

**REQUEST FOR DEVELOPMENT
PROPOSALS FOR LINDEN YARDS &
IMPOUND LOT PARCELS
LOCATED IN BASSETT CREEK VALLEY**

MINNEAPOLIS, MINNESOTA



May 31, 2007

Introduction

The City of Minneapolis (“City”) is seeking preliminary development proposals for certain property owned by the City and located in Bassett Creek Valley just west of downtown Minneapolis. The City seeks a Master Developer to incrementally purchase 56 acres of city-owned land to launch major redevelopment in Bassett Creek Valley. As this property is currently being used for various public works operations, and the area has known environmental and soils issues, the City recognizes this will be a long term effort involving phasing and collaboration.

Bassett Creek Valley is a 230 acre, largely industrial area just west of downtown Minneapolis and the new Twins ballpark. Bassett Creek Valley is bound on the west by Cedar Lake Road, on the east by I-94, on the north by the Heritage Park redevelopment area and on the south by I-394. Bassett Creek Valley is largely known because Glenwood Avenue provides a primary transportation route into downtown Minneapolis. It is recognized for International Market Square, a historic factory rehabilitated into successful designer showrooms and condominiums. The Valley is also known for Bryn Mawr Meadows, a regional ball field destination with breathtaking views of downtown Minneapolis. Although there is a relatively small amount of existing housing within the Valley itself, the area is surrounded by vibrant and diverse residential neighborhoods including Bryn Mawr, Harrison, and the newly established Heritage Park.



The Bassett Creek Valley Master Plan

<http://www.ci.minneapolis.mn.us/citywork/planning/basset-creek.asp>

advocates redevelopment of this outmoded industrial landscape into more than three thousand housing units, 2.5 million square feet of commercial space, and the establishment of nearly 40 acres of new open space. It also suggests the restoration of Bassett Creek.

The Bassett Creek Valley Master Plan was adopted by the Minneapolis City Council in January 2007 after a long and unique community-led effort. The Bassett Creek Valley Redevelopment Oversight Committee (ROC) was established by the City Council in 2000 and includes representatives from the Harrison and Bryn Mawr neighborhoods including business owners and residents, city councilmember and mayoral appointments. ROC directed the development of the Master Plan and will have a continuing role in implementing the plan. ROC and the two respective neighborhoods solicited great community participation and input for the plan.

Guiding principles for redevelopment noted in the Plan include:

- Ensure some benefits of the redevelopment accrue to the community
- Create living wage jobs for area residents
- Creation of a wide variety of new housing options (owner-occupied, rental, mix of affordability levels)
- Increase public access to new and existing green spaces
- Improve linkages to other parts of the city
- Create designs that are pedestrian friendly, fully accessible, that inhibit crime and improve the sense of safety
- Accommodate multiple modes of transportation

Van White Memorial Boulevard is a new north-south parkway-style roadway extending from Plymouth Ave to Dunwoody at I-394 (See Exhibit A). The two lane roadway (with expansion possibility) will be constructed across the public sites and will include bridges to span the Burlington Northern Railroad corridor and Bassett Creek. The roadway and bridge construction work will be bid later this year and is scheduled to be completed and open in late 2009.

Two of the three final route alternatives for the future Southwest light rail transit corridor include a transit station stop at Van White. The Hennepin County Railroad Authority anticipates choosing a final route in 12-24 months following more detailed studies.

Site Facts

Location, size and current improvements

The **Linden Yards** site is approximately 30 acres in size and is bounded by the Burlington Northern Santa Fe rail line, Linden Avenue, Lyndale Ave, I- 394, and the Bryn Mawr ball fields. The site is generally flat and is currently used for outside storage and concrete crushing by the City of Minneapolis Public Works Department. Prior to its current use, this area served as a railyard and elevator operation.

The **Impound Lot** is approximately 26 acres in size and is generally bounded by Bassett Creek, the Bryn Mawr ball fields, Cedar Lake Road, and Colfax Ave N. The City operates an active impound lot involving thousands of towed vehicles held as a result of police operations, snow emergencies, or seasonal street cleaning. The site is generally flat and has been paved with several feet of asphalt. The bituminous cover, while providing a good road base for the movement of vehicles, also serves as a cap to a former unlicensed landfill that remains a state Superfund site.

Exhibit B-1 and B-2 show the location and aerial photo of the two land areas.

Development Features

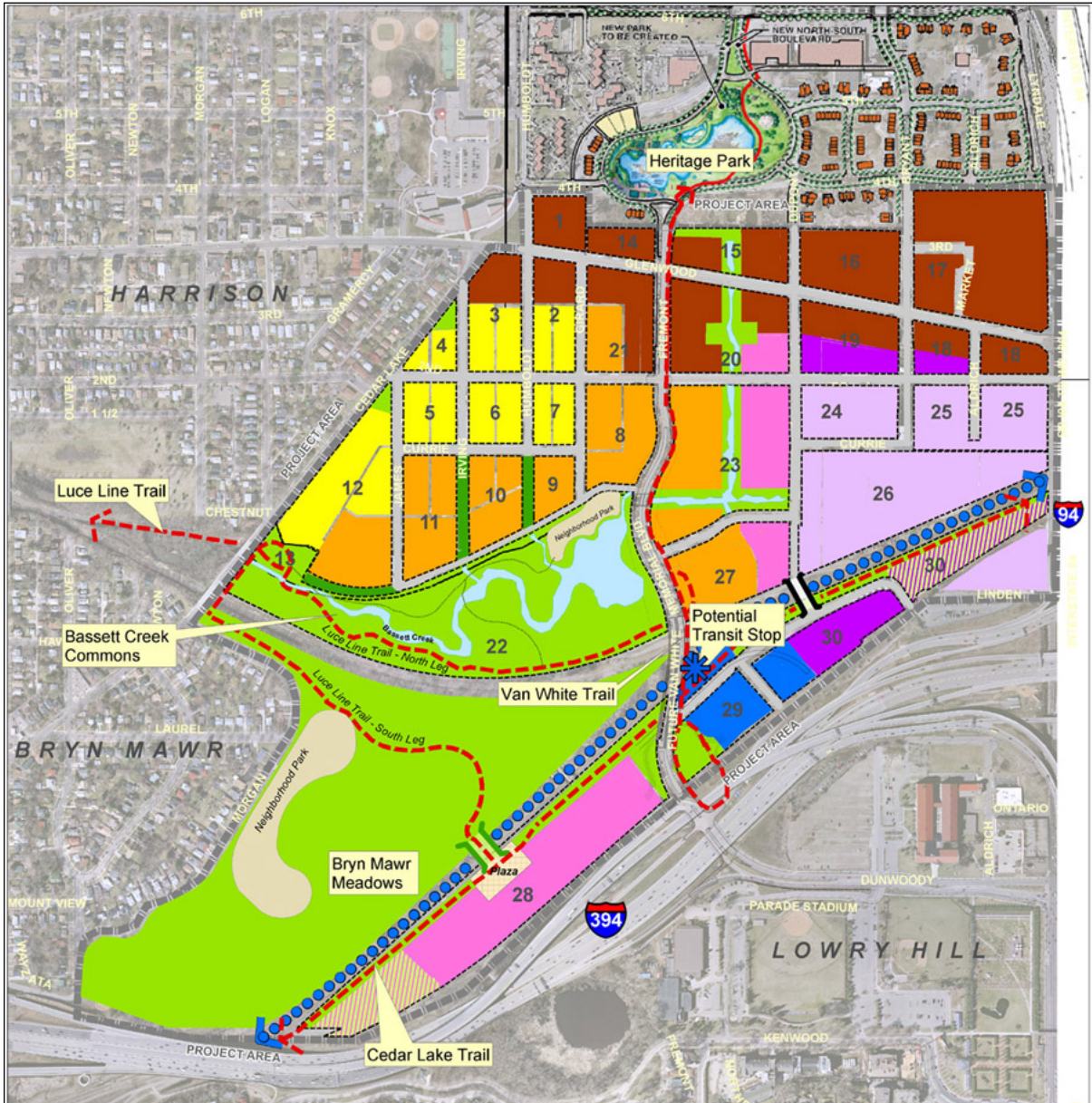
The Bassett Creek Valley sites offer several unique attributes. The sites are in close proximity to downtown Minneapolis including the growing North Loop neighborhood, home to the new Twins Ballpark. The redevelopment sites offer great views of the downtown skyline.

The large sites are already assembled with single ownership by the City of Minneapolis and are appropriate for corporate headquarters.

The Bassett Creek Valley location offers a “landmark” site with great visibility. Multi-modal connections are already in place, including multiple bike trails, and the potential of a future light rail station. The sites are also adjacent to public parks and cultural amenities including the Walker Art Museum and Sculpture Garden.

Zoning and applicable plans

The sites are currently zoned I2, I1, and R1. The parcels are further subject to the policies in the City's adopted small area plan, the Bassett Creek Valley Master Plan, (link). The City is in the process of rezoning this area to be compatible with the intent of the BCV Master Plan. The parcels also are subject to the policies in the City's comprehensive plan (*The Minneapolis Plan*).



Surrounding uses/development

At this time adjacent uses are largely industrial and include a Xcel electrical substation, a commercial paper recycler, an industrial laundry operation, and the Minneapolis Public School's bus storage and maintenance facility. On the southern edge of Linden Yards, the Cedar Lake Bike Trail and Hennepin County Rail Authority retain right of way for a bike trail and a potential future light rail line.



Geotechnical/Environmental

This area is located in the historical floodplain of Bassett Creek. The site is located in a buried valley that was formed by glacial meltwaters and filled over time with sands, silts, and clays. (See plan view and section view diagrams in Exhibit C). When Minneapolis was established, Bassett Creek meandered with tributary streams, spring-fed ponds, marshes, floodplain forests and meadows. Early in the 1900's, the creek was routed underground and this major wetland was filled in and served as home to immigrant housing, rail lines, and industrial uses.

The Impound Lot site has very poor geotechnical soil characteristics, lies within the 100-year flood plain of Bassett Creek and contains soils and groundwater that are heavily contaminated. The Linden Yards site is also known to have soil and groundwater contamination. Soil characteristics will vary in both sites and more specific testing will be needed when development plans are formulated.

Copies of geotechnical and environmental reports completed to date are available for review either electronically or some only in hard copy at the Minneapolis CPED offices and are listed in Exhibit D-1. An overview of these issues is provided in Exhibit D-2.

Empowerment Zone

Bassett Creek Valley is included in the federal Empowerment Zone. Tax benefits may be available for employers that hire residents that live in the Empowerment Zone.

Purchase of the Property

The selected developer will have exclusive right to negotiate a purchase of this property for up to a five year term conditioned on annual demonstrated progress, with a renewal option. The actual sale price of the land will be negotiated later following an appraisal when the developer is prepared to proceed. It is anticipated that the City of Minneapolis will retain ownership while requesting environmental remediation clean-up grants and assistance to address poor soil conditions. The City will sell the property subject to a 12 month notice to vacate for Linden Yards and a 24 month notice to vacate for the Impound Lot. The City is intending to sell both sites to the same selected developer.

The Impound Lot may initially be reduced in size and screened or relocated in phases, depending on developer's needs.

The City will be working collaboratively with the developer to identify and acquire alternative sites for Public Works operations. Proceeds from the land sales need to be sufficient to cover costs related to the acquisition and relocation of the public works uses. However, the concrete crushing operation is projected to be discontinued, not relocated.

Preferred Objectives/Project Goals

- Compatibility with BCV 2006 Master Plan
- Mixed use
- Strong connection with transit
- Affordable housing
- Employment & construction participation
- Enhanced public spaces

Proposal Contents

Proposals must include the following:

1. A cover page that includes the following information:
 - Developer's name and mailing address
 - Developer's current legal status: corporation, partnership, sole proprietor, etc.
 - Federal ID number or Social Security number
 - State ID number
 - Contact person's name, title, phone number, fax number and e-mail address
 - Signature of authorized corporate officer for each entity proposing as a partnership or team
2. Letter of Interest
3. Relevant experience
4. Ability to Meet Project Goals
 - Compatibility with the Master Plan & other project goals noted above.
 - Explanation of the projected impact to the city.
5. Approach to development issues
 - Mixed use
 - Opportunities for community involvement
 - Collaboration with public and private partners
 - Connectivity
 - Transit
 - Density
 - Geo-technical and environmental issues
 - Park/open space enhancements
 - Incorporation of sustainable design & development
6. Conceptual timeline, written description, preliminary site plan and building elevations for proposed phase I of development including time needed to obtain financing, complete designs, take ownership of property, relocate city services, start and complete construction, and start and complete lease-up or sellout.
7. Conceptual timeline, written description and conceptual site plan for other phases of development
8. Preliminary traffic demand strategy
9. Development pro forma including conceptual sources and uses, financial analysis, and assumptions used.
10. Project team, roles, and relevant experience.
11. References

The City reserves the right to request more detailed information in one or more of the above categories from one or more developers before a final selection is made, and the City will require additional information from the selected developer prior to any land sale. 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.

The City is not responsible for costs or damages incurred by proposer, subcontractors or other interested parties in connection with this RFP process, including but not limited to costs associated with preparing responses, qualifications and proposals and of participating in any conferences, oral presentations or negotiations.

Developers responding to this RFP are not required to provide a good faith deposit on the land with their proposals. However, the developer whose proposal is ultimately selected by the City Council must make the required deposit of \$20,000 at the time of selection.

Proposal Submission

Proposers must submit copies of their proposals as follows: one unbound copy, 15 bound copies and one electronic version in Microsoft compatible or PDF format on diskette or CD. Proposals must be on standard 8 ½" by 11" paper. All supporting documentation must be on paper no larger than 11" by 17". Proposals and supporting documentation must be submitted in a sealed envelope labeled "Bassett Creek Valley Development." Telefaxed proposals will not be accepted. Proposers may choose to provide additional sets 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:

July 30, 2007
4:00 p.m.

To: City of Minneapolis Department of CPED
105 Fifth Avenue South, Suite 200
Minneapolis, MN 55401

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

RFP Inquiries

Prospective responders may only direct questions in writing to the department contact person:

Beth Grosen
Minneapolis CPED Department
105 Fifth Avenue South
Minneapolis, MN 55402
Email: beth.grosen@ci.minneapolis.mn.us
Fax: (612) 673-5113

A pre-bid conference will be held June 18 at 2 pm in Conference Room 3 of Crown Roller Mill, 105 5th Avenue S, Minneapolis, MN. All questions are due no later than July 9, 2007. Questions will be answered in writing and posted on the CPED Web site. (www.ci.minneapolis.mn.us/cped) The department contact person is the only individual who can be contacted about the project by proposers before the proposal deadline. The department contact cannot vary the terms of the RFP.

Selection Criteria

The review of proposals will be based on selection criteria. In order to qualify for evaluation under these criteria, proposals must be complete and include all of the information outlined in the "Proposal Contents" section (page 8), including an executed "Consent for Release of Response Data" form (Exhibit F).

1. Quality and completeness of proposal
2. Demonstrated capability to implement the proposed development plan
3. Financial considerations
4. The extent to which the project maximizes development intensity and increases tax base
5. Demonstrated success in large (acreage) development projects.
6. Demonstrated understanding and ability to resolve extraordinary site conditions
7. Compatibility with BCV 2006 Master Plan
 - o Land use
 - o Housing mix
 - o Development intensity
8. Commitment & history of working with a local community around development matters including examples of meeting and/or exceeding performance goals.
9. The extent to which development provides connection with downtown & north Minneapolis, including relationships to Van White Boulevard and all bike trails.
10. The extent to which the project contributes to parks and open space
11. Relationship of development to transit (including bus and light rail service and stations) and the quality of the strategies proposed to mitigate traffic congestion associated with site build-out.

The City may, in its discretion, expand or reduce the criteria upon which it bases its final decisions regarding selection of a developer for these sites.

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 groups officially designated to provide input on responses to this RFP are the Harrison (www.hnmpls.org) and

Bryn Mawr (www.bmna.org) neighborhoods and the Bassett Creek Valley Redevelopment Oversight Committee (ROC) (www.bcvbuzz.com). Under the Minnesota Government Data Practices Act, Minnesota Statutes Ch. 13, public disclosure of RFP response data prior to execution of a contract is restricted. In order to meet the City's citizen participation goals, the City requires each proposer to execute and submit a "Consent for Release of Response Data" form as attached to this RFP as Exhibit F. 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.

Review /Selection Process

A technical committee made up of City staff will review proposals received by the due date. Input will be sought from the ROC (Redevelopment Oversight Committee), Bryn Mawr, and Harrison neighborhoods. Some or all of the proposers may be requested to present their proposals to the review committee and the neighborhood organizations. It is hoped that this review process will be completed in September 2007.

The review committee will make a recommendation as to the developer that best meets the evaluation criteria. Additional information may be sought from one or more of the proposers before or after a recommendation and this may affect the overall timeline. This recommendation will be considered by CPED and Public Works and then forwarded to the City Council for action.

If the City Council selects a development proposal that does not entail any additional public investment, staff will proceed to negotiate with the selected developer the terms of the proposed land sale. If the selected proposal requests additional public investment, staff will determine what types of further analysis, underwriting and/or other processes are required. Any proposals requesting public financial assistance will be required to comply with the 2007 Public Financial Assistance Fee Policy (see www.ci.minneapolis.mn.us/cped/public_assistance_policy.asp). Unless further analysis indicates that the selected proposal is infeasible, staff will negotiate the terms of the proposed transaction during this period.

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

The City reserves the right to reject any or all proposals or parts of proposals, to negotiate modifications of proposals submitted, and to negotiate specific work elements with a proposer into a project of lesser or greater magnitude than described in this RFP or the proposer's reply.

Timing

Following is the anticipated timeline:

Pre-proposal Meeting	June 18, 2007
Questions due	July 9, 2007
All answers posted on website	July 13, 2007
Submission deadline for proposals:	July 30, 2007
Review/evaluation of proposals and neighborhood review:	Sept 2007
Recommendation to City Council Community Development Committee on the selected developer:	Mid Oct 2007
Final action by City Council:	Early Nov 2007

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 Small and Underutilized Business Enterprise program or equivalent federal program, and Business Subsidy Act/Living Wage Policy, 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 (nondiscrimination and affirmative action)* The selected developer and contractor will be required to submit a written affirmative action plan for the development project and to comply and 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), the Age Discrimination Act of 1975 (as amended) 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. CPED will require compliance in demolition, construction and marketing of development projects.

2. 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, that receive non-City public development assistance, are required by contract to identify positions that are reserved for Minneapolis residents.

3. The City of Minneapolis *Living Wage Policy* established certain wage and hiring requirements applicable to the owner and tenants of development projects where the primary objective of the project is job creation or retention.

4. 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 three-year period after completion of the project.

5. City of Minneapolis regulations require that all development projects that receive public financial assistance in excess of \$100,000 must comply with Chapter 423 of the Ordinance where subcontracting opportunities exist. Such requirements encourage the use of businesses owned by women and minorities in securing construction and professional services, and are applicable to developers and contractors. A list of certified businesses can be obtained by contacting the *Small and Under-utilized Businesses Program* at (612) 673-2112 or on the World Wide Web at www.govcontracts.org.

6. The developer's contractor will be subject to CPED's *Registered Apprenticeship Program* for development projects where public financial assistance is provided to the developer/owner.

7. Depending upon the level and purpose of public assistance that may be received, provisions of the Minnesota *Business Subsidy Act* may also apply to the project. Should these requirements apply, they will be incorporated into the development agreement.

8. 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-accessible 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.

9. The City's *Affordable Housing Policy* applies to any residential development (rental or ownership) with ten units or more, or a project with a residential component of 10 or more units, that receives any public financial assistance. Public financial assistance includes the receipt of City-wide resources through the normal, competitive RFP funding processes established by the City, or the receipt of non-City resources that are either passed through the City or requires the City to be a co-applicant.

Under the Affordable Housing Policy, three options are available:

- 20 percent of the units in the development must be affordable, or
- A comparable number of affordable units must be legally committed by the developer to be built elsewhere in the City, or
- A payment equal to the number of required affordable housing units times \$80,000 must be made into the City's Affordable Housing Fund.

Units are considered affordable if the rent (and/or the combined PITI with utilities) is no more than 30 percent of 50 percent of the Twin Cities Standard Metropolitan Statistical Area monthly household income, by family size. Affordable units must be occupied by households with incomes less than 50 percent of Metropolitan Median Income. Units must be affordable for a minimum of 15 years after completion.

Respondents to this RFP who make a fair market value offer for the parcel for a housing development proposal will not trigger the City's Affordable Housing Policy.

However, the Twin Cities metropolitan area, including the City of Minneapolis, faces an acute shortage of housing that is affordable to people earning 50 percent of the MMI or below, and the City strongly encourages respondents to include an affordable component in all housing proposals. While the City does not have any financial incentives or subsidies specifically allocated for this project, respondents should consider available city, county, metro, state and federal resources for affordable housing.

Once selected, the developer will follow the City's standard competitive RFP processes for available affordable housing funds if those are requested by the developer. The City will also support and assist with applications for federal, state, metro and county funds to create affordable housing on the parcel. If a developer receives City resources or public resources that pass through the City or require the City to be a co-applicant/ sponsor, then the City's Affordable Housing Policy would apply and must be followed. In addition, all requirements associated with public funding sources will have to be met.

10. *Soil Conditions*: If appropriate, the City will work with the selected developer to apply for remediation funds from non-City sources and/or will consider escrowing a portion of the land proceeds to cover extraordinary environmental or geotechnical correction costs.

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 FHA minimum property standards and all Minneapolis City codes, and projects will be reviewed for energy efficiency.

14. *Residential Sale and Commercial Sale/ Lease*: The completed units must be advertised and offered publicly and must be sold to the general public.

15. *Hold Harmless*: The Respondent shall agree to defend, indemnify and hold CPED harmless from any and all claims or lawsuits that may arise from the Candidate's activities under the provisions of the development agreement, that are attributable to the acts or omissions, including breach of specific contractual duties of the Respondent or the Respondent's independent contractors, agents, employees or officers.