



REAL ESTATE SERVICES DIVISION  
ASSET MANAGEMENT BRANCH

## Request for Proposals – Part I

Located at the California Institution for Men, Chino

Long Term Ground Lease

Issued May 18, 2021

Deadline for submittals is 5:00 p.m., July 23, 2021



*Approximately 165 acres*



<https://www.dgs.ca.gov/RES/RESOURCES/Real-Estate-Services-Division-Resources-List-Folder/DGS-Surplus-Property-Homepage>

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## 1.0 Introduction and Background

By means of this Request for Proposals (“RFP”) the State of California (“State”), through the Department of General Services, Real Estate Services Division, Asset Management Branch (“Department”) is making available for long-term lease approximately 165 acres of vacant developable land (“Property”) located within the boundaries of the California Institution for Men-Chino (“CIM”) located at 14901 Central Avenue, Chino, California, 91708, San Bernardino County.

The goal of the RFP is to receive proposals for the development of the Property which will maximize ground lease revenue for the State General Fund. The Department is authorized to enter into a long-term lease of the Property under Government Code Section 11011.2 (“Authorizing Legislation”) which provides for the lease of State property that is of no immediate need to the State but may have potential future use for State programs.

The Department intends to execute a long-term lease agreement, not to exceed sixty (60) years, with the proposer who, at the sole discretion of the Department, offers the highest and most certain return to the State to meet its stated goals. The selected proposer will be responsible for all costs of development as well as the Department’s cost to administer this program.

**The RFP will be released in two parts**

### *Part 1: Concept Proposal*

Part 1 requests the submittal of concept proposals for developing and marketing the Property. The proposal must include suggested ground lease terms and a demonstrated discussion on how the suggested terms allow the State to obtain the highest and most certain return. The purpose of Part 1 is to assist the Department in establishing both project and selection criteria for Part 2 of the RFP. There is no selection process in Part 1 as all submitting proposals will be invited to participate in Part 2 regardless of the content of Part 1 submittal packages. However, only proposers who submitted Part 1 proposals will be invited to participate in Part 2.

### *Part 2: Detailed Project Proposal*

Only proposers who submitted a concept proposal in Part 1 of the RFP will be invited to participate in Part 2 of the RFP. Part 2 of the RFP will address qualifications, financial capacity, and specific project and selection criteria. Part 2 will also require specific project proposals to address details such as preliminary design, CIM infrastructure impacts and buffer zones, compliance with local jurisdictional zoning and land use relocation requirements, cost estimates, market supported income & leasing projections (e.g., vacancy, absorption, lease rates, and lease adjustments, TI allowances, concessions, leasing commissions, turnover, etc.), lease terms, and a thorough and supported discussion on how the State will obtain the highest and most certain return

from the long term ground lease. The discussion must include any “risk-reward” analysis should the proposed ground lease include the State’s participation in lease revenue generated by the development of the Property.

*It is emphasized that proposers need only address Part 1 of the RFP at this time.*

All proposals must be submitted by 5:00 p.m. on July 23, 2021. Interested buyers are required to submit proposals via Box.com and email Jon Heim at [jonathan.heim@dgs.ca.gov](mailto:jonathan.heim@dgs.ca.gov) for confirmation that the proposal was received. Proposals received after the specified date and time will be rejected. One hard copy of the proposals shall be postmarked July 23, 2021 and mailed to:

Jon Heim, Project Manager  
Department of General Services  
Real Estate Services Division  
Asset Management Branch  
707 3rd Street, 5th Floor  
West Sacramento, CA 95605

Parties interested in submitting a bid are encouraged to refer regularly to the following web site for addendums or other information related to the sale of the Property:

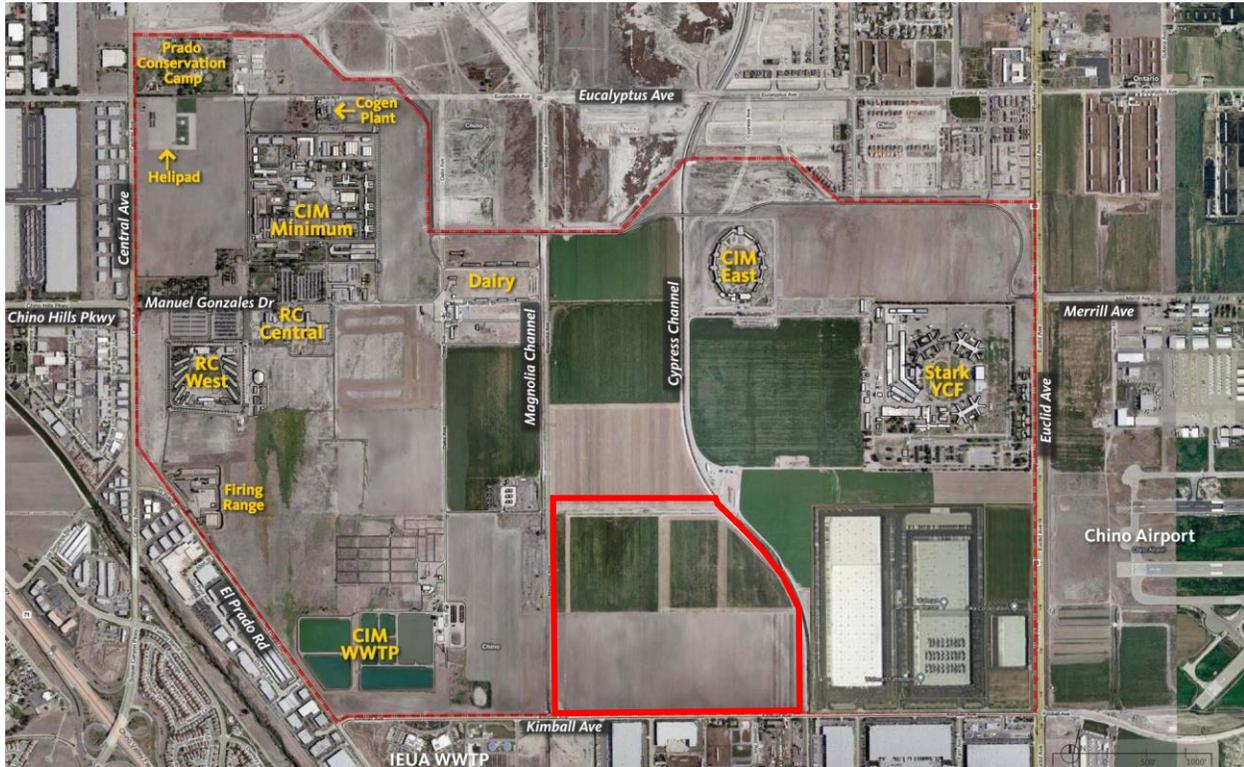
<https://www.dgs.ca.gov/RES/Real-Estate/Real-Estate-Services-Division-Resources-List-Folder/DGS-Surplus-Property-Homepage>

## 2.0 Area Description

The subject Property is in the City of Chino in southwestern San Bernardino County, approximately 30 miles east of downtown Los Angeles. The City of Chino is adjacent to the cities of Chino Hills, Pomona, and Ontario. The Property is positioned along the southern perimeter of the CIM facility and is roughly bounded by the Cypress Channel on the east, Kimball Avenue on the south and the remaining CIM property on the west and north.

### 3.0 Property Description

The Department is offering for lease approximately one hundred and sixty-five (165) acres of Property located at CIM. The actual legal description of the parcel will be based upon a survey to be completed by the selected developer.



The California Institution for Men (CIM) property boundary (red dashed line)  
Approximately 165 acres (solid red line) is the subject of this RFP

### 3.1 Utilities & Infrastructure

The selected proposer will be responsible for determining the adequacy of the infrastructure and utility services to meet the needs of any proposed development. The cost of any on-site or off-site infrastructure or utility service needs will be the responsibility of the selected proposer. Local utilities that serve the Chino area include:

- Potable and recycled water: City of Chino and the Inland Empire Utilities Agency
- Wastewater: Inland Empire Utilities Agency
- Storm Water: San Bernardino Flood Control District/CIM
- Solid Waste: San Bernardino Sanitation District
- Electrical: Southern California Edison

- Natural Gas: Southern California Gas Company

### 3.2 Environmental Conditions

The selected proposer will be responsible for compliance with all environmental (CEQA) regulations including preparation and certification of an environmental impact report, mitigated negative declaration, or other environmental compliance that may be required.

### 3.3 Land Use Regulations, Policies and Entitlements

The selected proposer will be responsible for obtaining all entitlements required by the City of Chino for the development of the Property to include site approval and design of the off-site and on-site improvements.



The 165 acres is currently zoned OS-1 - Open Space Recreational in the Airport Overlay District and designated UR – Urban Reserve City of Chino General Plan

### 4.0 Development Constraints

The selected proposer will be responsible for assessing the impacts of the Runway Protection Zones (RPZ) that overlay the Property related to the operation of the Chino Airport, a general aviation facility that is located to the east of the subject Property. The

proposer will be responsible for obtaining any development permits that may be required by the San Bernardino County Department of Airports. (See Exhibit A)

## 5.0 Key Dates

The schedule of events for the solicitation of proposals and proposal selection is outlined below:

- RFP Part 1 Issued: May 18, 2021
- Proposal Due Date for Part 1 of the RFP: July 23, 2021
- RFP Part 2 Issued: August 23, 2021
- Proposal Due Date for Part 2 of the RFP: October 22, 2021
- Selection of Proposal: November 22, 2021

*The Department reserves the right to modify the above projected dates.*

Questions or requests for clarifications of this RFP must be requested via e-mail and directed to: [Jonathan.heim@dgs.ca.gov](mailto:Jonathan.heim@dgs.ca.gov)

## 6.0 Evaluation and Selection Criteria

As previously noted, there is no evaluation or selection process associated with proposers' Part 1 submittals. The Part 1 submittal is simply a concept proposal the State will use in establishing specific project and selection criteria for Part 2 of the RFP.

However, the Part 1 submittal should include enough project and economic detail to reasonably support the proposer's approach to developing and marketing the Property. Supporting detail may include identification of building coverage / net rentable area, development cost estimates, projected lease-up and operating pro-forma, equity position and financing terms, ground lease terms, developer's fee, etc. The Part 1 proposal should include enough detail for the Department to determine the viability of the concept proposal and revenue opportunity that the development concept represents.

The Part 1 submittal should also provide discussion on how the concept proposal provides the Department with the best opportunity to meet its objective of maximizing revenue from the Property.

The Department may contact proposers for additional information and/or clarification on submitted Part 1 proposals.

Only proposers who submitted Part 1 concept proposals will be invited to participate in Part 2 of the RFP. In Part 2 of the RFP, the Department will provide more specific

project and selection criteria in order to make its decision to enter into exclusive negotiations with the proposer, who, in the sole discretion of the Department, represents the best opportunity for the State to meet its objectives of maximizing revenue from the Property. Part 2 will also address specific criteria requiring proposers to demonstrate their qualifications and financial capacity to develop the Property.

The Part 2 process should not be interpreted as a bid process. The Department will reserve the right to make its selection based on its sole and absolute discretion, and the Department reserves the right to reject any or all proposals at any time for any reason.

## 7.0 Proposal Requirements

Proposals submitted in Part 1 must be sufficiently detailed and descriptive in the Department's sole discretion to assess the viability of the proposal. The Department will best be able to consider proposals that include, but are not limited to, the items described below.

### **Organization**

Cover Letter: Introductory cover letter addressing proposers' development experience and past projects similar in nature to the Property's development. Summary overview of the proposers' conceptual approach to developing the Property with emphasis on elements that support project feasibility (i.e., cost, income, financing, marketing, and return projections for both proposer and the State. Proposals suggesting anything other than a fixed ground lease should address the State's "risk-reward" of any participatory ground lease terms. The proposer should also identify the form of probable development entity (corporation, LLC, LLP, etc.).

Body of Proposal: Expanded support on elements summarized in the Cover Letter. Discussion may include, but is not limited to:

- Current market conditions (i.e., lease rates, vacancy, concessions, absorption, etc.).
- Physical details of concept project to include scale, scope, size and mix.
- General discussion on concept project's compliance with local land use restrictions and the overall entitlement and permitting process.
- Project phasing
- Development schedule (through stabilized occupancy)
- Economic projections (cost, equity positions, financing (sources & structure), development pro- forma, operating pro-forma, rates of return (State and proposer), etc.

- Discussion of State's return on a ground lease to include risk vs. reward and payment position (in relation to proposer's return, development fee, and debt).

## 8.0 Financial Terms and Conditions

Part 1 of this RFP requires only general discussion as to the source of funds that will be secured for the development of the Property. Part 1 also requires that the source of the State's ground lease income be identified (i.e., fixed ground rent, participation, etc.).

Part 2 of the RFP process will require the proposer to provide additional financial information and more specific detail to include specific sources of equity, construction financing, and permanent financing. Proposers will be required to provide letters of interest or commitment from equity partners and lenders, as well as timing for such funding. Proposer shall provide a statement of financial qualifications, including a recent balance sheet and income statement.

Please note that the State will not subordinate the land to any financing position.

The Department will choose to negotiate a lease agreement with the proposer who poses the best opportunity for the State to meet its objectives of generating the highest revenue return to the State over the term of the ground lease

## 9.0 Due Diligence and Inspection of the Property

It is the responsibility of the proposer, at its sole cost and expense, to undertake such investigations as the proposer may deem necessary in connection with the condition of the Property and the appropriateness of the Property for the proposer's intended use. The proposer shall provide to the Department, at no cost, upon the Department's request, complete copies of all inspection reports obtained by the proposer concerning the Property.

The Property is currently under the control of the California Department of Corrections and Rehabilitation (CDCR). The proposers will be permitted to conduct due diligence on the Property subject to a schedule and plan to be approved by the Department. Access to the Property will be strictly controlled and under supervision of CDCR personnel. Please refer to Right of Entry form Exhibit B.

## 10.0 Representations and Warranties

The Department obtained the information contained within this RFP from sources deemed reliable. However, the Department makes no guarantees, warranties, or representations nor expresses or implies any opinion concerning the accuracy or completeness of the information provided. It is furnished solely as an aid to parties interested in leasing the Property. Interested parties are responsible for undertaking all necessary investigations on and off the Property.

Proposer should represent and warrant to the Department that the statements contained in their proposal are true and correct as of the date of the proposal and shall be true and correct as of the execution of the ground lease, and the truth and accuracy of such statements shall constitute a condition to all Department's obligations under this proposal. Proposer further warrants that proposer has all requisite authority and power to make this offer on the terms and conditions as herein contained.

### 11.0 Indemnification and Hold Harmless

Proposer shall defend, indemnify, and hold State harmless from and against any and all claims, liabilities, obligations, losses, damages, costs and expenses, including, but not limited to attorney's fees, court costs and litigation expenses, that the State may incur or sustain by reason of or in connection with any misrepresentation made by the selected developer pursuant to the RFP and the lease agreement.

### 12.0 Acknowledgement

The presentation of the proposal creates no obligation or commitment on the part of the Department to accept the proposal or ground lease agreement.

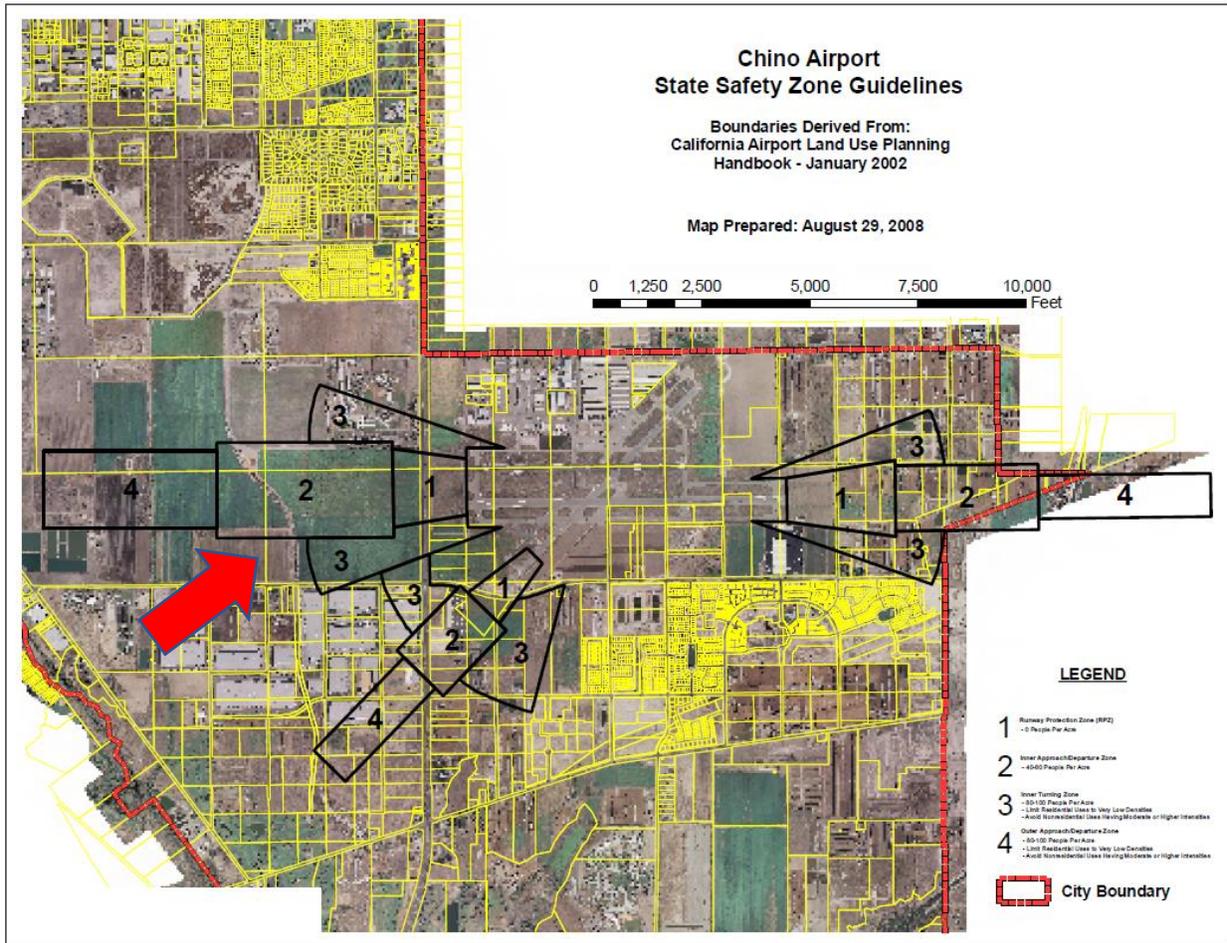
For additional information not contained in this RFP,  
please call Jon Heim at (916) 375-4125.

### **SUBMITTAL DEADLINE:**

All proposals must be submitted by 5:00 p.m. on July 23, 2021. Interested buyers are required to submit proposals via Box.com and email Jon Heim at [jonathan.heim@dgs.ca.gov](mailto:jonathan.heim@dgs.ca.gov) for confirmation that the proposal was received. One hard copy of the proposals shall be postmarked July 23, 2021 and mailed to:

Jon Heim  
Project Manager  
Department of General Services  
Real Estate Services Division  
Asset Management Branch  
707 3rd Street, 5th Floor  
West Sacramento, CA 95605

EXHIBIT A  
Runway Protection Zones (RPZ)



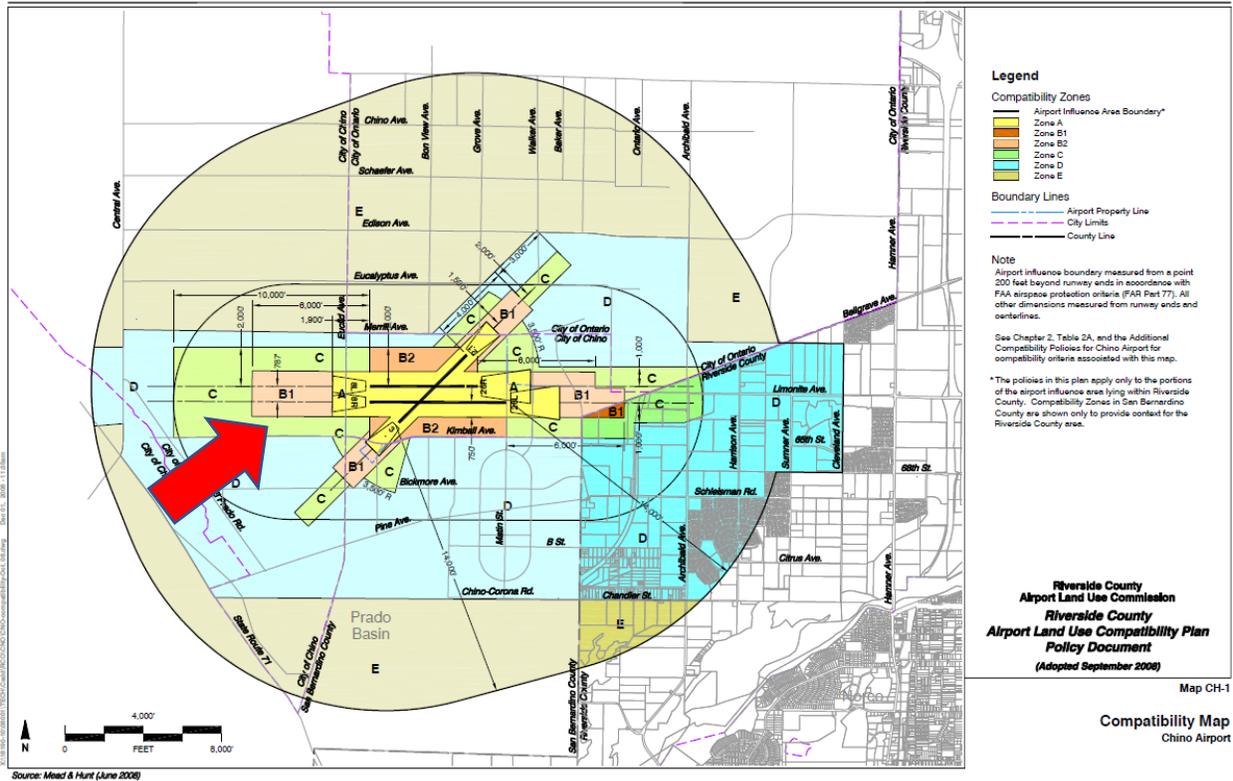


EXHIBIT B  
Right of Entry (ROE)

Call for steps necessary to gain limited access to the identified property. All access must be in writing by DGS and approved by CDCR.

