



Bethlehem Steel Redevelopment Area



# Request for Expression of Interest For Selection of Co-developer/Investor for the Construction of a Net Zero Energy Building

## *Light Manufacturing and Commercial Office Facility*

This Request for Expression of Interest (RFEI) is to establish interest from potential investors willing to consider collaborating with the Buffalo and Erie County Industrial Land Development Corporation (ILDC) on the construction of a state-of-the-art commercial building for the purpose of advancing renewable energy construction throughout the region and the state. The ILDC is seeking to collaborate with a capable partner as Co-Developer/investor to participate with the ILDC in the project as co-owner. Final selection of the co-developer for the joint venture will be based on several factors, including exposure in handling projects of similar nature and financial strength of the developer.

**RFEI Issued**  
March 1, 2018

**Responses Due**  
May 18, 2018

**Email Proposals/Questions**  
Phil Riggs  
Project Manager  
[priggs@ecidany.com](mailto:priggs@ecidany.com)  
716-362-8375

## Z7+ Background

The ILDC, working closely with its affiliate the Erie County Industrial Development Agency (ECIDA), is in the process of designing a 93,000-gross square foot Net Zero Energy (NZE) flex-manufacturing building. The facility will be powered by solar, geothermal and wind energy to produce as much energy as it consumes on an annual basis. The proposed showcase facility will contain approximately 43,050 SF of leasable flex-manufacturing space, 24,000 SF of leasable commercial office space, 1,668 display/flex space, and 5,872 SF of shared and support space. Construction of the NZE building is estimated at **\$29 million**.

A detailed **Feasibility Report** including schematic design, sustainability, probable costs, draft schedule, site recommendations and more was prepared in May 2016 with assistance from the NZE project team, made up of regional stakeholders (Erie County Sustainability Coordinator, City of Lackawanna, Buffalo Urban Development Corporation, Western New York Sustainable Business Roundtable, and University at Buffalo). Project milestones include:

- **June 2016:** RFQ for Design Team – Award HGA Architecture and Engineering PC the contract for engineering and design. Design development is near completion.
- **November 2016:** RFQ for Construction Management Services – award Turner Construction contract for construction management and guaranteed maximum pricing. Preparation of construction documents is currently underway and expected to be completed in 2018.
- **October 2017:** ILDC completed the purchase of the 15-acre Net Zero location with DEC remedial cover (NZE Parcel).
- **December 2017:** New York State Department of Environmental Conservation (DEC) issued a New York State Brownfield Cleanup Program (BCP) Certificate of Completion for the NZE Parcel, making the NZE Parcel eligible for Generation 1.0 BCP tax credits, including the refundable Brownfield Redevelopment Tax Credit (BRTC) and refundable Tax Credit for Remediated Brownfields (TCRB).

## Location

The Z7+ building will be constructed on a 15-acre portion of the former Bethlehem Steel site known as the Bethlehem Steel Redevelopment Area (BSRA), a large brownfield site in Lackawanna, New York. The former Bethlehem Steel site has unique assets, including rail facilities that connect to national and international rail carriers and deep-water ports that accept both national and international shipping vessels for loading and unloading cargo. The site is also located within three miles of Interstate 90 and within 10 miles of the international crossing into Canada.



## Site Development Vision & Intent

The ILDC is preparing to construct one of the first **Net-Zero energy (NZE)** light manufacturing buildings in New York State, which will act as a model facility to showcase new advances in renewable energy construction, encourage replication throughout the state, and serve as a catalyst for economic revitalization in Western New York.

As one of the first certified zero-net energy light manufacturing buildings of its size, this project will result in a state-of-the-art, dynamic facility that will showcase new advances in renewable energy construction. The NZE building will serve as a valuable hub for construction/building performance testing, energy management and potential workforce training. The goal is to create a building that produces as much energy as it consumes in a cost-efficient manner to encourage duplication of design; thereby helping to change the perception that net zero and LEED construction are cost prohibitive for new-build projects.

This project is pursuing the **Living Building Challenge** by applying principles called “Zero Plus.” These principles are a new way of thinking and an inventive approach to high performance sustainable design. Zero-Plus principles fit well with the desire to do something unique and enhance the world-class reputation of the Buffalo-Niagara area.

## Site Energy Objectives & Priorities

A central component of the vision for the site is the implementation of a comprehensive energy strategy that will serve as national model. The following objectives frame areas that are of the highest importance for Z7+ LLC:

- Aspire to achieve a site-wide goal of net positive energy.
- Meet or exceed New York State’s REV 2030 Challenge Goals for Year 2021.
- Manage energy consumption through site user education, incentive, and transparent dashboard systems and programs.
- Leverage viable on-site resources to create renewable energy supply sources.
- Advance new technologies and practices that mitigate the potential carbon impact of high capacity production, process and plug related loads.
- Include transparent monitoring and testing of performance for effective management to inform the evolution of best practices as development progresses.
- Allow for market advances through flexible design and phased implementation.
- Consider the potential for expansion of services and other benefits to the adjacent parcels on the remaining BSRA 135-acre site also owned by the ILDC.

## MARKET DEMAND

According to the **U.S. Green Building Council**, the global demand for green building continues to double every three years. The top two reasons for green building is client demand (35%) and market demand (33%). The global green market trend is expected to intensify in the coming years both in the US and internationally. Much of this is driven by the corporate consumers that continue to demand increased sustainability in their building projects. This is evident in the recent RFP solicitation put out by Amazon in their quest for a second headquarters in North America, which includes a significant sustainability component. The business case for expanding the local green building inventory includes:

**Competitive Differentiator:** LEED-certified buildings with lower operating costs and better indoor environmental quality are more attractive to a growing market of corporate, public and individual buyers. Building performance will continue to enter into tenant decisions about leasing space and into the buyer's decisions about purchasing properties.

**Attract Tenants:** Today's tenants understand and are looking for the benefits that LEED-certified spaces offer. Much of the new class A office space is green; lease -up rates for green buildings are typically above-average.

**Cost Effective:** Owners of Green buildings typically report an improved ROI for existing and new green projects.

**Increased Productivity and Worker Satisfaction:** A healthy work environment can translate into reduced employee sick days as well as improved mental functioning. The highly sought-after millennial workers are less willing to accept uncomfortable/unhealthy working conditions as their parents once did. LEED-certified and Net Zero buildings can play an important role in the recruitment and retention of a skilled workforce.

**Better Health Standards for Commercial Building Tenants:** Industry research has found that improved health and productivity benefits are playing a larger role in driving companies to invest in green building today than they have in the past. In a McGraw-Hill survey, 55% of firms rate greater health and well-being as the top social reason for building green, up from 29% in 2008.

**Increased Rental Rates:** High performance buildings significantly outperform their peers; therefore, justifying increased rental/lease rates.

The Forbes logo is displayed in a large, blue, serif font.

### How To Leverage Sustainability To Increase Business Profitability

*October 31, 2017*

**How going green can help the planet and your profits** *March 9, 2017*



## **ROLE DELINEATION**

### **Role of the ILDC**

The envisioned role of the ILDC in the collaborative development of the NZE manufacturing facility:

1. Preparation of design development and construction documents.
2. Land shall be procured by the ILDC who will provide the land as equity contribution to the Z7+ project.
3. Obtain BCP Certificate of Completion from the DEC with ability to claim Generation 1.0 BCP tax credits.
4. Development of the infrastructure at the site.
5. Form a for-profit entity to assume ownership and maintain the assets created under the collaboration.
6. Secure and contract with tenants for the facility; collect lease payment/rents from building tenants.
7. Contract with necessary provider/vendor for technical, financial and managerial functions regarding the asset.
8. Obtain all statutory approvals and clearances from government/regulatory bodies.
9. Secure and administer grants, incentives and loans totaling **\$14 million** to support the construction phase of the project.
10. Provide staff and expertise to fulfill the role (described above) in the collaborative effort.
11. Work with Erie County and the City of Lackawanna to establish an Industrial Business Park at the Bethlehem Steel site.
12. Play an active role in attracting private development and creating jobs at the site.

**Interested parties can participate as an active partner or in a strictly financial capacity.**

### **Envisioned Role of the Co-Developer/Co-Owner**

1. The ILDC is seeking to collaborate with a capable partner as Co-Developer chosen through a defined selection process. Overall efficiency, exposure in handling projects of similar nature and financial strength of the Developer are the key ingredients that would be desirable for ILDC for the proposed project. The ILDC will be receptive to responses containing productive concepts and ideas detailing how co-developer affiliation with the ILDC can be mutually beneficial to the ILDC and the respondent developer.
2. Financial details will be provided at the next phase of the selection process; however, the Co-Developer should have the capacity to participate at approximately \$15 million, including offering creative ways to participate in the capital stack for the project. In exchange for their investment, the co-developer will participate in a shared revenue arrangement (to be negotiated).
3. The selected Co-developer shall play a vital role in collaborating with the ILDC for the following:
  - a. Selection of potential building tenants and development of Green Building Lease;
  - b. All activities for obtaining initial and final approval from state, county and local government agencies to complete the construction of the Z7+ building;
  - c. Implementation and management of the NZE facility in collaboration with Z7+ LLC;

4. Adequate flexibility is expected to be provided to the selected Co-Developer in advancing the project provided that certain minimum obligations, as well as ILDC project requirements, are fulfilled by the Developer.

## **Envisioned Role of the Investor**

1. Provide minimum of \$15 million in funds for the construction phase of the NZE manufacturing facility in exchange for an ownership stake or future return (to be negotiated).
2. Provide purpose-driven (Impact Investing) to play a role in achieving the site energy objectives and priorities (page 3).
3. Co-ordinate with ILDC on the marketing and communication strategy

## **INSTRUCTIONS FOR SUBMISSION**

### **1. PURPOSE**

1.1 The purpose of this Expression of Interest (EOI) is to create initial awareness about the Project in the market, identify potential Co-Developer in the project and assess interest to partner with ILDC for implementation of the project. Following submission of the EOI Proposals, applicants fulfilling the EOI requirements shall be invited to an information session hosted by ILDC to discuss the project contours.

1.2 The interested parties submitting their EOIs shall bear all costs associated with or relating to the preparation and submission of its EOI including but not limited to preparation, copying, postage, delivery fees, expenses associated with any demonstrations or presentations which may be required by ILDC or any other costs incurred relating to its EOI.

### **2. INVITATION**

ILDC invites Expression of Interests (EOIs) from Entities, Organization, Joint ventures, Consortiums in the construction/development sector

or

Infrastructure developers having experience in developing such Industrial Parks (the '**Interested Parties**') to participate in EOI process for the proposed Project.

Entities, Organization, Joint ventures, Consortiums having experience and exposure in developing such Industrial parks / Industrial clusters under any similar circumstances shall be preferred.

### **3. REQUIREMENTS TO PARTICIPATE IN THE EOI**

**\*\* By responding to this EOI, respondent acknowledges that the ILDC is subject to the New York State Freedom of Information Law and Open Meetings Law as codified pursuant to the Public Officers Law of the State of New York ("POL"). Accordingly, your EOI response, including all company specific information contained therein, is potentially subject to public disclosure in accordance with applicable provisions of the POL. Notwithstanding the foregoing, the respondent may formally request that the ILDC consider certain information contained within the response to this EOI and other applicable supporting materials proprietary or confidential as defined within the POL by marking each page of its**



**submission on which there appears any material claimed to be so protected as proprietary or confidential and also simultaneously setting forth the reason for the claimed exemption. Acceptance of the claimed materials does not constitute a determination on the exemption request, which determination will be made by the ILDC in accordance with statutory procedures.**

3.1. ILDC reserves the right to accept & consider only those EOIs from Interested Parties which meet the following minimum requirements:

**a) Financial Requirement:** Provide evidence that co-developer has the financial means to participate in the project; and

**b) Experience Requirement-** Incorporated entities either should have at least five years of experience in commercial real estate development/financing;

3.2. Interested Parties may participate in the EOI either singly or in a group in the form of a Consortium. In case of a Consortium participating in the EOI, the following additional requirements are required to be fulfilled.

a) Number of members in a Consortium shall be limited to three (3);

b) A Memorandum of Understanding (MoU) executed among the members shall be submitted as part of the EOI which shall include the following:

- i. Joint intent of the members to participate in this EOI
- ii. Nomination of the Lead Member of the Consortium
- iii. Outline of roles and responsibilities of either party in terms of participating in the Project if considered in future.

c) One of the members shall be nominated as the Lead Member who shall individually fulfil the above mentioned "Financial Requirement" and "Experience Requirement."

#### **4. SUBMISSION OF EOI**

Interested parties are strongly encouraged to declare their intension to respond via email by **March 29, 2018**. The EOIs to be submitted by the Interested Parties shall include, at a minimum, the following:

(a) **Letter of Interest** on the firm's letterhead:

- Stating that the proposer understands the co-developer requirements
- Stating why respondent believes that they are best qualified to perform the engagement
- MoU to be submitted in case of a Consortium

(b) **Previous Experience:** Details of projects (between 2-5) undertaken (applicable for Interested Parties which have experience in Industrial parks as infrastructure developers) including:

- Level of involvement
- Diversity of financial solutions
- Experience in working with Brownfield/Environmentally Regulated sites

(c) **Financial Details:**

- Provide documentation of ability to invest approximately \$15 million
- Experience in applying for and integrating multiple financial resources such as tax credits, grants, NYSERDA incentives, tax exempt bonds, etc.
- Management experience in mixed-finance properties

**(d) Organization Structure/Profile of Principals and Key Staff:**

- Description of organizational structure or organizational chart
- Profiles of principals and key staff, roles served, level of experience
- Involvement in similar projects and activities, particularly in securing approvals and funding for commercial and/or industrial projects
- Familiarity with regulations in New York State
- Experience with tax credits, tax-exempts bonds and NYSERDA incentives
- Availability of key staff

In addition to submission of the above, the Interested Parties may be required to make a presentation before the ILDC covering all the above aspects.

## **5. OUTCOME OF THE EOI**

All the EOIs applications meeting the Minimum Requirement shall be evaluated. The EOIs shall be evaluated based on the Proposal submitted by the Applicant. Shortlisted Applicants shall also be invited to come for presentation / discussion with ILDC regarding their proposal, understanding of the project and preparedness to undertake the activities of a Co-Developer. Thereafter, final selection of Applicants shall be done by ILDC based on the capabilities of the Applicants and their proposals as follows:

- Financial ability to participate in the project
- Experience/Track record of projects.
- Qualifications of organization and staff to be involved in the project
- Understanding/Buy-in regarding the intent of the project
- Approach to the project
- Schedule
- Specialty skills and/or experience

The ILDC may, at its exclusive discretion, either invite detailed proposals only from those Interested Parties who had submitted their EOIs and were shortlisted in the process or from the open market.

## **6. EOI SUBMISSION – DATE AND TIME**

6.1. The Interested Parties should submit their EOIs in the form & manners mentioned under Clause 4 (Submission of EOI) in a sealed envelope marked as “EOI for Development of NZE” to ILDC, 95 Perry Street, Suite 403, Buffalo, NY 14203 on or before **1:30 P.M. May 18, 2018.**



6.2. The envelope shall clearly indicate the name and address of the Interested Party. All completed EOIs should be sent through registered/speed post/courier or by in-person at the address mentioned under Clause 7 herein below. Any EOI delivered after the stipulated date and time shall be returned unopened and no further communication from the concerned Interested Party in this regard shall be entertained by ILDC.

6.3 ILDC may, in its absolute discretion but without being under any obligation to do so, update, amend or supplement the information, assessment or assumptions contained in this EOI. The issue of this EOI does not imply that ILDC is bound to undertake the Selection Process and/or select and short-list pre-qualified EOIs for review or to appoint the selected Applicant or Developer, as the case may be, for the Project and ILDC reserves the right to reject all or any of the submissions hereunder without assigning any reasons whatsoever.

**7. CONTACT**

Phil Riggs, RFEI Administrator  
 ILDC/ECIDA  
 95 Perry Street, Suite 403  
 Buffalo, NY 14203  
[priggs@ecidany.com](mailto:priggs@ecidany.com)  
 716-332-8375

**Alternative Contact**

Grant Lesswing, Business Development  
 ECIDA  
 95 Perry Street, Suite 403  
 Buffalo, NY 14203  
[glesswing@ecidany.com](mailto:glesswing@ecidany.com)  
 716-362-8371

All questions about the meaning or intent of the EOI must be submitted to the aforementioned designated persons. Other than the contact persons identified above, prospective respondents shall not approach ILDC members during the period of this EOI process about any matters related to this EOI or any proposals submitted pursuant thereto. Submissions should include adequate detail to address each of the criteria (please reference the question # for each of your answers). A limit of 15-pages total, generally using 11 pt. font size with standard margins, has been established to guide the level of detail anticipated. Any supporting information may be included as an appendix.

**Submission Process**

Questions are to be sent electronically to [priggs@ecidany.com](mailto:priggs@ecidany.com). Please include “EOI for Development of NZE” in the subject line of the email. Please see timeline below for key dates in the submission process.

<b>ACTION</b>	<b>DATE</b>
RFEI Issued	March 1, 2018
Strongly Encouraged - Declare Intention to Respond via Email & Final Day to Submit Questions	March 29, 2018
Information Session & Response to Questions (Webinar) Held	April 20, 2018 (tentative)
<b>Responses Due</b>	<b>May 18, 2018, 1:30 pm EST</b>
The Structured selection process will include the following: <ul style="list-style-type: none"> <li>• Evaluate responses and short list applicants who best meet the criteria;</li> <li>• Schedule interviews to evaluate the short-listed applicants;</li> <li>• Negotiate options;</li> <li>• Make recommendation to the ILDC Board for approval; and</li> <li>• Negotiate contract.</li> </ul>	3 <sup>rd</sup> /4 <sup>th</sup> Quarter 2018

The ILDC board of directors will select a firm/respondent upon completion of the evaluation process as described above. It is anticipated that the selection of a firm will be completed sometime within the 3<sup>rd</sup> / 4<sup>th</sup> Quarter of 2018.

Thank you for your interest in this very exciting project. Please know that this RFEI has been sent directly to many businesses/organizations. However, in the interest of inclusion we are open to receiving submissions from others beyond this direct list, assuming they can meet the timeline. We look forward to your response, please look for updates to the EOI on the ECIDA web site ([http://www.ecidany.com/requests\\_for\\_proposals](http://www.ecidany.com/requests_for_proposals)).