

**Request for Proposals
for
City Owned Vacant Lot at
427 Cedar Avenue**



**Cedar Riverside Neighborhood
Minneapolis, Minnesota**

**Issued by City of Minneapolis
Department of Community Planning & Economic
Development (CPED)
Business Development at Crown Roller Mill #200
105 5th Avenue South
Minneapolis, MN 55401-2534
Contact Name – Judy Cedar at 612-673-5025 or
judy.cedar@ci.minneapolis.mn.us**

Responses Due by April 30, 2010

OVERVIEW

The City of Minneapolis ("City") is seeking redevelopment proposals ("Proposals") for a vacant property owned by the City at 427 Cedar (the "Site"). The City will sell the Site "as-is" and for a Fair Reuse Value to be determined by professional appraisers.

The City's redevelopment goal for the Site is new construction to accommodate economically viable, neighborhood-oriented commercial or mixed uses within a pedestrian-scale structure. Solely residential uses are not consistent with the policy goals for this commercial corridor and will not be considered.

Respondents should indicate an offer price in the proposal. A market value of \$240,000 was established by appraisal November 13, 2009. City policy is to sell property for redevelopment at a Fair Reuse Value established by a staff appraiser based on market comparables and the cost of redevelopment. Property for redevelopment is sold subject to the requirements of a legally binding Redevelopment Contract which obligates the purchaser to a number of performance standards.

SITE FACTS

The redevelopment site is located at 427 Cedar Avenue within the Cedar Riverside neighborhood of Minneapolis.

Parcel Size: 8,383 square feet, approximately 81 x 103 feet.

Zoning: The parcel is zoned C3-A, a commercial zoning district, with a Pedestrian Overlay. Detailed ordinances that govern this zoning category can be found online in the Code of Ordinances, Chapter 20, with the following web address:
<http://www.ci.minneapolis.mn.us/zoning/code/>

Site history: The Site was formerly home to Dania Hall, a historic landmark destroyed by fire in February of 2000.

Property Identification Number: 25-029-24-32-0414

AREA AND MARKET

The Cedar-Riverside neighborhood (also known as the West Bank) is centrally located within Minneapolis, immediately southeast of Downtown Minneapolis and proximate to two interstate highways – I-35W and I-94. The neighborhood has a station of the Hiawatha Light Rail Transit line, and in 2014 when construction of the Central Corridor LRT line is complete, the neighborhood will have two LRT stations located approximately three blocks from each other. Metro Transit bus service and University student transit also serve the neighborhood.

Cedar Riverside has a residential population of 7,545 with 2,838 households (2000 Census). The Cedar-Riverside neighborhood population increased 12.1% between 1980 and 2000, compared to a 3.1% rise in Minneapolis. Homeowner and rental vacancy rates are extremely low. Census data are available online at <http://www.ci.minneapolis.mn.us/citywork/planning/census2000/maps/cedar-riverside.pdf>. The area's three largest employers, the University of Minnesota, Fairview Hospital, and Augsburg College, bring 5,900 employees the neighborhood daily. The Site is a five-minute drive for 91,167 people ages 16 and (ESRI Business Analyst Online), and an average of 14,000 motor vehicles pass the site daily (Minnesota Department of Transportation).

The College of Saint Catherine, Augsburg College, the West Bank campus of the University of Minnesota, and the Fairview Medical Center are all within a short walk from the Site. The presence of multiple theaters, music venues, and artistic establishments add to the diversity of this neighborhood. Examples are the Mixed Blood Theater, the Theater in the Round, the Southern Theatre, the University of Minnesota's Rarig Center, the University of Minnesota's West Bank Arts Quarter, and the West Bank School of Music. Additional music venues including the Cedar Cultural Center, the 400 Bar, the Triple Rock Social Club, the Nomad Bar and the Red Sea, and a variety of restaurants create a diverse, dynamic urban business district. The area is home also to a number of longstanding destination businesses, including Midwest Mountaineering, Depth of Field and the Hard Times Café.

Cedar Riverside has long been an ethnically diverse neighborhood, and a gateway for recent immigrants, with the ethnic composition of the neighborhood shifting with immigration policy and world events. In recent years, the neighborhood has become home to Southeast Asian immigrants and significant populations from East Africa. Many of these recent immigrants, especially those from East Africa, have opened businesses in Cedar Riverside that provide familiar goods from their country of origin – restaurants, groceries, retail establishments – and these have become destination businesses for East Africans who reside throughout the metropolitan area.

REDEVELOPMENT GOALS

The Cedar Riverside Small Area Plan contains guidance for future land use and development in the Cedar Riverside neighborhood. Future development of the property at 427 Cedar Avenue will be evaluated and approved based partly on its conformance with policies and recommendations made within the plan. The future land use guidance for the Site is Mixed-use. The plan was recommended for approval by the City Planning Commission at the March 17, 2008 meeting, and approved by the Minneapolis City Council at the regular meeting on April 18, 2008. To view this document please link to the City Planning Document at <http://www.ci.minneapolis.mn.us/cped/cedar-riverside.asp>.

In addition, the Cedar Riverside community, acting in an advisory role, has participated in various forums and planning sessions to develop preferences related to land use.

While community preferences developed to date do not constitute a consensus opinion, neighborhood interest in the Site is high, and should be taken into consideration when developing a Proposal. For more information on community input received to date, please refer to the attachments to this document. The information is also available online at http://www.ci.minneapolis.mn.us/cped/dania_hall_site.asp.

The list below includes the most frequently cited elements that are desired by area stakeholders (in no particular order). Proposals that include elements from this list (as well as items from the expanded list available in the attachments) will receive more favorable consideration in the evaluation process.

- Publicly Available Community Gathering/Meeting Space
- Open to the Community
- Community Education Center
- Library
- Serves the diverse population of the neighborhood
- Mixed Use
- Housing
- Retail that enhances the Commercial Corridor
- Restaurant
- Youth Center
- Post Office
- Farmer's Market
- Bike Stalls
- Path from 5th Street to Cedar Avenue
- Blends with Historic Character of the Street
- Green Space or Plaza

A more detailed list of elements desired by the stakeholders can be found online (http://www.ci.minneapolis.mn.us/cped/dania_hall_site.asp), and in the attachment to this document (Exhibit 1).

REDEVELOPMENT CONSIDERATIONS AND SITE DETAILS

Parking availability: A public parking lot owned by the City and managed by a parking operator is located behind this lot, and there are several other public parking lots located nearby. The extent to which the available off-street parking may satisfy parking requirements for a particular use will depend upon the specific use and the City Zoning code.

Encumbrances: The Dania Hall structure was demolished on this Site but some of the foundations, an areaway wall and foundation walls remain underground. There is a NSP line that exists along the south property line adjacent to the areaway wall. Also, there is an elevator lift that was abandoned approximately two feet below grade along the east wall. When a portion of 5th Street was vacated, and portions of that street accrued to

427 Cedar. Certain utilities exist under vacated 5th Street. Please reference map of vacated 5th Street that shows locations of the various utilities (Exhibit 2).

The property is slightly encumbered with an easement for building footing purposes over, under and across the South 1.40 feet of the North 3.95 feet of Lot 14, as identified by survey (attached). The easement provides a remedy to the adjacent property owner for an existing encroachment of footings. Land sale proceeds from a future sale of 425 Cedar for redevelopment will allow for an escrow or credit of \$25,000 to cover extraordinary costs of design, grouting under footings, and construction related to this footing encroachment. Refer to the Plat Map that identifies the easement (Exhibit 3).

Legal Description: Parcel B: All of Lot 15 and Lot 14 except the North 2.55 feet thereof, Meldal and Sunde's Subdivision of Block 179, Town of Minneapolis, according to the recorded plat thereof, and situate in Hennepin County, Minnesota, together with that part of the North one-half of vacated 5th Street South lying between the southerly extensions of the West line of Lot 15 and the centerline of the vacated alley running north and south in Meldal and Sunde's Subdivision of Block 179, Town of Minneapolis and together with that part of the West one-half of the vacated alley lying between the easterly extensions of the South line of the North 2.55 feet of Lot 14 and the South line of Lot 15. Subject to an easement for building footing purposes over, under and across the South 1.40 feet of the North 3.95 feet of said Lot 14.

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 the following information:
 - a. Respondent's name and mailing address
 - b. Respondent'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 **narrative project description** that includes the following information:
 - a. Uses on the site and the proposed users/tenants of the site.

- b. Improvements made to the site including square footage of the building, anticipated materials and design style.
- c. Timing of construction, building completion and occupancy.
- d. Plan for transportation access, including parking needs.
- e. “Green” building features, techniques, and/or certifications.
- f. 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 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, which 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 these requirements.

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 15 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 indicate 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 the 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, etc. Include estimates of the taxable value upon completion and annual real estate taxes for the Site. Also included in this item should be a response to how the project will meet the needs and desires of the surrounding stakeholders, as outlined in the Cedar Riverside Small Area Plan and community input compiled to date.
8. A **timeframe for the redevelopment**. The schedule should include the time needed to obtain 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** (Exhibit 4). 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 responses and any clarification to the contents submitted by the successful Respondent may become part of the contractual obligation and be incorporated by reference into the redevelopment contract between the selected developer and the City.

EVALUATION CRITERIA

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

1. Fulfillment of the redevelopment goals of the RFP stated above.
2. Adherence to the Minneapolis Comprehensive Plan, the Cedar Riverside Small Area Plan, the Minneapolis Zoning Code, comprehensive plan 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.
6. Public benefits of 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.

Note: Inclusion of adjacent City owned property in a proposal will be considered, but will not necessarily result in a more favorable evaluation of the proposal.

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

Respondents must submit copies of their proposals as follows:

- One unbound copy
- Ten bound copies.
- One electronic version in Microsoft compatible or PDF format on CD, including Excel files for project financial information as described under Proposal Contents below.

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

Proposals and supporting document must be submitted in a sealed envelope labeled “427 Cedar Proposal” and sent to:

Judy Cedar, Senior Project Coordinator
City of Minneapolis Community Planning and Economic Development
Crown Roller Mill Suite 200
105 5th Avenue South
Minneapolis, MN 55401

Faxed Proposals will not be accepted. Respondents may be asked 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. 90 days from issuance, 2010.**

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

RFP INQUIRIES

All questions are to be directed in writing to the department contact person. Questions and the responses will be posted onto the website weekly during the RFP review period. The department contact person is:

Judy Cedar, Senior Project Coordinator
City of Minneapolis – Department of CPED
105 5th Avenue South, Suite 200
Minneapolis, MN 55401
Email judy.cedar@ci.minneapolis.mn.us
Fax 612-673-5113

PROPOSAL REVIEW AND SELECTION PROCESS

City staff will review proposals that are received by the due date. City staff will also seek input from neighborhood groups and a broad set of neighborhood stakeholders. Some or all of the proposers may be requested to present their proposals to City staff and/or neighborhood stakeholders. City staff expects this review process to occur in May and June 2010.

City staff will then make a recommendation as to the developer that best meets the evaluation criteria. This recommendation will be considered by the CPED Director and then forwarded to the City Council for action. The goal is to have a recommendation before the City Council in July or August 2010.

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 and input from the public obtained through this process. The neighborhood group officially designated to provide input on responses to this RFP is the West Bank Community Coalition (WBCC). A broad set of other neighborhood stakeholders representing residents, businesses, and regular visitors will also be consulted.

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 (40 – 70), marital status, or status with regard to public assistance. The selected developer also will be required to take affirmative action to ensure that all employment practices are free of such discrimination. These employment practices include, but are not limited to the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation and selection for training, including apprenticeship. The developer will post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this non-discrimination clause. The selected developer also will be required to, in all solicitations or advertisements for employees placed by or on behalf of the developer, state that it is an equal opportunity or affirmative action employer. The City will require compliance in demolition, construction and marketing of development projects.
2. *Job Linkage.* The Job Linkage Program links economic development with employment. The purpose of the program is to insure increased employment opportunities for Minneapolis residents. All commercial/industrial development

projects whose primary purpose is job creation or retention must establish and report on certain workforce goals for five years.

3. *Prevailing Wage Policy.* In accordance with the City's Prevailing Wage Policy, the selected developer covenants and agrees that it will cause its general contractor to comply with the wage and hour standards issued by the United States Secretary of Labor pursuant to the Davis Bacon Act, 40 U.S.C. Sections 276a to 276a-5, as amended, and the Contract Work Hours and Safety Standards Act 40 U.S.C. Sections 327-333. The developer shall maintain appropriate payroll documentation for a 3-year period after completion of the project.
4. *Small and Underutilized Business Program.* Development projects that receive public financial assistance 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 and any subcontractors with contracts over \$50,000 will be subject to the City's Apprenticeship Training Policy if public 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 FHA minimum property standards and 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.

TIMING

- Submission deadline of Proposals - Friday, April 30, 2010, 3 PM
- Staff Committee Review and Neighborhood Review - May 2010
- Recommendation to City Council – July 2010
- Negotiate Land Sale Agreement - August 2010
- Schedule a Land Sale Closing and Start Construction – August/September 2010