

REQUEST FOR PROPOSALS

For City-owned real property

Penn Plymouth Properties

- (1) Southeast corner of Penn Ave N & Plymouth Ave N
1256 Penn Ave N and 1235-1243 Oliver Ave N
- (2) Southwest corner of Penn Ave N & Plymouth Ave N
2201-2215 Plymouth Ave N and 1245 Penn Ave N

Minneapolis, Minnesota 55411



Penn & Plymouth Development Parcels – Facing North

SUBMISSION DEADLINE - Wednesday, January 11, 2012

City of Minneapolis – Community Planning and Economic Development

105 Fifth Avenue South, Suite 200

Minneapolis, Minnesota 55401

www.minneapolismn.gov/cped

Contact Beth Grosen at beth.grosen@minneapolismn.gov
for issues specific to this RFP

Introduction

The City of Minneapolis ("City") is seeking redevelopment proposals for properties owned by the City and located at 1256 Penn Ave N and 1235-1243 Oliver Ave N (the "SE Site") and 2201-2215 Plymouth Ave N and 1245 Penn Ave N Minneapolis (the "SW Site"). The City offers both Sites "as-is." The sites are vacant.

This RFP will consider a wide range of commercial or mixed commercial/residential use developments of either Site. The City will consider proposals that involve the direct sale of either Site for immediate development, as well as proposals that involve a ground lease for an interim (short-term) use.

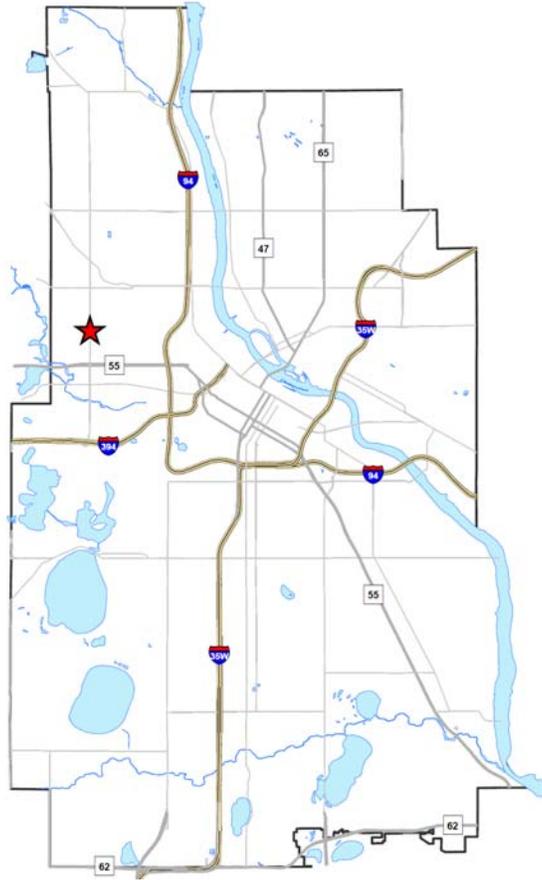
Offer prices will be one of multiple criteria for evaluating proposals. City policy is to sell and/or lease redevelopment property at fair reuse value based on the planned use of the property as part of a negotiation process.

Proposals are due at City offices no later than 4:00 p.m. local time on Wednesday, January 11, 2011.

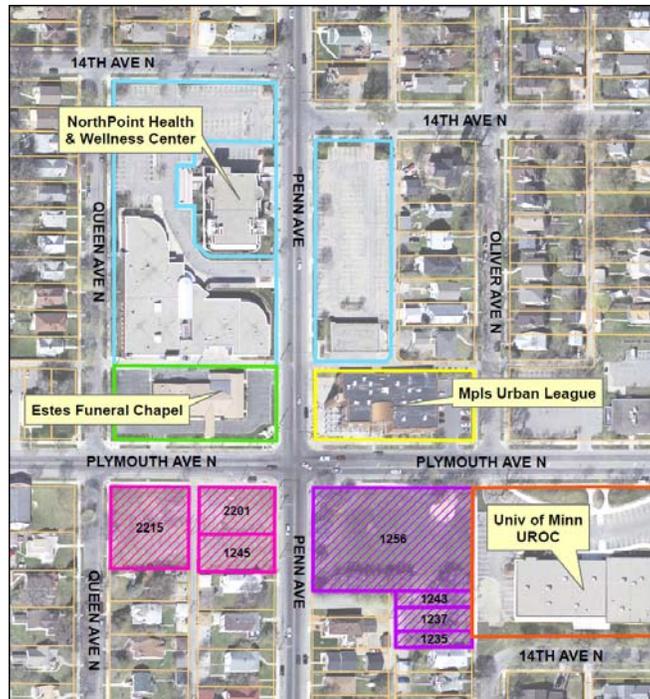
Site Facts

- The SE Site is zoned C2, Neighborhood Corridor Commercial District and consists of four parcels, specifically: 1256 Penn Ave N, 1235 Oliver Ave N, 1237 Oliver Ave N, and 1243 Oliver Ave N. The four parcels total approximately 57,055 square feet (1.31 acres). This site is located in the Near North neighborhood of north Minneapolis. Parcels for this site are:
21-029-24-22-0161
21-029-24-22-0159
21-029-24-22-0137
21-029-24-22-0138
- The SW Site is zoned OR2, high Density Office Residence District consists of three parcels, specifically: 2215 Plymouth Ave N, 2201 Plymouth Ave N, and 1245 Penn Ave N. The three parcels total approximately 35,193 square feet (0.81 acres). The site is located in the Williard Hay neighborhood of north Minneapolis. Parcels for this site are:
20-029-24-11-0129
20-029-24-11-0001
20-029-24-11-0002

Site in Minneapolis



Site on block



Redevelopment Goals

The redevelopment goals for the RFP include:

- 1) *Reactivate vacant parcels with a viable commercial or mixed-use development.* The City will consider a wide range of viable commercial and residential uses that are in conformance with the goals of the comprehensive plan. Neighborhood-serving commercial, such as a grocery store/retail, and mixed-use are preferred.
- 2) *Contribute to the commercial activity at the Penn-Plymouth Commercial Node.* This area is one of the sixty-four neighborhood “commercial nodes” designated in the *Minneapolis Plan for Sustainable Growth* for neighborhood-serving businesses. Commercial nodes provide a cluster of neighborhood-oriented retail and service uses focused around an intersection. Redevelopment of the Sites should support commercial activity at Penn and Plymouth by increasing business activity and density, increasing the availability of goods and services, and/or offering employment opportunities for area residents. Development should support a strong and diverse neighborhood where people choose to live.
- 3) *Two to four story development is preferred, but not required.* Development should aspire to meet traditional urban design by locating building(s) adjacent to the sidewalk (not set back from the roadway), provide storefront windows that allow views into and out of the building, orient parking to the rear or side of buildings, and providing building access from the public sidewalks.
- 4) *Accommodate transit.* Development should support use of bus transit as well as accommodate future potential light rail plans.
- 5) Interim uses will also be considered, particularly if they complement and support critical public needs of adjacent institutions and commercial users.
- 6) *Support tornado recovery efforts* through new investment in North Minneapolis.

Site Background

The SE site has four parcels. The site 1256 Penn Ave N was a gas station from 1923 when it was constructed, until demolition in 1969. The Minneapolis Community Development Agency (MCDA) acquired the site in 1976. A McDonald’s franchiser constructed a restaurant and conducted business there until November 1992 when it was sold back to the MCDA. The site was again cleared in 1994. Three parcels of the SE Site, 1235-1243 Oliver Ave N, were acquired by the MCDA in 1968 through eminent domain. They were all single-family residential properties.

The three parcels that make up the SW Site were all acquired by the MCDA via eminent domain at different times. The property at 2201 Plymouth Ave N was acquired in 1979 and a commercial building located there was demolished in 1989. The 1245 Penn Ave N parcel was acquired in early 1990 and the commercial building demolished that same year. Lastly, 2215 Plymouth Ave N was acquired in mid-1990 from Park National Bank and the building demolished shortly thereafter.

Redevelopment Considerations

There are issues with the redevelopment of the Sites that respondents should consider when developing their proposals.

- 1) The Bottineau Transitway is a potential Light Rail Transit (LRT) or Bus Rapid Transit (BRT) route. Hennepin County in early 2012 will identify a “locally preferred alternative” that best meets the transit needs of the corridor study area, one which can move forward through environmental study, preliminary design, and ultimately implementation. In Minneapolis there are two proposed alignments: D1, which runs along the BNSF rail corridor along the west side of Minneapolis to Olson Memorial Highway, and D2, which runs along West Broadway and then south down Penn/Oliver Avenues to Olson Memorial Highway. The D2 route has three alternatives, D2a, D2b, and D2c. Routes D2a and D2c will run LRT down Penn Avenue and may have right-of-way impacts on the parcels adjacent to Penn Avenue. D2a will reconstruct Oliver Avenue adjacent to the site and D2b will run LRT down Oliver Avenue ; both require acquisition of right-of-way for Oliver Avenue to reconnect between 12th Avenue and Plymouth Avenue. For more information and maps showing the alternatives:
http://www.bottransit.org/open_house_materials_10_06_2011_exhibits.htm
- 2) *Storm water Management.* Proposers must address storm water management. Sites of over one acre in size must meet the City’s Storm Water Management Ordinance .
<http://www.minneapolismn.gov/stormwater/docs/CHAPTER54Ordinance.pdf>
- 3) *CDBG requirements.* Federal Community Block Grant (CDBG) funds have been used to acquire and demolish buildings on parcels of both the SE and SW Sites. Since CDBG funds were used, any new use of the project will need to either meet a CDBG national objective and comply with CDBG requirements, including an environmental review and compliance with Davis-Bacon wage requirements for construction jobs, or be a disposition for fair market value.
- 4) *Pollution.* An Environmental Phase I was completed on all four parcels of the SE Site in 2003. Based on the Phase I, it appears that additional testing and cleanup may be needed for a new development project. For the SW site, a Phase 1, Phase 2, RAP Implementation Report, and environmental cleanup activities were conducted in 2005. The proposed vapor barrier mitigation system was not installed because the proposed development did not move forward. RAP reports and MPCA letters are included as exhibits. Additional large bound reports are available for review at the CPED office by appointment.
- 5) *Topographic grade change.* The SE Site slopes away from the Penn Plymouth intersection. There is a higher grade at the intersection that slopes down diagonally across the Site, essentially northwest to southeast.

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. Developer's name and mailing address
 - b. Developer'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. Clarify whether the proposal is for the SE or SW site.
 - b. Uses on the Site and proposed users/tenants of the Site
 - c. Improvements made to the Site including square footage of specific components, anticipated materials, and design style
 - d. Plan for transportation access, including parking needs
 - e. "Green" building features, techniques, and/or certifications
 - f. Include exhibits of preliminary schematics plans and 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 general or limited partnership, a joint venture or other type of business association to carry out the proposed development.
 - f. The developer must also provide two years of 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.
4. A **development budget** showing the detailed sources and uses of funds for the project. For uses of funds, itemize the projected 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 available, include a letter of interest to provide financing from a lender if debt financing is proposed. Clearly indicate any public financial assistance to be requested, particularly any from the City. Write-downs of the acquisition price below fair market value will be considered City financial assistance. **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 5 years for operations, 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 proposed use 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 development. Economic and demographic information on this immediate area is compiled at [\(link\)](#).
7. A **description of the public benefits** that will result from the redevelopment, e.g. the creation or retention of jobs (including the estimated number, type and wage levels), the provision of retail goods and services, and connections or

relationships with the community and/or neighborhood-based organizations. 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 permits and approvals, 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 entire 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.

While the City requires a good faith deposit securing performance for redevelopment land sales, development teams/developers responding to this RFP are not required to provide this 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 – at the time of selection. The City will hold the deposit until construction is completed, as certified by the City.

Evaluation Criteria

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

1. Fulfillment of the redevelopment goals for the RFP stated above
2. Adherence to the Minneapolis Plan for Sustainable Growth, the Penn Avenue North Redevelopment Project Plan and other applicable Redevelopment Plans, the Minneapolis Zoning Code, and other relevant policy documents and City ordinances
3. Track record and financial and organizational capacity of the development team to complete the type of redevelopment project that they propose
4. Financial feasibility of the project and the ability of the project to secure necessary financing
5. Proposed project timeframe, feasibility of beginning construction in 2012
6. Public benefits from the project
7. Offered purchase price for the Site
8. Minimization of City subsidy, if any
9. Degree of “green” building techniques and features incorporated

10. Overall quality of the submission, adherence to the proposal content requirements, and responsiveness during the review process

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
- Seven 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 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 "Penn-Plymouth Sites Proposal" and sent to:

City of Minneapolis, Community Planning & Economic Development
Attention: Beth Grosen
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 Wednesday, January 11, 2012.**

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 neighborhood and other stakeholder input. Some or all of the proposers may be requested to present their proposals to City staff and stakeholders. City staff expects this review process to occur in January-February 2012.

City staff will then make a recommendation to the City Council regarding the proposer/developer that best meets the evaluation criteria for each of the two sites in February-March 2012.

We expect a single City Council action regarding developer selection and land sale or lease approvals. However, if the proposers/developers request public financial

assistance, staff may need to complete further analysis, underwriting, and/or other processes to consider the request. This further analysis may require two separate City Council actions to select a developer and authorize a 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 Northside Residents Redevelopment Council (NRRC).

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.

Information Session

City staff will hold an information session on the RFP at 105 Fifth Ave S (Crown Roller Mill) on December 15, 2011 at 10:00 am.

RFP Timing

The City prefers that a redevelopment contract be executed with the selected respondent as soon as possible and that construction of the project begin as soon as possible thereafter.

Anticipated RFP Timeline	
Release of RFP	November 22, 2011
Information session	December 15, 2011
Submission deadline for proposals	January 11, 2012, 4:00 pm
Review and evaluation of proposals	January-February 2012
Recommendation to City Council Community Development Committee and Full City Council	March 2012

Negotiate terms of redevelopment contract	April-May 2012
Close on land sale and redevelopment contract	Summer-Fall 2012

RFP Inquiries

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

Beth Grosen
beth.grosen@minneapolismn.gov
 City of Minneapolis, Community Planning & Economic Development
 105 5th Ave S, Suite 200
 Minneapolis, MN 55401

All questions are due no later than 4:00 pm on Wednesday, January 4, 2012.

Questions will be answered in writing and posted on the RFP website:

<http://www.ci.minneapolis.mn.us/cped/rfp.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.

1. *Equal opportunity (affirmative action and nondiscrimination).* If the project receives a subsidy in excess of \$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.* If the developer/proposer receives funding from the City, 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 in excess of \$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 contracts over \$50,000 will be subject to the City's Apprenticeship Training Policy if City financial assistance is provided to the developer/owner.
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. *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.
10. *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.
11. *Construction Standards.* Development must meet all Minneapolis City codes, and projects will be reviewed for energy efficiency.
12. *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.

List of Exhibits

Exhibits and any further information to be posted are available for download from the [CPED RFP page](http://www.ci.minneapolis.mn.us/cped/rfp.asp) (<http://www.ci.minneapolis.mn.us/cped/rfp.asp>)

- A. [ESRI market data for Penn and Plymouth, PDF](#)
- B. [Site survey for SE site, PDF](#)
- C. [Site survey for SW site, PDF](#)
- D. [RAP summary letter for SW site, PDF](#)
- E. [Excerpts from Exec Summary of Phase 1 for SE site, PDF](#)
- F. [2002 MPCA letter for SW site, PDF](#)
- G. [2006 MPCA letter for SW site, PDF](#)
- H. [Consent for Release of Response Data form](#)