

**REQUEST FOR REDEVELOPMENT PROPOSALS
FOR CITY OWNED REAL PROPERTY AT
1215 MARSHALL STREET N.E.**



SUBMISSION DEADLINE- NOVEMBER 30, 2006

City of Minneapolis – Community Planning and Economic Development
105 Fifth Avenue South, Suite 200
Minneapolis, Minnesota 55401
(612) 673-5095
www.ci.minneapolis.mn.us/cped

Contact Judy Cedar at judy.cedar@ci.minneapolis.mn.us
for issues specific to this RFP

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I. INTRODUCTION

The City of Minneapolis (“City”) is seeking redevelopment proposals for certain property owned by the City and located at 1215 Marshall Street N.E. The City’s development goals for the property are renovation of the existing structure to accommodate neighborhood-oriented, pedestrian-scale mixed-use commercial/retail/office uses.

II. SITE FACTS

The redevelopment site is located on Marshall Street N.E. between 13th Avenue N.E. and Broadway Street. The site includes an 18,991 square foot two-story structure. There are nine surface parking spaces adjacent to the building and eight dedicated spaces in the Sheridan Development Company’s proposed parking structure, for a total of 17 parking spaces. A permanent easement to allow for parking, ingress/egress will be included in the sale of this RFP parcel. The site consists of one tax parcel zoned Neighborhood Commercial District (C1). For more information on the zoning code refer to www.ci.minneapolis.mn.us/zoning/code/. Attached find representative office building floor plans of the site (Exhibit 1) and an aerial view of the site (Exhibit 2).

A. Grain Belt Complex Background

In 1989, the City of Minneapolis acquired the 14-acre Grain Belt Brewery complex in Northeast Minneapolis. To date, the City has successfully sold all the historic structures except for the Office Building: the Brew House and Boiler House were sold to Ryan Companies in 2000 (both are now leased to RSP Architects for their corporate headquarters); the Wagon Shed and Shop buildings were sold to the Minneapolis Public Library in 2002 for reuse as the Pierre Bottineau Library; the Warehouse and Bottling House were sold to Artspace Grainbelt LLC in 2005 as lease space for artists and creative businesses. With the success of the Brew House redevelopment, the City’s efforts focused on finding a developer for housing infill within the Grain Belt complex. The efforts lead to the issuance of an RFP in 2000 and the selection of Sheridan Development Company (SDC) in 2001. SDC has exclusive development rights to the Grain Belt Phase I housing site which is adjacent to the Office Building.

The SDC development proposal consists of 152 condominium units in four buildings. Building A is closest to Marshal Street NE and will have first floor commercial (two tenant spaces) and 32 dwelling units. Buildings B and C front on 13th Avenue NE and will have 32 dwelling units each. The Long Bar building is at the south end of the site fronting on Main Street NE and will have 56 dwelling units (Exhibit 3 and 4). Currently the project is in phase 1 of development. The State Historic Preservation Office (SHPO) required an archeological study be conducted prior to construction and the study found the presence of building foundations from the 1850 Orth Brewery located underneath the existing site (land adjacent to the Office Building). SHPO requests that the foundations not be removed or built over because of their historic significance. The location of the 1850 Orth Brewery underground foundations is set to be a public plaza commemorating the Orth Brewery complex that once existed on this site. Recently more building foundations were found and site plans are undergoing necessary changes causing delay of housing construction from July 1, 2006 to September 1, 2006.

B. Historical Status

The Grain Belt complex (which includes the office building) received local designation as a historic property in 1977 and was placed on the National Register of Historic Places in July 1990. Redevelopment of the building must comply with federal, state and local regulations regarding historical preservation.

The historic status of the brewery complex brings with it certain design standards regarding the renovation and reuse of the buildings. The Minneapolis Heritage Preservation Commission (HPC) regards the Grain Belt Brewery complex as being of utmost importance to the City of Minneapolis, both for its historical importance and its commanding architectural presence. The National Park Service, which placed the complex on the National Register of Historic Places, and the Minnesota State Historic Preservation Office have design standards and specifications that must be adhered to in order to receive federal tax credits for renovation, pursuant to historic review procedures of Section 106 of the National Historic Preservation Act. The HPC will review all applications for permits related to buildings in the brewery complex.

C. Building Character and Historical Uses

In the context of Minneapolis industrial development, the Minneapolis Brewing Company Historic District is significant under National Register Criterion A for its representation of an important agricultural product processing industry that has been, and continues to be associated with the Upper Midwest. The brewery was one of the leading industries in the city around the turn of the century and the Minneapolis Brewing Company is the only identifiable property associated with such a business in Minneapolis. The brewery complex gains architectural significance as a prominent expression of the Richardson Romanesque style, and as a distinctive form of industrial architecture that is functional in character and reflective of the strong ethnic identity of the building's architects.

In 1893 the Minneapolis Brewing Company built a two-story, rectangular office (the Office Building) directly across Marshall Street from the 1904 malt elevator. It has a limestone foundation, cream brick walls, and elements of Richardsonian Romanesque design. The three bay façade is dominated by a projecting, one-story portico with a semicircular stone arch supported by two polished granite columns with enriched capitals. Adorning each corner of the stone balustrade are two sets of carved beer steins decorated by circular and floral motifs. The recessed entrance is flanked by two 1/1 double hung sash windows and corner pilasters, while the second story has three pairs of the same windows. An iron "OFFICE" sign in relief is centered below the cornice, which has a wide band of patterned brick and successive corbels terminating in an arcade table. The building is crowned with a small arcaded parapet above the middle bay, which is stabilized by flanking carved consoles and capped by a pair of finials carved in the shape of stylized hop plants. Two similar motifs decorate the corner pilasters. The south wall is pierced by a series of foundation level windows, and seven 1/1 double hung sash aligned on the first and second floors. The same patterned brick and corbelling extend the length of the wall. The north elevation is essentially the same as the south side, but has a small brick extension that provides access to the building's

lower level. All windows have stone sills and lintels. In 1910 the office length was doubled with a 1 1/2 –story, 85'-long addition, which used identical materials, and incorporated a hipped, leaded glass roof for nearly the entire length of the building. The Office interior has original patterned wainscoting in the 1893 section, while the 1910 addition has a tile mosaic floor, dentil frieze, and decorative logos in each gable. There is a walk-in vault on each floor. The basement level of the addition was known as the Friendship Room, a multi-purpose space equipped with dining tables and a bar for annual meetings, informal gatherings, and public parties.

While the Grain Belt was vacant at the time of purchase in 1988, the Office Building has had continued occupancy but for the past few years. Although the structure is currently vacant it stays heated during the winter season. Erwin Jacobs, the previous Grain Belt owner, used the Office Building for his business, and the Minneapolis Community Development Agency had field offices in the building for a number of years.

D. Location

The property is located in the Sheridan Neighborhood of Northeast Minneapolis, approximately one and one-half miles from the Minneapolis Central Business District. The neighborhood extends from Washington Street NE, west to the Mississippi River, and from Broadway Street NE, north to 17th Avenue NE. Historically development was industrial, but today the City of Minneapolis and others are working to recreate the neighborhood with more variety of land uses.

The site has strong transportation connections to surrounding communities like West Broadway. West Broadway is the most important commercial corridor in North Minneapolis. It connects County Road 81 at the City's western border to Interstate 94 and beyond to the Mississippi River and Northeast Minneapolis. Broadway intersects Washington Avenue less than one-half mile to the east and is a quick convenient connection to downtown through the growing warehouse district. Automotive traffic passes the site along West Broadway at a rate of 15,000 average daily trips (According to Minneapolis Public Works data). To the East, Broadway connects to 35W and St. Paul. It also intersects with West River Parkway.

The site is serviced by the Metropolitan Transit bus system with direct links to the downtown business district. Both route 11 and 824 are in walking distance from the property. Route 11 connects the Grain Belt Office Building to Columbia Heights, Fridley, Downtown Minneapolis, and South Minneapolis, while route 824 connects Coon Rapids, Blaine, Spring Lake Park, Fridley, Columbia Heights, Minneapolis, and Downtown Minneapolis.

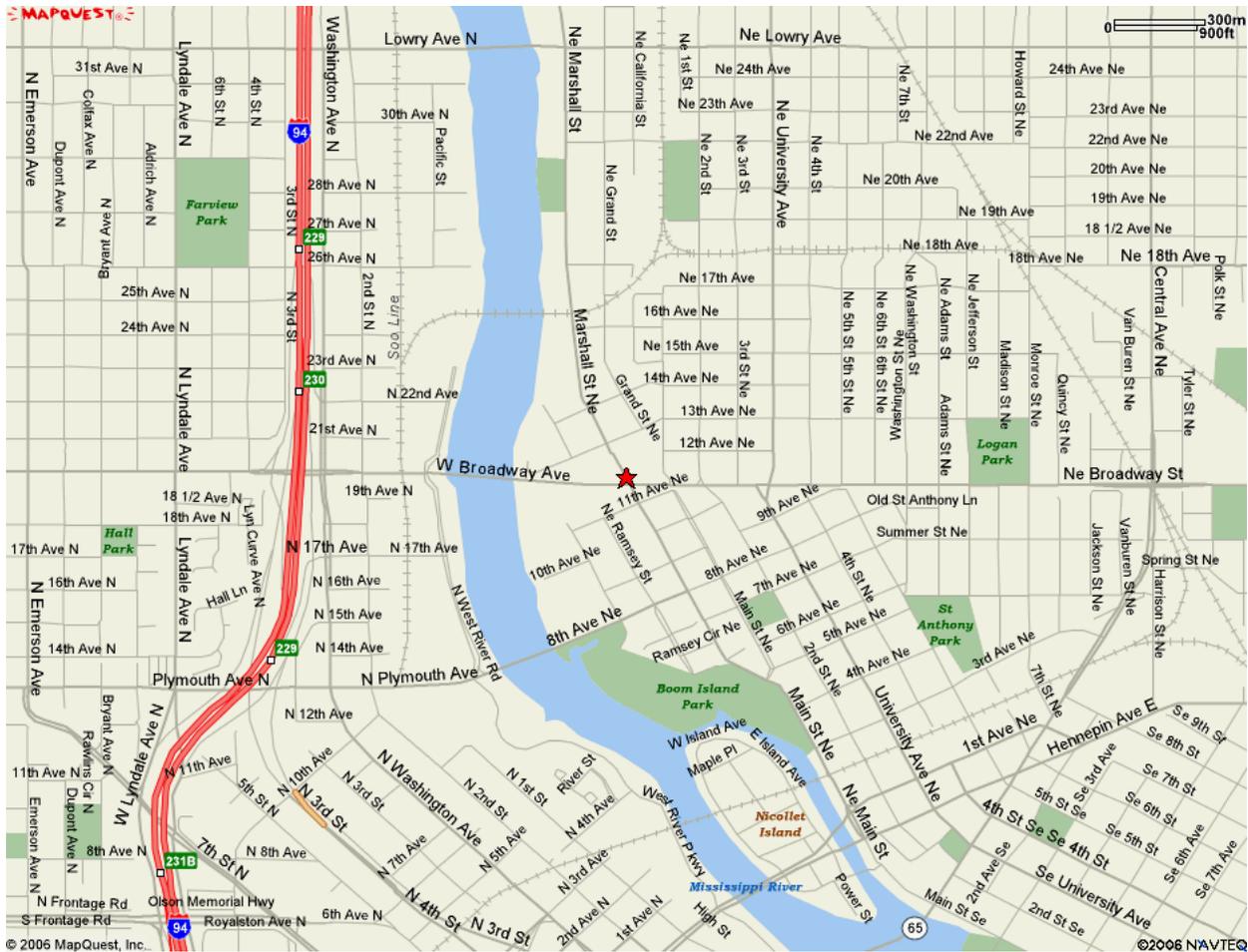


Figure 1. 1215 Marshall Street NE, mapquest.com

III. GRAIN BELT BREWERY AREA DEVELOPMENT OBJECTIVES

The Minneapolis Comprehensive Plan identifies the river corridor as a study area where future changes can be anticipated. The study specific to the area, entitled *Above the Falls*, is consistent with these development objectives for the Grain Belt complex. The upper river area is considered a part of the City where there is need for improvement in the park system and the creation of stronger greenway connections to nearby neighborhoods currently isolated from riverfront facilities and amenities. The Minneapolis Plan also shows the upper river as a major housing site that should see significant housing development in the future. The *Above the Falls* study refers to the Grain Belt Brewery complex as one of the great architectural and cultural resources of the Upper River and the most significant landmark in Northeast Minneapolis.

A. Vision

The vision for the area involves a varied yet cohesive mix of land uses complementing and enhancing the historic character of the brewery complex. Such uses might include neighborhood commercial services, including hospitality and restaurant facilities; residential uses, perhaps including residential units above ground-floor commercial uses; arts and arts-related uses; light industrial uses, including sound and video production facilities, that are compatible with commercial, residential and recreational

uses; a corporate headquarters complex that includes retail and recreational uses; and a public riverfront attraction, including a park and activity node.

B. Objectives

The City of Minneapolis seeks to achieve the following objectives within the Grain Belt Brewery area:

1. Preserve the historic and landmark nature of the brewery complex through the renovation, reuse and interpretation of the historic buildings.
2. Improve public access to and enjoyment of the Mississippi Riverfront.
3. Encourage development that can become the key focus of the revitalization of the Upper Riverfront area and that complements and encourages other revitalization efforts in the area through the removal of blight and uses that are not supportive of the vision for the area.
4. Encourage appropriate residential development that maximizes the value of the riverfront amenity and the historic setting.
5. Retain and provide job opportunities for neighborhood residents.
6. Enhance the tax base of the City.

C. Marshall Street Northeast and other Streetscape Improvements

Improvements to Marshall Street are expected that will redesign this heavily-used thoroughfare into a boulevard with a streetscape that will be “greener, less cluttered, and safer.” It is also a goal to encourage the development of streetscape improvements on 13th and 14th Avenues Northeast between Marshall Street and the river to make these streets attractive gateways with landscaping and infrastructure to promote pedestrian and bicycle movement from the neighborhood to the riverfront. Hennepin County has completed the Marshall Main Street Corridor Plan, but there is no time-table set for completion or money identified in the Hennepin County Capital Budget for the project. For more information contact Andrew Gillett at (612) 348-4949.

E. Grain Belt Brewery Complex

The Grain Belt Brewery area includes a mix of building types and uses, including the eight buildings that make up the brewery complex, other commercial and industrial buildings, and some residential structures. The Minneapolis Park Board has acquired and assembled two privately-owned riverfront properties, the former foundry and the Minneapolis Commodity property. The Park Board plans to combine this property along with some riverfront property that it will obtain from the City for the development of a riverfront park.

To view the full development objectives go to:

<http://www.ci.minneapolis.mn.us/planning/docs/AmendedGrainBeltDev.pdf>.

To view *Above the Falls* go to:

<http://www.ci.minneapolis.mn.us/planning/planpubs/above-falls/index.html>.

IV. ESTIMATED FAIR REUSE VALUE OR ASKING PRICE

The City has not set an Estimated Fair Reuse Value for the development property. Proposers will need to indicate an offer price in the proposal. A Fair Market Value of \$600,000 has been established by a City appraiser for the property. Interested parties may come to the Business Development office to view the appraisal and copies can be made available for the cost of printing.

V. CITIZEN PARTICIPATION

The Sheridan Neighborhood Organization (SNO) is recognized as the official neighborhood organization to be consulted in the review of plans and proposals for the Grain Belt Brewery area because the Brewery complex is physically located in the neighborhood.

VI. DIVERSE PROJECT PARTICIPATION

The City of Minneapolis encourages the use of businesses owned by women or minority citizens in the procurement of goods, professional services and construction. Should the selected respondent seek City assistance in developing the parcel, they would be required to comply with the Small & Underutilized Business Enterprise Program (SUBP), as detailed in Chapter 423 of the Minneapolis Code of Ordinances. Participation goals would therefore be established prior to the construction phase.

The SUBP Ordinance applies to any construction/development project, in excess of one hundred thousand dollars (\$100,000), and any contract for the provision of goods and services in excess of fifty thousand dollars (\$50,000). Such diversity includes, but is not limited to architectural services and construction activity. Should the respondent find an opportunity to contract with other business concerns to complete portions of the task solicited, we ask that they would entertain contracts with businesses owned by women or minority persons. Such business arrangements should be identified in the proposal. Documented efforts and results will be considered favorably during the review and selection process. For more information on locating certified businesses you may contact the CERT web site at www.govcontracts.org or by calling 612 673-3012.

VII. PROPOSAL SUBMISSION

Proposers must submit copies of their proposals as follows: one unbound copy, ten bound copies and one electronic version in Microsoft compatible or PDF format on diskette or CD. Proposals must be on standard 8 ½" by 11" paper. Foldouts containing charts, spreadsheets 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 "1215 Marshall Street NE Redevelopment Proposal" and sent to:

City of Minneapolis
Contract Services
105 Fifth Avenue South, Suite 200
Minneapolis, MN 55401
Attention: Cheryl Groettum

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: 3:00 p.m. Wednesday, November 30, 2006. 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.

VIII. RFP INQUIRIES

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

Judy Cedar
City of Minneapolis, Department of CPED
105 Fifth Avenue South, Suite 200
Minneapolis, MN 55401
Email: judy.cedar@ci.minneapolis.mn.us
Fax: (612) 673-5113

Andie Martinez
City of Minneapolis, Department of CPED
105 Fifth Avenue South, Suite 200
Minneapolis, MN 55401
Email: andrea.martinez@ci.minneapolis.mn.us
Fax: (612) 673-5046

***Judy Cedar will be out of the office October 1st through October 22nd. Please direct questions to Andie Martinez during this time period. Note- Andie is only in the office Tuesday and Friday.*

Pre-proposal walk through to be held **Tuesday, October 24, 2006 at 9:00 a.m.** Meet in front of building. There will be a pre-proposal conference to discuss the RFP and answer questions on **Tuesday, October 31, 2006 at 10:00 a.m.** at the CPED Office listed above. A summary of the meeting will be posted on the CPED website www.ci.minneapolis.mn.us/cped/rfps_home.asp. *Those who are interested in submitting a proposal and who cannot attend the pre-proposal meeting or the walk through need to contact Judy Cedar by **November 1st** in order to be included on the RFP contact list.* All additional questions are due no later than **November 13, 2006**. Questions will be answered in writing and will be emailed out to the RFP contact list by **November 17, 2006**.

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.

IX. PROPOSAL CONTENTS

Proposals must include the following information in the following order and with corresponding section numbering (all proposals must include page numbers):

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

2. A description (narrative, preliminary schematic plans and elevations) of the proposed redevelopment (e.g., size of building and square footage of specific components, nature of improvements, parking spaces, rehabilitation plan, anticipated materials and design style, circulation patterns, loading/service provisions) to be built on the site. If the redevelopment is proposed to be phased, the narrative should clearly define the components and timing of each phase and indicate the nature of the conditions upon which construction of subsequent phases would be based. For the proposed retail/commercial component of the development, information should be included about the anticipated type of tenants expected, and rents and/or sale prices.

3. An identification of the entities that will be involved, a description of the roles they will play (e.g., developer, architect, building owner, property manager, tenant, professional consultant) and a summary of the development team's past experience in working together. A description of the entity's experience in developing similar projects must be included, including location, type of development, proposer's role(s), cost of project, funding sources, status of project, and information about any continued financial or operating interest in each. Include specific previous relevant experience with public entities, including reference contact information. The City may ask for supporting documentation substantiating claims of previous experience. Summarize any lawsuits to which the proposer or any principals of the proposer have been a party. 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. Specify whether the development team is or intends to form a corporation, a general or limited partnership, a joint venture or other type of business association to carry out the proposed development. The developer must also provide two years of financial statements, which may be submitted confidentially to the CPED Director under separate cover. 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 these requirements.

4. A preliminary capital pro forma showing the detailed sources and uses of funds (debt, equity and other) to acquire the parcel and construct the redevelopment (including any tenant improvements). Information as to the status of securing those funds should be included and inclusion of a conditional financing commitment is strongly encouraged. Clearly indicate any public assistance to be requested. If the project includes multiple uses, the capital pro forma should be broken down for the component uses (commercial, housing, etc.).
5. For rental projects, a preliminary operating pro forma of at least 20 years for the building operation, including the assumptions underlying the income and expense projections. Also show the Cash-on-Cash Return and Internal Rate of Return. If the project includes multiple uses, the operating pro forma should be broken down for the component uses. Detailed pro formas in a format acceptable to the City will be required during the negotiation of a redevelopment agreement.
6. A market study or other information documenting the demand for the proposed space.
8. 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), tax base enhancement, the provision of retail goods and services, etc. This should include an estimate of the taxable value upon completion and annual real estate taxes.
9. A proposed timeframe for the redevelopment, including identification of any conditions that must be met before the proposal can become a reality. The schedule should include the time needed to obtain financing, complete design and secure permits and approvals, prepare the site, start and complete construction, and start and complete lease-up and/or sellout.
10. An executed "Consent for Release of Response Data" form (Exhibit 5). 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 entire proposal.
11. 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 at the time of selection.

X. EVALUATION CRITERIA

In reviewing potential development concepts, the following criteria are among those that will be considered:

1. The experience and the financial and organizational capacity of the developer in successfully planning and completing development projects of similar type and scale, on time and within budget.
2. The extent to which the proposed development is in compliance with the Minneapolis Zoning Code, comprehensive plan, redevelopment goals of this document, and other relevant planning documents for the area.
3. The extent to which the project can move forward on a timetable that will coordinate with the other development in the area.
4. The market and financial feasibility of the project.
5. The anticipated ability of the project to secure necessary public and private funds.
6. The public benefits that would be provided by the project, including the proposed land price.
7. Overall quality of the submission.
8. Review of related previous experience.
9. The manner in which the historic nature and value of the Office Building be preserved and enhanced by redevelopment plans.
10. Energy efficient construction and proposals that strengthen the relationship between public transit and development are encouraged.
11. Proposals that will encourage further development in the area and that will attract people to northeast Minneapolis as a destination will be preferred.
12. Proposals that present creative ways to reconstruct/redesign the retaining wall that divides the bank property and the Office Building.

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.

A. 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 Sheridan Neighborhood Organization (SNO). In addition proposers will present to a project review committee (PRC) comprised of members from SNO and CPED. This presentation will take place at a public meeting that will be scheduled for early 2007. From this presentation the PRC will make a recommendation to the City Council and Mayor.

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 as Exhibit 5. 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.

B. Review/Selection Process

A committee that will include City staff and neighborhood organization representatives will review proposals received by the due date. Input also will be sought from the affected neighborhood organization(s). Some or all of the proposers may be requested to present their proposals to the review committee and/or neighborhood organizations. It is hoped that this review process will be completed by December 2006.

The review committee 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.

If the City Council selects a development proposal that does not entail any additional public investment, staff will proceed to negotiate with the selected developer the terms of the proposed land sale. If the selected proposal requests additional public investment, staff will determine what types of further analysis, underwriting and/or other processes are required. Unless further analysis indicates that the selected proposal is infeasible, staff will negotiate the terms of the proposed transaction during this period.

Once redevelopment contract terms have been negotiated and any further analysis completed, staff will return to the City Council for a land sale public hearing and consideration of approval of the land sale and related terms.

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.

XI. TIMING

It is the City's desire that a redevelopment contract be executed with the selected proposer as soon as possible and that construction of the project would begin no later than Fall 2007.

Anticipated timeline

Tour of building	October 24, 2006, 9:00 a.m.
Pre-proposal meeting	October 31, 2006, 10:00 a.m.
Deadline for inclusion on RFP contact list	November 1, 2006
Deadline for questions	November 13, 2006
Submission deadline for proposals	November 30, 2006, 3:00 p.m.

Review/evaluation of proposals and neighborhood review

December 2006 to February 2007

Recommendation to City Council Community Development Committee

February 2007

Final action by City Council

March 2007

Attachments

- 1 – Representative Floor Plans
- 2 – Aerial View of Grain Belt Complex
- 3 – Preliminary Plat of Grain Belt Brewery Lofts
- 4 – Grain Belt Site and Elevations (SDC development)
- 5 – “Consent for Release of Response Data”
- 6 – General Requirements