

# Request for Redevelopment Proposals, 4140 – 4146 Fremont Ave N





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# Introduction and Offer Price

The City of Minneapolis, through its department of Community Planning and Economic Development (CPED), is seeking redevelopment proposals for two commercial buildings located at 4146 Fremont Ave N (the property includes the addresses 4140, 4142, 4144 and 4146 Fremont Ave N).

## Offer Price

The property is being offered for \$1.00 based on the buildings' condition. However, respondents to this RFP must demonstrate the financial and organizational capacity to rehab the property. Prior to closing on the property sale, the selected developer will be expected to secure financing, receive City planning approvals and building permits, and complete other due diligence items necessary to complete the building renovation.

Questions related to this RFP should be directed to the following CPED staff representative:

Casey Dziejeczynski, Sr. Project Coordinator

[Casey.dziejeczynski@minneapolismn.gov](mailto:Casey.dziejeczynski@minneapolismn.gov)

# Important Dates

## Submission Deadline

Proposals are due **Friday, February 10, 2017 at 4:00 PM**. Proposals should be emailed to [casey.dzieweczynski@minneapolismn.gov](mailto:casey.dzieweczynski@minneapolismn.gov). Alternatively, for files larger than 10MB please provide materials on a CD or flash drive and deliver to CPED's offices at [105 5th Ave South, Minneapolis](#). Late proposals will not be accepted.

An **RFP Informational Meeting** will be held on **Wednesday, November 30, at 4:00 PM** at the City's Innovation Center, located on the first floor of the Crown Roller Mill Building— 105 5th Ave South, Suite 200, Minneapolis MN, 55401. Please email [casey.dzieweczynski@minneapolismn.gov](mailto:casey.dzieweczynski@minneapolismn.gov) to RSVP.

**Building Walk-throughs** will be available by appointment only on the following days: **December 2<sup>nd</sup>, 7<sup>th</sup>, and 9<sup>th</sup>**. Email [casey.dzieweczynski@minneapolismn.gov](mailto:casey.dzieweczynski@minneapolismn.gov) to RSVP.

**Questions** related to the RFP should be emailed to [casey.dzieweczynski@minneapolismn.gov](mailto:casey.dzieweczynski@minneapolismn.gov) by **Friday, January 13, 2017**. Responses to questions will be posted to the City's website, [here](#) by **Friday, January 20, 2017**.

# Development Objectives

RFP submissions should include development concepts that:

1. Revitalize the vacant storefronts
2. Provide retail goods and services to the community
3. Support intensification of commercial and residential activity at the 42<sup>nd</sup> & Fremont intersection
4. Include public realm/pedestrian improvements (e.g. landscaping, promote walkability and safety, etc.)
5. Provide clean, functional space with adequate parking to support the building uses

Proposals that include demolition of the two-story building will not be considered. Demolition of the one-story building may be considered under special circumstances (e.g. proposal includes new building in its place). However, proposals that retain both structures are strongly preferred.

# Property Overview

The City acquired the property out of tax forfeiture in 2015. The buildings have been vacant for over 5 years.

- Originally constructed in 1920's
- Ground floor retail space: 7,000 sq. ft.
- Second floor is built out as 4 apartment units totaling 2,500 sq. ft., which could also be converted to office space
- Basement (storage space): 5,200 sq. ft.
- Lot Size: 0.3 acres
- Transit: located on high-frequency bus line (route 5)
- Parking: rear lot and on-street parking
- Zoning: 42<sup>nd</sup> & Fremont is zoned [C1, Neighborhood Commercial District](#) and is a designated Neighborhood Commercial Node – which seeks to provide retail goods and services to the surrounding neighborhood, with mixed-use buildings

# ...Property Overview Continued

The buildings will require extensive repairs and replacement of key components, likely including:

- Roof
- HVAC, electrical, plumbing systems
- Asbestos and lead paint abatement
- Windows, doors, walls
- Tuck-pointing/address water intrusion
- Parking lot and streetscape improvements
- ADA improvements
- Fire suppression system (depending on proposed use)
- Tenant build-out

Detailed property reports can be found on the City's [website](#) and via the following links:

- [Property Condition Report \(Liesch Associates\) \(pdf\)](#)
- [Phase I Environmental Site Assessment \(Landmark Environmental, LLC\) \(pdf\)](#)
- [Hazardous Materials Survey \(Parks Environmental Consulting, Inc.\) \(pdf\)](#)
- [Supplemental Hazardous Materials Survey \(Liesch Associates\) \(pdf\)](#)
- [Lead Assessment \(Vieau Associates, LLC\) \(pdf\)](#)
- [Structural Report \(Collaborative DesignGroup, Inc.\) \(pdf\)](#)

# ...Property Overview Continued

Interior and exterior photos can be found in the property reports posted on the City's [website](#).



# Sample Redevelopment Budget\*

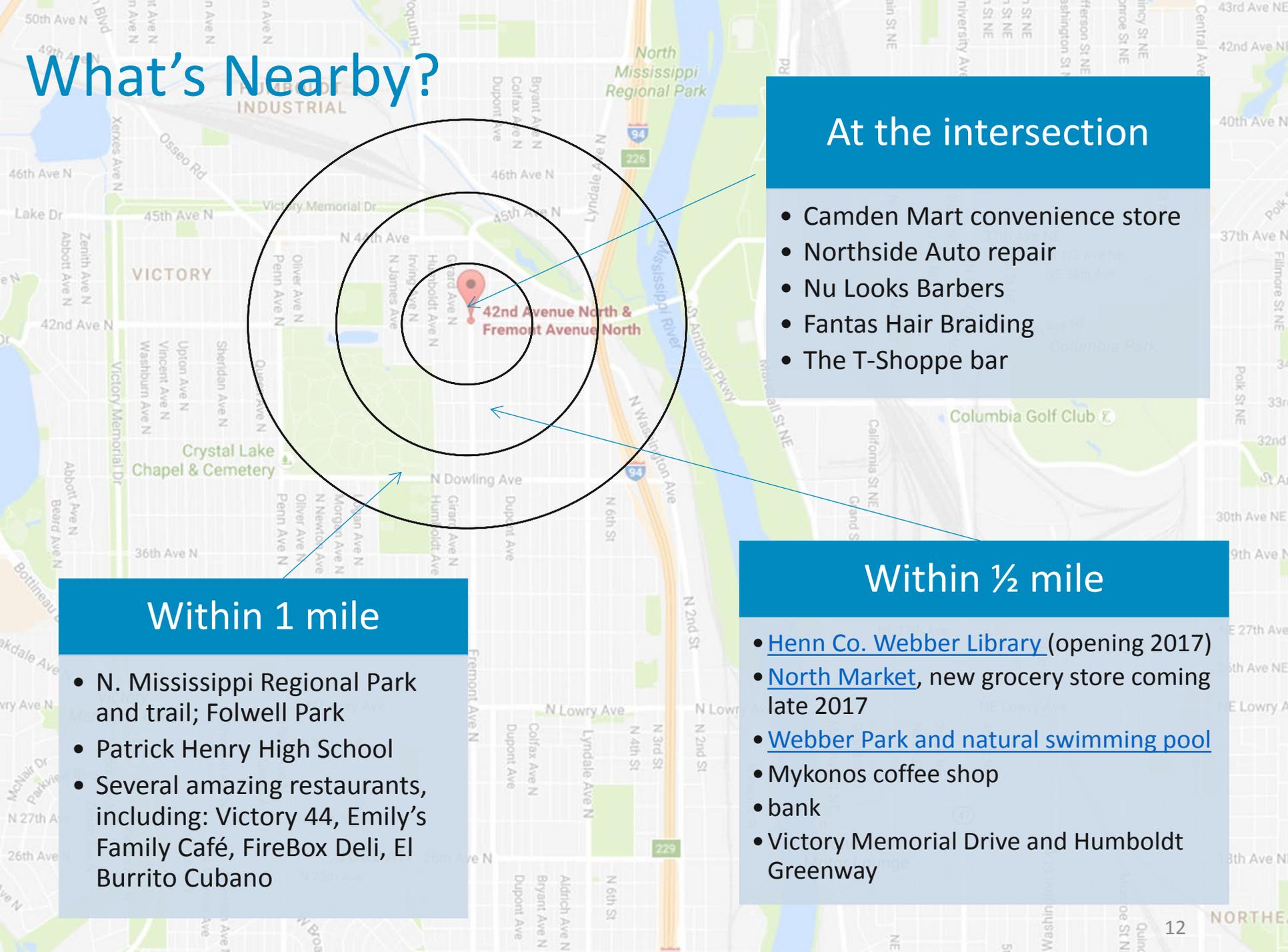
Item	Cost	Rentable Sq. Ft. (RSF)	Cost/RSF
Construction/cure building deficiencies (est. @ \$60/RSF)	\$ 570,000	9,500	\$60
Tenant build-out (est. @ \$25/RSF)	\$ 237,500	9,500	\$25
Hazardous materials abatement (consultant estimate)	\$ 70,000	9,500	\$7
Soft Costs (A&E, legal, permitting, etc.) (est. @ 10% of above costs)	\$ 87,750	9,500	\$9
Contingency (est. @ 20% of above costs)	\$ 193,050	9,500	\$20
<b>Total</b>	<b>\$1,158,300</b>	<b>9,500</b>	<b>\$122</b>

\*the figures above are for illustrative purposes only; actual redevelopment costs will depend on the types of end-uses, level of finishes, applicable building code requirements, etc.

# Potential Public Resources to Assist Redevelopment

- \$68,000 contamination cleanup grant
  - The City was awarded a grant from the Met Council for asbestos and lead based paint abatement that will be used to support the rehab.
- CPED “Great Streets” gap financing loan
  - Program is intended to provide gap financing for larger rehab projects in key commercial areas like the 42<sup>nd</sup> & Fremont intersection.
  - Potential for \$100,000 - \$500,000 in debt financing, depending on project budget and amount of private financing being leveraged (e.g. bank loan, owner equity, etc.)
  - Subordinate to senior lender mortgage
  - Interest rate can range from 2% to 4%-fixed and a term of up to 30 years
- CPED two percent loan
  - Up to \$75,000 for tenant improvements and production equipment
  - 2% fixed interest rate, maximum term is 10 years
  - Requires a private lender match financing at least equal to the City’s loan amount
- Other public programs
  - Redevelopment and Transit Oriented Development (TOD) funds from [DEED](#), [Met Council](#) and [Hennepin County](#)
  - Ten percent federal [tax credit](#) for non-historic buildings

# What's Nearby?



## At the intersection

- Camden Mart convenience store
- Northside Auto repair
- Nu Looks Barbers
- Fantas Hair Braiding
- The T-Shoppe bar

## Within 1 mile

- N. Mississippi Regional Park and trail; Folwell Park
- Patrick Henry High School
- Several amazing restaurants, including: Victory 44, Emily's Family Café, FireBox Deli, El Burrito Cubano

## Within ½ mile

- [Henn Co. Webber Library](#) (opening 2017)
- [North Market](#), new grocery store coming late 2017
- [Webber Park and natural swimming pool](#)
- Mykonos coffee shop
- bank
- Victory Memorial Drive and Humboldt Greenway

# 42<sup>nd</sup> & Fremont Property Summary



Tax forfeit lot,  
City to acquire

Active  
businesses

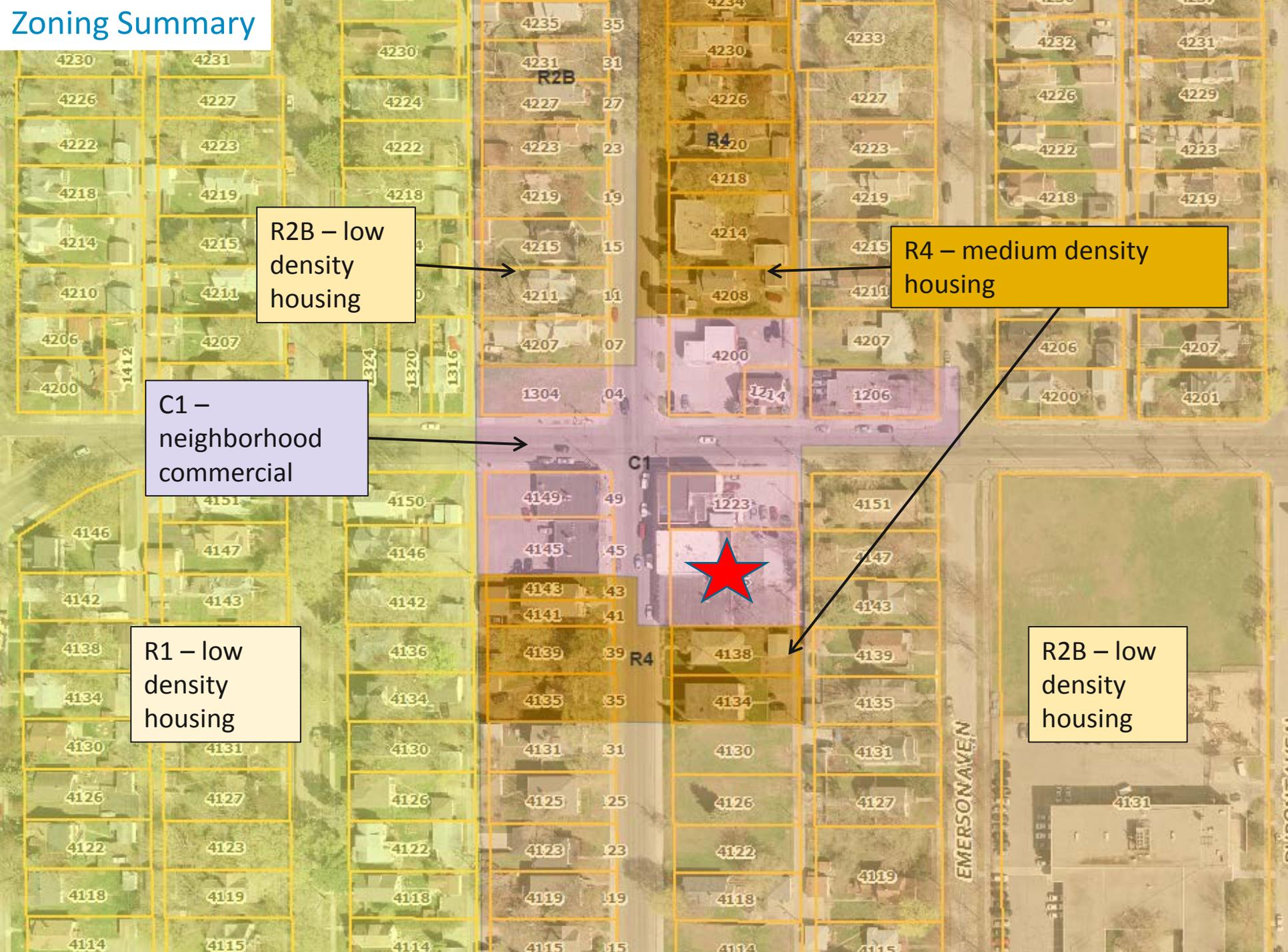
Office  
buildings

4146  
Fremont

City-owned  
residential lots

Hamilton school  
bldg./MPD training  
center

# Zoning Summary



R2B – low density housing

R4 – medium density housing

C1 – neighborhood commercial

R1 – low density housing

R2B – low density housing



# Upcoming Infrastructure Projects - 42<sup>nd</sup> Ave Reconstruction

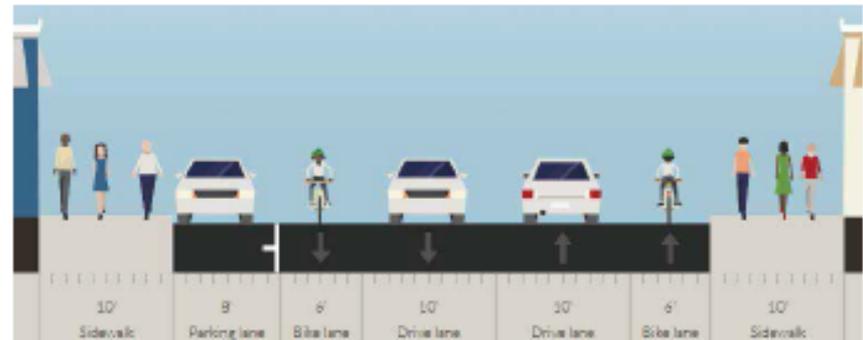
**Location:** 42 Ave N (Xerxes Ave N to Lyndale Ave N)

**When:** Anticipated 2018 - 2019

**What:**

- Full reconstruction of right-of-way
- Replace pavement and curb/gutter
- Address sidewalk gaps and non-ADA compliant walkways
- Continuous bicycle facility
- Utility improvements
- Signal upgrades
- New signage and pavement markings
- Street lighting?

Click [here](#) for more information.



Girard Ave N to Emerson Ave N;  
Bryant Ave N to Lyndale Ave N

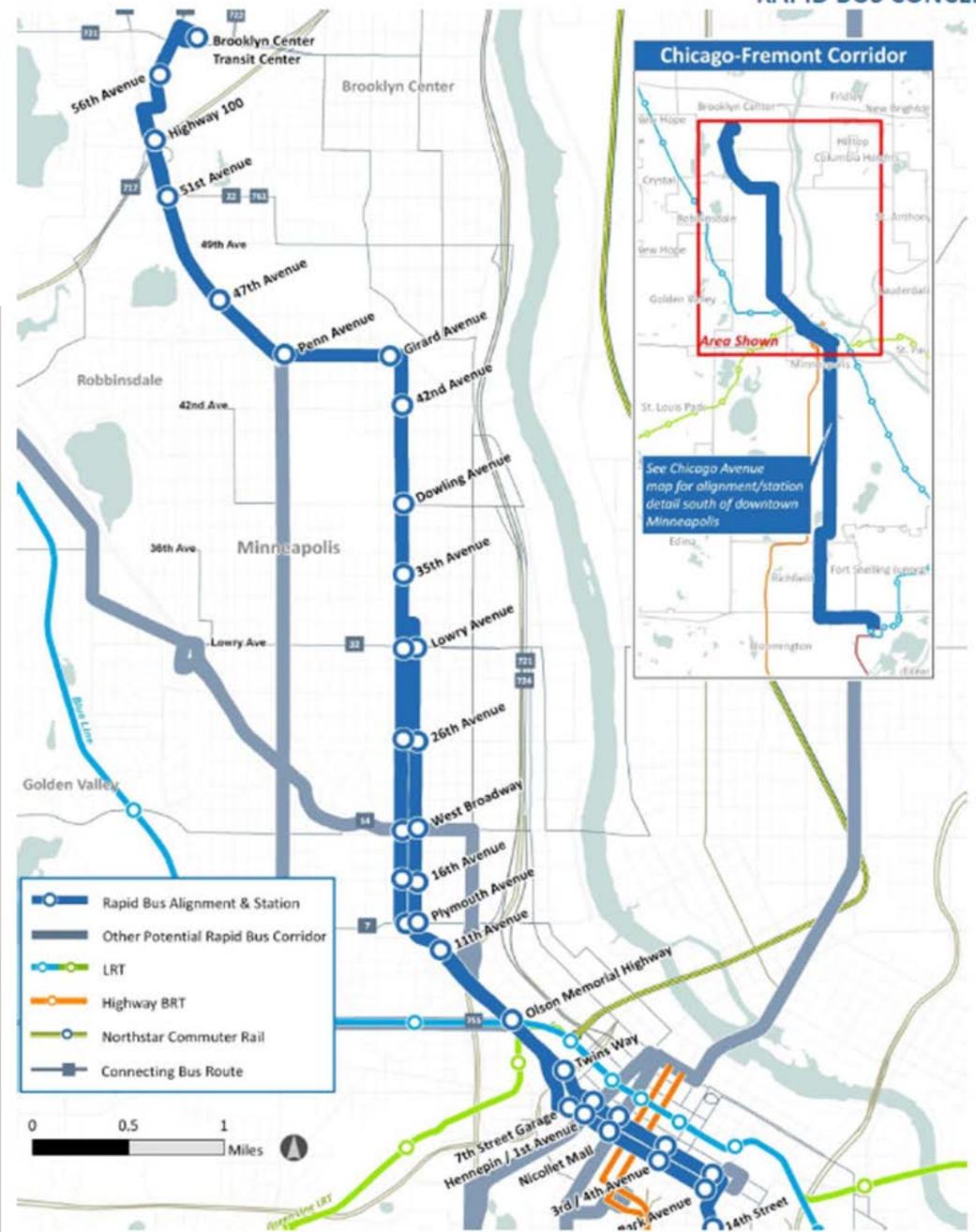
# Upcoming Infrastructure Projects - The D-Line, Metro Transit Arterial Bus Rapid Transit

Met Council summary:

Rapid bus service is a package of transit enhancements that adds up to a **faster trip** and an **improved experience.**"

The "D-Line" is being planned along the Chicago-Fremont corridor. Community Engagement regarding the project will begin in late 2016 or early 2017.

The Chicago-Fremont corridor, which follows the primary alignment of Route 5, runs from the Mall of America, Richfield, and south Minneapolis through downtown Minneapolis, and onto Brooklyn Center Transit Center via Emerson/Fremont avenues, 44th Avenue, and Osseo Road/Brooklyn Boulevard.



# The D-Line, Metro Transit Arterial Bus Rapid Transit

As part of the Chicago-Fremont BRT project, a station is tentatively planned for the 42<sup>nd</sup> & Fremont Intersection. Station amenities typically include:

- NexTrip signs
- Bike racks
- Information about the route, transit system and surrounding area
- Security cameras
- Emergency phones
- Enhanced lighting
- Push-button heating
- Ticket machines for buying a ticket using cash or credit card
- Litter and recycling containers

- Go to the Metro Transit website, [here](#) for more information; and see the following reports:
- [Penn & Chicago-Fremont Summary](#) (January 2013)
- [Addendum to Final Study Report](#) (January 2013) *Includes updated corridor readiness/prioritization*



# Proposal Contents

Proposals must include the following information:

1. Developer's contact information
2. Description of the proposed redevelopment
3. Identification of the entities/individuals that will be involved in the project and their roles (e.g. developer, architect, general contractor, building owner, tenants, etc.)
4. If space will be leased to 3<sup>rd</sup> party tenants: letters of intent from tenants or other information documenting demand for the space
5. A description of the team's experience in developing similar projects
6. Proposed timeframe for development, include time needed to obtain financing, complete design, secure permits and approvals, start and complete construction and start and complete occupancy

continued on following page...

# ...Proposal Contents Continued

7. Description of the public benefits that will result from the project (e.g. jobs, provision of retail goods/services, increase in tax base, etc.)
8. Initial development pro forma (for construction/rehab costs) and ten year operating pro forma, illustrating financial feasibility of the project. Example templates can be found on the City's website, [here](#).
9. Proposer's financial statements and/or tax returns for the past two years (these may be submitted under a separate cover, so as not to be made public)
10. An executed [Consent for Release of Response Data](#) form. **Proposals that do not include this form will not be accepted.**

# Evaluation Criteria

The City evaluates multiple factors in considering proposals, including the list below. The City reserves the right to reject any or all proposals or parts of proposals, or to negotiate modifications of proposals submitted.

1. The extent to which the proposal meets the development objectives for the site
2. The extent to which the proposed development complies with the City's [zoning](#) requirements and relevant planning guidance (see the [Minneapolis Plan for Sustainable Growth](#))
3. The proposed project timeline; the City expects development to begin within a reasonable time frame once City approvals and entitlements are secured (i.e. no "land banking")
4. The market and financial feasibility of the project
5. The experience and the financial and organizational capacity of the developer\*

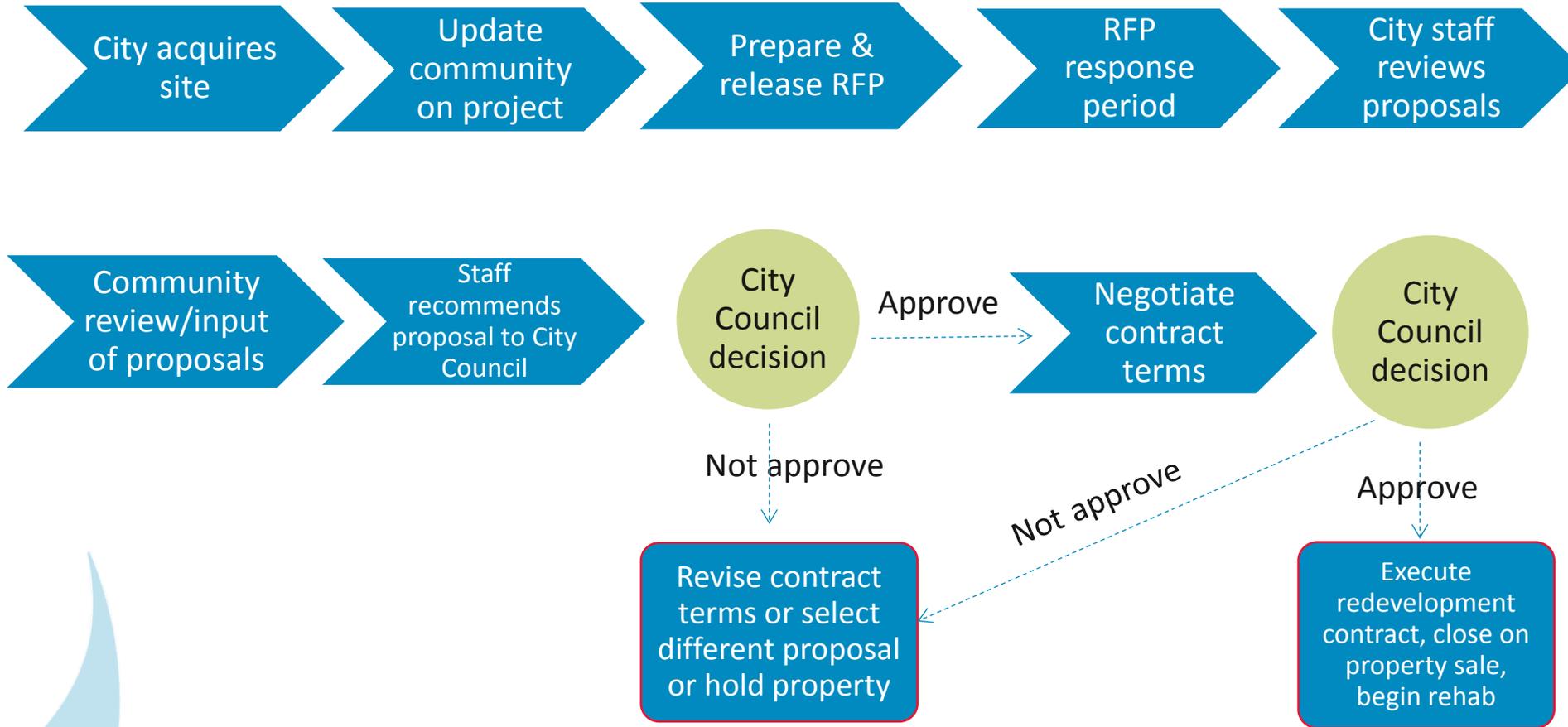
\*Individuals or groups interested in occupying the building(s), but who have limited development experience are encouraged to submit a joint proposal with a more experienced party who can assist in the construction/rehab of the buildings (e.g. general contractor, local for profit or non-profit development org., etc.).

# RFP Submission and Review

- **Proposals are due by Friday, February 10, 2017 at 4:00 PM.** Proposals should be emailed to [casey.dzieweczynski@minneapolismn.gov](mailto:casey.dzieweczynski@minneapolismn.gov) ; alternatively, for files larger than 10MB please provide materials on a CD or flash drive and deliver to CPED's offices at [105 5th Ave South, Minneapolis](#). Late proposals will not be accepted.
- Qualifying responses may be invited to present their proposals at a community meeting which will be scheduled after the submission deadline.
- Following the City staff and community review period, City staff will make a recommendation to the City Council. If the proposal is approved the selected developer will be granted exclusive negotiating rights and work towards executing a redevelopment contract with the City before the final land sale is approved and construction/rehab begins.
- The selected developer will be required to enter into a redevelopment contract with the City that will contain standard City [contracting requirements](#) such as insurance and indemnification and provisions to ensure redevelopment of the property. Other requirements vary depending upon the type of development and the source and amount of public investment, if any (e.g. prevailing wages to laborers, women and minority construction workforce participation).

# Sample Redevelopment Process

(for illustrative purposes only, not a comprehensive list of all steps/requirements)



# Draft Timeline

The actual timeline will depend on a number of variables, such as the number of proposals received, scope of project selected, etc.

<b>RFP released</b>	<b>Nov 10, 2016</b>
RFP informational meeting	Nov 30, 2016
Building walk-throughs	Dec 2, 7, 9
RFP submissions due	Feb 10, 2017
City staff reviews proposals	Feb 2017
Community reviews proposals, provides input to City staff	Mar - Apr 2017
City staff recommends a proposal/City Council awards exclusive negotiating rights to selected developer	May 2017
City staff and developer negotiate redevelopment contract; City Council approves contract terms and land sale	Q3 2017
City staff and developer execute redevelopment contract ; developer prepares plans and continues other due diligence items	Q3 2017
Developer finalizes plans, receives building permits, secures financing; City and developer close on property sale	Q4 2017
Building renovation , completion and occupancy	2018