



City Council Meeting November 30, 2021 Item No. 1 Staff Report

**BOULDER CITY
CITY COUNCIL**

MAYOR
KIERNAN McMANUS

COUNCIL MEMBERS:
JAMES HOWARD ADAMS
CLAUDIA M. BRIDGES
MATT FOX
SHERRI JORGENSEN



MEETING LOCATION:
CITY COUNCIL CHAMBER
401 CALIFORNIA AVENUE
BOULDER CITY, NV 89005

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CITY MANAGER:
TAYLOUR TEDDER, CECD

CITY ATTORNEY:
BRITTANY LEE WALKER, ESQ

CITY CLERK:
TAMI MCKAY, MMC, CPO

ADMINISTRATIVE SERVICES DIRECTOR:
BRYCE BOLDT

COMMUNITY DEVELOPMENT DIRECTOR:
MICHAEL MAYS, AICP

PUBLIC WORKS DIRECTOR:
KEEGAN LITRELL, P.E.

ACTING UTILITIES DIRECTOR:
KEEGAN LITRELL, P.E.

POLICE CHIEF:
TIM SHEA

FIRE CHIEF:
WILLIAM GRAY, CFO

FINANCE DIRECTOR:
DIANE PELLETIER, CPA

PARKS & RECREATION DIRECTOR
ROGER HALL

TO: Taylour Tedder, City Manager

FROM: Diane Pelletier, Finance Director

DATE: November 30, 2021

SUBJECT: For possible action: Matters pertaining to the award of the Request for Proposal to sell land known as Tract 350, lands around the north and east sides of Boulder Creek Golf Course

A. Receive presentations, review, and discussion of the three (3) submitted proposals from Story Book Homes, Toll Brothers, and William Lyon Homes to purchase Tract 350

B. Resolution No. 7368, a resolution of the City Council of Boulder City, Nevada to award the RFP for land sale of Tract 350

Business Impact Statement: This action will not have a significant economic impact on business and will not directly restrict the formation, operation, or expansion of a business.

Action Requested: That the City Council receive the presentations by the three RFP respondents, review the RFP materials and RFP evaluation committee recommendation, discuss, and if determined appropriate, award the RFP and direct Staff to initiate the land sales contract discussions.

Overview:

- The City issued a Request for Proposals on July 1, 2021, to market lands known as Tract 350, approximately 45 acres of residential land
- The City held a pre-proposal conference and site visit on July 29, 2021 (attendance was voluntary).
- Respondents were encouraged to provide multiple proposals for different densities
- Respondents were required to provide bid offers that included and excluded the construction of the required stormwater conveyance facilities within Bristlecone/Clubhouse streets

- The RFP closing date was September 16, 2021. The City received responses from three companies
- The RFP Evaluation Committee met on October 12, 2021, to evaluate the five total proposals and ranked them
- Next Steps are to award the RFP, staff will order a new appraisal based on the selected proposal, and then initiate the sales contract negotiations
- Related next steps include rezoning of the property and other entitlement processes

Background Information: On July 1, 2021, the City issued a Request for Proposal to market lands known as Tract 350 to be sold (copy of RFP is attached). Among the standard submittal requirements for an RFP, the document requested several specific responses:

- That the respondent provide multiple responses with development options
- That the respondent provide a bid price wherein the respondent would install the required stormwater conveyance facilities within the Bristlecone and Club House streets, and a second bid price wherein the City would be required to create a Special Improvement District (“SID”), and the City would construct the stormwater improvements.
- That the respondent provide sample building elevations and floor plans
- That the respondent provide a draft subdivision layout
- That the respondent make clear the necessary zoning for their proposal
- That ALL submissions are to be through the Nevada Government eMarketplace website (NGEM)

During the RFP response preparation period, the City held a non-mandatory attendance pre-proposal conference and site visit on July 29, 2021. Representatives from Story Book Homes and Toll Brothers were in attendance, as well as several representatives from engineering firms. City staff answered questions and supplied information on how to visit the site.

Responses were due by 2 pm on September 16, 2021. The City received responses from three companies. They are:

- Story Book Homes
- Toll Brothers
- TaylorMorrison (formerly William Lyon Homes)

Each respondent has been invited to make a 15-minute presentation to the City Council about their proposals and be available to answer any questions regarding their presentation or proposals.

The table below provides a very high-level presentation of their proposals:

Proposal	Price per Acre (they build sewer)	Price per Acre (City builds sewer)	# of Units	Proposed Zoning
Story Book Homes #1	\$455,555/acre (\$20,500,000)	\$477,777/acre (\$21,500,000)	122	R1-7, R1-10, R1-15 (keeps existing zoning as is)
Story Book Homes #2	\$533,333/acre (\$24,000,000)	\$555,555/acre (\$25,000,000)	144	R1-5, R1-10, R1-15
Toll Brothers #1	\$655,000/acre \$28,571,100)	\$675,000/acre (\$29,443,500)	177	R1-5, R1-7
Toll Brothers #2	\$550,000/acre (\$23,991,000)	\$570,000/acre (\$24,863,400)	181	R1-7, R2
William Lyon #1	\$650,000/acre (\$29,237,000)	Not provided*	185	R1-6, R1-7 (unclear)
William Lyon #2	\$650,000/acre (\$29,237,000)	Not provided*	141	R1-6, R1-7 (unclear)
William Lyon #3	\$650,000/acre (\$29,237,000)	Not provided*	149	R1-6, R1-7 (unclear)

*William Lyon only provided one dollar value for their proposal, regardless of the number of units. They did not provide information regarding the required bid alternates for stormwater conveyance construction.

Each proposal did provide a subdivision layout sample showing the proposed zoning, location of parks, and potential phasing of development. Each proposal is included with this packet.

Note: City Staff did consider the SID option internally and reviewed the requirements to establish an SID, participation requirements, and the funding mechanisms. The primary purpose of the SID is to use the proceeds to repay all debt incurred for the construction of the improvement (bonds). This raised a serious concern amongst the Finance Department Staff – as these improvements are easily within the \$1.5M range, and any bond in excess of \$1M would require voter approval, and there is no certainty that the voters would pass the ballot question for the bond. Other reasons include that there were no guarantees that the home prices would reflect a commensurate reduction in home price to the reduced land purchase price. The difference in the offered price between the developer-build sewer option and the city-build sewer option for either Story Book or Toll Brother is less than what the city-prepared engineer's estimate for the City to construct the facilities – in other words; either developer can construct the stormwater conveyance facilities much cheaper as part of their development process than can the City. ***For this reason, among others, the Evaluation Committee focused only on the developer-build option when comparing proposals.***

The Evaluation

An Evaluation Committee was established to review the three respondent's proposals. The committee representatives from the Finance Department, Public Works Department, and Parks and Recreation Department. Each member reviewed the submitted proposals and scored each one individually. The proposals were ranked as follows (proposal name reflects the company and the first three digits of their proposed price per acre):

Proposal Name	Score (possible 500)
Toll Brothers #1 655 Proposal	471
Toll Brothers #2 550 Proposal	437
Story Book #1 455 Proposal	413
Story Book #2 533 Proposal	406
William Lyon Proposal	317

Overall, the Committee felt that the Toll Brothers proposal best met the intent of the RFP, provided the best value to the City, and provided a home product that was consistent with existing development within the overall City. They propose to take the property down in three phases and develop the property as two distinct projects (one as a R1-5 project fronting Adams Boulevard, the other as a R1-7 project, fronting Bristlecone and Club House). The project has multiple small community parks and one larger linear park alongside Bristlecone (see page 11 of 80 of the Toll Brothers proposal for parkland locations).

Note that none of the three proposals provided an estimated home sales price. The provision of a home sales price was not a requirement of the RFP and likely a very difficult number to estimate as it will take at least 1 – 1.5 years until homes are available for purchase (site entitlement process, site prep, and home construction timelines)

Financial: The proceeds from the Tract 350 land sale are to be split 10% for Public Safety infrastructure needs (vehicles, other tech, etc.) and the remainder towards the swimming pool recreation project. The timing for fund receipts are estimated and presented only for the Evaluation Committee recommended submittal:

	Timing	TOTAL Payment	10% for Public Safety	90% for Pool Project
Phase 1	At initial closing	\$9,825,000	\$982,500	\$8,842,500
Phase 2	No earlier than 12 months from first phase closing	\$9,825,000	\$982,500	\$8,842,500
Phase 3	~ November 2023	\$8,921,000	\$892,100	\$8,028,900
TOTALS		\$28,571,000	\$2,857,100	\$25,713,900

Additionally, Toll Brothers included a value-added proposition. Initially, it was to manage the construction of the community pool project. City Staff verified that the value-added proposition could be negotiated to be something similar to be determined during the sales contract negotiations.

Next Steps

After award, but prior to closing on the sales contract, the property will need to be rezoned to match the proposal. This would require rezoning lands adjacent to Adams Boulevard to R1-5 (single-family homes on 5,000 square foot lots). This would also require that the City do a zoning text amendment to create the R1-5 zoning district and its related regulations (setbacks, building heights, parking requirements, etc.) It would also require that the lands adjacent to Bristlecone Drive be rezoned from the combination zoning of R1-10/R1-15 to the proposed R1-7. Lands along Clubhouse Drive are currently zoned R1-7 and do not require a rezoning.

Once the zoning actions are complete, staff will order an updated appraisal (in compliance with City Charter and NRS requirements) to verify that the purchase price is at or above the appraised value. The final sales contract would then be brought back before the City Council to approve. Upon approval, the City and purchaser would close on the first phase, City would receive the initial payment of \$9.8M, and the purchaser would then initiate the necessary steps to prepare the Tentative Subdivision Map and first phase Subdivision Map for approval and recording. Based upon past experience, it is anticipated that the first home would be available for move-in approximately one year after the land is sold.

Boulder City Strategic Plan Goal: The sale of Tract 350 is consistent with Goals A, B, and C of the Strategic Plan:

Goal A – Achieve Prudent Financial Stewardship

Strategy 2 – Diversify revenue sources

Goal B – Invest in Infrastructure

Strategy 3 – Maximize the use of outside funding sources for infrastructure (in this case, not only use of outside funding, but outside contractors to build the infrastructure)

Goal C – Manage Growth and Development

Strategy 4 – Identify and prioritize areas for residential infill development

Department Recommendation: City Staff requests that the City Council receive the three presentations by the RFP respondents, review the attached RFP responses, consider the recommendation by the Evaluation Committee, discuss the proposals and award the RFP to Toll Brothers for their #1 proposal at \$655,000/acre. Further, Staff is requesting a directive to initiate sales contract negotiations as a result of the RFP award.

Attachment:

- Resolution No. 7368

- Responses to the Tract 350 RFP by Story Book Homes, Toll Brothers, and William Lyon Homes
- Request for Proposals to Purchase Tract 350
- Current Zoning Map Excerpt