

MEMORANDUM

TO: Bayview Correctional Facility RFP Respondents
FROM: RFP Review Committee
DATE: Friday, January 31, 2014
RE: Responses to submitted questions

The following are a list of responses to questions submitted by prospective respondents to ESD's request for proposals (RFP) for the purchase and adaptive re-use of the former Bayview Correctional Facility, located at 550 West 20th St., New York, NY 10011. A copy of the RFP is also available at: <http://www.esd.ny.gov/CorporateInformation/RFPs.html>.

Questions listed in this document were received in writing between the release of the RFP on Monday, December 23, 2013 through Monday, January 27, 2014. This list also includes questions posed at site tours, which were held on Friday, January 17, 2014 and Monday, January 27, 2014.

If ESD deems it necessary, ESD may post additional responses to questions submitted. The deadline for final questions is extended to Friday, February 7, 2014. Any additional responses, if necessary, will be posted by Wednesday February 12, 2014. ESD may continue to upload new documents to ESD's website in conjunction with the RFP, and Respondents are encouraged to check back for more information.

I. PROPOSALS – SUBMISSION PROCESS

Q1: Will ESD extend the deadline past February 12, 2014?

A: ESD is extending the deadline for Proposals. The deadline for Proposals is extended by seven days to 2:00 PM EST on Wednesday, February 19, 2014. All other submission requirements and terms continue to apply as outlined in the original RFP. ESD does not anticipate additional deadline extensions, and proposals submitted after 2:00 PM EST on Wednesday, February 19, 2014 will not be accepted.

Q2: Will ESD offer any additional tours prior to the Proposal deadline?

A: ESD has no plans to offer additional tours at this time, but may schedule additional tours at its discretion. Should tours be added, any additional tours will be announced via email to all parties who have previously expressed interest in the RFP.

Q3: Will the prior tour sign-in lists be made public?

A: Yes. ESD has now posted sign-in sheets for both tours on its webpage in a zip folder under the Bayview solicitation at: <http://esd.ny.gov/CorporateInformation/RFPs.html>.

Q4: Please clarify the electronic submission Proposal requirement in RFP Section IX.

A: In Section IX, the RFP states that each Respondent is required to submit 5 hard copies and one electronic copy of the Proposal. Based on ESD's prior experience, it is preferred that an electronic copy would be provided via email to BayviewCF@esd.ny.gov. However, it is also acceptable for a Respondent to include flash drives, CDs, or DVDs with the hard copies of the Proposal. Respondents may email ESD a link to download files from an FTP site as a backup, but not as a primary means of transmission.

Q5: In Section RFP Section V. Proposal Requirements (3), Financial Information, the Pro Forma Cash flows are requested in hard copy and in Excel Format on computer disc. Is that in addition and separate from the 5 hard copies and one electronic copy above? And if the Excel document of the Pro Forma Cash flows must be submitted separately is a jump drive acceptable or is computer disc preferred?

A: The electronic Excel document can be provided with the electronic copy of the Proposal—be it submitted by email, flash drive, CD or DVD. The hard copies of the Pro Forma Cash Flows are assumed to be included within the aforementioned five hard copies of the Proposal.

Q6: With regards to last bullet point under RFP Section V. Proposal Requirements (3), Financial Information, on Page 10, what type of documentation is required as "Evidence of Designated Developer's commitment to pay...?" Is a short paragraph listing the costs and referencing the Respondent's financial statements acceptable?

A: For the last bullet and the next-to-last bullet under RFP Section V. Proposal Requirements (3), Financial Information, on Page 10, for purposes of submitting a proposal, Respondents need only include in any Proposal a statement that Respondent recognizes and commits to pay such charges.

II. BUILDING INFORMATION:

Q7: Will any CAD drawings, elevation reports, land surveys, architectural/structural drawings, environmental studies, foundation plans, utility reports, or any other additional Site information made available?

A: ESD is continuing to work with its agency partners to acquire additional information on the Site. ESD is in the process of posting several new files on its website, and may post additional documents. To access these files, once posted, please download them from ESD's RFP page under the Bayview solicitation at: <http://esd.ny.gov/CorporateInformation/RFPs.html>.

Q8: There appear to be three open building violations with the New York City Department of Buildings for failure to benchmark the existing energy use. Will these violations be cleared prior to the sale of the Site?

A: As a New York State facility, the Site was exempt from this energy benchmarking requirement. No additional State actions with respect to the New York City Department of Buildings are anticipated to be necessary.

Q9: To the best of ESD's knowledge, is the 550 West 20th Street property encumbered by any restrictive deeds, covenants, easements or other legal instruments that will impact the development of the site by the Designated Developer?

A: ESD is unaware of any restrictive deeds, covenants, easements, or other legal instruments that will impact the development of the site by the Designated Developer, with exception to historic preservation and other items previously outlined in the RFP.

Q10: What is the breakdown of square feet per floor in Building 1 and Building 2 (Annex)?

A: ESD is told that floor-by-floor estimates of the Site's gross square feet (GSF), when including roof and basement, are as follows:

- 1st floor: 15,603 GSF
- 2nd floor: 15,408 GSF
- 3rd Floor: 14,828 GSF
- 4th Floor: 13,889 GSF
- 5th Floor: 14,521 GSF
- 6th Floor: 11,054 GSF
- 7th floor: 10,077 GSF (no annex floor)
- 8th floor: 8,498 GSF (no annex floor)
- Roof floor: 10,138 GSF
- Mechanical space on roof: 332 GSF
- Basement: 16,178 GSF

Of note, while the RFP and Phase I Environmental Site Assessment (now on ESD's website) cite an approximate 108,000 GSF of floor area, this figure is closer to the total

floor area on Floors 1-8. The floor-by-floor numbers provided in this Q&A should be considered the most accurate.

Q11: With regards to building square footage, are you using usable or rentable (and if so, what is the loss factor)? Does it include the basement?

A: The aforementioned totals assume usable square footage.

Q12: What is the combined lot size of Buildings 1 and 2?

A: Total lot size is estimated to be 16,089 sq. ft. Of note, this amount differs slightly from the approximately 15,800 sq. ft. estimate provided by the City of New York and the Phase I Environmental Site Assessment.

Q13: What are the heights of Building 1 and Building 2?

A: Building 1: 97'-6" to roof slab. Building 2: 85'-4" to roof slab. On the top of this roof is the generator enclosure which is not included in this total height). This is according to drawing #21273A-18, and drawing # 21273A -021 Elevations, which have been added to ESD's website.

Q14: What are the slab-to-slab interior heights on each floor of both buildings?

1. Main: 11'-6" Annex: 9'
2. Main: 14'-6" Annex: 9'
3. Main: 12'-6" Annex: 14'-6"
4. Main: 10' Annex: 15'-6"
5. Main: 10' Annex: 15'-6"
6. Main: 10' Annex: 12'-6"
7. Main: 10'
8. Main: 12'-6"

Q15: What is currently known about possible hazardous materials on site? Will any of these (e.g., asbestos) be addressed prior to purchase?

A: A Phase I Environmental Assessment has been added to the RFP files on ESD's website. There may be asbestos-containing materials. ESD continues to seek out and review additional files and may post additional documents with respect to this subject. It is not anticipated that additional environmental remediation work will be performed by New York State prior to disposition.

Q16: Page 6 of the Bayview RFP document describes the existing natural-gas generator capacity as 500kW while Page IV of the OGS drawings describe it as 235kVA. Please confirm the capacity of the existing generator and note the year in which the existing natural-gas generator was installed.

A: 500kW, model year is 2006.

Q17: The Bayview RFP describes the existing natural-gas generator as supporting emergency loads. Section 2702 of the New York City Building Code requires on-site fuel

source except for Occupancy R-2 and voluntarily installed emergency power systems. Is the current occupancy of the building R-2? Was the existing generator installed voluntarily? If neither of these exceptions applied, was there a code modification approved by NYC Department of Buildings for this generator to use natural gas instead of an on-site fuel source?

A: New York State Department of Corrections policy is to have all correctional institutions to be at least 100% emergency powered. As noted above, local rules and regulations do not apply to a State facility.

Q18: Where in the building is the electric meter, and what electricity information is available with respect to the Site? The information supplied in the Site survey seems incorrect.

A: The electric meter is located in the basement. Site service is 208 volt 3 phase, main breaker 3000 amps.

Q19: Can you confirm the tax lot and block information for the site?

A: The Site (including Building 1 and 2) is located on Block 691, Lot 1.

III. SITE ZONING

Q20: Are Building 1 and Building 2 both located within Sub-area D of the Special West Chelsea Zoning District?

A: The vast majority of the Site is located in Sub-area D, but a small portion of the Site is located in Sub-area E. Based on the limited share of the Site in Sub-area E, however, and preliminary conversations with the NYC Department of Planning, for purposes of this RFP, Respondents should assume in their Proposals that the entire Site is one lot governed by Sub-area D.

Q21: What is the maximum allowable floor area allowed for the Site?

A: Sub-area D of the Special West Chelsea Zoning District provides for a base maximum floor area ratio (Base FAR) of 5.0. However, it also allows a structure to increase its floor area up to a total maximum allowable FAR (Max FAR) of 7.5 by purchasing High Line Transfer Corridor development rights, among other means. Currently, the Site is believed to be overbuilt for its Base FAR but is underbuilt relative to its Max FAR. So long as they satisfy all other elements of Sub-area D zoning, Proposals are allowed to Propose floor area up to the Max FAR without being required to externally purchase additional development rights. Of note, it is anticipated that any development rights requested in a Proposal to reach this Max FAR and increase the building's existing floor area would be reflected in a Respondent's commensurately higher purchase price. It is also anticipated that requests for additional development rights would be for a use consistent with the Development Goals set forth in the RFP.

Q22: What, if any, zoning overrides will ESD consider granting with respect to any building modifications?

A: Through the powers granted to it by the State of New York, ESD possesses the statutory power to override local zoning. As stated in RFP Section III, under Zoning", "Respondents are strongly encouraged but not required to comply with current zoning requirements (though residential use will not be considered). Proposals should be compatible with and advance the Development Goals set forth in Section IV of this RFP. Any proposed overrides of zoning requirements and other municipal laws and regulations should be specifically identified in the Proposal."

To elaborate, while ESD may consider the granting of minor zoning overrides to accommodate Proposals with unique needs and special potential for satisfying the Development Goals, ESD does not expect to override any City of New York building, fire, or other related codes beyond, as necessary, overrides to reach the Max FAR, as outlined in the previous question response. As stated earlier, Respondents should assume that their Project is subject to Special West Chelsea District Sub-area D zoning.

Should a Respondent seek zoning overrides of any kind beyond reaching the aforementioned Max FAR of 7.5 (which will not require an addendum), it must submit: 1) A standard Proposal, including all such components described as being required in the RFP, with no other zoning overrides requested; and 2) An addendum outlining a second

scenario that assumes additional zoning overrides (other than to Max FAR) would be allowed. This addendum, as necessary should: a) identify and confirm all Proposal components (e.g., the Project Team) that would remain unchanged; b) include modified Proposal components (e.g., new purchase price, site layout, zoning calculations, etc.; components outlined in RFP Section V, 1-10, e.g.) for all elements of the Proposal that would be changed in the second scenario in which additional zoning overrides are proposed. Additionally, Respondents should provide a rationale upon which ESD should allow additional overrides, and how any additional overrides would be compatible with the Development Goals.

IV. HISTORIC PRESERVATION

Q23: With respect to historic preservation, what is required?

A: All Proposals are encouraged to preserve the significant features of the building to the maximum extent practicable in the context of their project's program needs and the RFP's Development Goals. All modifications to the building, whether exterior or interior, will ultimately need to be reviewed in consultation with SHPO and should be consistent with the "Secretary of Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings", which may be read at http://www.nps.gov/hps/tps/standguide/rehab/rehab_standards.htm.

In the event that SHPO determines that a proposed plan would have an "adverse effect" on historic resources, an analysis exploring all feasible and prudent alternatives that would avoid or mitigate any adverse impacts may be required in accordance with Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law. If SHPO and ESD agree that there are no feasible and prudent alternatives which would avoid or mitigate adverse impacts but that it is nonetheless in the public interest to proceed with the undertaking, the agreement shall be embodied in a Letter of Resolution to be executed by all involved parties, specifying how the undertaking will proceed and the course of action which would avoid or satisfactorily mitigate an adverse impact. This may include, but not be limited to creating photographic and historic documentation of the building in accordance with the Historic American Building's Survey (HABS) and/or the Historic American Engineering Record (HAER) and retaining and reusing portions of the original building to the extent feasible and practicable.

Q24: What is SHPO's definition of "substantial changes to the building"? Is the Designated Developer required to consult with SHPO about interior changes to the existing structure?

A: The determination of what constitutes "substantial changes to the building" would be made during the SHPO consultation process. In general, the removal of distinctive materials or alteration of features, spaces and spatial relationships that characterize the building should be avoided. Please consult the "Secretary of Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings" for further guidance.

Yes. The Designated Developer will be required to consult with SHPO regarding any proposed interior changes to the structure.

Q25: Does ESD have override authority over SHPO?

A: No. ESD, as with other State agencies, must comply with the New York State Historic Preservation Act of 1980, which requires State agencies to consult with SHPO if it appears that any project which is being planned may or will cause any change in the quality of any historic, architectural, archaeological or cultural property that is listed on or eligible for listing on the National Register of Historic Places. In certain cases, ESD will work with the Designated Developer to meet such requirements, which may include the preservation of certain features or the historical documentation of certain features prior to their modification or removal.

Q26: What is the status of the Site with regards to the NYC Landmarks Preservation Commission?

A: The Site is not currently on the calendar of properties to be considered by New York City's Landmarks Preservation Commission.

V. PROPOSALS –EVALUATION

Q27: How will the selection criteria be weighted?

A: Each of the selection criteria will be weighted equally and aggregated for an overall Proposal score.

Q28: How will a Proposal be evaluated with respect to Development Goal 6: “Incorporating sustainable building practices and appropriate levels of LEED or Energy Star Certification”?

A: ESD will evaluate each Proposal’s overall and relative consistency with respect to the Development Goals, including this goal. A Proposal’s overall score on meeting the Development Goals will be factored a Proposal’s score on the Selection Criteria, as noted in RFP Section VI.

Q29: How will a Proposal be evaluated with respect to Development Goal 2: “Providing opportunities for community facility use”? Does ESD have anything specific in mind?

A: Also stated in RFP Section I, all Proposals should include some community facility component. ESD has no specific requirements or expectation for what this use would include, and anticipates that the type of community facility uses proposed will vary based on the type of Proposal being submitted and its compatibility with different uses. Instead, ESD will evaluate each Proposal’s overall and relative consistency with respect to the Development Goals, including this goal. A Proposal’s overall score on meeting the Development Goals will be factored into a Proposal’s final score on the Selection Criteria, as noted in RFP Section VI. In short, the more substantive and valued the opportunities for community facility use, the higher Proposals will be evaluated with respect to this goal.

Q30: After ESD receives the Proposals, what happens next? Will the Respondent have an opportunity to negotiate on price? How long will it take until ESD announces which Proposal it selects?

A: The process and time for selecting a Designated Developer varies based on how many Proposals are received and the selection steps that ESD ultimately decides to perform before making a decision. Common selection steps include: ESD responding to Proposals with written questions; ESD inviting some or all Respondents to deliver an in-person presentation and participate in a brief Q&A regarding their Proposal; and final negotiations with some or all of the Respondents. Respondents are advised to submit a strong offer for the Site in their original Proposal—with the strength judged not just by purchase price, but by all of the selection criteria—in order to remain in competitive consideration. After submitting a Proposal, Respondents can typically expect to receive a follow-up communication within the following month.

Q31: Does ESD have a ballpark figure of what it expects the Site to sell for? Will the price be different for different users?

A: Respondents are advised to propose the most competitive purchase price possible in their original Proposal, consistent with the Development Goals. As noted in RFP Section VI, purchase price is one of the selection criteria by which Proposals will be judged. Moreover, for any reason, including a lack of acceptably-priced proposals, as noted in RFP Section X(2), "ESD reserves the right: (i) to amend, modify, or withdraw this RFP..." among other rights.

VI. POST-SELECTION

Q32: What level of Project support is ESD able to provide following the selection of a Designated Developer? For example, would ESD actively support the Designated Developer in negotiations with the City of New York in reference to obtaining an additional curb cut on 20th Street for a new loading dock? Would ESD provide written correspondence and appear with the Designated Developer at public hearings (e.g., before the local Community Board 4)?

A: ESD has a vested interest in supporting its Designated Developer to turn the selected Project into a reality. However, the nature, extent and frequency of ESD's support provided would be determined in later discussions as the selection process advances.

VII. GENERAL QUESTIONS

Q33: Why does the RFP prohibit residential (including hotel) uses? Why does the State impose restrictions on the uses of properties like Bayview in executing their sale?

A: In certain circumstances, as the State of New York's chief economic development agency, ESD may determine that certain restrictions in an RFP will result in Proposals that better promote the general welfare of the community and the State of New York. In order to address such situations, ESD may then apply certain rules with respect to a site's sale in order to promote Proposal elements that would produce positive externalities and meet community needs, or prohibit Proposal elements deemed to produce negative externalities or other issues that would not meet local community needs. In this case, based on a review of the Site and of the community's needs, ESD determined that the best overall use of the Site would be one that does not include certain uses.