



Request for Proposals

Freeborn Bank Building and Jacobson Building

**CITY OF ALBERT LEA, MINNESOTA
REQUEST FOR PROPOSALS
FOR DEVELOPER OF FREEBORN BANK AND JACOBSON BUILDING
JANUARY 20, 2017**

Introduction

The City of Albert Lea, Minnesota (the “City”) seeks a qualified developer to develop the Freeborn Bank and Jacobson buildings. The two buildings are connected and located on the southeast corner of South Broadway and East William Street in downtown Albert Lea. Downtown Albert Lea, located on a ridge between Fountain Lake and Albert Lea Lake, is designated as a National Commercial Historic District.

The City of Albert Lea is requesting formal proposals to redevelop the buildings. This Request for Proposal (“RFP”) provides background on the project and the process for submittal and selection. Additional resource materials are included in the Appendix section of this RFP.

The City of Albert Lea boasts a population of approximately 18,000 residents and is located at the intersection of Interstates 35 and 90. It is 100 miles south of the Minneapolis/Saint Paul metropolitan area, 63 miles southwest of Rochester, Minnesota, 160 miles east of Sioux Falls, South Dakota and 150 miles north of Des Moines, Iowa. Albert Lea’s diversified economy includes companies in the agricultural, food processing, manufacturing, financial services and health care sectors. Some of the larger employers include Mayo Clinic Health Systems – Albert Lea and Austin, Albert Lea Select Foods (subsidiary of Hormel Foods), Cargill Value Added Meats and Innovance, a manufacturer of high quality metal products.

I. Project Background and History

The Freeborn Bank building, 201 South Broadway, was constructed in 1922. The building was originally constructed as a bank on the first floor and medical and professional offices on the upper three floors and was called the Medical Arts Building. The structure of the building is concrete post and beam. The Jacobson building’s first two floors were constructed in 1888 and the two upper floors were added in 1923, sharing a staircase and elevator with the Freeborn Bank building. The Jacobson building, 211 South Broadway, was originally the Henry J. Harm jewelry store on the first floor with nine apartments on the upper three floors. The structure of the building is wood frame and brick.

The City acquired the buildings in 1998. In 2007, the City of Albert Lea expended approximately \$2 million to restore the exterior of the building to the original terra-cotta façade and to complete some interior work. The exterior renovations included tuck-pointing, new roof and parapet, skylight over air/light shaft, new sewer and water service to buildings, new electrical service installed to buildings, masonry stabilization, new windows, and new customized patio doors for future balconies. Interior work included asbestos removal, basement wall filled in, ceiling removal and cleaning, majority plumbing removed, and carpet removal. Future improvements to be completed by a developer include replacing electrical, plumbing and HVAC, installing fire sprinklers, replacing the elevator(s), completing the remaining interior demolition and refurbishing the terrazzo. The first floor of the

Jacobson building has new HVAC, plumbing, and electrical, and is presently under lease to a street-level coffee shop and wine bistro.

The properties are zoned B-3 Central Business District and no zoning changes are required to utilize the buildings in the historic commercial/residential context. The exterior approval process through the City's Heritage Preservation Commission has been completed and no additional reviews are required.

II. City of Albert Lea Objectives

The City desires to sell the buildings to a developer for completion and re-occupancy of the buildings to maintain a vibrant downtown and to preserve the City's cultural heritage. Additional efforts in the downtown area include:

- A \$4.6 million reconstruction and streetscape project along Broadway Avenue (from Main St. to Fountain St.) that was completed in 2013. Since the streetscape was completed, 15 businesses have opened along Broadway and adjacent side streets. A few more are scheduled to be open in 2017. Over \$2,500,000 in private investment has been placed into buildings on Broadway in the past three years. By the end of 2017, the estimated private investment is expected to be near \$3.0 million.
- A 50/50 matching grant program for façade improvements in the downtown (up to \$50,000 grant depending on size of the building storefront).
- A Diversified Central District (DCD) was created in 2013 to surround the core two-block Historic Downtown to allow for more flexible and mixed uses, along with higher densities to complement the downtown.
- Focus Groups and Public Forum meetings were conducted in summer 2013 to determine community desired and best uses for the buildings. An executive summary of the findings are included on the City's website.
- Small Cities Development Program (SCDP) Grant Award – The Historic Downtown was awarded \$526,000 in grant funds from the Minnesota Department of Employment and Economic Development in May 2016. The City is presently taking applications for commercial and residential rehabilitation projects for buildings downtown.
- Increased downtown events and activities throughout the year, including Wind Down Wednesdays during one Wednesday in June, July and August that is continuing to grow in popularity and attendance. The event includes street vendors, music, food, and entertainment for children and families.
- State Historic Preservation Conference – The City was awarded the Minnesota Historic Preservation Conference in September 2017 as recognition for the significant achievements to restore buildings and revitalize our Historic Downtown.

The City wants to assure respondents of its objectivity and commitment to follow a professional selection process. Respondents are required to disclose any conflicts of interest as well as refrain from contact with City officials not specifically indicated in this RFP.

III. City of Albert Lea Commitment

- The City understands that some City financial participation may be necessary to develop the buildings.
- The City will consider providing assistance with parking needs, including the parking lot area to the east of the buildings.
- The City will establish a committee of staff and elected officials and will work with the selected developer to complete a pre-development agreement and full development agreement.
- The City will work diligently with the developer to complete any related planning and permitting approvals.
- The City understands the financial impacts of protracted timeframes and will work with the developer to balance the appropriate public processes with the project's economic requirements.

IV. Information Sources and Additional Opportunities

The following information and resource materials are available on the City's website at <http://www.cityofalbertlea.org/freeborn-bank-building-rfp>

1. Building Location and Section Diagram – There is approximately 22,000 developable square footage in the Freeborn Bank building; and, 6,000 in the Jacobson building (not including the street level currently occupied by a coffee shop and wine bistro).
2. Department of Interior Letters – The Freeborn Bank and Jacobson buildings have both been designated a “certified historic structure,” by the Department of Interior, which is the first step in the process of qualifying for maximum tax benefits under Federal Laws.
3. B-3 Central Business District
4. Housing Market Study (an updated study is planned to be completed by May 2017)
5. Video Tour of the Buildings
6. Executive Summary and Report of the 2013 Focus Groups and Public Forum on the Buildings

Please contact the City Manager's Office to learn more about prospective occupants/tenants, as well as redevelopment of the remaining block:

- Prospective Occupants/Tenants – The City has been approached by prospective local occupants/tenants of the building(s).
- Potential Redevelopment of Remaining Block – The City has discussed this RFP with existing property owners in the 200 Block. To receive the contact information, please contact the City Manager’s Office.

V. Submission Requirements and Schedule

March 10, 2017 – Deadline for Questions – The City will be expecting a number of questions pertaining to the buildings, City of Albert Lea commitment, etc. from developers. All questions shall be submitted to the City Manager’s Office by 5:00 p.m. on March 10, 2017. In return, the City will distribute answers to all of the questions to developers who have declared a formal interest in providing a submittal.

March 24, 2017 – Submittal Due Date – All submittals must be provided to the City Manager’s Office, 221 E. Clark St., Albert Lea, MN by 5:00 p.m. on March 24, 2017.

Submittals must include the following:

1. Firm name, address, primary contact person, telephone and e-mail contact information. Name and address of all developer/investor parties. Description of your project team.
2. Detailed description of the proposal including expected incentives.
3. Pro-forma, including tax shelters and return on investment projected for the life of financing, sources and uses of funds, and 15 year cash-flow on operations.
4. Experience in development of similar historic and or building restoration projects, including experience in use of various tax credit programs.
5. The proposed uses and preliminary interior plan for each floor of the Freeborn Bank and Jacobson buildings.
6. Marketability of the proposed uses and approach for obtaining occupants or tenants.
7. Management team for on-site activity, as well as proven organizational and project management capabilities.
8. Legal status of investor/developer.
9. Statement of any known conflicts of interest by members of the project team with the City, its officials and professional staff.

April 10, 2017 – Selection Date - The City expects to make a selection of a developer by this date.

- **Pre-Development and Development Agreement** – The City expects to promptly execute a pre-development agreement to ensure exclusive negotiations between the City and developer. A six month time period will be allowed to complete a development agreement. If an agreement cannot be reached within the designated time, the City has the right to end negotiations and solicit the next qualified respondent.

All questions regarding the RFP should be directed to City Manager Chad Adams at 507/377-4330 or cadams@ci.albertlea.mn.us. If respondents wish to tour the buildings, please also contact the City Manager's Office.

IF ANY FIRM BELIEVES THEIR INFORMATION TO BE PROPRIETARY, THEY SHOULD SUBMIT IT IN A SEPARATE ENVELOPE LABELED "PROPRIETARY INFORMATION" WITH THE FIRM'S NAME ALSO INDICATED.

VI. Selection

The City will select a developer at its sole discretion based on the submission requirements.

Submissions will be reviewed and evaluated by a City Project Review Team (PRT). If determined necessary, the PRT will interview selected developers.

The PRT will make recommendations to the Albert Lea City Council for final approval of the developer. The developer selected will be expected to enter into a pre-development agreement to formalize the relationship.

The City reserves the right to reject any or all submissions at its sole discretion. All costs for submission are those of the development teams.

Thank you for your interest in developing within our community. We look forward to receiving information regarding your development proposal.