

REQUEST FOR PROPOSALS

For Purchase and Development
of City-owned real property

1100 2ND Street South
Minneapolis, Minnesota 55415



SUBMISSION DEADLINE - Friday, October 22, 2010, 4:00 pm

City of Minneapolis – Community Planning and Economic Development
105 Fifth Avenue South, Suite 200
Minneapolis, Minnesota 55401
www.ci.minneapolis.mn.us/cped

Contact Miles Mercer at miles.mercer@ci.minneapolis.mn.us
for issues specific to this RFP

Overview

The City of Minneapolis (“City”) is seeking development proposals for a vacant lot owned by the City and located at 1100 2nd Street South, Minneapolis (the “Site”). The Site is approximately 0.22 acre or 9,730 square feet in size. The City will sell the Site “as-is”.

The Site has an excellent corner location in the Mill District at the intersection of 2nd Street South and 11th Avenue South. The Site has spectacular views of Gold Medal Park – located across the street – the Guthrie Theater, and the Mississippi riverfront. The Site offers great access to downtown, open space, trails, transit, Interstates 35W and 94, parking facilities, and other amenities.

The City’s development goals for the Site include maximizing the Site’s development potential. Since a range of commercial and/or residential uses are permitted on the Site, fulfilling this goal means maximizing the number of jobs and/or housing units created and the contribution to the City tax base. The City would also like to see a development that contributes to the vibrancy of the Mill District area. The City prefers that any parking needs be met off Site, for example, in the existing parking facilities in the area.

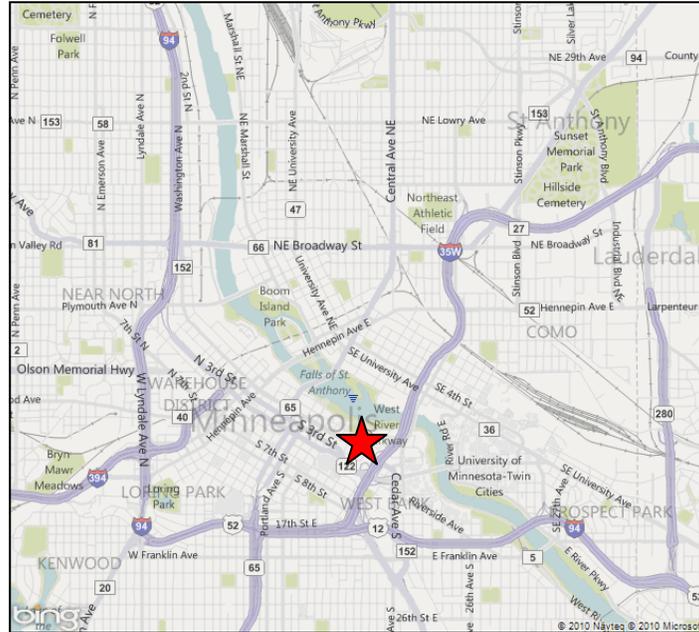
The asking price for the Site is \$437,850, or \$45.00/square foot, based on an appraisal from April 2010. Offer prices will be one of multiple criteria for evaluating proposals. It is City policy to sell property at its fair reuse value. Write-downs from that value are considered public financial assistance, may trigger other requirements for the project, and are discouraged.

Proposals are due at City offices no later than 4:00 pm local time on Friday, October 22, 2010.

Site Facts

- The Site is a vacant lot 0.22 acre or 9,730 square feet in size
- The dimensions of the site are approximately 66 feet x 147 feet
- The Site is located on the corner of 2nd Street South and 11th Avenue South
- The parcel ID number is 2602924110108
- The Site is located in the Downtown East neighborhood and falls within the Downtown Minneapolis Neighborhood Association ([DMNA](#))

Site in Minneapolis



Site on block



Development Goals

The development goals for the Site include:

- A. *Maximization of the Site's development potential.* The zoning and overlay districts of the Site allow for a range of uses and building sizes. Whichever use respondents propose, proposals should maximize the Site's buildable potential, density of jobs and/or housing units, and contribution to the City tax base.
- B. *Contribution to the vibrancy of the Mill District area.* The Mill District is one of the vibrant areas of the city that combines natural amenities, cultural resources, educational opportunities, housing, workplaces, and retail services. Proposals for the Site should contribute to this mix of activity by creating a unique place, providing services or experiences, and/or drawing in visitors, employees, and/or residents.
- C. *Meet parking needs, if any, off of the Site.* The area around the Site features bicycle and pedestrian connections, transit options, and a range of surface and structured parking facilities. Given the relatively small size of the Site, proposals should minimize on-Site parking and instead reduce parking demand and meet any parking needs off of the Site, for example, by encouraging alternatives to driving and/or through arrangements with neighboring facilities. There are multiple private and public parking facilities in the area not currently used to their full potential.

Development Considerations

There are multiple issues with the development of the Site that respondents should consider when developing their proposals.

Planning and Zoning. The *Minneapolis Plan for Sustainable Growth* identifies the future land use of this area as Mixed Use, which allows, but does not require, a mix of retail, office, or residential uses within a building or a district. The zoning of the Site permits this range of uses. The Site is zoned I-1 Light Industrial, which allows for office, as well as industrial uses. The Site is also a part of the following zoning overlay districts:

- MR Mississippi River Overlay District,
- DP Downtown Parking Overlay District
- DH Downtown Height Overlay District
- IL Industrial Living Overlay District

In particular, the IL Industrial Living Overlay District allows for residential and retail uses. Note that the Site is platted as an outlot and in order to be built upon will need to be replatted as a lot at the time the project seeks other land use approvals.

Environmental. The property will be sold "as-is" and it will be the developer's responsibility to correct and pay for all costs associated with soil problems. If a proposal requires environmental remediation of the Site, the City, subject to City Council approval, will sponsor a future pollution grant application upon the developer's request.

The developer will be responsible for all costs associated with the grant application. Any potential proposer may reasonably conduct its own environmental testing of the property by contacting the department contact person, entering into a Right of Entry Agreement with the City and providing the requisite insurance coverage.

Public Financial Assistance. The City has a number of debt financing programs available for businesses and real estate projects that qualify. See the “City Financial Assistance” section of the City’s Business Assistance website for more information (www.ci.minneapolis.mn.us/cped/business_assistance.asp). Projects may also qualify for other types of non-City public financial assistance such as grants for brownfield remediation (see the “Other Financial Assistance” section at the link above). City staff managing the RFP process can help to identify City programs and other financing tools for specific types of redevelopment. Note that the use of public financial assistance, including write-downs on the market value of property, may trigger other requirements on the project.

Proposal Contents

Proposals must include the following information to be deemed complete and responsive and must be in the following order and with corresponding section numbering (all proposals must include page numbers). The information being requested through this RFP is necessary for the City to adequately evaluate your proposal. Failure to supply the requested information may result in rejection of your proposal. Select items below must be presented in special format as noted. The City is not responsible for the costs incurred by proposers or their subcontractors in connection with this RFP process, including, but not limited to costs associated with preparing a proposal or associated with participating in any presentations or negotiations related to this RFP. Proposals deemed incomplete and/or non-responsive will not be considered.

1. A **cover page** that includes:
 - a. Respondent’s name and mailing address
 - b. Respondent’s current legal status: corporation, partnership, etc.
 - c. Federal tax ID number or Social Security number
 - d. State ID number
 - e. Contact person’s name, title, phone number, and e-mail address
 - f. Signature of authorized corporate officer for each entity proposing as a partnership or team

2. A **narrative project description** that includes, but is not limited to, the following information:
 - a. Uses on the Site and proposed users/tenants of the Site
 - b. Improvements made to the Site including square footage of specific components, anticipated materials, and design style
 - c. Project schedule
 - d. Plan for transportation access, including parking needs
 - e. “Green” building features, techniques, and/or certifications
 - f. Include exhibits of preliminary schematics, plans, and/or elevations

3. A **description of the entities involved** in the development team that includes:
 - a. Description of the roles the development team members will play (e.g., developer, architect, building owner, property manager, tenant, professional consultant)
 - b. Summary of the development team's track record, including, but not limited to:
 - i. Experience working together and in developing projects of similar type or scale.
 - ii. Information on the location of past projects, their type, their development costs, their development funding sources, their current status, and any continued financial or operating interest in them.
 - iii. Previous relevant development experience working with public entities, including reference contact information.
 - iv. The City may ask for supporting documentation substantiating claims of previous experience.
 - c. Summarize any lawsuits to which the members of the development team or any principals of the development team have been a party.
 - d. Identify the principal person who will speak for the development team and any other key participants who will be involved in negotiating the project terms.
 - e. Specify whether the development team is or intends to form a corporation, a limited liability company, a general or limited partnership, a joint venture or other type of business entity to carry out the proposed development.
 - f. The developer must also provide two years of audited financial statements. If there is a concern about confidentiality, they may be submitted confidentially to the CPED Director under separate cover.
 - g. Please note that design consultants on the team must be licensed in the State of Minnesota and contractors must be licensed to work in the City of Minneapolis. The submission must include a certification that identified team members meet or will meet these requirements.

4. A **development budget** showing the detailed sources and uses of funds for the project. For uses of funds, itemize the estimated costs of the project including Site acquisition, hard and soft construction costs, any tenant improvements, and any other project costs. For sources of funds, indicate the type of financing planned – e.g. debt, equity, other – and describe the status of securing those funds. If debt financing is proposed, include a letter of interest, if possible, from a lender to provide financing. Clearly indicate any public financial assistance such as loans or grants to be requested, particularly any from the City. Requested write-downs of the acquisition price below market value will be considered public financial assistance from the City, may trigger additional requirements on the project, and are discouraged. **Please provide one electronic and editable copy of the development budget including all underlying assumptions and formulas in Excel format.**

5. An **operating pro forma** of at least 10 years for the building operation, including the assumptions underlying the income and expense projections. The pro forma should break out line items for all revenue streams and expense categories. Clearly indicated assumptions, if applicable, for rental rates, vacancy rates, operating expenses, growth rates, taxes, debt service, and capital reserves. Also show the available cash flow, cash-on-cash return, and internal rate of return, if applicable. Detailed pro formas in a format acceptable to the City will be required during the negotiation of a redevelopment agreement. **Please provide one electronic and editable copy of the pro forma including all underlying assumptions and formulas in Excel format.**
6. **Evidence of demand** for the space that could include a market study, letters of intent from tenants, an assessment of area demographics or economics, and/or other information documenting market demand for the proposed space.
7. A **description of the public benefits** that will result from the development, e.g. the creation or retention of jobs (including the estimated number, type and wage levels), the creation of housing particularly any affordable housing, tax base enhancement, the provision of retail goods and services, and/or activities that generate visitors to the area or benefit the community. Include an estimate of the taxable value upon completion and annual real estate taxes of the Site.
8. A **timeframe for redevelopment**. The schedule should include the time needed to finalize financing, complete design, secure approvals and permits, prepare the site, start and complete construction, and start and complete occupation and/or lease-up. Identify any conditions that must be met before the proposal can become a reality.
9. An **executed “Consent for Release of Response Data” form** (see Exhibits). Proposals that do not include an executed “Consent for Release of Response Data” form shall be considered incomplete which will be grounds for rejection of the proposal.
10. Any **other information** that would help City staff understand and evaluate the concept.

The contents of the proposal and any clarification to the contents submitted by the successful proposer may become part of the contractual obligation and be incorporated by reference into the redevelopment contract between the selected developer and the City.

Development teams/developers responding to this RFP are not required to provide a good faith deposit on the land with their proposals. However, the development team whose proposal is ultimately selected by the City Council must make the required

deposit – 10% of purchase price – upon execution of the redevelopment contract. The City will hold the deposit until development of the project is complete.

Evaluation Criteria

In reviewing proposals, the following criteria are among those that will be considered:

1. Purchase price
2. Attainment of the development goals for the Site stated above – including maximizing development potential, jobs and/or housing units, and contribution to City tax base
3. Consistency with the Minneapolis Comprehensive Plan, the Minneapolis Zoning Code, and other relevant policy documents and City ordinances
4. Track record and financial and organizational capacity of the development team to complete the type of development project that they propose
5. Financial feasibility and the ability of the project to secure necessary financing
6. Project readiness and feasibility of proposed project schedule
7. Public benefits from the project, including increase in tax base
8. Minimization of public subsidy, if any
9. Degree of “green” building techniques and features incorporated
10. Overall quality of the submission and adherence to the proposal content requirements

The City may, in its sole discretion, expand or reduce the criteria upon which it bases its final decisions regarding selection of the development team or developer for this site.

Proposal Submission

Proposers must submit copies of their proposals as follows:

- One unbound copy
- Eight bound copies
- One electronic version in Microsoft compatible or PDF format on CD, including Excel files for project financial information as described above.

Proposals must be on standard 8 ½” by 11” paper. Foldouts containing charts, spreadsheets, drawings, and oversized exhibits are permissible as long as they are packaged with the proposal.

Proposals and supporting documentation must be submitted in a sealed envelope labeled “1100 2nd Street South Proposal” and sent to:

City of Minneapolis, Community Planning & Economic Development
Attention: Miles Mercer
105 Fifth Avenue South, Suite 200
Minneapolis, MN 55401

Faxed proposals will not be accepted. Proposers may choose to provide additional copies if and when invited to do so for presentation purposes. Submissions will not be returned.

Proposals shall be delivered to the City on or before **4:00 pm Friday, October 22, 2010**.

Proposals received after the deadline may not be accepted. It is neither the City's responsibility nor practice to acknowledge receipt of any proposal. It is the proposer's responsibility to assure that a proposal is received in a timely manner.

Proposal Review & Selection Process

City staff will review proposals that are received by the due date. City staff will also seek input from the Downtown Minneapolis Neighborhood Association ([DMNA](#)). Some or all of the proposers may be requested to present their proposals to City staff and/or the neighborhood association. City staff expects this review process to occur in the weeks following the deadline.

City staff will then make a recommendation as to the developer that best meets the evaluation criteria. This recommendation will be considered by the CPED Director and then forwarded to the City Council for action. The goal is to have a recommendation before the City Council by December 2010. Staff will also seek approval from City Council and the City Planning Commission for the land sale.

The City reserves the right to reject any or all proposals or parts of proposals, to negotiate modifications of proposals submitted, and to negotiate specific work elements with a proposer into a project of lesser or greater magnitude than described in this RFP or the proposer's reply.

Citizen Participation

The City of Minneapolis has established a citizen participation process for development projects impacting neighborhoods and values advice/input from the public obtained through this process. The neighborhood group officially designated to provide input on responses to this RFP is the Downtown Minneapolis Neighborhood Association ([DMNA](#)).

Under the Minnesota Government Data Practices Act, Minnesota Statutes Ch. 13, public disclosure of RFP response data prior to execution of a contract is restricted. In order to meet the City's citizen participation goals, the City requires each proposer to execute and submit a "Consent for Release of Response Data" form as attached to this RFP in the Exhibits. Failure to submit the "Consent for Release of Response Data" will be grounds for rejection of the entire proposal as unresponsive. Notwithstanding the foregoing, if proposers are being asked to provide financial statements as part of the RFP response, proposers may submit such financial statements confidentially under separate cover pursuant to the Minnesota Government Data Practices Act.

RFP Timing

Anticipated RFP Timeline	
Release of RFP	September 8, 2010
Clarifying questions on the RFP due	October 12, 2010
Submission deadline for proposals	October 22, 4:00 pm
Review and evaluation of proposals	October-November 2010
Land sale approval from City Planning Commission	November-December 2010
Approvals from City Council Community Development Committee and Full City Council	December 2010
Negotiate terms of redevelopment contract and close on sale	Early 2011

RFP Inquiries

Prospective proposers may only direct questions in writing (preferably by email) to the department contact person:

Miles Mercer, Senior Project Coordinator
miles.mercer@ci.minneapolis.mn.us

City of Minneapolis, Community Planning & Economic Development
105 Fifth Avenue South, Suite 200
Minneapolis, MN 55401

All questions are due no later than 4:00 pm on Tuesday, October 12, 2010. Questions will be answered in writing and posted on the RFP website:

www.ci.minneapolis.mn.us/cped/RFP_1100_2nd_St_S.asp

Potential respondents are encouraged to periodically check the website for new information on this RFP and for answers posed by other respondents during the proposal preparation process.

The department contact person is the only individual who can be contacted about the RFP before the proposal deadline. The department contact cannot vary the terms of the RFP.

City Contracting Requirements

The selected developer will be required to enter into a redevelopment contract with the City and comply with any applicable City requirements. These requirements vary depending upon the type of development and the source and amount of public

investment, if any, and may include, without limitation, the payment of prevailing wages for construction, the preparation of affirmative action plans, competitive bidding, compliance with the Apprenticeship Training Policy, the Small and Underutilized Business Enterprise Program or equivalent federal program, and the Business Subsidy Act/Living Wage Ordinance, and reporting requirements for those programs.

Some of the standard requirements are further discussed below, but the following list is not exhaustive. Proposers unfamiliar with these standard requirements are urged to seek further information from City staff.

1. *Equal opportunity (affirmative action and nondiscrimination)*. If the project receives public financial assistance and project construction costs are over \$50,000, the selected developer and its general contractor will each be required to submit a written affirmative action plan to the City's Department of Civil Rights for the development project. In any event, the selected developer will be required to comply and to cause its contractors to comply with applicable provisions of Chapters 139 and 141 (Title 7, Civil Rights), Minneapolis Code of Ordinances, nondiscrimination provisions contained in Chapter 181, Minnesota Statutes, the Americans with Disabilities Act of 1990 (as amended), Section 109 of the Housing and Community Development Act of 1974 (as amended) for CDBG-funded housing programs, the Age Discrimination Act of 1975 (as amended) for federal and federally funded projects and Executive Order 11246, as amended by Executive Order 12086. The selected developer will be required to agree not to discriminate against any employee or applicant for employment because of race, color, creed, religion, ancestry, national origin, sex, affectional preference, disability or other handicap, age, marital status, or status with regard to public assistance. The selected developer also will be required to take affirmative action to ensure that all employment practices are free of such discrimination. These employment practices include, but are not limited to the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation and selection for training, including apprenticeship. The developer will post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this non-discrimination clause. The selected developer also will be required to, in all solicitations or advertisements for employees placed by or on behalf of the developer, state that it is an equal opportunity or affirmative action employer. The City will require compliance in demolition, construction and marketing of development projects.
2. *Job Linkage*. The Job Linkage Program links economic development with employment. The purpose of the program is to insure increased employment opportunities for Minneapolis residents. All commercial/industrial development projects whose primary purpose is job creation or retention must establish and report on certain workforce goals for five years.

3. *Prevailing Wage Policy.* In accordance with the City's Prevailing Wage Policy, the selected developer covenants and agrees that it will cause its general contractor to comply with the wage and hour standards issued by the United States Secretary of Labor pursuant to the Davis Bacon Act, 40 U.S.C. Sections 276a to 276a-5, as amended, and the Contract Work Hours and Safety Standards Act 40 U.S.C. Sections 327-333. The developer shall maintain appropriate payroll documentation for a 3-year period after completion of the project.
4. *Small and Underutilized Business Program.* Development projects that receive public financial assistance over \$100,000 must comply with Chapter 423 of the Minneapolis Code of Ordinances which requires "every available and reasonable effort" to meet goals for the use of businesses owned by women and minorities in construction and professional services. A list of certified businesses can be obtained by contacting the Small and Underutilized Business Program at 612-673-2112 or at www.govcontracts.org. Goals for this project will be established when the specifics are known. Similar projects have had established goals ranging from 5% to 15% for women and 5% to 15% for minority-owned companies.
5. *Apprenticeships.* The developer's general contractor with a construction contract over \$100,000 and any subcontractors with a construction contract over \$50,000 will be subject to the City's Apprenticeship Training Policy.
6. *Minnesota Business Subsidy Act.* Depending upon the level and purpose of public assistance that may be received, provisions of the Minnesota Business Subsidy Act and/or the City's Living Wage Ordinance may also apply to the project. Should these requirements apply, they will be incorporated into a business subsidy agreement.
7. *Uniform Federal Accessibility Standards.* The development must be in conformance with the Uniform Federal Accessibility Standards as published on April 1, 1988. Developers must describe the accessibility design for people with disabilities of each of the code required handicapped units, any proposed housing development (e.g. roll-in showers), the mix of accessible units in the project and where they are located, and any appropriate safety features for vision- and hearing-impaired people.
8. *Soil Conditions.* The Site will be sold "as-is" and it will be the developer's responsibility to correct and pay for all costs associated with environmental or geotechnical soil problems. Any environmental reports in CPED's possession regarding the property may be reviewed during normal business hours at the CPED offices by making arrangements with the department contact person. Any potential proposer may also reasonably conduct its own environmental testing of the property by contacting the department contact person, entering into a right of entry agreement with the City and providing the requisite insurance coverage.
9. *Affordable Housing Policy.* The City's Affordable Housing Policy applies to any residential development (rental or ownership) with ten units or more, or a project

with a residential component of 10 or more units, that receives any public financial assistance. Public financial assistance includes the receipt of City-wide resources through the normal, competitive RFP funding processes established by the City, or the receipt of non-City resources that are either passed through the City or requires the City to be a co-applicant (see Affordable Housing Policy at: www.ci.minneapolis.mn.us/cped/affordable_housing_resolution.asp)

10. *Rezoning Responsibility.* It is the selected developer's responsibility to undertake and finance any rezoning, variance and use permits necessary for approval of the proposed development.
11. *Utilities.* It is the selected developer's responsibility to identify the locations of and provide for the installation of electricity, gas, water, sewer service and other utilities servicing the site from the public mains to the individual units.
12. *Construction Standards.* Development must meet all Minneapolis City codes, and projects will be reviewed for energy efficiency.
13. *Hold Harmless.* The selected developer shall agree to defend, indemnify and hold the City harmless from any and all claims or lawsuits that may arise from the developer's activities under the provisions of the redevelopment contract, that are attributable to the acts or omissions, including breach of specific contractual duties of the developer or the developer's independent contractors, agents, employees or officers.

Exhibit

Form of Consent for Release of Response Data

_____, 2010

City of Minneapolis
Department of Community Planning and Economic Development
105 5th Avenue S.
Minneapolis, MN 55401

Re: 1100 2nd Street South 2010 Request for Proposals
Consent for Release of Response Data

_____, on behalf of
_____, hereby consents to the release of its development
proposal in response to the 1100 2nd Street South 2010 Request for Proposals and
waives any claims it may have under Minnesota Statutes Section 13.08 against the City
of Minneapolis for making such information public. [The foregoing consent and waiver
does not extend to financial statements submitted under separate confidential cover,
which shall be treated by the City consistent with Minnesota Statutes, Section 13.591.](#)

