

ADDENDUM #4: Request For Proposals for the Preservation and Redevelopment of Governors Island – Questions and Answers; Additional Information

Posted: March 20, 2006

PLEASE CHECK THE GIPEC WEBSITE, www.govisland.com, FOR ANY ADDITIONAL ADDENDA POSTINGS.

1) **Q:** Are there going to be any pre-fabricated bridges on this project?

A: A pre-fabricated bridge is currently not included in any capital plans under development by GIPEC. However, this does not preclude Respondents to the RFP from proposing a bridge in their development plans.

2) **Q:** Will separate RFPs be issued for architects or must they already be part of developer teams?

A: The current Request for Proposals for the Preservation and Redevelopment of Governors Island seeks proposals from developers, operators and tenants. Regardless of the type of proposal being submitted by a respondent (whole-island development, component development, or leasing), the proposal must contain a design concept – including a design narrative, discussion of design strengths and challenges of the design, precedents and the sustainable features of the design. (Please see section 9.2 of the RFP for a detailed outline of the design requirements.) A firm interested in providing architectural services may be part of a Respondent team. Separate RFPs for architectural services may or may not be issued later in the redevelopment process by GIPEC, private, or not-for-profit development teams as the master planning and design phases unfold.

3) **Q:** Please provide me with contact name(s) and number(s) of key personnel involved in the project for follow-up inquiries.

A: All comments and questions from respondents regarding this RFP must be in writing and electronically submitted to GIPEC at DevServ-GIPEC@empire.state.ny.us. See Section 10.2 “Questions and Clarifications.” Please refer to Section 9.8 “Additional Certification and Compliance” and Attachment 1 to Addendum #1 (accessible on the GIPEC website, www.govisland.com, on the “Open RFPs / RFQs / RFEIs” page) for information regarding compliance with State Finance Law Sections 139-j and 139-k.

4) **Q:** We provide full service program, project and construction management services to public clients. We are interested in providing our services to the Preservation and Redevelopment project on Governors Island. I understand this project is in the process of seeking potential developers, development teams, operators and tenants. (1) What

would you recommend the best way for us to obtain work on this project? Should we look to team with developers at this stage? (2) If so, do you have a list of interested firms? (3) Will there be other CM type solicitations?

A: (1) You may choose to read through the Request for Proposals for the Preservation and Redevelopment of Governors Island document and to submit a proposal or to join a Respondent Team. Section 10.4 of the RFP outlines the process for registration with GIPEC as a prospective Respondent. Section 10.0 outlines the procedure for submitting a proposal.

(2) To assist Respondents in the formation of teams, GIPEC will publish a list of prospective Respondents as part of an addendum to this RFP. Anyone interested in being included in this list should have contacted GIPEC by email by March 17, 2006, at DevServ-GIPEC@empire.state.ny.us. Please see section 1.1 of the RFP for details.

(3) Separate RFPs for construction management services may or may not be issued later in the redevelopment process by GIPEC, private, or not-for-profit development teams as the master planning, design, and construction phases unfold.

- 5) **Q:** I represent an Electronic Security Integrator. I was reading about your RFP and I would like to speak to whoever is in charge of the security for this site.

A: All questions regarding the RFP should be directed to GIPEC via email - See Section 10.2 "Questions and Clarifications." All questions regarding GIPEC's procurement for services for current or interim Island operations should be directed to Mr. Peter Monaco, Turner Construction, at 212-809-3612.

- 6) **Q:** (1) Is it GIPEC's preference to award the development to a "whole Island development Proposer" or to a Respondent Team that together submits a proposal for the whole island, instead of accepting proposals from Component Developers? (2) Assuming the answer to the above question is "yes", it would be helpful if the addendum to be published giving the name of prospective respondents showed whether the prospective respondent was a whole island proposer or a component responder, and if the respondent is a component responder, what buildings/programs he is suggesting. And if the respondent is a whole island proposer, what component proposals he is seeking, if any. This would assist everyone in putting together teams. (3) How long are the ground leases? (4) Will the ground leases be long enough to fully amortize debt (say 30 years)? (5) Will the ground leases be long enough to be treated as ownership interests for tax purposes (say 50 years)? (6) Will the ground leases have the right to purchase the property at a known price or a known formula for calculating a future purchase price?

A: (1) GIPEC has no preference at this time. (2) Not applicable. (3) The term of any lease will be negotiated, but cannot be longer than 99 years, including any extensions or

renewals. (4) See answer to question #3. (5) See answer to question #3. (6) As currently envisioned, GIPEC will retain ownership of the Project Area.

- 7) **Q:** How did you arrive at the initial terms of the ground lease GIPEC will offer? It's 25 years.

A: The RFP does not state 25 years or any other number. The term of any lease will be negotiated, but cannot be longer than 99 years, including any extensions or renewals.

- 8) **Q:** Are there any height restrictions on the island?

A: The Island is currently zoned R3-2. The Project will be developed in substantial conformance with the final General Project Plan (GPP) and Project design guidelines to be developed for the Project by GIPEC. These development controls will include height limits and will apply in lieu of the New York City Zoning Resolution since this project is owned by GIPEC, which is a subsidiary of the Empire State Development Corporation, and the Project is subject to the General Project Plan process. Depending on the ultimate program and depending on the responses GIPEC receives to the Development RFP, GIPEC's General Project Plan will be amended. However, until the program for Governors Island is established, GIPEC is not specifying height limitations other than the requirements in the Preservation and Design Manual regarding the Historic District. Height guidelines for new buildings are discussed in the "Design Objectives for Buildings and Landscape" Section 3.2.6 "Development Parcels".

Appendix N, "Geotechnical Historic Data Report, Governors Island (December 2005) and the Geotechnical Structural Borings Report (February 2006) from Addenda #3 provide geotechnical borings information which would be useful for Respondents trying to evaluate soil conditions to support foundations for buildings of varying heights.

Q: So in responding to the RFP, we just assume whatever is good for us?

A: Correct. Propose whatever you think is necessary for your particular project to succeed.

- 9) **Q:** Will proposals that include residential uses be considered at all?

A: The quitclaim deed from the Federal Government to GIPEC allows certain types of residential uses that are in connection with permitted uses - such as healthcare, education uses for dormitories, residences, professors, etc., as well as hotel uses and residences that are in connection with hotel uses. Residential uses that are not connected

with other permitted uses are not permitted in the quitclaim deed and will not be considered as part of this RFP.

Q: What is the rationale for that?

A: The quitclaim deed from the Federal Government to GIPEC prohibits certain residential uses.

- 10) **Q:** (1) Will the ultimate disposition of the contract and the ground leases and the fee of the developer to be selected be subject to City and State or just State approval processes? (2) Will the State Legislature have input through this or is it all within the authority of GIPEC?

A: (1) GIPEC is a state entity, pursuant to state laws under the Empire State Development Corporation. Accordingly, GIPEC is not subject to ULURP since ULURP is a New York City regulation. Instead, GIPEC will follow the State process, which will require a SEQRA review. GIPEC has adopted a General Project Plan, and will adopt an amended General Project Plan which will reflect the approved development. Once the amended General Project Plan is approved by the Boards of ESDC and GIPEC, GIPEC will also seek Public Authorities Control Board approval. There will also be a State Historic Preservation Office process. This will complete the required governmental approval processes. However, it is important to note that while GIPEC is a state entity and as such not subject to New York City building code, GIPEC will require that all construction on the Island comply with the New York City building code.

- 11) **Q:** The RFP appears to seek major developers. However, if a nonprofit organization has plans for developing an environmental educational facility on Governors Island, but perhaps does not quite have the resources to put a proposal together in the next two months, would the organization's proposal be cut immediately if not all the financial or building plans are complete?

A: We have tried to keep this RFP very open-ended. That is why GIPEC is encouraging whole-island developers, developers that want to take on the whole Island and have a vision for the Island. We also do encourage developers who want to develop portions of the Island and specific buildings. A lot of these purposes stem from the mandate to encourage public benefit uses that GIPEC received when it took over the Island. We hope to make this Island a public place. We encourage proposals from not-for-profits and small entities. It is important to GIPEC that proposals have sufficient detail to show feasibility without placing undue burden on not-for-profits and small entities. However, since we are at an RFP stage, we do encourage all prospective Respondents to make their proposals as complete as possible over the next two-month period. Specificity is very important. At this point we are not able to say what specific level of

response would or would not disqualify a particular proposal, but GIPEC does very much encourage not-for-profits and similar activities on the Island. And we ask that you do the best you can to meet GIPEC's specific requirements as outlined in the RFP.

12) Q: Is there a deadline for registration with GIPEC?

A: There is no deadline for registration. However, you will need a registration number in order to access reference materials in the RFP Reference Materials Resource Room, to attend Governors Island site visits during the proposal preparation period, and to submit a proposal. Section 10.4 of the RFP outlines the registration process.

13) Q: Will GIPEC retain a consultant to complete the Environmental Impact Statement (EIS) or is the development team responsible for that?

A: GIPEC will retain a consultant to complete the EIS. However, selected Respondent(s)' cost reimbursement obligations are outlined in Section 13.5 of the RFP.

14) Q: What documentation exists on the buildings themselves and how do we access this information?

A: Certain building plans of Governors Island are available for purchase by Respondents from a designated vendor, per the instructions outlined in Section 10.6 of the RFP. In addition, detailed building condition assessment reports from 2004 for all buildings in the Historic District are available to registered Respondents in the Reference Materials Room on Governors Island. Please see section 10.7 of the RFP for details.

15) Q: Is there a timeline on rehabilitation of the historic buildings?

A: No, that is a function of the future adaptive re-use phasing plans and when funds become available for such work.

16) Q: What is your operating budget?

A: Our current operating budget is \$8-10 million per year. That does not cover our full need and the operating budget will be greater at full build-out.

Q: Does that figure include the National Park Service?

A: It includes some of the funding needs of the National Park Service.

17) Q: Where exactly does the floodplain lie?

A: The map of the floodplain is included in **Appendix N** to the RFP.

18) **Q:** Can you mitigate the island's large goose population by changing the habitat available to them?

A: The large goose population is due mainly to the large amount of unused open space. Once the island is activated, the goose population can be expected to decline.

19) **Q:** Please clarify the stipulation in the quitclaim deed that all operating revenue must be returned to GIPEC's operating budget.

A: That clause ensures that income from Island operations is returned directly to GIPEC, rather than to City or State. It does not apply to developers' entire operating revenue, but only to that portion intended for GIPEC.

20) **Q:** How accurate is the restoration estimate of \$650 million for historic buildings and how was it derived?

A: That \$650 million refers to an early estimate for rehabilitation costs to allow adaptive reuse of all buildings in the Historic District based on the Site Blauvelt Building Condition Assessment Reports. This figure was meant to be illustrative, since it does not yet incorporate actual plans for the buildings, escalation and other factors. The \$650 million is an average cost of \$430 per square foot for the approximately 1.5 million square feet of buildings slated for adaptive re-use in the historic district. The cost of repair and stabilization of these buildings is lower than \$650 million.

21) **Q:** What is the backup for this figure? For example, if heating in Building #400 is entirely failed, the repair would be expensive?

A: GIPEC has condition assessments for each building. These are accessible to all registered Respondents in the Reference Materials Room on Governors Island.

Q: Are interior and exterior renovations necessary?

A: This depends on the proposed uses for the buildings. Buildings in the historic district have to be maintained and rehabilitated in accordance with the Preservation and Design Manual. In some cases, the interiors of the buildings are landmarked as well, and must be preserved: Pershing Hall (Building #125 - entry level), Officers' Club (Building #298 - ballroom spaces and Minstrel Gallery), Admirals House (Building #1 - first floor).

22) **Q:** How do you envision the relationship between GIPEC and the Developers vis-a-vis the EIS and State Historic Preservation Office (SHPO)? Given that you have significant historic preservation and environmental needs, how do you envision this relationship to be smooth-sailing?

A: GIPEC is the lead public agency and will work as an intermediary between the Developers and the regulatory and permitting agencies. For example, GIPEC is already in conversation with SHPO and the City Landmarks Commission about streamlining the development process in regard to preservation. SHPO and the Landmarks Commission have indicated that they want GIPEC to be the intermediary. GIPEC intends to play a similar role in regard to other regulatory issues.

Q: How fast could this relationship proceed?

A: We understand that GIPEC's role is to expedite the process on behalf of private and not-for-profit interests. Nonetheless, GIPEC is a government agency interacting with government agencies. GIPEC is an ESDC subsidiary, so it follows State rules. The State's General Project Plan (GPP) process is faster than the City's, since there is no ULURP process. GIPEC's role is to ensure that the city and state interests are streamlined.

23) **Q:** Why is the Battery Maritime Building ("BMB") being developed through a separate process since it is so key to Governors Island?

A: The BMB is a City-owned property. The City recognizes that the BMB is the gateway to Governors Island, and will continue to be one of the future gateways to the Island. The City also believes that the redevelopment of the BMB must move forward regardless of the timeline for Governors Island. However, GIPEC has significant coordination with the City on this issue. Proposals to both the BMB RFP and the Governors Island Development RFP are due on the same day, May 10, 2006. While Respondents do have to submit separate proposals for each RFP, they can reference both proposals in each response. GIPEC and New York City Economic Development Corporation will coordinate evaluation and selection of responses to both RFPs. In evaluating BMB responses, NYCEDC will consider the importance of the BMB to the redevelopment of Governors Island.

24) **Q:** Will there be access from Brooklyn? If a Developer has plans for a portion of Brooklyn as it relates to Governors Island, should it be part of the proposal?

A: GIPEC is eager to help link Brooklyn directly to Governors Island by ferry or other feasible means. Areas of Brooklyn are not part of the Project Area, but Respondents should discuss their transportation and access needs and solutions in their proposals. GIPEC has spoken to the Port Authority of NY and NJ and to the New York City Economic Development Corporation ("NYCEDC") about Governors Island's needs for transportation access, and warehousing on the Brooklyn waterfront, and GIPEC anticipates continued cooperation from those other public agencies on meeting those needs. Respondents should make their assumptions about access explicit in their

proposals to provide clarity to GIPEC and NYCEDC. GIPEC has received clear indications that our needs on the Brooklyn waterfront will be met, subject to appropriate environmental review and public approvals processes, and now GIPEC needs to give NYCEDC more specific and technical information for coordination.

25) Q: Are you building the tram?

A: The aerial gondola is an idea under consideration as a means of addressing the transportation challenges faced by Governors Island. The aerial gondola could be a solution that provides immediate, continuous access to the Island without waiting, and is also a form of transportation that could accommodate peak hour demand. An aerial gondola would always be in addition to passenger and vehicular ferry service to the Island. It is desirable to offer people different modes of transportation. As for financing, GIPEC is awaiting the results of the Development RFP to see whether the development community has an interest in the aerial gondola. Financing remains to be determined. There is some indication from other cities that a tourist based financing model would allow such an aerial gondola to be built on a self-financing, profit-making basis.

26) Q: Is the weather extreme? How does that affect the gondola?

A: Safety is always a primary concern. If winds are extreme, the U.S. Coast Guard would shut down an aerial gondola in the same way that it shuts down ferry operations in the harbor. However, GIPEC has been discussing technical feasibility and operations issues with engineers and a premier company that produces gondolas. They analyzed potential systems that are in place in various locations around the world, and that function well and reliably under various extreme weather conditions (cold, wind, fog).

27) Q: How do you plan to address the myriad of insurance needs you will face?

A: GIPEC currently carries various insurance coverages for current operations. Insurance for future build-out and operations will form part of the operations and ground lease negotiations with the selected developer team(s).

Q: Insurance will be one of the biggest issues since you will need to cover risk issues in every way imaginable.

A: To assess insurance needs, GIPEC will first need to see what the proposals are. It is premature to discuss those insurance needs now.

28) Q: GIPEC has provided good information on infrastructure on the Island. Analogously, what assumptions should we make on sources of funding for open space? Who will pay for the 40 acres of open space?

A: GIPEC sees its role as a steward, on behalf of the State, the City, and the public, of the public open space, and expects to play a key in design, funding, operations, and maintenance of the parkland and esplanade. Successful Whole-Island and/or successful Component Developers will also be required, commensurate with the nature and scale of the proposed development, to participate in varying degrees in the design, construction, funding and operation of public open space. The level of required funding will be subject to negotiation, and funding would come from multiple sources still to be determined (public and private).

29) **Q:** Should we coordinate a gondola proposal with you, with the company you've consulted about the gondola, or should we develop the idea ourselves?

A: For the initial submission, interested Respondents should develop any aerial gondola proposals independent of GIPEC. As described in the February 15, 2006 press release, (http://www.govisland.com/Press_Room/02-15-06redevrfp.asp), Leitner-Poma of America worked with STV and Santiago Calatrava on preliminary conceptual ideas for such a gondola system. Short-listed finalists, selected finalists, or successful Respondents may have an opportunity to coordinate gondola proposals with GIPEC and its consultants at a later phase of the Project.

30) **Q:** (1) Is the esplanade included in the 40 acres of open space? (2) Are the Parade Grounds included?

A: (1) No, as outlined in the quitclaim deed, the esplanade is not included in the required 40 acres of public parkland, it is in addition to that requirement. (2) The public parkland requirement of 40 acres shall be located primarily south of Division Road. Any portion located north of Division Road would be exclusive of the National Monument Property. The Parade Grounds are owned by the National Park Service and GIPEC.

31) **Q:** Why were the Parade Grounds divided between GIPEC and the National Park Service?

A: The delineation was part of the negotiation among several government agencies that led to the disposition of the Island.

32) **Q:** Are any federal agencies other than the National Park Service involved in approval of the Governors Island project?

A: GIPEC is receiving some federal funding and applying for preservation grants. Therefore, GIPEC is working with specific agencies such as the Department of Transportation. Moreover, if GIPEC were to seek changes to the deed, federal approval

would be required. But federal agencies do not play a regulatory approval role in the project.

33) Q: What's the status of asbestos in the buildings on the Island?

A: The Coast Guard cleaned out much of the asbestos in most buildings before it left the Island. Some asbestos is left, and GIPEC has not undertaken a wholesale effort to abate all of it. However, asbestos is removed whenever any maintenance work is done on in an area containing it.

Q: So will the buildings that are staying need to be gutted for asbestos?

A: Buildings slated for adaptive re-use will need to be abated if asbestos is present.

34) Q: Have you done detailed work on the foundations of buildings?

A: GIPEC has not done a wholesale investigation of all building foundations. However, based on the maintenance work GIPEC has conducted, the foundations have been found to be generally in good condition. Whenever a foundation crack is found, it is repaired since GIPEC is charged with keeping the buildings from further deterioration.

35) Q: A section of the RFP states that GIPEC can take a team member out of a Respondent team once the team's plan is approved? If members spend a long time assembling the team, would it not be disruptive to take a member out?

A: GIPEC reserves the right to form or reconstitute a Respondent Team (see Section 13.2 "Right to Form Respondent Teams"). This clause is standard procedure, to allow the client to remove a team member with whom it declines to proceed or with whom it has had a bad experience. It is also intended to give GIPEC control over who is ultimately a partner in redeveloping the Island. But, GIPEC does not consider this clause an opportunity to arbitrarily remove team members. If GIPEC were to replace a team member, we would ask the team to substitute another member as early in the process as possible, not once an agreement has been reached.

36) Q: What kind of traffic count do you envision under an ideal use of the Island?

A: GIPEC does not have an ideal or preferred use for the Island, or a traffic count that goes along with it. GIPEC did analyze conceptual, illustrative models for possible attendance. The "Innovation Island" conceptual model, for example, implies visitation by up to 15,000-18,000 people a day. GIPEC owns a ferry that it can run every half hour and which can carry 10,000 people a day. GIPEC is currently the cheapest provider of such ferry transportation and can grow the number of people it carries over time. In

GIPEC's Capital Plan, there is an allocation for a second ferry, to increase capacity and to create redundancy. Moreover, the ferry trip is only seven minutes long. GIPEC has been approached by private ferry companies offering their services as soon as there is a market for them on the Island.

37) **Q:** Where can I find the RFP for the Battery Maritime Bldg?

A: The BMB RFP can be accessed at: www.nycedc.com/rfp/index.cfm

38) **Q:** We have registered and would like to know who else has registered so that we can make informed contacts.

A: GIPEC has posted on its website the attendees from the March 2, 2006 pre-bid conference and will be posting, shortly after March 17, 2006, a list of those wishing to be included in a list of prospective Respondents. GIPEC not be posting registration information.

39) **Note:** Please note that Figures 8 and 9 of **Appendix N**, the Geotechnical Historic Data report, have been added to the GIPEC website. They were not previously posted due to size limitations. They are now posted in the Appendices section of the RFP webpage, under **Appendix N**.

40) **Note:** Please refer to Addendum #3 for the posting of additional information: 1) the March 25, 2005 "Market Study" report prepared by Robert Charles Lesser & Co. and 2) the Geotechnical Structural Borings Report (February 2006).