



CITY OF GLENDALE, CALIFORNIA
REPORT TO THE:

Joint City Council Housing Authority Successor Agency GEDC

February 23, 2016

AGENDA ITEM

Report: Request for Proposals to Preserve and Develop City Owned Property Located at the Former Rockhaven Sanitarium—2713 Honolulu Avenue (APNs: 5610-024-900 thru 910)

- (1) City Council Motion Directing Staff to Prepare a Request for Proposals for a Medical/Mental Health-Related Facility and/or Boutique Lifestyle Commercial Development Center.
- (2) City Council Motion Directing Staff to Prepare a Request for Proposals for a Medical/Mental Health-Related Facility.
- (3) City Council Motion Directing Staff to Prepare a Request for Proposals for a Boutique Lifestyle Commercial Development Center.

ACTION

Public Hearing <input type="checkbox"/>	Ordinance <input type="checkbox"/>	Consent Calendar <input type="checkbox"/>	Action Item <input checked="" type="checkbox"/>	Report Only <input type="checkbox"/>
Approved for <u>2/23/16</u> calendar				

ADMINISTRATIVE ACTION

Submitted by:

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Prepared by:

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Approved by:

Scott Ochoa, City Manager

Reviewed by:

Michael J. Garcia, City Attorney

Darlene M. Sanchez, Deputy Director of Economic Development

Jess Duran, Director of Community Services

Signature

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RECOMMENDATION

The Community Development Department recommends that the City Council authorizes staff to prepare and issue a Request for Proposals ("RFP") to develop City owned property known as Rockhaven.

BACKGROUND/ANALYSIS

The City of Glendale ("City") acquired the Rockhaven Site in April 2008. The Site had been offered for sale on the open market by Ararat Home of Los Angeles, Incorporated. The Site consists of approximately 3.4 acres and was acquired for \$8.25 million, approximately \$55 per square foot. The City of Glendale acquired the property primarily to protect the historic nature of the Site. While there was some discussion at the time of acquisition about the ultimate use of the property, including a potential site for a new Library facility or developing the Site as recreation space, the City Council has not yet determined Rockhaven's long-term programming or development.

The slow economic recovery since the City's acquisition of the property and the State's elimination of redevelopment has made eventual development of the Rockhaven Site challenging. The ability of the City to wholly finance and develop the Rockhaven Site as a capital improvement project has been severely curtailed. Since acquiring the Site, the City has and continues to provide general maintenance for the property, including: maintaining vegetation; hand watering; pruning; cleaning debris; and tree trimming. Staff has also made some renovations to the Caretaker's house, as well as termite inspections, tarping of the roofs, improving perimeter fencing for security, installation of a backflow prevention device, above ground irrigation pipes, and some minor electrical upgrades, as needed.

With the City's continued budget constraints, it is doubtful that City's Capital Improvement Program will have the resources to rehabilitate the property anytime in the near future. Accordingly, in April 2014, the City Council authorized the issuance of a Request for Qualifications ("RFQ") for Rockhaven. Given the high cost of City acquisition and limited funding opportunities to develop the Site, the RFQ intended to identify a qualified developer(s) who will be able to introduce a suitable type of limited, but focused new development of the Rockhaven Site while also preserving the potentially historic structures and providing the Site and open space (or portions of it) to the community for public use. A community advisory committee was formed consisting of members of the Glendale Historical Society, the Crescent Valley Historical Societies, Friends of Rockhaven and a few at-large community members from the immediate area.

The RFQ was directly distributed to over 200 people/companies. Ten RFQ submittals were received. RFQ responses consisted of one (1) institutional use and nine (9) housing uses ranging in size from 44 to 150 units and in programming for seniors, families, special needs, artists and veterans.

City staff evaluated the RFQ submittals and banded them into groupings for review by the advisory committee. Unfortunately, the committee was unable to come to consensus on any specific use or developer and as agreed, the RFQ process was discontinued in September 2014.

Since then, there has been renewed interest in Rockhaven by the development community. Additional proposals are consistent with two development concepts that have continued to surface over the past two years. These concepts are a Medical/Mental-Health Related Facility and a Boutique Lifestyle Commercial Center, and appear to be the two most likely scenarios for development at this Site. This is particularly true for a Boutique Lifestyle Commercial Center, which most closely aligns with previously stated community expectations for the future development of Rockhaven, including historic preservation, accessibility to public, and neighborhood compatibility.

Without any significant movement or available financing towards preserving the Site entirely for public use by either the City or any community interest groups, the City Council has indicated a desire to reinitiate the discussion of developing the property to achieve stated goals.

ANALYSIS

Staff reviewed the past proposals to search for elements and trends within the concepts that are perceived to be most important to the community and City Council. The following is a brief summary of the concepts and analysis of how each one aligns with previously expressed expectations of the future development of Rockhaven:

1. **Medical/Mental-Health Related Facility:** A medical-related center concept such as a mental health care facility would reestablish the historic use associated with Rockhaven. Because of privacy concerns, this type of use would have extremely limited accessibility and use by the public. The advantage to this type of use is that it would be most reminiscent and consistent with the original property use. As such, it would generally be compatible with the neighborhood, would be low density, and would allow for a return on the City's investment. The disadvantage is the limited accessibility and use by the public.

2. **Boutique Lifestyle Commercial Centers:** A boutique lifestyle commercial center would include low-density elements of shopping, dining and living. There would be a mix of independent tenants, including service and retail options, which would fit in with the surrounding neighborhood. It would allow for the preservation and restoration of the resources on Site, and it would be open and accessible to the public. Advantages to this concept are that it would be compatible with the neighborhood, would be low density, would be accessible to the public and is more likely to be accepted by the community than a medical center. The disadvantage to this concept is that the City would receive a lower return on investment.

At this time, staff is seeking authorization from the City Council to prepare and issue a RFP that would seek qualified developers for development of a Medical/Mental Health-Related Facility or Boutique Lifestyle Commercial Development Center. If Council prefers, a RFP could be issued asking for either/or one of the concepts.

Should the City Council elect to move forward with a RFP, the process would include:

- Issue RFP According to Council Direction and Parameters
- Staff Review of Proposals
- Staff Recommendation
- Exclusive Negotiating Agreement
 - Community Outreach with stakeholders
 - Finalize the Terms of the Proposal

Selection and Grading Criteria

Staff suggests the following criteria and associated grading system to include within the RFP:

Criteria	Rating System
Dedication to Preservation	30
Creation of Open Space/Accessibility	30
Experience of Developer	25
Compatibility with Neighborhood	20
Return on Investment	10
Use for Community Groups	5
Total:	120

Dedication to Preservation

Possible Points: 30

Description: Rockhaven is comprised of 15 buildings situated in a rich and fully integrated landscape. Rockhaven appears likely to be eligible for the Glendale and California Registers of Historic Resources. It may also be eligible for the National Register of Historic Places. Points will be assigned as follows:

- One (1) point assigned per each building that can be restored. Total points is 15.
- Five (5) points for developer's ability and stated strategy to obtain historic designations.
- Five (5) points for developer's proposal to restore and enhance historic/cultural landscape.
- Five (5) points for developer's proposal to further enhance and incorporate historic elements and context throughout the buildings' programming.

Creation of Open Space/Accessibility

Possible Points: 30

Description: During the previous RFQ process, community members and the City Council expressed an intense desire to maintain a level of accessibility to this Site for the public's benefit. A total of 30 points will be assigned as follows for elements of accessibility to the public:

- Fifteen (15) points for design of open space, which might include gardens, courtyards, walkways, landscape planters and gardens. NOTE: that all mature oaks and sycamores on the Site are protected by the City and must be accommodated by any project unless otherwise agreed to by the City.
- Fifteen (15) points for other features that would encourage some level of historic interaction or programming of the restored buildings. The points will break down as follows:
 - Five (5) points will be awarded if a patron can visually see the buildings from the outside.
 - Five (5) points will be awarded if a patron can enter and use the buildings as a patron of a commercial tenant.
 - Five (5) points will be awarded if a patron can enter the buildings with some level of historic interaction or programming.

Developer Experience

Possible Points: 25

Description: Background knowledge and development experience on similar design projects, including successful tenant mix, will be evaluated. References will also be a component upon evaluation of previous experience. A total of 25 points will be allocated as follows:

- Five (5) points for general development experience.
- Five (5) points for operation experience, including tenant mix.
- Five (5) points for experience with historic preservation.
- Five (5) points for experience in adaptive reuse.
- Five (5) points for experience in adaptive reuse with medical facilities or lifestyle centers.

Compatibility with Neighborhood

Possible Points: 20

Description: Compatibility with existing businesses, residents, zoning and programming will be judged. A total of 20 points will be assigned as follows:

- Ten (10) points for Compatibility with Zoning, Allowable Densities and other planning components as detailed in the North Community Plan.
- Ten (10) points for how well the programming of the proposal matches the concept(s) defined in the RFP. Recognizing that "compatibility" may be viewed as subjective and predicated on desires of the community, proposals will be judged on their consistency with the City Council's stated goal of benefiting and not detracting from the quality of life in Montrose and Sparr Heights. NOTE: Proposals that do not contain the required elements (i.e. Lifestyle Center and/or Medical Use) will be disqualified.

Return on Investment

Possible Points: 10

Description: This criterion awards more points to the developer whose offer mostly closely matches the City's original purchase price of \$8.25 million. Offer prices between

- \$1 million to \$2.99 million (3 points)
- \$3 million to \$5.99 million (6 points)
- \$6 million to \$10 million (10 points)

Use for Community Groups

Possible Points: 5

Description: The City Council and community advisory committee previously expressed a desire to allow community groups to utilize the restored Rockhaven buildings and grounds. Points will be assigned as follows:

- Up to 5 points to be assigned for proposed design, space and hours available for use by community groups.

FISCAL IMPACT

There is no fiscal impact associated with the issuance of a RFP. A fiscal impact, if any, will not be known until such time that the City Council reviews and selects a proposal and developer for the Site and is considering an agreement for the disposition of the Site.

ALTERNATIVES

The following alternatives are presented for Council consideration:

Alternative 1: The City Council elects to direct staff to issue a RFP for possible development of the Site specific as both a Medical/Mental Health-Related Facility and Boutique Lifestyle Commercial Development Center as outlined in the proposal;

Alternative 2: The City Council may elect to direct staff to issue a RFP solely for a proposed Medical/Mental Health-Related Facility;

Alternative 3: The City Council may elect to direct staff to issue a RFP solely for a proposed Boutique Lifestyle Commercial Development Center; and

Alternative 4: The City Council may consider any other alternative not proposed by staff.

M O T I O N

Moved by City Council Member _____, and seconded by City Council Member _____, that the City Council hereby authorizes and directs staff to prepare a Request for Proposals for development of a Medical/Mental Health related facility and/or boutique life-style commercial development on City owned property located at 2713 Honolulu Avenue (APNs 5610-024-900 through 910), commonly referred to as the former Rockhaven Sanitarium site, as further described in the February 23, 2016, staff report from the Director of Community Development, and subject to any City Council comments or conditions thereon.

Vote as follows:

Ayes:

Noes:

Absent:

Abstain:

APPROVED AS TO FORM

CHIEF ASSISTANT CITY ATTORNEY
DATED 2/18/16

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M O T I O N

Moved by City Council Member _____, and seconded by City Council Member _____, that the City Council hereby authorizes and directs staff to prepare a Request for Proposals for development of a Medical/Mental Health-related facility on City owned property located at 2713 Honolulu Avenue (APNs 5610-024-900 through 910), commonly referred to as the former Rockhaven Sanitarium site, as further described in the February 23, 2016, staff report from the Director of Community Development, and subject to any City Council comments or conditions thereon.

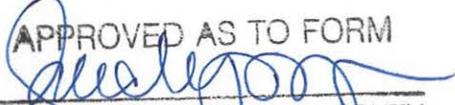
Vote as follows:

Ayes:

Noes:

Absent:

Abstain:

APPROVED AS TO FORM

CHIEF ASSISTANT CITY ATTORNEY
DATED 2/18/16

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M O T I O N

Moved by City Council Member _____, and seconded by City Council Member _____, that the City Council hereby authorizes and directs staff to prepare a Request for Proposals for development of a boutique life-style commercial development on City owned property located at 2713 Honolulu Avenue (APNs 5610-024-900 through 910), commonly referred to as the former Rockhaven Sanitarium site, as further described in the February 23, 2016, staff report from the Director of Community Development, and subject to any City Council comments or conditions thereon.

Vote as follows:

Ayes:

Noes:

Absent:

Abstain:

APPROVED AS TO FORM


CHIEF ASSISTANT CITY ATTORNEY

DATED 7/18/16

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