

Airport 31.45 Acre Parcel - RSOQ Contract Discussion





Overview

- Background/History
 - Site Assessment
- RSOQ Process
 - Project Vision & Expectations
 - Evaluation Criteria
- Selection of the Successful Firm
- Contract Negotiation Direction
 - Actual contract will return for Council consideration



Background/History

Subject Site Information

- Parcel Number: 116-61-006A
- Cross Streets: South Pulliam Dr. / West JW Powell Blvd.
- Designated Opportunity Zone
- Zoned Highway Commercial
- Property History
 - 1948 Deed transfer from Forest Service via Federal Airport Act
 - 1988 Deed release by FAA for Airpark Development
- FAA Relationship



Site Assessment

Objective of the Study

- After a possible sale of the parcel to a hotel company fell through the decision was made to hire airport experts to assist in planning the site.
- Determine the potential demand for retail, office and industrial space by the year 2030
- Determine potential uses for this parcel
- Helped Council determine whether to maintain ownership of this parcel or sell.



Site Assessment Findings

Strengths

- Highway Commercial Zoning allows for a wide variety of uses.
- I-17 is a major north-south transportation corridor servicing Flagstaff and connecting east and westbound to I-40.
- Most major utilities are available.
- Projected employment growth of 20.1% from 2018-2026.
- The Flagstaff Airport area has been identified as a future Employment Area for the City and has an estimated 500 jobs.
- Airport activity is a diverse mix of aviation and non-aviation business including manufacturing, office and R&D.
- Majority of uses within this area can be served with current utility capacity (excluding data centers and heavy industrial).

Constraints

- Extension of John Wesley Powell Boulevard to Lake Mary Road is not immediate.
- Low unemployment rate/tight labor market/housing affordability.
- Electric capacity could be limited.



Population & Employment Growth

Flagstaff Findings

- Through 2030 there is strong forecasted population growth at 14.6%, and employment growth at 20.1%.
- Sizeable labor shed with 46% of workers coming from outside Flagstaff.
- Flagstaff is a geographic trade center and captures a large share of spending.
- The key employment sectors are healthcare, educational services, accommodation and food services, and manufacturing.

Note: Forecast projections could be impacted by the current pandemic.



Real Estate Demand Analysis

Flagstaff Findings

- Based on the 2030 forecast, there is demand in the City of Flagstaff for an additional 2.1 million square feet of retail, office and industrial space, or translated into 186 acre.
- Some of the demand could be absorbed by the 31.45-acre parcel.
- There are several potential uses that could be considered for this location.
- Land absorption will depend upon timing of JWP Boulevard extension, projected population and employment growth.



Real Estate Demand Analysis

Market Trends

- Industrial
 - Demand for small bay industrial flex space with sizable office in front and production in the back.
- Healthcare
 - Medical office today has a retail component driven by consumer demand. This sector is looking for highly visible retail locations with convenient parking for customers.
- Lodging
 - Co-branded hotels locate on the same site to experience economies of scale.



Land Use Alternatives

2030 Real Estate Demand, City of Flagstaff

	Square Feet Demand	Floor to Area Ratio	Number of Acres
Retail	582,012	0.25	53.4
Office	398,282	0.35	26.1
Industrial	1,155,693	0.25	106.1
Total	2,135,986		185.7



31.45 Acre Parcel Capture Rate

Subject Site	Land Use Mix #1	Land Use Mix #2
Hotel	4	9
Commercial/Services	5	10
Office	3	3
Flex Industrial Space/R&D	12	2
Roads, sidewalks, drainage, open space (25%)	8	8
Total	32	32

Potential Site Uses



KEY:

- Ultimate Roadway
- Retail/Services/Restaurants
- Flex Industrial Space/R&D
- Hotel
- Office
- Medical Office
- Open Space/Water Line Easement
- Open Space
- Developable Parcels



Why Not Residential?

- FAA highly discourages residential dwellings within this proximity of an airport (Avigation easement required).
- Regional Plan designates this parcel as an "Employment Area" and would require a major plan amendment for residential development.
- Residential neighborhoods near the airport often experienced issues with airport related activity (Ponderosa Trails / Kachina).



Why Not Residential?

- Council gave direction (April 2020) to pursue a master developer to incorporate recommendations from the market assessment. These recommendations did not include residential.
- Location: within 1000' of a major highway & 2500' of an airport. Specs are not ideal for affordable housing due to noise. HUD regulations are applicable and general social justice concerns.
- One major goal is to fund the airport with revenues which takes the burden off the general fund.



Request for Statement of Qualifications

- Council, after the assessment was presented, determined that the best course of action was for the City to maintain ownership of this site and solicit the assistance of a master developer to help create a plan for how this land should be developed.
- Staff went forward with this procurement process and released the Request for Statement of Qualifications (RSOQ) to identify the best possible candidate for the master development of this parcel.



Request for Statement of Qualifications

Vision and Expectations:

- Expand targeted sectors
- Broaden and diversify the City's economic base
- Increase employment and support the airport
- Land use elements:
 - Professional Office Space
 - Lodging
 - Retail & Restaurant
 - Light Industrial (Zoning Appropriate)
 - Research and Development
 - Other Airport Related Industries



Request for Statement of Qualifications

Vision and Expectations:

Marketing & Financial Considerations
Lease Options.

- Ability to attract potential employers.
- Develop and maintain excellent relationships with long term commercial lease holders.
- Ability to provide a financial investment for this project.



Request for Statement of Qualifications

Evaluation Criteria:

- Previous Project Experience (30%)
- Team Qualifications (20%)
- Financial Capacity (15%)
- Adherence to Vision (35%)



Request for Statement of Qualifications

Timeline:

- RSOQ was posted to Planet Bids (August 2020)
- Application Deadline (Sept. 2020)
- Evaluation Team Review (Completed Early November)
- Begin Negotiations with highest scoring candidate



Selection of the Successful Firm

- Statements of Qualifications Scores:
 - Genterra Enterprises, LLC
647 points
 - Miramonte Homes and Kentwood Ventures (Joint Venture)
508 points
- Staff's recommendation is to proceed with contract negotiations with Genterra Enterprises, LLC.
 - *As mentioned, contract will return to Council for consideration*



QUESTIONS AND COUNCIL DIRECTION

