



Recommendation for Action

File #: 21-2639, **Agenda Item #:** 9.

8/26/2021

Posting Language

Authorize negotiation and execution of an exclusive negotiation agreement with 3423 Holdings, LLC for terms governing a master developer contract for the redevelopment of 6909 Ryan Drive, known as the Ryan Drive Site.

Lead Department

Economic Development.

Fiscal Note

This item has no fiscal impact

The Purchasing Office issued a Request for Proposals (RFP) 5500 SMW 3010 for the redevelopment of the Ryan Drive Site. The solicitation was issued on October 8, 2020 and closed on March 4, 2021. Of the seven offers received, the recommended Contractor submitted the best evaluated responsive offer. A complete solicitation package, including a log of the offers received is available on the City's Financial Services website, Austin Finance Online:

https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=134842

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to Solicitation Documents.

Prior Council Action:

Resolution No. 20130117-054: Directed City Manager to evaluate development options for the Ryan Drive Site, including multifamily housing with affordability standards and open space for the community.

Resolution No. 20140417-049: Directed City Manager to identify underutilized City-owned sites in addition to the Ryan Drive Site suitable for development of model affordable, family-friendly, energy efficient multifamily housing.

Resolution No. 20181101-024: Directed City Manager to prepare a solicitation for development proposals for the Ryan Drive Site prioritizing goals including mixed-use development; parkland; affordable, energy-efficient family-friendly housing and other amenities; pedestrian and bicycle amenities; and flexible space for creatives.

For More Information:

Solicitations authorized contact person: Shawn Willett, Deputy Procurement Officer, (512) 974-2021 or shawn.willett@austintexas.gov.

Additional Backup Information:

The Exclusive Negotiation Agreement (ENA) provides the framework for negotiating the terms of a master development agreement for a development partner with the City to create an innovative, catalytic, mixed-use project at the Ryan Drive Site in the Crestview neighborhood. At the direction of City Council, staff of the Economic Development Department (EDD) and the Purchasing Office issued a Request for Proposals seeking a development team to redevelop the 5.5-acre parcel at 6909 Ryan Drive currently owned by Austin Energy.

3423 Holdings, LLC is the recommended Proposer. During the ENA phase, financing terms, project phasing, M/WBE participation goals, affordable housing details, and open space requirements, among other terms, will be negotiated. The resulting terms and conditions developed through the ENA will then be brought to Council in a proposed Master Development Agreement (MDA) or other appropriate mechanism tailored to the nature of the transaction for Council approval. The MDA will also reflect standards for City construction projects, such as prevailing wage, worker safety and training, Better Builder, and sustainability.

The RFP solicitation was designed to harness the creativity of the market, capitalize on the site's direct access across from Capital Metro's Crestview MetroRail Station, and provide significant community benefits -including on-site affordable housing, quality parks and open space, and community retail and support services. The proposals were to be consistent with Austin values, comport with the future vision for the site arising from years of community engagement and Council direction, and enhance the community benefits and economic vitality of the surrounding area. While the site could be developed for a variety of commercial, residential, or park uses, the RFP set the following goals for the site: (1) provide a mixed-income housing development with at least 300 residential units and a minimum of 50% of all units provided as income-restricted at 60% of Median Family Income (MFI) for rental and/or 80% of MFI for ownership; (2) provide at least 1.25 acres of open space for recreation and congregation available to existing neighborhoods as well as future residents of the site; (3) provide at least 7,000 square feet of interior space for community retail, creative users, and/or community organizations and events; and (4) provide access improvements to the Crestview MetroRail Station through the site, including pedestrian and bicycle paths and a transit plaza. In addition, the RFP included the requirement for a minimum compensation amount of \$2,884,903 to compensate Austin Energy for its initial property acquisition cost. Per the RFP, Proposers were permitted to redevelop the site through a purchase or ground lease agreement. Proposers were also allowed to consider an assemblage of the Ryan Drive Site with the adjacent privately held parcels; however, the evaluation of the proposals was restricted to what could be achieved on the City-owned parcel only. A Public Information Packet containing information on the 3423 Holdings, LLC proposal is included as backup.

Over a three-month period, a multidisciplinary evaluation panel of various City department executives and subject-matter experts evaluated the proposals and scored 3423 Holdings, LLC as the best to provide these services based on project concept and strategy, affordable housing and other community benefits, financial proposal, and Proposer experience and management plan.

Background:

Austin Energy purchased the Ryan Drive Site in 1997 to accommodate its operations in the area and has used the site primarily as a storage facility since then. Subsequently, the Austin City Council and Austin Energy determined that the site is not an appropriate location for a formerly planned electrical substation, and further given its location adjacent to major transit facilities and active commercial and neighborhood areas, that the current industrial storage activity represents an underutilization of the site. In 2013, Council passed Resolution No. 20130117-054 directing the City Manager to evaluate development scenarios for this site, including a) use of the entire site as a park, and b) use of the tract as a model energy-efficient, affordable, and family-friendly multi-family development and neighborhood pocket park. The Resolution also directed staff to study the environmental conditions of the site and conduct community outreach to provide significant opportunities for input from residents and business owners in adjacent neighborhoods and other stakeholders.

Building on the work previously done, in early 2018 a community-led working group formed to further explore and express the community's objectives for redeveloping the Ryan Drive Site. The working group solicited community feedback and gathered information from a diverse group of residents through a community survey. Their work culminated in the April 2018 Ryan Drive Working Group Report.

In November 2018 Council issued Resolution No. 20181101-024 directing staff to issue a Request for

Proposals for the site that would prioritize the following: transit-oriented, mixed-use development; quality parkland; family-friendly, affordable housing; affordable and flexible creative space; pedestrian and bicycle amenities, including rail connectivity; energy efficiency and innovative water strategies; and family-friendly amenities, such as childcare. The resolution also directed staff to consider potential redevelopment together with adjacent parcels to maximize community benefits and include the Ryan Drive Working Group Report as an attachment to the RFP.

EDD staff and their consultants performed extensive site due diligence and planning, market analysis, and stakeholder engagement to refine development scenarios for the Ryan Drive Site based on the goals in the 2018 Council resolution. This process was guided by robust community and stakeholder engagement from the surrounding neighborhoods. The community feedback was translated into the minimum development criteria and goals for the site listed in the RFP.

Under a separate solicitation process, Austin Energy is acquiring a new service center that will also serve as a warehouse and laydown yard facility, allowing Austin Energy to consolidate operations from several locations, including the Ryan Drive Site. Austin Energy is in the process of vacating and clearing the Ryan Drive Site. EDD and Austin Energy continue to coordinate on the timing for redevelopment of the site.

Strategic Outcome(s):

Economic Opportunity and Affordability, Government that Works for All.