



**City Council Work Session
Tuesday, July 13, 2021 at 7:00 PM or Immediately
Following the Regular City Council Meeting
Public Meeting Room**

AGENDA

1. Call to Order/Roll Call
2. Items for Discussion
 - A. Former Lockerby Property - Draft Request for Proposals
3. Future Discussion
4. Adjournment

Please contact the City Administrator's Office if you need special accommodations while attending this meeting



Council Work Session Memorandum

TO: Mayor and City Council
THROUGH: Tim Murray, City Administrator
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: July 13, 2021
SUBJECT: Former Lockerby Property - Draft Request for Proposals

Discussion:

In April the City Council discussed the preparation of a Request for Proposal (RFP) for the redevelopment of the former Lockerby Property. At this meeting the City Council affirmed their desire to follow and implement the Downtown Master Plan, which envisions this area as a mix of residential housing types.

At this meeting the City Council was also asked to weigh in on whether or not they would be supportive of utilizing tax incentives to encourage and support the redevelopment. Based on the Council's direction, Staff engaged LHB to conduct a TIF Analysis/blight study to determine whether the property would qualify for a Redevelopment TIF District. LHB is in the process of completing their final report, but have notified Staff the property meets the applicable coverage and deficiency tests to qualify.

Staff has taken the input received from City Council and the confirmation of qualification for a redevelopment district, and drafted the attached RFP. The RFP highlights the importance of this city-owned property and the City's desire to redevelop the property in such a way that it implement the Downtown Master Plan, becoming a catalyst for future investment in the downtown. The RFP also highlights the need to incorporate public parking to support the redevelopment of the site as well as overflow parking for the new viaduct park area, storm water management, an extension of the existing trail system, and means to connect this area to other community assets. A proposed schedule associated with RFP submittals, review, and selection is also included. (Staff will be fine-tuning the maps and graphics that are in the draft RFP.)

Based on discussion and any additional City Council direction, Staff will finalize the RFP and schedule, and bring the final version back for City Council action to approve and authorize the issuance of the RFP.

Attachments:

1. Request for Proposals - Lockerby (draft)

DRAFT

REQUEST FOR PROPOSAL

“217 Mill Street”, Faribault, Minnesota

Abstract

The City of Faribault is seeking proposals from qualified developers for the redevelopment of city-owned land near the historic downtown and the Straight River – to implement the City’s adopted Downtown Master Plan which envisions this area as a mix of residential uses, and creates a hub for activity and a destination for residents.

City of Faribault ~ July 13, 2021

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REQUEST FOR PROPOSALS (RFP) FOR THE REDEVELOPMENT OF 217 MILL STREET – FARIBAULT, MN

I. INTRODUCTION

The City of Faribault (“the City”) is requesting proposals from qualified developers and/or development teams – for the redevelopment of city-owned property located at 217 Mill Street. The entire site covers 8.83 acres on 9 parcels, however the primary redevelopment area consists of approximately 2.8 acres. This property is located in a prime location on the southeast corner of Division Street and T.H. 60, and is within walking distance of the Central Business District/local Downtown Historic District. This site is also included in the recently adopted Downtown Master Plan, which envisions the site as a mix of residential uses.

INSERT LOCATION MAP

II. BACKGROUND

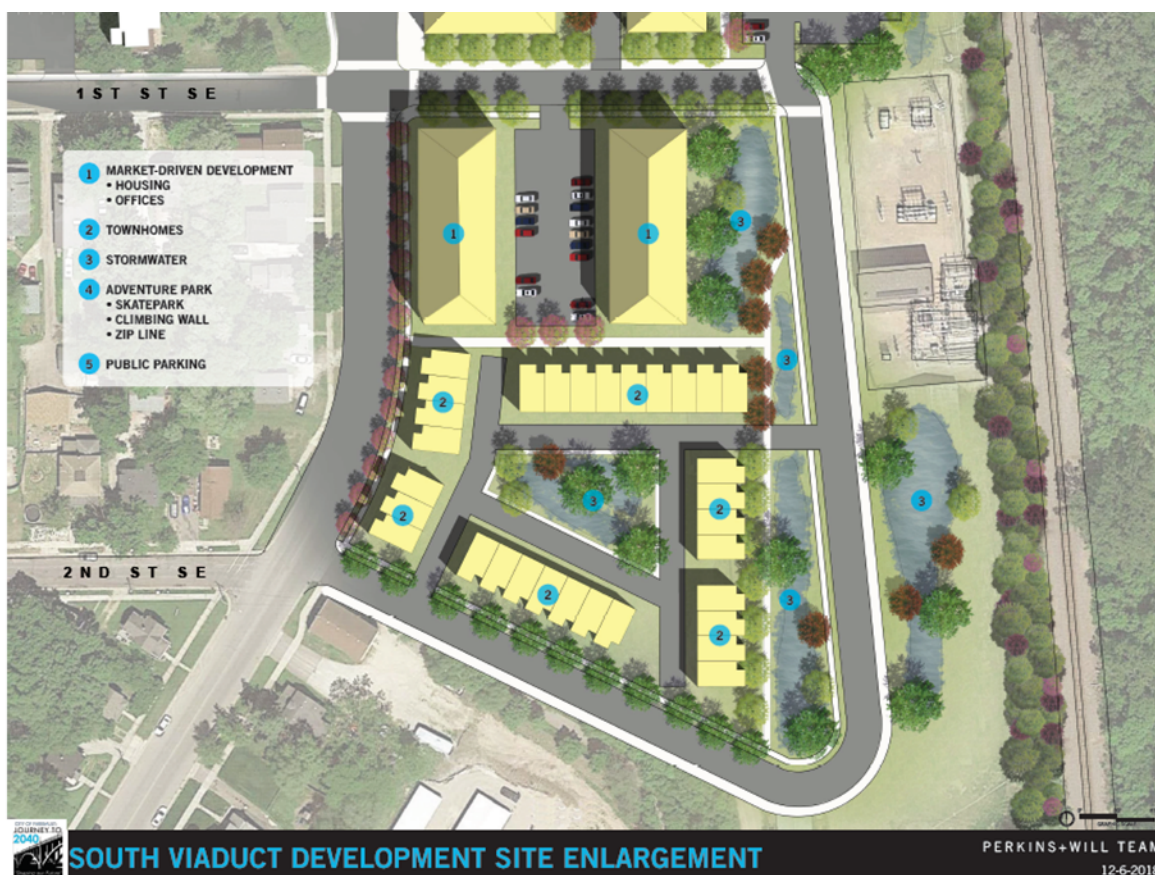
Journey to 2040 was a multi-year strategic planning initiative that the City of Faribault embarked upon. This important planning effort involved developing a Downtown Master Plan, Trails and Open Space Plan, and a Comprehensive Plan Update. Created concurrently – the goal was to create a cohesive vision for the future of Faribault through an inclusive community engagement process that built upon prior planning efforts and the community assets. Through a four-step process of discovery, integration, exploration, and action – the community was involved in shaping the future of Faribault.

As evident through this comprehensive planning initiative, the Faribault community places a high priority on its authentic downtown and is committed to its success. The Downtown Master Plan, adopted in 2019, provides a forward-thinking strategy to support local businesses, residential life, and public space everyone in the community can enjoy. The plan seeks to enhance the strengths of downtown and capitalize on opportunity areas – so that *Downtown Faribault will continue to be a hub for activity – and a destination for residents, businesses, and visitors*. Already the community is seeing parts of the plan come to life, which includes the construction of a 44-unit market rate apartment building across from the library, the current construction of 111-unit market rate apartment along the Straight River, and two city parks.

Today, the City Council is ready to implement another important component of the Downtown Master Plan – the redevelopment of the area known as the Former Lockerby property. The City acquired this property recognizing its valuable location. This site is also seen as being a catalyst for the continued implementation of the Downtown Master Plan, as well as a catalyst for

additional investment in the downtown. The City Council is seeking a development partner to help bring the Downtown Master Plan and vision to life.

Recently, housing developers have started investing and reinvesting in the downtown, adding much needed housing in the community (current occupancy rate is < 1-percent) and bringing more people into the downtown. Projects include the construction of Hillside apartments – a 44-unit apartment building (opened June 2020), the Straight River Apartments (under construction) – a 111-unit apartment adjacent to the river, and multiple upper story renovations of buildings in the core downtown. Even with these additions there is still a need and demand for additional housing. The Downtown Master Plan identifies this specific area as the “South Viaduct Development Focus Area”, and envisions a mix of housing types – specifically a mix of housing types that will create a transition and gateway into the downtown, and meet the diverse housing needs of the Faribault community.





SOUTH VIADUCT DEVELOPMENT FOCUS AREA

- ① Market-Driven Development
 - Housing
 - Offices
- ② Townhomes
- ③ Stormwater Retention

- ④ Adventure park
 - Skate Park
 - Climbing Wall
 - Zip Line
 - Splash Pad
- ⑤ Public Park

- ⑥ Shared Public/Private Parking

[054]

**This is a concept sketch outlining a vision for Downtown and is not considered to be a specific recommendation or proposal*

To proactively encourage development and to implement the Downtown Master Plan – the City is seeking creative proposals for multi-family, attached housing (rental or owner-occupied), commercial, retail and/or recreational uses on this site – that brings the Downtown Master Plan to life. The goal is that any proposed development will support the vision and character of the adjacent downtown, complement the 19th and 20th century buildings that exist, and be built at a scale that is both compact and pedestrian friendly – fitting into the neighborhood and positively contributing to the overall character and vitality of Downtown Faribault.

The redevelopment site is described as follows:

- The entire irregularly-shaped City-owned site includes nine parcels and 8.83 acres, although the primary redevelopment area available consists of approximately 2.8 acres. The remaining area of the site is anticipated to be used for parking (overflow to support the proposed development and the new Viaduct park area that is currently being planned), open space, and stormwater management. The City and the selected Developer will coordinate to replat the area and determine new property boundaries.
- This is a prime location for redevelopment. It is located adjacent to T.H. 60 and the historic Faribault Viaduct, which crosses the Straight River. The Viaduct is a local icon with an art deco architectural style and is on the National Register of Historic Places. The site is also located one block east of Central Avenue (the gateway to this historic downtown) and the Buckham Memorial Library/Community Center/Buckham West (Senior Center). The downtown area is a unique area of historic buildings, retail and entertainment options and community amenities.
- The City has made a concerted effort over the last several years to improve the area along the Straight River by strengthening connections with the downtown historic district, providing river access and recreational opportunities, and encouraging residential development. This parcel is the southernmost portion of the Straight River redevelopment area. There is an existing bicycle trail that connects the Straight River area north of the Viaduct with this redevelopment area south of the Viaduct. The trail extends along the western and southern boundaries of the redevelopment parcel, and connects with an extensive system of parks, trails and the River Bend Nature Center. The Downtown Master Plan envisions additional trail connections from the northern portion of this redevelopment area directly to TeePee Tonka Park to the east, providing additional connectivity from this site to area amenities.
- The property was most recently occupied by Lockerby Sheet Metal, which specialized in metal fabrication and roofing. The City is planning to remove all of the structures on the site, readying the site for redevelopment and resulting in a combination of gravel, grass/vegetation and wooded areas on the site.
- The land has noticeable elevation - dropping 18-feet in elevation from the western boundary of the site to the eastern boundary of the site.

- The site is currently zoned I-2, Heavy Industrial. However, the City anticipates rezoning the site to an appropriate zoning classification that supports the implementation of the Downtown Master Plan and the selected redevelopment proposal.
 - In most of the City's commercial zoning districts and in the R-3 Medium Density Residential District, the maximum allowed height of buildings is three (3) stories or 42 feet, whichever is less. The maximum allowed height of structures in the R-4 High Density Residential District is four (4) stories or 56 feet, whichever is less. Height limitations of principal structures may be increased through a Conditional Use Permit, subject to certain standards.
 - The northeast corner of the site is covered by a Shoreland Overlay District, and subject to the local Shoreland Ordinance.
- The City of Faribault has completed a blight analysis of the property. This analysis has concluded that the area meets the coverage and blight standards necessary to create a Redevelopment Tax Increment Financing District to support future redevelopment.
- Existing uses directly adjacent to the redevelopment site include:
 - North: Vacant commercial business (possible redevelopment opportunity), Highway 60/Viaduct, future parkland currently being designed, and restaurant
 - South: Mix of commercial, residential and industrial uses
 - East: Xcel Energy substation, active Union Pacific rail line, Straight River, TeePee Tonka Park
 - West: Buckham Memorial Library/Community Center/Buckham West (Senior Center), gateway to the Downtown Historic District, Peace Park, residential neighborhood
- The Xcel Energy substation on the east side of the property has no public right-of-way frontage. An ingress/egress easement across the city-owned parcels allows access to their property. In addition, there are multiple truck, vehicle and equipment easements that cross the property. These easements must be maintained, moved/vacated, or the substation must be provided adequate access to any new public streets that are created as part of the redevelopment. The City and the selected developer will work with Xcel Energy to address this issue.
- There are electric easements across the property due to the presence of overhead electric lines. The area underneath these lines is primarily intended to be used for stormwater management, but this will need to be considered when laying out buildings, landscaping, etc.

Downtown Faribault

... is in an excellent position to capture pent-up demand for housing. The mixture of retail shops, restaurants, and cultural destinations such as the Paradise Theater, numerous galleries, and the Buckham Library create an ambience not found in other parts of the City.



Project Site – looking south



III. REDEVELOPMENT PARAMETERS

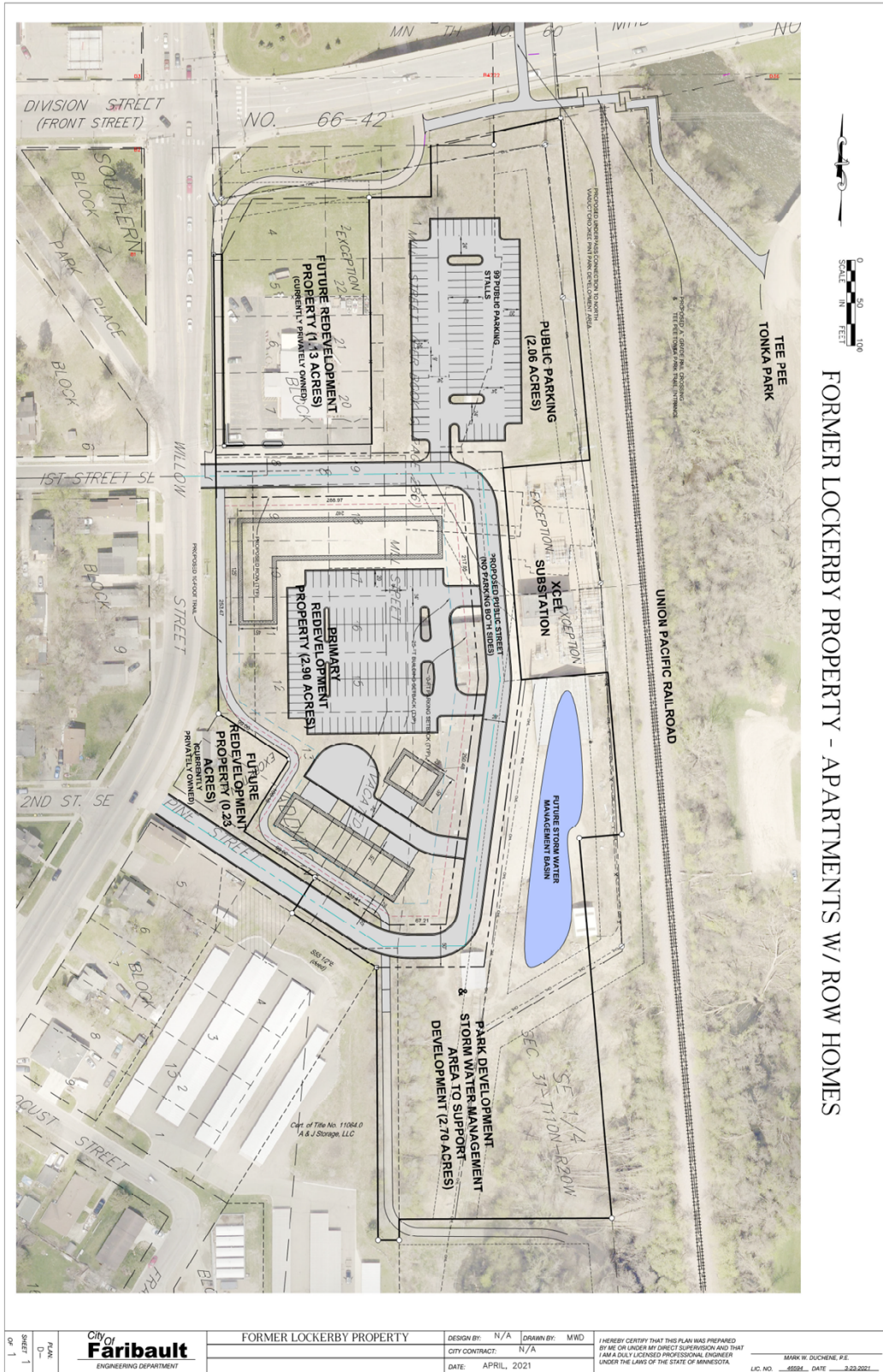
This redevelopment site consists of multiple parcels that are zoned I-2, Heavy Industrial. While the entire redevelopment area encompasses almost nine (9) acres, the area available for redevelopment is approximately 2.8 acres. The City will continue to own the area in the northeast corner of the property to provide overflow parking for the new Viaduct park, as well as for the future residential uses on this site. The City will also continue to own areas in the east/southeast portion of the property to provide open space and stormwater management for the entire site. Working in coordination with the selected Developer - the City will rezone, combine and replat the lots to support the development. *Please note - both the rezoning and lot combination are actions that the City will initiate and complete on behalf of the project.*

There is a vacant, privately-owned commercial site (1.13 acres) in the northwest corner of the redevelopment area. The City currently has no plans to purchase this site, although interested developers may consider acquiring this parcel to include as part of a larger redevelopment area.

The Downtown Master Plan includes a concept sketch outlining a vision for this area. City Staff have also drafted example layouts based on the concept included in the Downtown Master Plan. These are included in this Request for Proposals, however these are not intended to reflect a specific recommendation or proposal. The City welcomes creative proposals that include residential uses, re-envision this site consistent with the goals of the Downtown Master Plan and serves as a catalyst for additional downtown investment. A variety of housing styles, price-points, rental and home ownership opportunities is encouraged. Proposals should be built on a scale that is compact, pedestrian-friendly and provides visual interest. Structures should complement, and provide a transition from, the architectural character of the commercial downtown to the residential areas south and west of the redevelopment area.

In 2020, the Faribault Housing and Redevelopment Authority hired Maxfield Research to conduct a Rental Housing Analysis to determine how recent rental housing projects and the COVID-19 pandemic affected the need for more rental housing. The Analysis determined that even with the units that were built in 2020 and 2021, there continues to be a demand for at least 300 additional general occupancy rental units in the community. The complete Analysis can be found at <https://www.ci.faribault.mn.us/DocumentCenter/View/6647/Faribault-Rental-Housing-Study-Final>. In addition, the Rice County Housing and Redevelopment Authority conducted a Comprehensive Housing Study in 2018 which describes the housing needs for Faribault and other Rice County sub-markets. That study can be found at <https://www.ci.faribault.mn.us/DocumentCenter/View/3893/2018-Rice-County-Housing-Study-PDF>.

Concept Examples:



IV. TIMELINE

The timeline below is approximate, and subject to change based on the number of submissions, completeness of applications, reviewer questions and other variables.

RFP Approved by City Council	July 20, 2021
RFP Issued/Published	July 22, 2021
Proposal Due Date:	September 10, 2021
Review of Proposals:	September 21, 2021
Selection of Developer by City Council:	September 28, 2021

The City Council, at its own discretion, can modify the timelines if deemed necessary.

The City Council reserves the right to request additional materials as deemed necessary.

The City Council reserves the right to reject any/all of the RFP responses.

V. PROPOSAL REQUIREMENTS

The developer should submit two (2) hard copies of the proposal package and one electronic copy in a PDF format to:

Deanna Kuennen, Community and Economic Development Director
City of Faribault
208 1st Avenue NW
Faribault, MN 55021

All responses must be received by 4:30 PM on September 10, 2021 for consideration.

Late responses will not be reviewed.

The following proposal requirements will serve to establish a developer's overall capacity to complete this project and their vision for the site:

- A. Letter of Interest – to include the following information (at a minimum):
 - 1. Developer's name and mailing address
 - 2. Contact person's name, title, phone number, and email address
 - 3. Explanation of how proposal supports the Downtown Master Plan and vision
 - 4. Project Narrative / Description
 - 5. Parking – parking required to meet the project demands

3. Development entity – project management plan and role of each development partner in the implementation of the development plan
- B. Schematic Drawings of the Proposed Project
1. Site Plan
 2. Elevations
 3. Floor Plans
- C. Budget
1. Proposed financing sources and overall financing structure – including any proposed financial assistance requests/needs/expectations
 2. Proposed Project Budget – including the proposed purchase price of the City-owned land
- **City will provide mock-permit/building permit costs upon request, to be included in budget. The mock permit will include SAC/WAC fees and park development fees – which are based on number of units/uses. All fees can be found on the city’s website at:*
- <https://www.ci.faribault.mn.us/DocumentCenter/View/6377/2021-Fee-Schedule>
- D. Proposed Development Timeline
1. Schedule that identifies the duration of key tasks (i.e., due diligence, conceptual design, design development, permitting, final design, contract award, construction, occupancy, etc.) and includes major milestones
- E. Relevant Development Experience
1. Resumes or biographies of the proposed development team
 2. Fact sheets for similar projects (images, date, location, concept, funding sources, current vacancy rate, etc.)

VI. SELECTION PROCESS AND CRITERIA

It is the City’s intention to identify a preferred development partner by the end of the year, enter into an exclusive negotiation period with the selected developer – with construction starting in spring/summer 2022. The City understands that Developers may require additional time to secure financing (e.g., tax credits) and that the timeline may need to be adjusted to accommodate financing. The exclusive negotiation period will provide the developer sufficient

time to complete due diligence activities necessary to define a scope of work and schedule that will ultimately become part of a formal Development Agreement.

A developer may be selected based on, but not limited to, the following criteria:

1. Vision for the site
2. Quality of design and proposal
3. Experience completing similar redevelopment/infill projects
4. Capacity to attract and secure financing
5. Readiness and ability to proceed with the project, including timelines
6. Compatibility of the proposed development with the neighborhood, Downtown Master Plan and Comprehensive Plan
7. Letters of interest from banks and/or potential tenants
8. Proposed purchase price of subject property and/or need for public financing

VII. OTHER

- A. Execution of a Development Agreement does not guarantee or warrant permits, zoning approvals, incentives or financial viability.
- B. The developer, for itself and its employees, contractors and subcontractors, agrees not to discriminate against or segregate any person or group of persons on any unlawful basis in the construction, sale, transfer, use, occupancy, tenure or enjoyment of the property or any improvements erected or to be erected thereon, or any part thereof.
- C. The City shall determine which proposal best meets the selection criteria. The City reserves the right to reject any or all proposals received, to waive any informalities or irregularities in any submitted proposal, and to negotiate scope and land acquisition prices.
- D. It is the developer's sole responsibility to read and interpret this RFP and the written instructions contained herein. A respondent may correct errors and omissions discovered before the time set for receipt of proposals by withdrawing the original proposal and resubmitting a new proposal before the date and time set for the receipt of proposals. Errors and omissions may not be corrected after the submission date except when the City decides, in its sole discretion, to allow the correction.
- E. This RFP is submitted subject to errors, omissions, and/or withdrawal without notice by the City at any time.
- F. The developer is encouraged to confer with the City Staff prior to submitting their response. All proposals, including attachments, supplementary materials, addenda, etc., shall become the property of the City and will not be returned.

VIII. ADDITIONAL INFORMATION

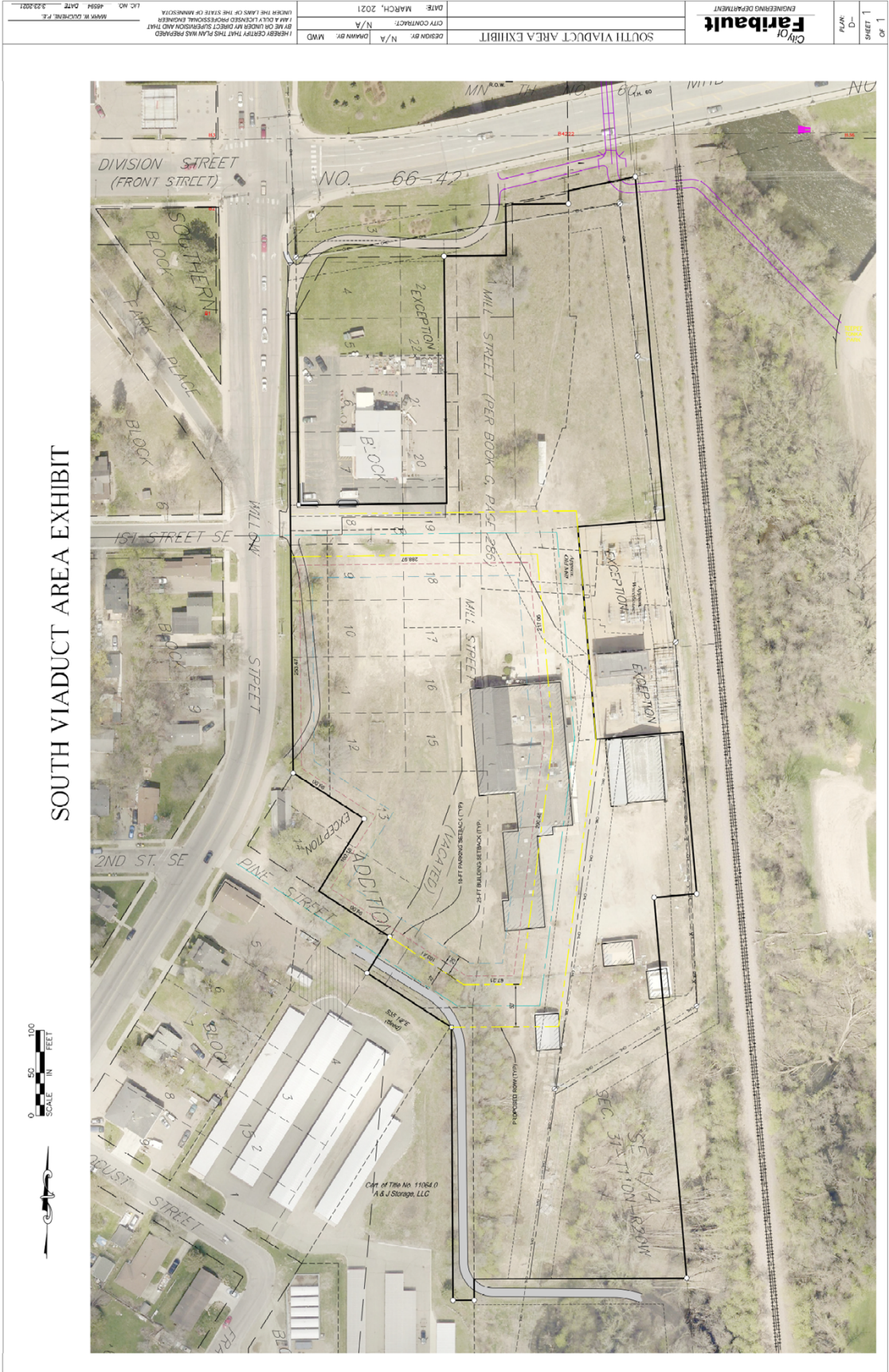
More information about the Downtown Master Plan can be found at

<https://www.ci.faribault.mn.us/DocumentCenter/View/5916/2019-09-30-Downtown-Master-Plan-FINAL-compressed>

More information about the City of Faribault, including a community overview, can be found at

<https://www.ci.faribault.mn.us/296/Economic-Development>

MAPS of the project site – included below and available upon request.







Project site – looking west



Project site – looking north



Project site – looking northeast



Project site – looking east