

**Date Issued: March 16, 2018**

**City of Hamilton**

**REQUEST FOR PROPOSALS**

**Contract Number: C11-66-17**

**Request for Proposals  
Pier 8 Development Opportunity**

**ADDENDUM 17**

The following queries and responses, issued by the Procurement Section shall form part of the **Request for Proposals** documents for the above, and the revisions and additions noted herein and any attachments shall read in conjunction with all other documents. This Addendum shall, however, take precedence over all previously issued **Request for Proposals** documents where differences occur.

Included in this Addendum are: 5 Pages for Addendum 17

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**1.0 CHANGES TO 'BID FORM 2' AND COMPLETION INSTRUCTIONS**

Please be advised that a revised version of Bid Form 2 (titled: "Pier 8 RFP C11-66-17 - Revised Bid Form 2 – Addendum 17.xlsx") has replaced the previous version found on the Bids and Tenders website. Proponents are required complete this new version and submit it as a requirement of the Financial Proposal, which is due on April 4, 2018. For clarification, the following changes have been made:

- Gross Floor Area allocations are now to be submitted in square metres, not square feet;
- Rows 20, 22, and 24 have been added to indicate multiple uses on each Block;
- Gross Floor Area allocations for Residential uses (condominium and rental) are now to be broken down by unit type (e.g., Studio, 1 Bedroom, 2 Bedroom, etc.);
- Gross Floor Area allocations for Hotel uses are now to be categorized as either "Full Service" or "Limited Service";
- Target Closing Dates correlated to the Minimum Purchase Prices must now be indicated in date format (dd/mm/yyyy);
- Cells that contain calculations have been locked and un-highlighted (i.e., these cells do not require an input); and
- Modification to signature lines.

Please refer to the following amendments to the RFP for detailed instructions on how to complete this new Bid Form 2:

### **1.1 General Guidelines and Assumptions for Submitting Financial Proposals**

DELETE: Evaluation Process subsection 2.2.1(2)

REPLACE WITH: “The Commencement Date is expected to be the first day of the first calendar month that follows the date that the Development Agreement is duly executed. For the purposes of preparing a Proposal, assume that the Commencement Date is January 1, 2019. Therefore, in considering the Minimum Purchase Price section of Bid Form 2, the end of Proforma Month #1 shall correlate to January 31, 2019, and all subsequent Proforma Months shall correlate accordingly.”

INSERT NEW: Evaluation Process subsection “2.2.1(7) On Revised Bid Form 2, only cells highlighted in yellow need to be filled in. All cells driven by formulae are locked, not highlighted, and will automatically calculate;

INSERT NEW: Evaluation Process subsection “2.2.1(8) Upon completion of Revised Bid Form 2, provide authorizing signatures in the provided signature blocks.”

### **1.2 Completing Single-Entry Parameters**

DELETE: Entire text of Evaluation Process subsection 2.2.2.2(1) respecting the Upfront Payment; and

REPLACE WITH: “Propose a single dollar amount (greater than or equal to \$1,000,000) as the Upfront Payment in Revised Bid Form 2 cell G11.

DELETE: Entire text of Evaluation Process subsection 2.2.4.2(1) respecting the Fair Market Value Share; and

REPLACE WITH: “Propose a single percentage rate (greater than or equal to 50%) under the “Fair Market Value Share” heading on Revised Bid Form 2, cell G12, that represents the proportion of the positive difference between FMV and the MPP that will be payable to the City.”

DELETE: Entire text of Evaluation Process subsection 2.2.5.2(1) respecting the Value Add Share; and

REPLACE WITH: “Propose a percentage rate under the “Value Add Share” heading on Revised Bid Form 2 cell G13”

### 1.3 Completing Block-Specific Parameters

DELETE: Entire text of Evaluation Process subsection 2.2.3.2(1) respecting the Minimum Purchase Prices and Target Closing Dates; and

REPLACE WITH: “Indicate an offered MPP and Target Closing Date (in ‘dd/mm/yyyy’ format) for each Development Block in Revised Bid Form 2, in cell arrays G54 to W54 and G55 to W55, respectively.

DELETE: Evaluation Process subsection 2.2.5.2(3) respecting Gross Floor Area allocations amongst the proposed building types; and

REPLACE WITH: “Indicate Gross Floor Area allocations (in square metres) for the various building types that your Proposal contemplates for each respective Block. For Condominium Residential and Rental Residential buildings, provide a further breakdown of area allocations by unit type in cell array G29-32 to W29-32 and G37-40 to W37-40 respectively. For Hotel buildings, complete the area allocation in the appropriate row that corresponds with the appropriate category of the proposed hotel.”

INSERT NEW: Evaluation Process subsection “2.2.5.2(4) For Hotel, Student Residence, or Seniors Residence buildings, also indicate the number of Rooms being proposed.”

INSERT NEW: Evaluation Process subsection “2.2.5.2(5) Select from the drop-down menus found in Rows 20, 22, and 24 the respective Primary, Secondary, and Tertiary use type (according to proportionate built out area) for each Block”

## 2.0 UNDERLYING BENCHMARK ASSUMPTIONS TO BE USED IN CALCULATION OF VALUE-ADD SHARE (VAS) FOR FINANCIAL PROPOSAL EVALUATIONS

As noted in City Response #177 (Addendum 15), the City has chosen to disclose the underlying benchmark assumptions that will be employed in the Financial Proposal Evaluation Model to calculate the projected Value Add Share Payments as indicated in the following tables. Please note that “Baseline Value” refers to the value that will be assumed as at the Commencement Date. Please see Addendum 11, Item 1.1(d)(ii) and 1.1(d)(iii) for a more detailed explanation of how these assumptions will be applied in the evaluation.

Type	Source	Baseline Value
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<i>Condominium, Average Grossed-Up per Square Metre Sale Price (by use and unit type):</i>		
Residential Studio	Realnet Database	\$5,511 / Sq.M
Residential 1 Bedroom	Realnet Database	\$4,951 / Sq.M
Residential 2 Bedroom	Realnet Database	\$4,822 / Sq.M
Residential 3 + Bedroom	Realnet Database	\$4,650 / Sq.M
Retail	Realnet Database	\$3,875 / Sq.M
Office/Other	Realnet Database	\$3,068 / Sq.M

<i>Average Grossed-Up per Square Metre Annual NOI:</i>		
Rental Retail	Listings from brokerage sites	\$215 / Sq.M
Rental Office/Other	Listings from brokerage sites	\$172 / Sq.M

<i>Average Grossed-Up per Unit Annual NOI:</i>		
Seniors Residence	Internal Deloitte Research	\$400,000 / Suite
Student Residence	Internal Deloitte Research	\$75,000 / Room
Full Service Hotel	Realnet Database	\$120,000 / Door
Limited Service Hotel	Realnet Database	\$90,000 / Door

<i>Rental Multifamily, Average Grossed-Up per Square Metre Annual Gross Rent (by unit type):</i>		
Studio	Listings from brokerage sites	\$284 / Sq.M
1 Bedroom	Listings from brokerage sites	\$258 / Sq.M
2 Bedroom	Listings from brokerage sites	\$243 / Sq.M
3 + Bedroom	Listings from brokerage sites	\$196 / Sq.M
<i>Universal Operating Expense Ratio for all unit types</i>	2017 National Apartment Association Survey and Internal Deloitte Research	30%

<i>Universal Constant Capitalization Rates (by use, for income properties only):</i>		
Rental Multifamily	Q4 2017 CRBE Cap Rate Survey and Realnet Database	4.50%
Rental Retail	Q4 2017 CRBE Cap Rate Survey and Realnet Database	5.50%
Rental Office/Other	Q4 2017 CRBE Cap Rate Survey and Realnet Database	5.75%
Seniors Residence	Internal Deloitte Research	6.75%
Student Residence	Internal Deloitte Research	6.50%
Full Service Hotel	Q4 2017 CBRE Cap Rate Survey	8.00%
Limited Service Hotel	Q4 2017 CBRE Cap Rate Survey	8.50%

**END OF ADDENDUM 17**

Proponents providing a signed Form of Proposal have made any necessary inquiries with respect to addenda issued by the City and have provided for all addenda in their Proposal submission.

**All addenda will be posted on the City's bid portal at:  
[hamilton.bidsandtenders.ca](http://hamilton.bidsandtenders.ca)**

and at

**[www.hamilton.ca/westharbour](http://www.hamilton.ca/westharbour)**

**Procurement Section, City of Hamilton, Ontario**