Request for Offers to Lease

District of Columbia Property

7,000 SF of Retail Space

6428 Georgia Avenue, NW
Washington, DC 20012

Issued: Friday, 11/30/2012

Issued by:
The Government of the District of Columbia
Department of General Services
2000 14th Street NW, Suite 800
Washington, DC 20009
http://DGS.dc.gov

Offers due by: Friday, 12/28/2012; no later than 12:00 PM

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Section # 1: Overview and District's Goal for this Solicitation

The Government of the District of Columbia ("District"), through its Department of General Services ("DGS"), invites interested Offerors ("Offerors") to respond to this Request for Offers ("RFO") with offers ("Offers") to lease the following District of Columbia asset:

> **6428 GEORGIA AVENUE, NW, INCLUDING THE BUILDING WITH APPROXIMATELY 7,000 ± RENTABLE SQUARE FEET ("RSF"). THE DISTRICT WILL ONLY ACCEPT OFFERS FOR THE ENTIRE PROPERTY, (all of the property being referred to as the "Premises").**

The District's goal, in issuing this solicitation, is to receive Offers to lease the Premises. The District will evaluate Offers and will select one Offer determined, in the District's sole discretion, to be in the best interest of the District for negotiation of a lease agreement for the entirety of the Premises. DGS will not accept Offers to lease the Premises for a base term of less than five (5) years or more than ten (10) years. In addition to the base term, Offers may include one (1) renewal option of no more than five (5) years.

Section # 2 and Exhibit "A" of the RFO provides an overview of the property and Premises. Section # 3 provides information which must be included in an Offerors submitted Offer. Section # 4 provides information on the Offer format and delivery requirements. Section # 5 provides an outline of the selection process and RFO timeline. Section # 6 provides additional RFO Rights and Provisions. DGS held a public meeting on September 9, 2011 to receive community input on desired uses for the Premises and the community's preferences are described in Exhibit "B".

Section # 2: Property Description

The property is 6428 Georgia Avenue, NW, Washington, DC, and contains a building with approximately 7,000 RSF, which was formerly used as a Blockbuster. The total square footage of the land on which the building sits is 15,184 and contains approximately 25 parking spaces. The Square and Lot of the Premises are 2945 0817. A site assessment of the Premises identified the following issues: the roof is actively leaking and beyond its expected life; the concrete slab is not level in many areas and there are visible cracks in the slab even in areas covered by carpet; the water heater is over 13 years old and in poor condition; no active electrical service is present on site (there is no incoming masthead and the area where wires would enter from underground service in the front left of the building has no wires present); the 4 rooftop HVAC units are over 15 years old and in poor condition; interior finishes are painted drywall and wood paneling.

The Premises will be leased in an **"AS-IS", "WHERE-IS"** condition with all faults, without any representations or warranties. Any initial tenant improvements or subsequent alterations to the Premises must be reviewed and approved by the District, in its sole and absolute discretion.

All costs, expenses and obligations of every kind and nature whatsoever relating to the Premises shall be paid by the Offeror (including, without limitation, possessory taxes assessed against the Premises, water and sewer use fees, insurance premiums, utility expenses, and any and all costs of operating, maintaining, repairing or replacing all or any portion of the Premises, including all capital expenditures as well).

Please see <u>Exhibit A: Property Details</u> for additional information including aerial maps and a site plan.

Section # 3: Information to include in Submitted Offers

An Offer shall be in a narrative form responding to each Offer Criterion in this Section # 3. An Offer must be submitted timely and comply with the terms of this RFO. Please see Section # 4 for additional information on submitted Offer format, delivery, and site visit requirements.

OFFER CRITERION # 1: PROPOSED USE and BUSINESS PLAN

This section outlines what information the Offeror must provide with their Offer as it pertains to the Offeror's proposed use and business plan. An Offer should demonstrate a well thought out proposed use and business plan which positions the proposed use for success.

A) PROPOSED USE

Provided below are guidelines for Offerors to consider and incorporate when developing their Offers. Offerors should describe in their Offers how their proposed use addresses the following concerns and goals.

1) PROPOSED USES:

Describe what type of business the Offeror plans to operate. The Premises are available for uses permitted by applicable laws, regulations, and zoning. The Offeror should state whether the proposed use is permitted under current applicable laws and if not, the Offeror's plan for obtaining approval for the proposed use.

2) APPROPRIATENESS:

Describe how the proposed use would complement the broader community context and may benefit the community. For example, the Offeror may explain how many long term employees it expects to directly employ at the Premises, opportunities for District based businesses to participate in the project, and how the proposed use will provide an amenity to neighboring residents or workers.

B) BUSINESS PLAN

Offerors should provide a narrative description of their business plan including details on the business mission and objectives, operations plan, and projected annual revenue.

1) OPERATIONS PLAN:

Describe how the business will operate. Describe what the Offeror envisions the space to look like when fully built-out. Describe how many employees will work at the space. Provide proposed operating hours for the business. Provide an estimate (in months) for how long the Offeror anticipates it will take from lease execution to ready the space and open for business.

2) PROJECTED ANNUAL REVENUE:

Provide an annual revenue forecast for the first 3 years of operation.

3) FIRST SOURCE AND CERTIFIED BUSINESS ENTERPRISE UTILIZATION:

The District is committed to promoting hiring of District residents and to ensuring participation and inclusion of Certified Business Enterprises ("CBE") – and, in particular, Local Small Disadvantaged Business Enterprises ("LSDBE") – in the contracting opportunities derived from the reuse of District-controlled property. Offerors who commit to contracting with CBE's and/or LSDBE's will be viewed more favorably than those who do not. For more detailed information on CBE utilization please visit DSLBD's website at http://dslbd.dc.gov or call (202) 727-3900.

OFFER CRITERION # 2: OFFEROR QUALIFICATIONS (*EXPERIENCE, FINANCIAL CAPACITY, and OFFEROR IDENTIFICATION INFORMATION*)

This section outlines what information the Offeror must provide with their Offer as it pertains to the Offeror's financial capacity and prior experience.

A) EXPERIENCE

An Offer must include a narrative description of the Offerors prior experience in operations similar to the proposed use (this description must include specific examples demonstrating the relevant prior experience) and shall include resumes for key personnel who will be involved with the business.

B) FINANCIAL CAPACITY

Offerors must describe and demonstrate their financial capacity to pay all costs, including without limitation: rent, required build out improvement costs including furniture, fixtures and equipment purchases (as applicable), as well as Offeror's entity costs and other costs of doing business, such as franchise fees and other business taxes and any necessary licenses, permits or registrations.

1) SOURCES AND USES FUND STATEMENT:

Offerors should provide a "Sources and Uses Fund Statement". This statement should provide an account of where the Offeror will obtain funding for the business and what anticipated expenditures will be incurred during the start up. An example of a basic Sources and Uses Fund Statement is available at: http://biztaxlaw.about.com/od/businessplan/f/sources-uses.htm

2) CONSTRUCTION AND TENANT BUILD OUT BUDGET:

As indicated in Section # 2, General Property Description & Space Condition, the District will lease the space "**AS-IS**". **All costs to reconfigure the Premises for the Offeror's use will be done at the Offeror's sole cost and expense.** An Offeror's renovation and build out plan may be a significant part of the Offeror's overall start up costs. Offerors must provide an initial budget for the costs that will be incurred to begin operation of the proposed use at the Premises. This initial budget must include at minimum the Offeror's initial cost estimate for construction and furniture, fixtures and equipment.

3) FINANCIAL STATEMENTS:

Offerors should provide the following financial statements:

a) Federal Tax Returns for the past two years.
b) DC or State Tax Returns for the past two years.
c) Certified or Audited Financial Statements for the past two years.

The above financial statements should be for either an existing business operation or, if none, then the Offeror's individual financial statements. If the Offeror will be a business partnership with more than one principal, then financial statements must be provided for all principals. For new businesses, where certified or audited financial statements are not available, Offeror must provide personal financial statements demonstrating net worth.

4) FINANCING COMMITMENT LETTERS:

If the Offeror plans to fully self-fund the start up costs, then this financial capacity must be demonstrated in the Sources and Uses Fund Statement and the financial statements required above. If the Offeror will need or plans to obtain additional funds through equity or debt financing, then the Offeror must provide copies of commitment letters from such investors and lenders.

DGS reserves the right to request additional financial information, in its sole discretion.

C) OFFEROR IDENTIFICATION INFORMATION:

Offerors must provide the following information to the District.

1) CONTACT INFORMATION:

Offeror's full address and contact information.

2) CERTIFICATE OF GOOD STANDING (DC):

A Certificate of Good Standing which demonstrates the individual and/or business has no outstanding tax liability with the District of Columbia. A Certificate of Good Standing may be obtained by contacting the District's Office of Tax and Revenue at (202) 727-4829 or at the following website: http://otr.cfo.dc.gov/otr/cwp/view,A,1329,Q,637465.asp

3) BUSINESS LICENSE:

A copy of any business licenses applicable to the proposed operation. Business licenses are issued through the District of Columbia's Department of Consumer and Regulatory Affairs (DCRA). DCRA may be contacted at (202) 442-4400 or at website: http://www.dc.gov/DC/DCRA

4) DISTRICT RESIDENT STATUS:

Offerors should indicate if, and to what extent, the principals and key personnel are District residents. District residency will receive a preference over non-District residents.

OFFER CRITERION # 3: FINANCIAL OFFER

Offerors submitting an Offer must submit a financial offer which includes the following components: length of lease term, annual base rent, and annual base rent escalations. **An Offer which does not include these components will be deemed an "Unresponsive Offer"**.

All costs, expenses and obligations of every kind and nature whatsoever relating to the Premises shall be paid by the Offeror (including, without limitation, possessory taxes assessed against the Premises, water and sewer use

fees, insurance premiums, utility expenses, and any and all costs of operating, maintaining, repairing or replacing all or any portion of the Premises, including all capital expenditures as well).

***Property Tax:** Offeror's leasehold interest may be subject to possessory interest tax pursuant to applicable law, including DC Official Code: § 47-1005.01.

ADDITIONAL FINANCIAL OFFER CONSIDERATION:

The District will use the Offeror's Financial Offer for Evaluation Criterion #3, however, as described below in Section # 5, "Selection and Negotiation", the District reserves the right to negotiate final terms and conditions based on the totality of the financial and other terms in the Offer.

Section # 4: Submission Requirements

All Submission Requirements apply to all Offerors.

Formatting

- **Page Limit:** Offers should not exceed twenty-five (25) pages.
- **Copies:** Offerors should provide five (5) hard copies and one (1) electronic copy of the written Offer in 12 point font size on 8.5" x 11" paper. Electronic copies should be in PDF format and may be submitted via email to ian.zipfel@dc.gov
- Overly elaborate proposals are neither necessary nor desired.

Delivery

- **Delivery:** Each Offer shall be delivered by hand or courier to the contact identified in the box below. Each Offer shall be submitted in a sealed envelope conspicuously marked: **"Offer in Response to RFO for 6428 Georgia Avenue Retail dated 11/30/2012."** Facsimile Offers will not be accepted. Email submissions will be accepted only for the electronic copy required above. An email transmitting the electronic copy of an Offer must contain the subject line **"Electronic Copy: Offer in Response to RFO for 6428 Georgia Avenue Retail dated 11/30/2012."**
- **Deadline:** Both hard and electronic copies of Offers must be submitted no later than the response deadline specified in Section # 5.

Offer and Offeror

Offers should respond to each RFO item in the order outlined in Section # 3 with each item marked by a heading to indicate the Offer Criterion number and relevant sub-section.

Clarifying Questions

Any questions regarding this RFO should be submitted **via e-mail only** to the contact listed in the box below. Offerors shall not direct questions to any other person affiliated directly or indirectly with the District. **Questions submitted later than five (5) business days prior to the submission deadline identified in Section 5 will not be answered.** The text of any Offeror questions, responses thereto, and other clarifications will be posted to the Department of General Services website at: http://DGS.dc.gov.

Ian Zipfel
Department of General Services
2000 14th Street NW, Suite 800
Washington, DC 20009
ian.zipfel@DC.Gov

Section # 5: Selection Process

Timetable for Evaluation of RFO Responses

The District will endeavor to follow the timetable set forth below; however, this timetable is a guideline only and is subject to change in the District's sole discretion. Any changes will be posted at the DGS website: http://DGS.dc.gov.

RFO ISSUED:	NOVEMBER 30, 2012
OFFERS DUE:	DECEMBER 28, 2012, NO LATER THAN 12:00 PM
NOTIFICATION:	[TBD]

Selection and Negotiation

The District will evaluate all proposals based on the responses to the Offer Criteria in Section # 3. The Offer Criteria will be weighted as follows for evaluation purposes:

OFFER CRITERION # 1: PROPOSED USE and BUSINESS PLAN	35.00%
OFFER CRITERION # 2: OFFEROR QUALIFICATIONS	25.00%
OFFER CRITERION # 3: FINANCIAL OFFER	40.00%
Total	**100.00%**

Only Responsive Offers will be evaluated. The District will determine, in its sole discretion, whether each Offer received in response to this RFO is a Responsive Offer.

A Selection Panel will be established to review and evaluate the Offers. The composition of the Selection Panel will be determined by the District, in its sole discretion. In addition, the Selection Panel may consult with professional outside consultants for technical assistance in the District's sole discretion.

Upon receipt of Offers, the District, in its sole and absolute discretion, may choose to:

1. Require oral presentations by Offerors to the Selection Panel;
2. Select a short list of Offerors and require additional information from the short-listed Offerors or that they modify their Offers or provide a "Best and Final Offer" for the District's review;
3. Enter into exclusive negotiations with one or more selected Offeror(s) without requesting more detailed information or selecting a short list of Offerors;

4. Request more detailed information leading to a final Offeror(s) selection;
5. Take no action on the Offers received.

The Selection Panel will select, in its sole and absolute discretion, one or no Responsive Offer. Upon completion of the review and selection processes, DGS shall notify the selected Offeror, if any.

If one Offeror is thereby chosen, the parties shall proceed to negotiate final terms consistent with the selected Offeror's proposed terms. If the District and the selected Offeror are unable to agree on the final lease within sixty (60) days of the receipt by Offeror of the selection letter, the District, in its absolute and sole discretion, may terminate negotiations and (i) select a different Offeror that responded to the RFO; (ii) re-issue the RFO; or (iii) take such other measures as it deems reasonable, appropriate, and/or necessary.

Updates and Modifications

The Department of General Services shall post on its website (http://DGS.dc.gov) any notices or information regarding cancellations, withdrawals, modifications to deadlines, and other modifications to this RFO. Offerors shall have an obligation to check the website for any such notices and information, and the District shall have no duty to provide direct notice to Offerors.

No Conflicts Of Interest

By submitting an Offer, the Offeror represents and warrants the following to the District.

1. The compensation to be requested, offered, paid or received in connection with this RFO has been developed and provided independently and without consultation, communication or other interaction with any other competitor for the purpose of restricting competition related to this RFO or otherwise.
2. No person or entity employed by the District or otherwise involved in preparing this RFO on behalf of the District (i) has provided any information to potential Offerors which was not made available to all entities potentially responding to this RFO, (ii) is affiliated with or employed by or has any financial interest in any potential Offeror, (iii) has provided any assistance to potential Offeror in responding to this RFO, or (iv) will benefit financially if any Offeror is selected in response to this RFO.
3. The Offeror has not offered or given to any District officer or employee any gratuity or anything of value intended to obtain favorable treatment under this RFO or any other solicitation or other contract, and Offeror has not taken any action to induce any District officer or employee to violate the rules of ethics governing the District and its employees. Offeror has not and shall not offer, give or agree to give anything of value either to the District or any of its employees, agents, job shoppers, consultants, managers or other person or firm representing the District, or to a member of the immediate family (i.e., a spouse, child, parent, brother or sister) of any of the foregoing. Any such conduct shall be deemed a violation of this RFO. As used herein, "anything of value" shall include but not be limited to any (a) favors, such as meals, entertainment, transportation (other than that contemplated by this RFO, if any, or any other contract with the District), etc., which might tend to obligate a District employee to Offeror, and (b) gift, gratuity, money, goods, equipment, services, lodging, discounts not available to the general public, offers or promises of employment, loans or the cancellation thereof, preferential treatment or business opportunity. Such term shall not include work or services rendered pursuant to any other valid District contract.

Section # 6: Reservation of Rights and Miscellaneous Provisions

- **DGS reserves the right to:**
  - Cancel or withdraw the RFO at any time prior to or after the submission deadline;
  - Modify or issue clarifications to the RFO prior to the submission deadline;
  - Reject any submission it deems incomplete or unresponsive;
  - Reject all submissions that are submitted under the RFO;
  - Consider one or more Offers that are noncompliant with the Solicitation requirements;
  - Modify the deadline for submissions or other actions;
  - Reissue (i) the RFO, (ii) a modified RFO, or (iii) a new solicitation or request for offers whether or not any submissions have been received in response to the initial RFO issuance;
  - Subdivide the Solicitation into multiple, separately negotiated and leased components; and
  - Enter into negotiations with one or more Offerors based on Offers submitted in response to the Solicitation.

  DGS may exercise one or more of these rights, in its sole discretion, as it deems necessary, appropriate, or beneficial to the District.

- **Change in Offeror Information**

If information provided in a submission changes (e.g., change or addition to any of the Offeror's team members or new financial information) the Offeror shall provide updated information in the same format for the appropriate section of the RFO and DGS may consider the modified submission.

- **Ownership and Use of Submissions**

All submissions shall be the property of the District. The District may use any and all ideas in any submission, whether the submission is selected or rejected. No Offeror shall be entitled to compensation or reimbursement of costs in connection with its submission of an Offer in response to this RFO.

- **Further Efforts**

DGS may request that Offerors clarify their submissions and/or submit additional information pertaining to their submissions. DGS may request best and final submissions from any Offeror and/or request an oral presentation from any Offeror.

- **Restricted Communications**

Upon release of this RFO and until the end of the notification period set forth in Section 5, above, potential Offerors shall not communicate with DGS, or other District staff about the RFO or issues related to the RFO except as authorized in this RFO or in public meetings called in connection with this RFO.

- **Limitation on the District's Authority to Convey**

Offerors should be aware that the District's disposition of certain real property interests is subject to prior Council authorization in accordance with D.C. Official Code § 10-801 (2007 Supp.). Nor can the District obligate itself to expend any funds without first obtaining a congressional appropriation of funds for such purpose. DGS makes no commitment (nor is authorized to make any commitment) to

enter into any contract and does not intend to proceed with any proposed project until all applicable laws have been satisfied.

- **Confidentiality**

Submissions and all other information submitted in response to this RFO are subject to the District's Freedom of Information Act (D.C. Official Code § 2-531 et seq.) ("FOIA"), which generally mandates the disclosure of documents in the possession of the District upon the request of any person, unless the content of the document falls within a specific exemption category. An example of an exemption category is "trade secrets and commercial or financial information obtained from outside the government, to the extent that disclosure would result in substantial harm to the competitive position of the person from whom the information was obtained." If an Offeror provides information that it believes is exempt from mandatory disclosure under FOIA ("exempt information"), the Offeror shall include the following legend on the title page of the submission:

THIS OFFER CONTAINS INFORMATION THAT IS EXEMPT FROM MANDATORY DISCLOSURE UNDER THE DISTRICT'S FREEDOM OF INFORMATION ACT

In addition, on each page that contains information that the Offeror believes is exempt from mandatory disclosure under FOIA, the Offeror shall include the following separate legend:

THIS PAGE CONTAINS INFORMATION THAT IS EXEMPT FROM MANDATORY DISCLOSURE UNDER THE DISTRICT'S FREEDOM OF INFORMATION ACT

On each such page, the Offeror shall also specify the exempt information and shall state the exemption category within which it believes the information falls.

Although DGS will generally endeavor not to disclose information designated by the Offeror as exempt information, DGS will independently determine whether the information designated by the Offeror is exempt from mandatory disclosure. Moreover, exempt information may be disclosed by DGS, at its discretion, unless otherwise prohibited by law, and the District shall have no liability related to such disclosure.

- **Non-Liability**

By participating in the RFO process, the Offeror agrees to hold the District, its officers, employees, agents, representatives, and consultants harmless from all claims, liabilities, and costs related to all aspects of this RFO.

- **Brokers and brokerage fees**

Offeror will be responsible and shall pay for any and all commission or fees due to Offeror's broker, if any, pursuant to a separate agreement. The District does not offer, nor will it provide any broker compensation, commission or fee.

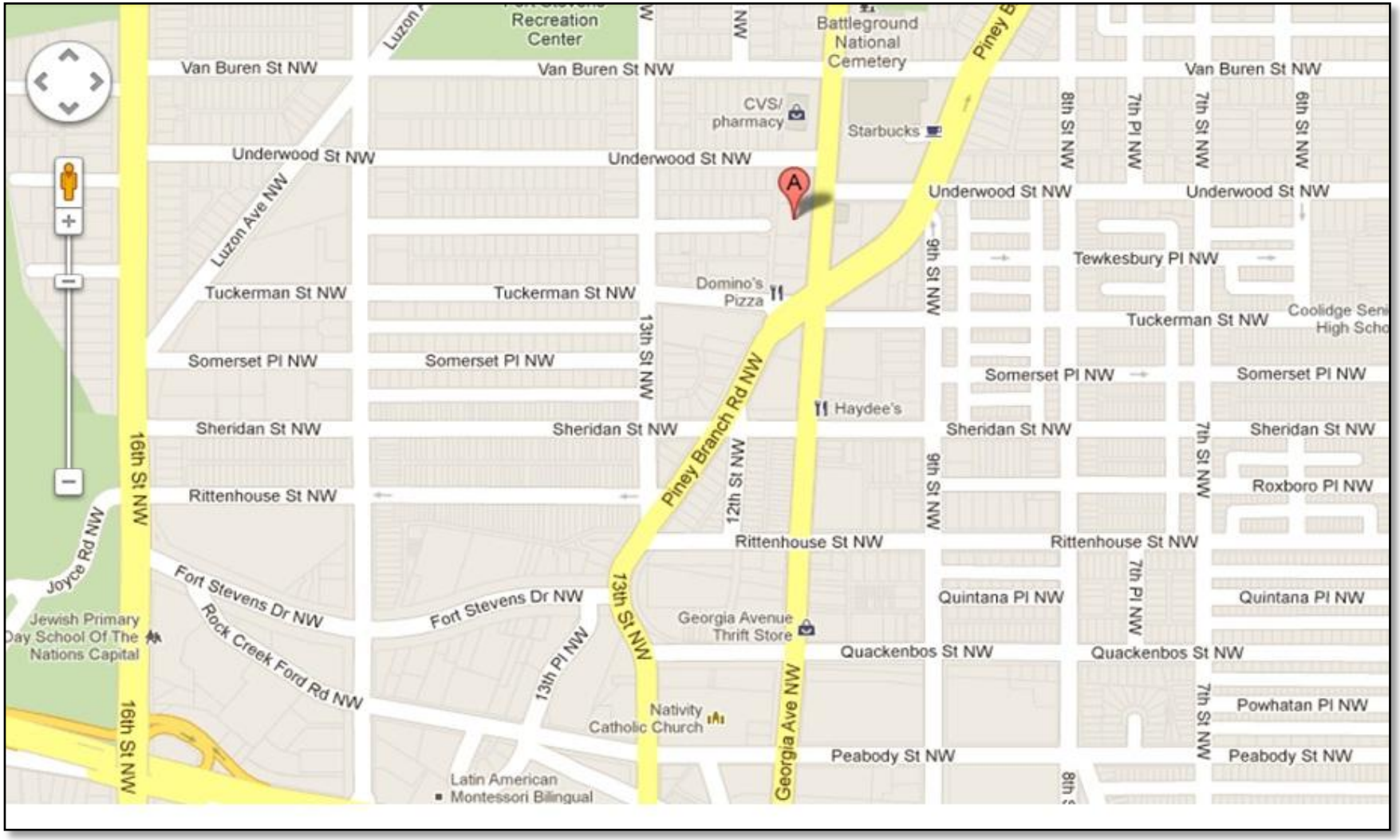
- **Selection Non-Binding**

The selection by the District of an Offeror does not constitute a commitment by the District to execute a final agreement or contract with the Offeror.

Exhibit A: Property Details

1. SITE AERIAL 1
2. SITE AERIAL 2
3. BUILDING ELEVATION
4. FLOOR PLAN

1) **LOCATION MAP:**



2) SITE AERIAL:

PROPERTY OUTLINED IN RED.

3) BUILDING ELEVATION:

VIEW OF THE EAST SIDE OF THE PROPERTY.

4) FLOOR PLAN

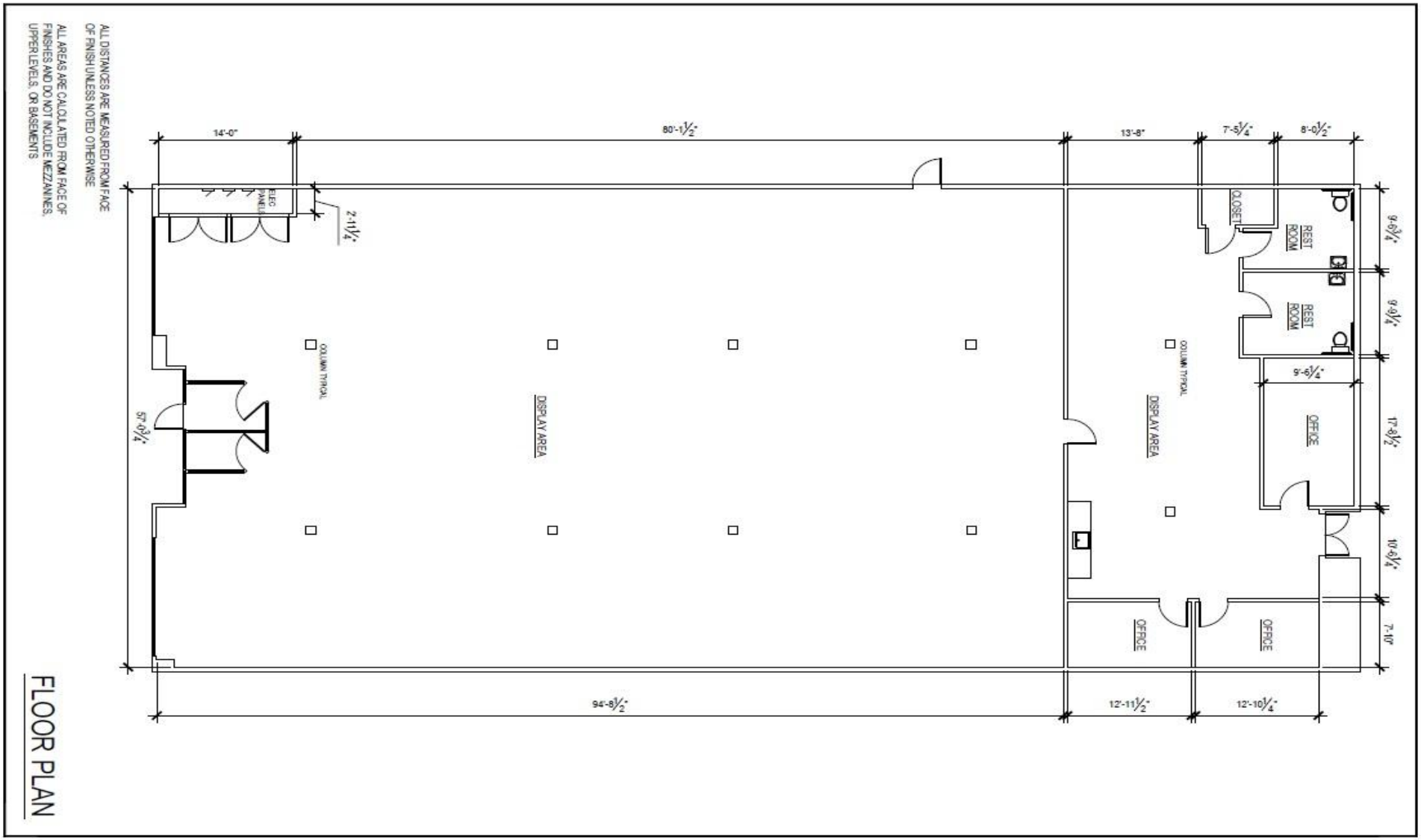

8'-0½"
7'-5¼"
13'-8"
80'-1½"
14'-0"
9'-6¾"
9'-9¼"
17'-8½"
10'-6¼"
7'-10"
REST ROOM
REST ROOM
CLOSET
9'-6¼"
OFFICE
COLUMN TYPICAL
DISPLAY AREA
OFFICE
OFFICE
12'-10¼"
12'-11½"
94'-8½"
DISPLAY AREA
COLUMN TYPICAL
ELEC PANEL
2'-11¼"
57'-0¾"
ALL DISTANCES ARE MEASURED FROM FACE OF FINISH UNLESS NOTED OTHERWISE
ALL AREAS ARE CALCULATED FROM FACE OF FINISHES AND DO NOT INCLUDE MEZZANINES, UPPER LEVELS, OR BASEMENTS
FLOOR PLAN

Exhibit B: Public Input

As shared in Section # 1, the District held a public meeting on 09/09/2011. The purpose of the public meeting was to receive community input on what types of uses it would like to potentially see at the property. The following ideas were expressed at that meeting and are provided below in no specific order.

COMMUNITY SUGGESTIONS:

1) School facility, to include items such as a GED testing center and gym
2) Food and beverage store