

REQUEST FOR PROPOSALS

For Purchase and Development
of City-owned real property

1401 Central Avenue NE
Minneapolis, Minnesota 55413



SUBMISSION DEADLINE:
Tuesday, February 4, 2014, 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 Kevin Carroll at Kevin.Carroll@minneapolismn.gov
for issues specific to this RFP

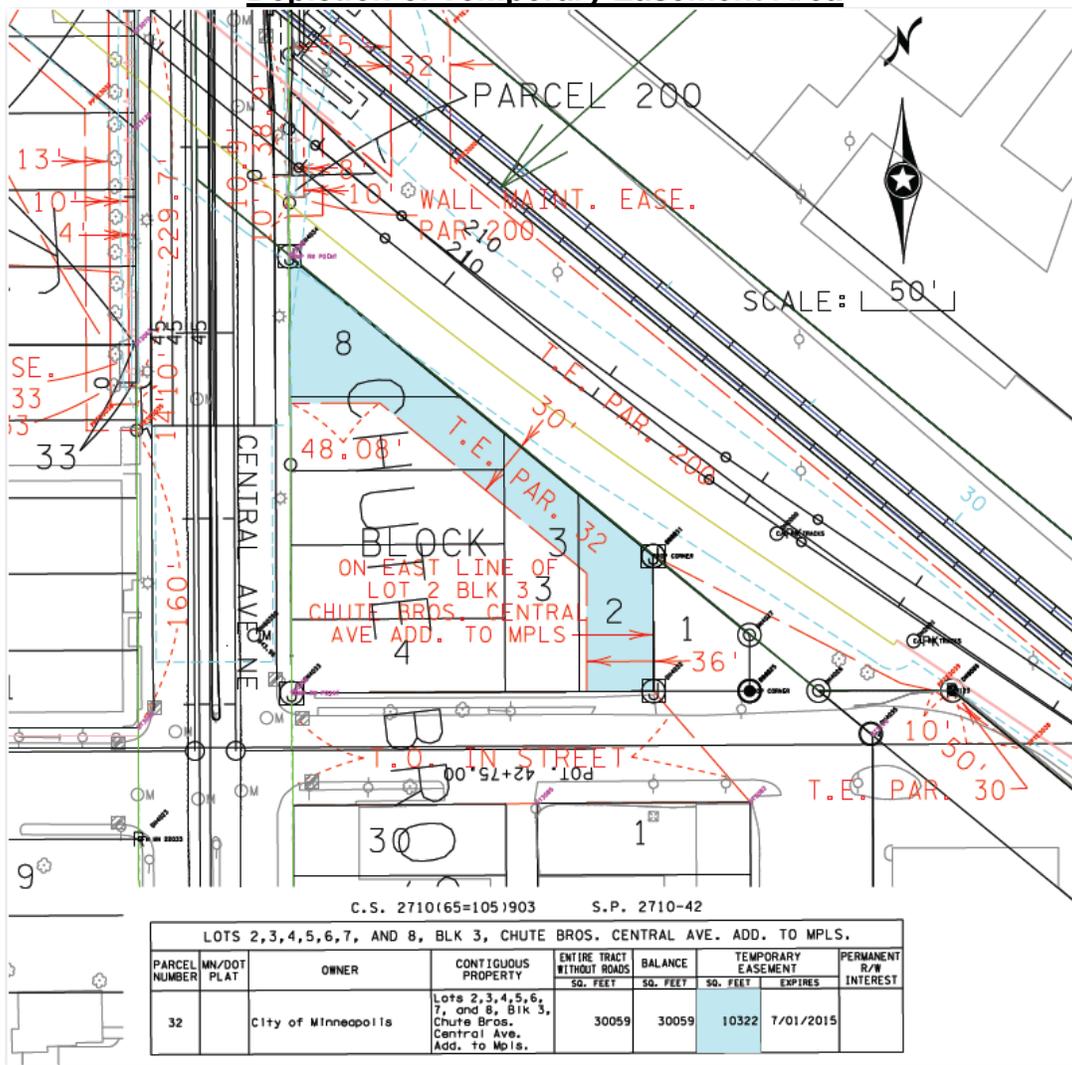
Overview

The City of Minneapolis ("City") is seeking development proposals for a vacant lot owned by the City and located at 1401 Central Avenue NE in Minneapolis (the "Site"). The Site is approximately 0.69 acre or 30,059 square feet in size. The City will sell the Site "as-is." Proposals are due at City offices no later than 4:00 pm local time on Tuesday, February 4, 2014.

The City's development goals for the Site include maximizing the Site's development potential. Since a range of commercial and/or industrial uses is permitted on the Site, fulfilling this goal means maximizing the number of jobs created and the contribution to the City's tax base.

The asking price for the Site is \$206,900, or \$7.50/square foot less the value of a temporary easement dated November 15, 2013 in favor of the Minnesota Department of Transportation [MnDOT], which will encumber 10,322 square feet (see illustration immediately below) of the site through July 1, 2015. The asking price is based on an [appraisal](#) dated September 10, 2013. Offer price 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.

Depiction of Temporary Easement Area

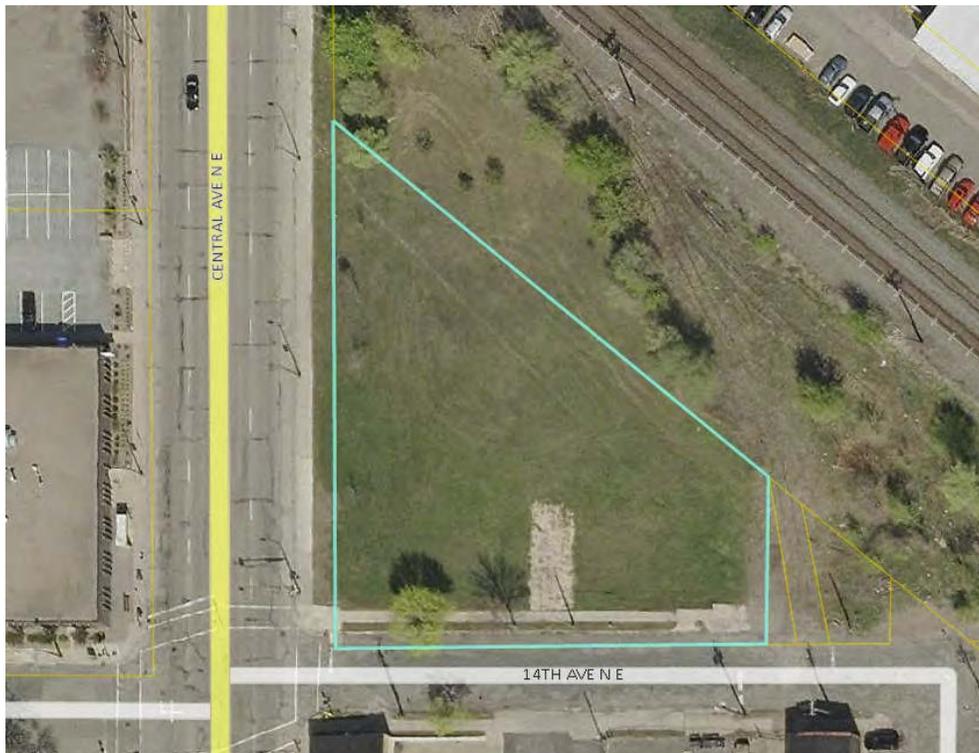


Site Facts

- The Site is a vacant triangular lot, 0.69 acre or 30,059 square feet in size.
- The Site is located on the NE corner of Central Avenue NE and 14th Avenue NE.
- The dimensions of the site include approximately 235 feet of frontage on Central Avenue NE and 195 feet of frontage on 14th Avenue NE.
- The parcel ID number is 13-029-24-22-0009.
- The legal description is Lots 2 to 8 inclusive, Block 3, Chute Bros Central Avenue Addition to Minneapolis, Hennepin County, Minnesota.
- The Site is located in the Northeast Park neighborhood.

Aerial Photo of Site

(North is at top of photo)



Development Goals

The development goals for this site appear immediately below. The development goals are the result of a collaborative effort between City of Minneapolis staff, the Northeast Park Neighborhood Association [NEPNA] and other area stakeholders. NEPNA is seeking a project that will complement existing and planned development in the area while meeting the City's goals and the interests of the affected community.

1. New development should complement the character of the surrounding neighborhoods. See the [Central Avenue Small Area Plan](#) for guidance on façade design, quality of building materials and the inclusion of public art. Public art awareness is encouraged in design(s) and planning, especially for any public spaces and uses.

2. This site is designated in the Plan as “transitional industrial,” which allows the traditional industrial uses of the general area to remain, but provides sufficient flexibility to allow the land uses to transition as market opportunities permit.
3. For properties in this area that have Central Avenue frontage, the Plan recommends combining “industrial land use with commercial and mixed-uses along Central Avenue to offer opportunities for an arts presence on the Avenue” (p.93). This recommendation does not mandate that all new uses be arts-related; rather, it proposes a diverse mix of businesses that support and strengthen the creative industries in the area.
4. In terms of urban form, the Plan indicates that the intersection of Central Avenue and 14th Avenue has a role as a gateway to this portion of the corridor, and suggests a strong building presence at the corner (pp.98, 101). Development at this location should include windows that allow views into and out of the building, parking that is oriented to the side or rear of the building, and direct building access from the sidewalk.
5. The zoning of this site (I-1, Light Industrial) allows for a wide range of uses and building sizes. Any use(s) proposed in an RFP response should maximize the site’s buildable potential, density of jobs and contribution to the City’s tax base.
6. Amenities are highly desirable. These include (but are not limited to) outdoor bicycle racks and indoor bicycle parking, plazas and green spaces.
7. New development should incorporate Crime Prevention Through Environmental Design (CPTED) principles including active first floor uses, large front windows, exterior lighting, landscaping and public art.
8. Innovative and sustainable design is encouraged. Consider elements such as geo-thermal heating and/or cooling, green roof design, storm water management with bioretention, tree box filters, permeable pavers and native plant landscaping design. B-3 State of Minnesota Sustainable Building Guidelines and LEED Certification are encouraged.

Other 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 Transitional Industrial. The *Plan* indicates that “Industrial areas located outside of Industrial Employment Districts will be labeled ‘transitional’ since they may eventually evolve to other uses compatible with surrounding development. Although they may remain industrial for some time, they will not have the same level of policy protection as areas within Industrial Districts.”

The Site is currently zoned I-1 (Light Industrial); permitted uses include typical light industrial, institutional and commercial uses such as light manufacturing and assembly, art studio and film production, office, and sit-down restaurant. The [Central Avenue Small Area Plan](#) provides additional policy guidance on this site and the surrounding area. Adjacent uses are commercial/industrial and adjacent parcels are zoned I1 and I2.

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 any). 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. Links to two previously prepared environmental documents can be found at: www.minneapolismn.gov/cped/rfp/index.htm.

Public Financial Assistance. The City has a number of debt financing programs available for businesses and real estate projects that qualify. See the "Business Support" section of the City's website for more information (<http://www.minneapolismn.gov/cped/ba/businesssupport>). Projects may also qualify for other types of non-City public financial assistance such as grants for brownfield [pollution] remediation (see http://www.minneapolismn.gov/cped/ba/cped_brownfields). 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), 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 **Exhibit A**). 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 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 “**1401 Central Avenue NE Proposal**” and sent to:

City of Minneapolis, Community Planning & Economic Development
Attention: Kevin Carroll
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 on Tuesday, February 4, 2014.**

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 Northeast Park Neighborhood Association (NEPNA). 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 regarding a preferred developer before the City Council by May 2014. Any subsequent land sale must be authorized by the City Council. City staff will seek that authorization in May 2014 or at a later date, depending on how negotiations proceed.

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 Northeast Park Neighborhood Association (NEPNA).

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.

| Anticipated RFP Timeline | |
|---|-------------------------------------|
| Release of RFP | December 16, 2013 |
| Clarifying questions on the RFP due | January 14, 2014 (4:00 p.m.) |
| Submission deadline for proposals | February 4, 2014 (4:00 p.m.) |
| Review and evaluation of proposals by City staff | February-April 2014 |
| Review by City Council | April-May 2014 |
| Negotiate terms of redevelopment contract and close on sale | June 2014 |

RFP Inquiries

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

Kevin Carroll, Principal Project Coordinator -- Kevin.Carroll@minneapolismn.gov
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 January 14, 2014. Questions will be answered in writing and posted on the RFP website at: www.minneapolismn.gov/cped/rfp/index.htm.

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 (also sometimes known as "General Conditions") 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.

General Conditions are terms and conditions that the City expects all Respondents or Proposers to meet. The Respondent or Proposer agrees to be bound by these requirements unless otherwise noted in the Proposal. The Respondent or Proposer may suggest alternative language to any section at the time it submits its response to this RFP. Some negotiation is possible to accommodate the suggestions of the Respondent or Proposer.

1. *City's Rights.* The City reserves the right to reject any or all proposals or parts of proposals, to accept part or all of proposals.

2. *Interest of Members of City.* The Respondent or Proposer agrees that it has complied with Minnesota Statutes, Section 471.87 and Chapter 3, Section 22 of the City Charter. Therefore unless authorized in Chapter 15 of the City's Code of Ordinances, no member of the governing body, officer, employee or agent of the City shall have any interest, financial or otherwise, direct or indirect, in the Contract.

3. *Equal Opportunity Statement.* The Respondent or Proposer agrees to comply with applicable provisions of applicable federal, state and city regulations, statutes and ordinances pertaining to the civil rights and non-discrimination in the application for and employment of applicants, employees, subcontractors and suppliers of the Respondent or Proposer. Among the federal, state and city statutes and ordinances to which the Respondent or Proposer shall be subject under the terms of this Contract include, without limitation, Minnesota Statutes, section 181.59 and Chapter 363A, Minneapolis Code of Ordinances Chapter 139, 42 U.S.C Section 2000e, et. seq. (Title VII of the Civil Rights Act of 1964), 29 U.S.C Sections 621-624 (the Age Discrimination in Employment Act), 42 U.S.C Sections 12101-12213 (the Americans with Disability Act or ADA), 29 U.S.C Section 206(d) (the Equal Pay Act), 8 U.S.C Section 1324 (the Immigration Reform and Control Act of 1986) and all regulations and policies promulgated to enforce these laws. The Respondent or Proposer shall have submitted and had an "affirmative action plan" approved by the City prior to entering into a Contract.

4. *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.

5. *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.

6. *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.

7. *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.

8. *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.

9. *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.

10. *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.

11. *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.

12. *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.

13. *Construction Standards*. Development must meet all Minneapolis City codes, and projects will be reviewed for energy efficiency.

14. *Hold Harmless*. The Respondent or Proposer will defend, indemnify and hold harmless the City and its officers and employees from all liabilities, claims, damages, costs, judgments, lawsuits and expenses, including court costs and reasonable attorney's fees regardless of the Respondent's or Proposer's insurance coverage, arising directly from any negligent act or omission of the Respondent or Proposer, its employees, agents or employees of the subcontractors and subcontractors of the Consultant, by reason of the failure of the Respondent or Proposer to perform, in any respect, any of its obligations under this Contract.

The City will defend, indemnify and hold harmless the Respondent or Proposer and its employees from all liabilities, claims, damages, costs, judgments, lawsuits and expenses including court costs and reasonable attorney's fees arising directly from the negligent acts and omissions of the City by reason of the failure of the City to perform its obligations under this Contract. The provisions of the Minnesota Statutes, Chapter 466 shall apply to any tort claims brought against the City as a result of this Contract.

EXHIBIT A

Form of Consent for Release of Response Data

_____, 2013

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

Re: 1401 Central Avenue NE 2013 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 1401 Central Avenue NE 2013 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.](#)

