experience subcontracting to Minority Business Enterprises (MBE)/Women's Business Enterprises (WBE).

Project Understanding and Approach

- Understanding of the city's goals and desires for the project.
- Approach to evaluating the market and determining the appropriate mix of uses.
- Approach to incorporating/activating public spaces on site.
- Approach to working with the city in crafting a relocation plan that retains Norfolk businesses in the city.
- Approach to project financing demonstrated by explanation of potential public and private sources.

Pre-Proposal Conference

- The city will hold a pre-proposal web conference on October 05, 2020 from 12:00 PM – 2:00 PM Eastern Standard Time from a link to be found on: <https://norfolkdevelopment.com/city-of-norfolk-military-circle-redevelopment-request-for-qualifications-rfq/>
- The conference will include a presentation by the City, with a project overview and a question and answer session.
- Attendance is optional but strongly recommended. It would be appreciated if those planning to attend would notify the EDA contact persons in advance.

Project Schedule

The following is a tentative schedule the EDA plans to follow in identifying qualified developers, soliciting proposals from them, and negotiating the redevelopment project. The EDA reserves the right to alter this schedule at any time, with or without prior notice, and will post any changes on its website.

- 10/05/20 - Proposers Conference / Proposer written inquiry deadline.
- 10/09/20 - Proposer answers due / Addenda issued.
- 11/20/20 - RFQ Submissions Due (COB).
- 12/18/20 - RFQ Evaluation Complete / Short List for RFP (Tentative).
- 12/28/20 - Invitations to submit RFP response (Tentative).
- 01/25/21 - Final RFP Submissions Due (Tentative).
- 02/01/21 - RFP Evaluation Complete / Start negotiation with finalist(s) (Tentative).
- 02/15/21 - Final Selection (Tentative).

Standard Terms and Conditions

Inquiries

All inquiries related to this RFQ are to be directed, in writing, to the contact persons at the email addresses on the front cover of this RFQ.

Withdrawal or Revisions to Proposal

Any proposal may be withdrawn by written notice to the EDA at any time prior to the date and time specified for submittal. Such notice of withdrawal shall be in writing to the contact individual provided. Any proposer may modify their submittal prior to the date and time specified for submittal by email communication to the contact individuals.

Public Information

Pursuant to Virginia law, development teams may request, in their cover letter to this RFQ, that all information voluntarily submitted by the development team shall be considered a trade secret or proprietary information subject to the provisions of subsection D of § 2.2-4342. Otherwise, all information submitted in response to this RFQ may be made available for public inspection according to public records laws of the Commonwealth of Virginia. All questions submitted in response to this RFQ, and answers to those questions, will be made public and visible to other proposers.

Process & Right to Reject

At any phase, the EDA reserves the right to terminate, suspend, or modify this selection process; and reject any or all submittals.

Amendments to RFQ

The EDA reserves the right to amend the RFQ and issue an addendum to all Proposers.

Non-Responsive Qualification proposals

A proposal may be considered non-responsive if conditional, incomplete, or if it contains alterations of form, additions not called for, or other irregularities that may constitute a material change to the proposal.

Costs for Preparing

The EDA shall not compensate any Proposer for the cost of preparing any proposal, and all materials submitted with a proposal shall become the property of the EDA. The EDA will retain all qualification proposals submitted and may use any idea in a proposal regardless of whether that proposal is selected.

Cancellation of RFQ

EDA reserves the right to cancel this RFQ at any without obligation in any manner for proposal preparation, interview, fee negotiation or other marketing costs associated with this RFQ.

No Commitment to Award

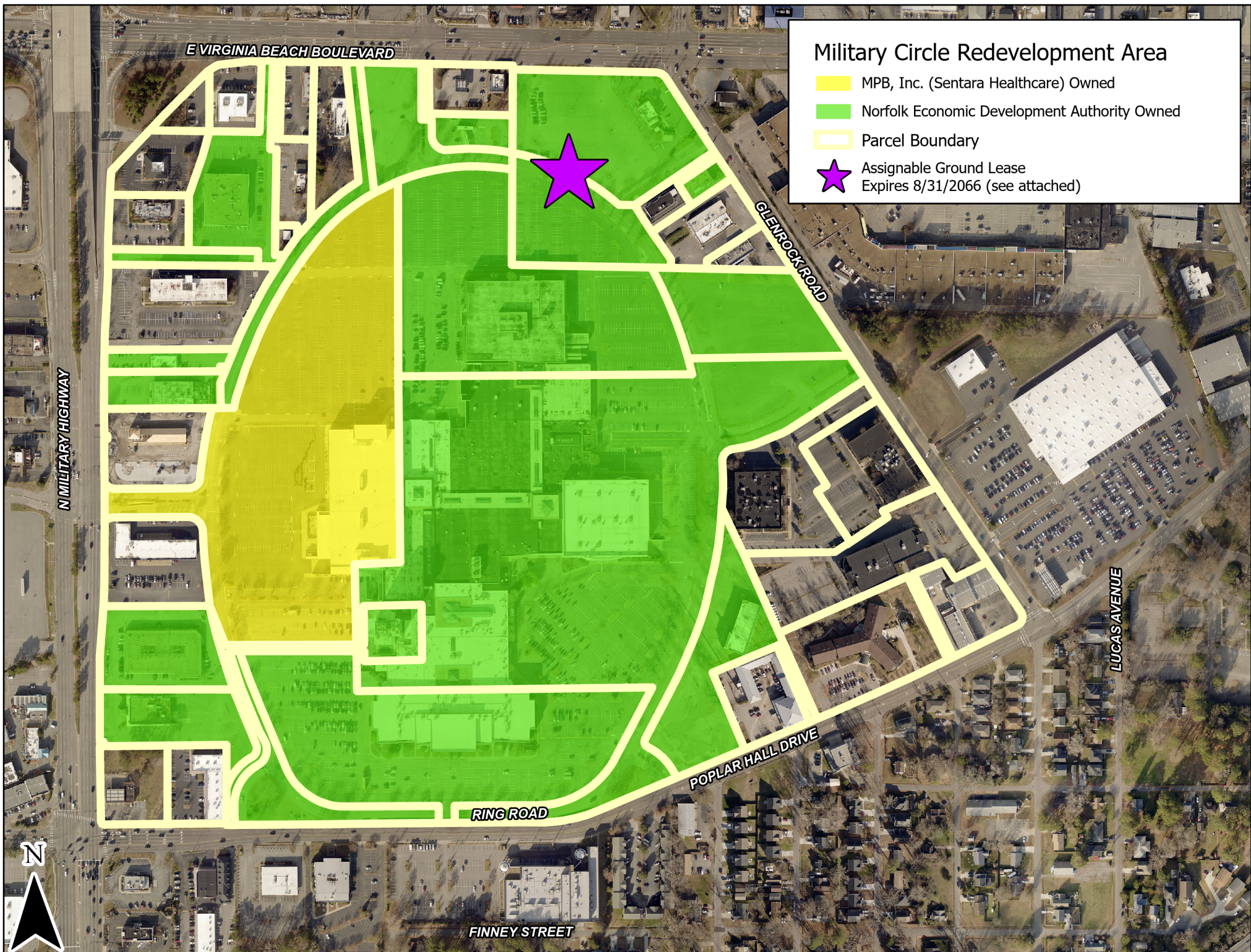
Issuance of this RFQ and receipt of qualification proposals does not commit the EDA to proceed to the RFP stage or award a contract. EDA expressly reserves the right to postpone the proposal for its own convenience, to accept or reject any or all qualification proposals received in response to this RFQ to the extent permitted by applicable law, to negotiate with more than one Proposer concurrently, or to cancel all or part of this RFQ.

Non-Discrimination

The EDA does not discriminate on the basis of race, color, national origin, religion, age, ancestry, medical condition, disability or gender in consideration for an award of contract.

Appendix A

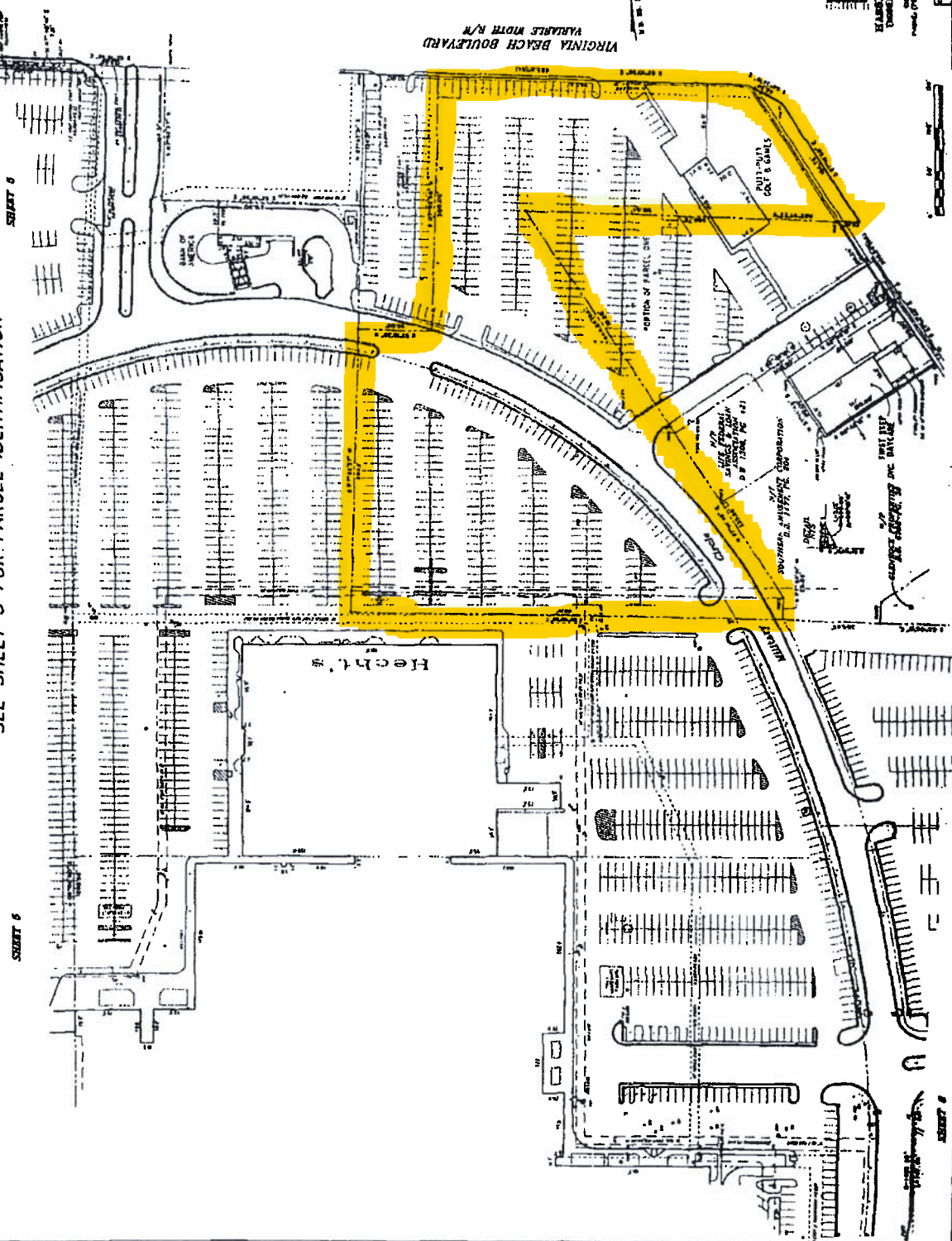
Military Circle Ownership Map



Military Circle Redevelopment Area

- MPB, Inc. (Sentara Healthcare) Owned
- Norfolk Economic Development Authority Owned
- Parcel Boundary
- ★ Assignable Ground Lease
Expires 8/31/2066 (see attached)

SEE SHEET 3 FOR PARCEL IDENTIFICATION



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PROJECT
SHEET