

# 19 Pike Street Building

## Request for Information (RFI)

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Prepared By: [KCTCS Facilities Support Services](#)



Document Version: [Original](#)  
Date: [10/15/2018](#)

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## 1 PUBLIC PRIVATE PARTNERSHIP (P3)

Kentucky Community and Technical College System (KCTCS) and Gateway Community and Technical College (GCTC) is considering entering into a Public Private Partnership (P3) pursuant to KRS 45A.077. The project is for a multi-year contract to provide classroom space, business incubator space, residential units, retail space as well as a restaurant. The project includes the designing, renovation, financing, operating, and maintaining of a building on GCTC property for efficiency in providing these facilities. The facility under consideration is an 86,224 square foot building located at 19 Pike Street and 624 Madison Avenue, Covington, KY 41011. This property will be leased from KCTCS/GCTC to the developer. The intent of this request for information is to rather information to develop a request for proposal.

KCTCS/GCTC is interested in highest and best value for this existing facility. Information from interested parties must be received within ninety (90) days of the posting of this notification. The more detail provided in request for information submittal allows for a better request for proposal document.

**The deadline for questions is November 15, 2018 3:00 PM, EASTERN TIME**

## 2 RFI INTRODUCTION

This RFI will present a standard format for a Request for Information for a state government public private partnership between Kentucky Community & Technical College System (KCTCS), Gateway Community & Technical College (GCTC) and private entities.

This RFI serves the following main purposes:

1. Acquiring additional information to provide a basis for and to aid in potentially issuing a P3 Request for Proposals (RFP) procurement document.
2. Ensuring that the Kentucky Community & Technical College System develops well-conceived tender documents for any potential P3 project and clarifying the competitive system requirements, by confidentially meeting with individuals who, by responding to this RFI, request such a discussion.

This RFI is drafted based on the business case and feasibility assessment(s) previously completed for the Project, loosely described herein. This RFI acts as a tool to gather information and to provide feedback concerning the Project, in order to strengthen any future procurement document (RFP). No contract will be let from this solicitation.

### **3 EXECUTIVE SUMMARY – THE PROJECT**

KCTCS/GCTC desires to enter into a public-private partnership with a P3 partner, who can demonstrate the creativity and financial capability of developing, renovating, and operating an urban, mixed-use, development in the heart of downtown Covington, KY.

To that end, KCTCS/GCTC solicits information, guidance, and advice from potential Developers/Respondents through submittal of information and/or scheduling one-on-one meetings with KCTCS staff to discuss any issues and attempt to resolve any complications with the state-owned property.

KCTCS/GCTC has available state-owned real property for potentially urban, mixed- use, private development. The property wraps around a neighboring structure (GCTC Bookstore and Administration Building) and therefore fronts on two streets - Pike Street and Madison Avenue in Covington, Kentucky, and is comprised of the following:

Address: 19 Pike Street, Covington, Kentucky

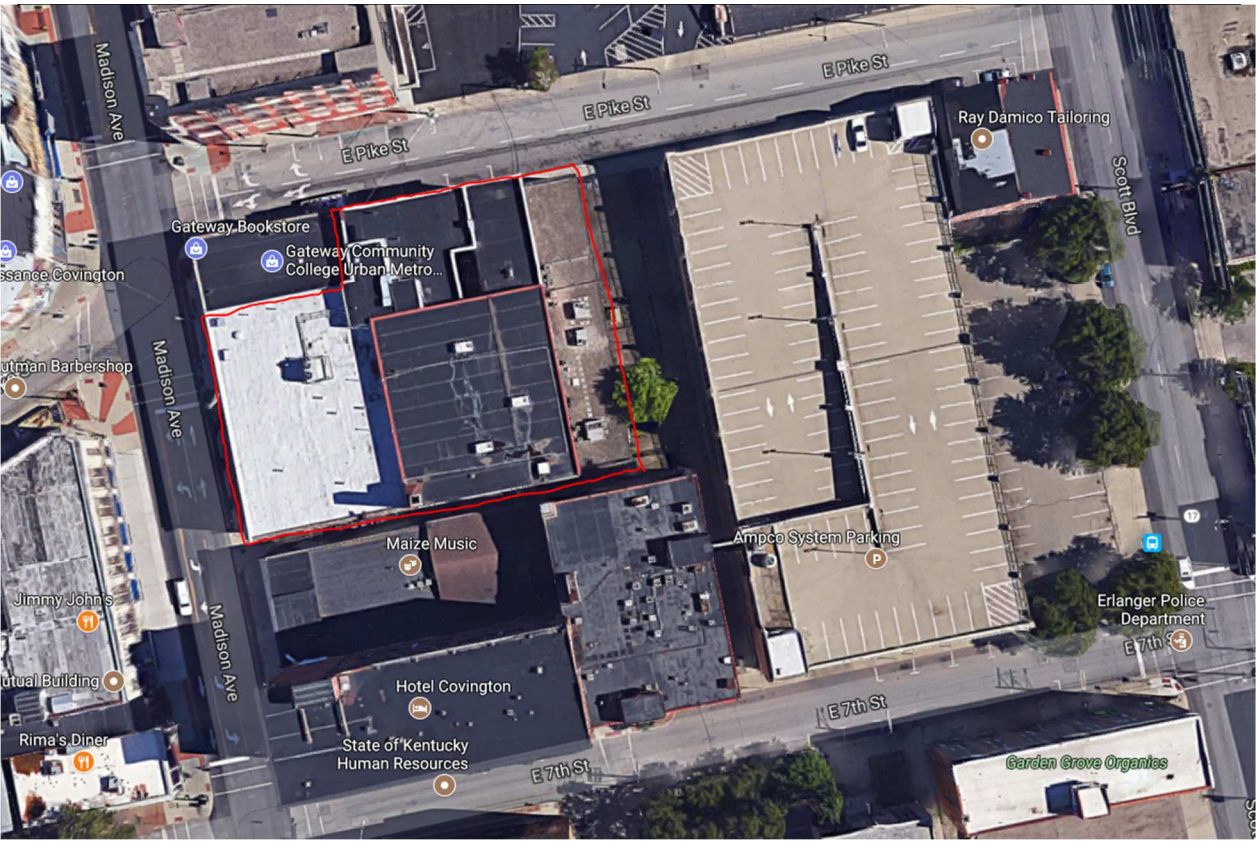
Height: Three stories + Basement

Square Footage:

First Floor:	21,556 S.F.
Second Floor:	21,556 S.F.
Third Floor:	<u>21,556</u> S.F.
Total Above Ground:	64,668 S.F.
Basement:	<u>21,556</u> S.F.
Total Building:	86,224 S.F.

The address encompasses two 4-story structures which were originally constructed as a YMCA along Madison Avenue and a YWCA along Pike Street. Those buildings are constructed around, and appear to be structurally connected to the GTCT Bookstore and Administration Building. Those two structures have previously been renovated and were previously being used for leased offices. Additionally, a more modern 1-story addition has been constructed to the rear (east), originally to house racquetball courts, but is now being used for storage.

# 19 Pike Street Building



## 19 Pike Street Building

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The subject property is commonly known as YMCA building at 19 East Pike Street and 624 Madison Avenue, Covington, Kentucky 41011.

This is a unique opportunity to assist in the transformation of the city of Covington, Kentucky by integrating people-friendly design, walkability, river accessibility, tourist/local citizen engagement, and business facilities – similar to “town and gown” efforts in many university towns. Opportunities may also exist for downtown engagement with GCTC.

Covington is a city in Kenton County, Kentucky, located at the confluence of the Ohio and Licking Rivers. Cincinnati, Ohio, lies to its north across the Ohio and Newport, Kentucky, to its east across the Licking. Part of the Cincinnati–Northern Kentucky metropolitan area, Covington had a population of 40,640 at the time of the 2010 U.S. census, making it the fifth-most populous city in Kentucky. It is one of its county's two seats, along with Independence.

Covington claims 19 distinct neighborhoods, ranging in population from several hundred to 10,000 people. Many of the neighborhoods are located in 12 historic districts that are predominantly found in the northern portion of the city. Most of the neighborhoods have active resident associations or block watches that are dedicated to involving residents in strengthening their neighborhoods, improving safety, housing, and beautification.

The following websites may be helpful with information about Covington:

<https://www.covingtonky.gov/>

<http://www.city-data.com/city/Covington-Kentucky.html>

<https://www.kentuckytourism.com/city/covington/>

Subject property is being offered for development or repurposing to benefit Kentucky Community and Technical College System and Gateway Community and Technical College.

#### **4 KCTCS OVERVIEW**

##### **A brief overview of KCTCS strategic plan:**

KCTCS strategic plan for 2016-2022 is titled the Future in Focus.

[\*The Future in Focus\*](#) emerged from a collaborative process that included statewide conversations with students, employees, educators, legislators, business owners, community leaders, and more.

The process generated a rich array of data that not only shaped our strategic plan, but also is sparking conversations about the future of Kentucky with public and private partners across the state.

The new plan calls for us to focus on several core goals:

- Raise the level of educational attainment in the Commonwealth by positioning KCTCS as the accessible, affordable, and relevant postsecondary education choice for Kentuckians
- Increase access and success for all KCTCS students, particularly among traditionally underserved populations
- Develop clear pathways through all levels of postsecondary education with an emphasis on experiential learning that lead to successful employment outcomes for KCTC graduates
- Improve student engagement, support, experiences, and success with best-in-class academics and student services
- Align programs and curricula with needs of employers that enhance the employability, job replacement, and career development of KCTCS graduates

To support the strategic plan, KCTCS is developing a series of two-year business plans to allow us to respond to changing conditions while maintaining focus on our long-term targets.

## **5 PROJECT OVERVIEW**

This Section provides a summary overview of:

### **Project Goals:**

To provide a small amount of space and an income stream to KCTCS/GCTC

### **Objectives:**

To partner with private Developer(s)/Respondents to create an urban, mixed use, development that would create synergy between Developer(s)/Respondents and KCTCS/GCTC. The mixed-use development would need to include financing/construction/management of property, commercial retail and/or residential space, as desired by the developer/respondent.

### **Scope:**

It is the KCTCS/GCTC intention that the proposed project development progress in a timely manner and to be completed by and at the expense of a private Developer/Respondent.



The KCTCS/GCTC welcomes collaborative opportunities, which would leverage projects in the Covington area towards revitalization of the downtown Covington community, including education, tourism, recreational/wellness, business, retail and mixed uses.

**Key performance indicators:**

Partnership structure (e.g., P3 model): “WhatIs.com” defines P3 as: Public-private partnership is a funding model for a public infrastructure project such as a new telecommunications system, airport or power plant. The public partner is represented by the government at a local, state and/or national level. The private partner can be a privately-owned business, public corporation or consortium of businesses with a specific area of expertise.

P3 is a broad term that can be applied to anything from a simple, short term management contract (with or without investment requirements) to a long-term contract that includes funding, planning, building, operation, maintenance and divestiture. P3 arrangements are useful for large projects that require highly-skilled workers and a significant cash outlay to get started. They are also useful in countries that require the state to legally own any infrastructure that serves the public.

Different models of P3 funding are characterized by which partner is responsible for owning and maintaining assets at different stages of the project. Examples of P3 models include:

Design-Build (DB): The private-sector partner designs and builds the infrastructure to meet the public-sector partner's specifications, often for a fixed price. The private-sector partner assumes all risk.

- Operation & Maintenance Contract (O & M): The private-sector partner, under contract, operates a publicly-owned asset for a specific period of time. The public partner retains ownership of the assets.
- Design-Build-Finance-Operate (DBFO): The private-sector partner designs, finances and constructs a new infrastructure component and operates/maintains it under a long-term lease. The private-sector partner transfers the infrastructure component to the public-sector partner when the lease is up.
- Build-Own-Operate (BOO): The private-sector partner finances, builds, owns and operates the infrastructure component in perpetuity. The public-sector partner's constraints are stated in the original agreement and through on-going regulatory authority.
- Build-Own-Operate-Transfer (BOOT): The private-sector partner is granted authorization to finance, design, build and operate an infrastructure component (and to charge user fees) for a specific period of time, after which ownership is transferred back to the public-sector partner.
- Buy-Build-Operate (BBO): This publicly-owned asset is legally transferred to a private-sector partner for a designated period of time.
- Build-lease-operate-transfer (BLOT): The private-sector partner designs, finances and builds a facility on leased public land. The private-sector partner operates the facility for the duration of the land lease. When the lease expires, assets are transferred to the public-sector partner.
- Operation License: The private-sector partner is granted a license or other expression of legal permission to operate a public service, usually for a specified term. (This model is often used in IT projects.)
- Finance Only: The private sector partner, usually a financial services company, funds the infrastructure component and charges the public-sector partner interest for use of the funds.

**Financing of the Project:** the Developer/Respondent will be solely responsible for all costs associated with developing, constructing, maintaining, and operating the Project.

**Financial arrangements between partners (e.g., revenue shares):** KCTCS/GCTC intends to enter into a lease arrangement with the Developer/Respondent for the renovated facility. KCTCS/GCTC is anticipating that there is sufficient profit margin for the entire Project to warrant requiring a percentage of Developer /Respondent’s profit.

**Other basic information about the project:**

**6 RFI SCHEDULE**

RFI key dates are the following:

10/15/18	RFI made available to the bidders; posted to KCTCS procurement website
11/15/18 @ 10:00 a.m. EST	Deadline for Respondents to submit questions to KCTCS
12/14/18	Response to all questions in the form of an amendment to RFI, posted
01/15/19, time: 2:00 p.m. EST	Deadline for receiving information (all material)
01/15/19–03/15/19	If requested, Developers/Respondents will be invited to individually discuss potential issues and solutions to KCTCS and GCTC (presentation meetings; not negotiation meetings).
04/01/19	Decision to launch an RFP

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**7 RFI RELATED QUESTIONS / CLARIFICATIONS / SUBMISSION**

KCTCS is seeking from private concerns input through verbal or written responses.

**Verbal Responses and inquiries:**

All interested parties should submit a written letter of interest, including contact information to the following:

**Facilities Support Services**

**Attn: Chris Brumett**

**COVINGTON P3**

**PROPOSAL**

**300 North Main Street**

**Versailles, KY 40383**

**Phone: 859-256-3224**

**[Chris.Brumett@KCTCS.edu](mailto:Chris.Brumett@KCTCS.edu)**

Should you be so inclined, a representative will contact you to schedule a meeting with you concerning this RFI. Please indicate on letter of interest if you wish meet with KCTCS representatives to discuss the Project and potential issues/concerns with the Project. Otherwise, you may submit your thoughts/answers to questions listed on Pages 15-17.

From the issue date of this RFI until the responses are due, vendors shall not individually communicate with any KCTCS or GCTC staff concerning this RFI except as referenced above.

**RFI responses are due on January 15, 2019 at 2:00 p.m. EST.** Respondents with an interest to communicate verbally, shall submit one (1) letter of interest in hardcopy.

Any notices with respect to this RFI should also be mailed to the above Contact and Address.

## **8 RFI CONDITIONS**

1. ALL RESPONSES RECEIVED BY THE DUE DATE AND TIME WILL BE CONSIDERED FOR THIS PROPERTY.
2. KCTCS DOES NOT CERTIFY THE SQUARE FOOTAGE OF THE IMPROVEMENTS OR THE AMOUNT OF ACREAGE LOCATED AT THE SUBJECT PROPERTY. THE PROPERTY MAY BE MADE AVAILABLE "AS-IS" WITH NO GUARANTEES OR WARRANTIES. SHOULD THE DEVELOPER'S/RESPONDENT'S LENDING INSTITUTION REQUIRE AN INSPECTION OF THE PROPERTY, THE COST OF SUCH INSPECTION IS THE SOLE RESPONSIBILITY OF THE DEVELOPER/RESPONDENT.
4. SHOULD YOU BE A PROSPECT AND WISH TO VIEW THE PROPERTY, THE BUILDING WILL BE OPEN FOR A SITE VISIT ON DATE TO BE SPECIFIED LATER.
5. IT SHALL BE THE RESPONSIBILITY OF THE OFFEROR(S) TO INSPECT THE PROPERTY PRIOR TO SUBMITTING A PROPOSAL TO DETERMINE PERTINENT FACTORS OF ACCESS, ZONING, UTILITIES, AND EASEMENTS, ETC. NO REFUNDS OR ADJUSTMENTS WILL BE MADE BECAUSE THE PROPERTY FAILS TO MEET STANDARDS OF QUALITY OR CONDITIONS EXPECTED, NOR WILL FAILURE TO INSPECT THE PROPERTY BE GROUNDS FOR ANY CLAIM FOR RELIEF FROM THE TERMS OF ANY PROPOSAL SUBMITTED IN RESPONSE TO THIS RFP OR ANY CONTRACT THAT MAY RESULT THEREFROM.
6. ANY AND ALL QUESTIONS SHOULD BE SUBMITTED NO LATER THAN **NOVEMBER 15, 2018 @ 10:00 A.M. EST** TO CHRIS BRUMETT, FACILITIES SUPPORT SERVICES, 300 NORTH MAIN STREET, VERSAILLES KENTUCKY 40383 OR BY EMAIL AT [CHRIS.BRUMETT@KCTCS.EDU](mailto:CHRIS.BRUMETT@KCTCS.EDU). ALL QUESTIONS AND ANSWERS WILL BE POSTED, ALONG WITH THE RESPONSES, ON THE KCTCS PROCUREMENT WEBSITE FOR ALL TO REVIEW AND WILL BE INCLUDED AS AN ADDENDUM TO THE RFP.
7. THE KCTCS RESERVES THE UNQUALIFIED RIGHT TO REJECT ANY AND ALL PROPOSALS.

NOTE: A RESPONSE FROM RESPONDENT/DEVELOPER WILL ONLY BE CONSIDERED VALID WHEN DELIVERED TO THE RECEIVER ON OR BEFORE THE DESIGNATED DUE DATE AND TIME (**JANUARY 15, 2018 @ 2:00 P.M. EST**). FAXED OR EMAILED RESPONSES WILL NOT BE ACCEPTED.

## **9 LIABILITIES OF KCTCS/GCTC**

This RFI is only a request for information about potential development, financing, construction services and no contractual obligation on behalf of KCTCS or GCTC, whatsoever shall arise from the RFI process.

This RFI does not commit KCTCS/GCTC to pay any cost incurred in the preparation or submission of any response to the RFI.

The Developer/Respondent is responsible for assuming all costs associated with determining the suitability of the site/property, and KCTCS/GCTC shall not be liable for any deficiencies associated with same.

## **10 CONFIDENTIALITY & RFI OWNERSHIP**

This RFI is both confidential and proprietary to the Kentucky Community and Technical College System and Gateway Community and Technical College. The Kentucky Community and Technical College System reserves the right to recall the RFI in its entirety or in part. Potential interested parties cannot and agree that they will not duplicate, distribute or otherwise disseminate or make available this document or the information contained in it without the express written consent of Kentucky Community and Technical College System.

Developers/Respondents shall not include or reference this RFI in any publicity without prior written approval from the client, which, if granted, shall be granted by the individual named above. Developers/Respondents must accept all of the foregoing terms and conditions without exception. All responses to the RFI will become the property of KCTCS/GCTC and will not be returned.

**11 RESPONSE FORMAT**

**PLEASE FILL OUT AND RETURN THE INFORMATION BELOW: TO BE FILLED OUT/RETURNED.**

Question	Response
Partner name Parent company	
Partner address	
Name of person responsible for the information contained in this RFI	
Telephone number Fax number Email address Web page	
What proposed mixed uses would the Developer/Respondent propose for this facility? What percentage of square foot for each type. GCTC is interested in possible leasing back of approximately 8,000 square feet of space in the form of classrooms, entrepreneur space and conference area.	
Should KCTCS determine to proceed with an RFP, how long do you feel is adequate time from the RFP date of issuance to develop a proposal/response, which response would need to include site design, business plan, financial plan, professionally signed renderings, etc.?	
Would the Developer/Respondent see a phasing component of the Project and/or do you have any idea of whether financing could be obtained based on the phased aspect of construction/development or whether the Project should be phased?	
In your opinion, what is a rough estimate of a range for construction time?	
How would a proposed revenue stream back to KCTCS/GCTC be proposed in the possible long term lease?	

Question	Response
<p>In your opinion, what prior experience would qualify a Developer/Respondent for construction and operation of an urban, mixed-use, development of this scale/size?</p>	
<p>What incentive(s) would the KCTCS need to provide to the Developer/Respondent for financing of this type of proposed development? A long-term lease from KCTCS to the Developer/Respondent for the property?            What would be a desirable length of term for the lease associated with the development? What about extensions?</p>	
<p>What ancillary amenities could be offered? Examples: entertainment destination center, themed restaurant, etc.?</p>	
<p>What are the downfalls to the Developer/Respondent if the KCTCS requires all maintenance associated with the College space to be the full responsibility/cost of the Developer/Respondent for the term of the leases?            Would the Developer/Respondent be open to establishing an escrow account for defined major maintenance items throughout the terms of the lease?</p>	



Question	Response
Can you provide insight on the current trends for financing a project such as this?	
What component of the proposed mixed-use urban development might KCTCS/GCTC have to assume responsibility for, in order for this Project to work from a financial perspective?	
Under KY's built-to-suit statutes, leased structures procured through the BTS process end with the KCTCS owning the improvements for no additional costs at the expiration of the lease. At this time, it is not the KCTCS's intent to own the property at the end of the lease; however, if that position changes and the KCTCS intends to own the building at the lease expiration, would this be an issue and/or how would that affect Developer /Respondent's financing capability and/or Project development?	
What, in your opinion, are drawbacks to a mixed-use project, from a developer's standpoint? From a financing aspect?	

Note: From the issue date of this RFI until the responses are due, interested Developers/Respondents shall not individually communicate with any KCTCS/GCTC staff concerning this RFI, except as referenced above.