



Request for Proposal: Private Developer for Multi-family Housing
Located on Cottonwood Lake Drive and N. Redding Avenue (Overflow Parking Lot south of the Community Center)

Please Take Note: This document constitutes a Request for Proposal (RFP), and is not a request for professional services. This RFP is not a request for bid or a construction contract, but is related to a transfer of real property. Moreover, any acceptance of a proposal may result in a binding contact between the City of Windom and the proposer, contingent upon certain actions by the City Council related to the creation of a Tax Increment Financing (TIF) District, sale of land, and approval of a Development Agreement.

Notice to Proposers: One signed, hard-copy original sealed proposal, along with an electronic version, will be received at the City Administrator's Office at Windom City Hall. Address proposals to: City Administrator, 444 9th Street, PO Box 38, Windom, MN 56101, on or before the time and date specified below. All proposals shall be enclosed in a sealed envelope and marked on the outside "**Private Developer Proposal for the Overflow Parking Lot**". Electronic proposals will not be accepted without the hard-copy, signed, original.

Private Developer Proposal for the Overflow Lot
Cottonwood Lake Drive and N. Redding Avenue
Proposals Due: 5:00 pm May 16, 2019

Proposals must be made to the City regarding a proposed development on the property, more specifically described herein. The City retains the right to reject proposals as non-responsive, to ask for clarification, to enter into negotiations to discuss cost, scope of work, procedures, and final work product. Acceptance of a proposal does not constitute approval for construction purposes; other normal administrative and legislation procedures and actions may be required including but not limited to zoning, property sale, approval of financing or subsidy, site plan and building permit approval.

Questions should be directed via email to:

Steve Nasby, City Administrator	Steve.Nasby@windommn.com	507-831-6129
Drew Hage, Development Director	Drew.Hage@windommn.com	507-831-6125
Andy Spielman, Building Official	Andrew.Spielman@windommn.com	507-831-6125

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Private Developer Proposal for the Overflow Lot Cottonwood Lake Drive and N. Redding Avenue

Section 1 Background Information

This RFP is directed to private developers and development teams interested in the development of a multi-family housing project (the “Project”) south of the Windom Community Center on Cottonwood Lake Drive and N. Redding Avenue. The undeveloped lot is currently used for occasional surface parking by the Windom Community Center (aka Overflow Parking Lot).

Project Goal: increase the supply of market rate rental housing within the community.

The Project site is City-owned property located in the Carl Schneider Industrial Park and is between the City’s Water Treatment Plant (south of the Overflow Lot) and Windom Community Center (north of the Overflow Lot) situated on Cottonwood Lake Drive and N. Redding Avenue. (See location map below). The Project site is also located across Cottonwood Lake Drive from Tegel’s Park and has a good view of Cottonwood Lake. Industrial\Commercial uses across N. Redding Avenue include warehousing, light manufacturing and office space.

The purpose of this RFP is to solicit proposals from developers and development teams for the development of this property into market rate multi-family housing. The City intends to work toward conveying its property to the selected developer\team. Project goals are consistent with the City’s goals and comprehensive plan. Generally these goals are described here in as follows:

- Increasing the supply of market rate rental housing
- Development of underutilized property
- Increase the tax base of the community
- Encouragement of projects that address the housing needs identified in the Housing Study
- Provide a safe, attractive housing option for residents from a variety of age groups
- Grow the population of the community



Section 2 About the City of Windom

Overview

Windom, a lively, growing city, is the county seat of Cottonwood County, Minnesota. A transportation hub for the region, Windom is served by U.S. Highway 71 and Minnesota Highway 60. The city has a diverse economy including manufacturing, agriculture, medical and adult care facilities. Windom's historic courthouse square is the focal point for a variety of successful retail businesses. Windom has long been a safe, desirable community with excellent public services, schools, clubs, activities and events, many parks, lakes, a golf course and the Des Moines River.

Location

County: Cottonwood

Region: Southwest Minnesota

Distance from Minneapolis./St. Paul: 135 miles

Distance from Sioux Falls, SD: 85 miles

US Congressional District: 2nd District

www.windom-mn.com

Population

The 2010 population was shown as 4,646, which was an increase of 3.4% from the 2000 census. This population increase is significant in that the population in Cottonwood County and other communities in SW Minnesota (with the exception of Marshall and Worthington) lost population.

Local Economy

Overall, market value in Windom grew by 19.2% over the past year to \$284.3 million in 2017 (S&P Global Ratings). From 2016 through 2018, Windom saw a number of large commercial\industrial projects and a number of expansions. The top three major employers include The Toro Company (700+ employees), Prime Pork (500 employees), Fast Global (150 employees). Other large employers include Windom Area Health, Good Samaritan Society, Windom Area School District and Hy-Vee. Windom has many businesses that support residents and the workforce commuting into the community. As such, Windom is a retail center for Cottonwood County as approximately 75% of all retail sales occur within Windom.

Section 3 Completed Housing Study

A Comprehensive Housing Study was finalized for the City of Windom in 2014 by Viewpoint Consulting Group. The Housing Study identified a need for 130 new housing units in Windom from 2014 to the end of the decade. The Housing Study identified the need for single-family homes, duplexes, quads, and multi-family units to accommodate market-rate housing, seniors, higher-income families, and lower-income families. The Housing Study was completed prior to Fast Global Solution's expansion and the opening of Prime Pork. Prime Pork created 500 new jobs in 2017-2018, which replaced PM Beef which had a previous employment level of 262 when the company ceased operations in 2016. In the years prior to 2016 PM Beef had employment of approximately 400. As such, since the market study was 2014 the housing market has tightened and the demand for units has grown which was confirmed by an updated rental housing market survey and anecdotal evidence from local realtors.

In 2018 an unscientific survey of the employees at the three major employers showed that approximately 65% of their employees live outside of the 56101 zip code. These, and other employers, are anticipating additional hiring but are sometimes restricted due to the unavailability of labor or housing options in the community to attract the needed workforce.

Key Findings

Windom had a population of 4,646 during the 2010 Census. This was up 3.5% from 2000 (+156 people). While this growth is modest, Windom was one of only a few communities in southwest Minnesota to experience growth during the decade.

Windom's population is projected to continue growing modestly, reaching 4,850 in 2020 and 4,950 in 2030. About two-thirds of Windom's workers live outside the community. Thus, there is potential to exceed these projections by enticing just a small portion of these commuters to move into new housing in Windom. There is also the potential to exceed these projections if Windom annexes land out to Fish Lake, where city sewer services have been extended.

Growth of most age groups in Windom is creating demand for a variety of housing types. In particular, younger persons drawn to Windom by employment are creating demand for additional rental housing. The older adult population is growing rapidly as the baby boom generation ages, creating demand for new single-family homes and townhomes.

There is demand for approximately 130 new housing units in Windom from 2014 to the end of the decade (a housing unit is defined as a residence such as a house, apartment, or mobile home). Of that demand, about 30 to 35 units will be for owner-occupied housing and 95 to 100 units will be for rental and senior housing.

Section 4 Detailed Project Description

The Project is envisioned as a building which takes advantage of the close proximity to Cottonwood Lake, Windom Recreational Area and Tegel's Park to provide market rate rental housing opportunities. Responses to this RFP should describe how they are meeting the project goals. General Project goals include:

- Multi-family apartment building
- At Least 30 Units (one or more buildings)
- Quality of architecture and building materials important
- Amenities (e.g. Community room, security system, elevator, garages, exercise room, outdoor area, etc.)
- Market-rate rental housing secured through a land covenant for a minimum of 20 years
- Pedestrian connections to recreational amenities
- Site Planning to minimize impact to existing uses
- Encouragement for utilization of Windomnet's fiber to the home system (Giga Building)

Zoning

Zoning is currently R-3 for the proposed Project so parcel is not subject to re-zoning. Project will be subject to the applicable restrictions and requirements of the R-3 zoning regulations.

If there are any requests for conditional uses or variances those must be submitted and will be subject to Planning & Zoning Commission review and approval as well as City Council approval.

Infrastructure

The site is currently adjacent to municipal utilities including electric (3 Phase), water, sanitary sewer and telecommunications. Developer will be responsible for connections and service lines to Project site. The infrastructure is sized accordingly to handle multi-family housing.

Status of Site

At present the site is a level gravel, surface parking lot. The City is not aware of any environmental issues at Project site. A Phase I has not been conducted on the property. Proposers are welcome to perform their own Phase I Environmental Assessment prior to the transfer of ownership of the property for the Project.

Section 5 Potential Public Financing Options and Development Agreement

The City of Windom has started the process of creating a Tax Increment Financing (TIF) district in the area surrounding the Project site. The City's goal is to enter into a property transaction and development agreement with a developer\team who will commit to constructing multi-family rental housing units on the Project site. The City is seeking to maximize private investment in the Project. The City does recognize that there may be a funding gap that can be filled by local incentives.

Local incentives from the City are not intended to replace financing from other private sources. They are intended to be flexible resources that may be able to assist in bridging funding gaps that may be created or compounded by local market conditions.

The City will work with the selected developer to analyze specific details about the proposed project and create a financing package that helps to insure a successful project. Potential financial assistance will be based on the project meeting the City's goals for the property, and nature and extent of the financing gap identified between the project costs and the available private equity and debt. In the proposal the developer\team must make a reasonable estimate of the financial need for assistance, based on a preliminary pro forma along with a sources and uses statement for the purposes of developing a Project Proposal.

Potential Financial Assistance

The City also encourages proposers to identify and investigate potential for other financial assistance to reduce the gap the City financial assistance is intended to address. Potential programs include:

- Federal Opportunity Zones – The Proposed site is located in a federally recognized Opportunity Zone
- Tax Increment Financing – The Proposed site will be included in a TIF district. TIF eligible costs may be reimbursed to developer\team as part of a Development Agreement upon the completion of a project and payment of property taxes. TIF cannot be used with Tax Abatement.
- Land – The Proposed site is City-owned property. Disposition of this property will be negotiated by the City Council as part of the selected developer\team. Proposal must state the amount (if any) the developer\team will pay to the City of Windom for purchase of this parcel.
- Energy Conservation Improvement Program – The City of Windom Electric Utility has existing rebate programs for energy efficiency improvements.

Development Agreement

The City will ultimately enter into a Development Agreement with the selected developer\team. The Development Agreement will include terms for the conveyance of the property; security

requirements to ensure Project completion; financial terms associated with property conveyance; TIF or Tax Abatement documents; Project construction; terms regarding the condition of the property prior to conveyance; and any additional terms as may be necessary to ensure compliance with the Project goals as stated herein. The City anticipates providing a clean site and title to the property.

Section 6 Submittal Requirements

All proposals will be reviewed by a staff committee, and constitute authorization for the committee to seek verification of all answers. Proposals will consist of one signed original and an electronic copy of the required information. All proposals must be printed on 8.5 inch by 11 inch paper and shall be enclosed in a sealed envelope and marked on the outside as follows:

<p style="text-align: center;">Private Developer Proposal for the Overflow Lot Cottonwood Lake Drive and N. Redding Avenue</p>

All proposals must comply with the following requirements and be numbered accordingly:

1. Signed letter on the proposer's letterhead indicating an interest in the Private Development of the Overflow Lot.
2. Primary contact person and contact information.
3. Legal name and address of the development entity for this project, including all joint ventures, limited partnerships and limited liability companies. Identification of the legal entity with whom the City of Windom would contract, whether this entity exists currently or would be created for the purpose of this project, and the names and titles of all parties authorized to act on behalf of the proposer.
4. An organizational chart showing members of the proposed development team, including but not limited to the developer, management agency, legal, design professionals, and consultants. Contact information should be provided for each team member.
5. Description of proposer's previous experience, including a brief description of at least two projects where developer\team played a substantial role. The descriptions should include specific role of the proposer and current status of the projects. Sufficient reference contact information should be provided to permit the City to verify the information such as a building official, etc.
6. Financial approval letter or a description of the proposer's financial capacity to obtain acquisition, construction, and permanent financing.
7. A visual description of the proposed Project, including:
 - Concept drawing or schematic;
 - Preliminary site plan
8. Narrative describing the proposer's plan for construction and financing of the Project. This should include:

- (a) Organization and management approach to the Project;
 - (b) General schedule for completion of the Project following property acquisition;
 - (c) Description of a general financing plan including any anticipated or potential financing sources (sources and uses private and public);
 - (d) Description of marketing approach to secure tenants;
 - (e) The proposed purchase price and the explanation of the purchase price for the Project property;
 - (f) The proposed amount and description of financial assistance requested from the City.
 - (g) Identify any unique resources, capabilities or assets which the proposer would bring to this Project.
 - (h) Identify the target rents for the project for the various units (single bedroom, 2 bedroom, and 3 bedroom);
 - (i) Anticipated Project Schedule.
9. A statement relative to whether any of the principals, development entities, or members of the development team have been indicted for or convicted of a felony, and description of any and all litigation involving the principals, development entities, or members of the development team during the past five years (Complete Exhibit B).
10. Proposal submittal signature form (Copy attached as Exhibit A).

6. What is the proposed amount and description of financial assistance requested from the City? (Please describe your financing gap).

7. Identify any unique resources, capabilities or assets which the proposer would bring to this Project:

8. Identify the target rents for the project for the various units (single bedroom, 2 bedroom, and 3 bedroom):

9. Market-rate rental housing secured through a land covenant for a minimum of 10 to 15 years. How would your project meet this goal?

Attachment	Check List
Site Plan	
Colored Rendering	
Floor Plans – Or Concept	
Financial Sources and Uses	
Resume of Developer	
Anticipated Project Schedule	
Additional Attachments if Applicable	

Section 7 Reservation and Disclosures

Reservation

Issuance of this RFP does not commit the City of Windom to enter into a Development Agreement, pay any costs incurred in the preparation of a response to this request, or to procure or contract any services or supplies. The City reserves the right to reject any and all proposals and to make recommendations for changes in any proposal submitted, to waive informalities or irregularities, and may, in the process of this recommendation, allow the developer to make such recommended changes in its proposal. The City reserves the right to require additional information from developer, financial or otherwise, and to hold meetings with any developer to review the offer and development proposal, and to waive any of the requirements set forth herein.

The City may, at the conclusion of its review, recommend that the City Council, in conjunction with appropriate legislative process, enter into a Development Agreement with the selected developer.

As an equal opportunity\affirmative action employer, the City prohibits discrimination on the basis of race, creed, color, sex, age, religion, sexual orientation, marital status, disability, or national origin. Minority and women's business enterprises will be afforded full consideration and are encouraged to respond.

Disclosure of Proposal Content

After the deadline for submissions of proposals, the contents of the proposals will be placed in the public domain and open for inspection by the public. Trade secrets or proprietary information that are recognized as such and are protected by law may be withheld if clearly identified as such in the proposal.

Disposition of Proposals

All proposals become the property of the City and will not be returned to the proposer.

Independent Contractor

The selected developer will act as a separate legal entity and will not be in joint venture, employment or be otherwise affiliated with the City. The developer is responsible for all insurance, salaries, contracts, withholding taxes, social security, unemployment, worker's compensation and other taxes and all other liabilities it incurs in connection with the Project, and shall hold the City harmless from any and all claims for the same.

The submission of a letter of interest and statement of qualifications will not require a fee or deposit. The City shall have the right to verify the accuracy of all information submitted and to make such investigation as it deems necessary or appropriate to determine the ability of a prospective developer to carry out the Project. The City reserves the right to reject any response

where the evidence or information does not satisfy the city that the prospective developer is qualified to carry out the Project, is a person or firm of good reputation or character, or if the developer refuses to cooperate with and assist the City in the making of such investigation.

Section 8 Evaluation Criteria

The Windom City Council will constitute the selection review committee and will evaluate each proposal individually and in the context of all other proposals. Proposals must be fully responsive to the requirements described in Section 6, and to any subsequent requests for clarification or additional information made by the City. Proposals must comply with and are subject to all provisions of applicable federal, state, and local laws on development, zoning and building regulations. Proposals failing to comply with the submission requirements or those unresponsive to any part of this solicitation may be disqualified. The City may, at its sole discretion, elect to waive requirements either for all proposals or for a specific proposal.

The criteria against which each proposal will be considered may include the following, as well as other factors considered by the City as appropriate:

1. Compliance with Submittal Requirements, as specified.
2. Developer experience and capabilities.
3. As assessment of how the Project meets the City's goals as identified herein.
4. Market and economic viability of the proposal.
5. Long-term fiscal benefit to the City.
6. Amount of requested financial assistance from the City relative to Project cost.
7. Compliance with all applicable federal, state and local laws, rules, regulations and policies.
8. Project completion by December 1, 2020.

Once the City Council has determined it is at an appropriate stage in its evaluation of proposals, finalist developers may be invited to make oral presentations to the City Council, which may be at a public meeting. The City reserves the right to accept and/or reject proposals without oral presentations.

The City will notify proposers of the acceptance and/or rejection of proposals upon the conclusion of the evaluation process.

Section 9 Non-assignment of Interest

No developer shall assign or transfer to any other person or corporation, any interest in its proposal prior to execution of a Development Agreement without the express written authorization of the City. After execution of a Development Agreement and until the proposed development has been completed, no interest in the contract may be assigned or transferred without the written consent of the City, except as set forth in the Development Agreement.

Exhibit A

Proposal Submittal Signature Form

This proposal is hereby submitted by _____ (name of company, LLC or LP) in response to the City of Windom's Request for Proposal.

**Private Developer Proposal for the Overflow Lot
Cottonwood Lake Drive and N. Redding Avenue**

Signature(s) on this form notify the City of Windom, MN that the following are duly authorized to execute the proposal and required documentation.

_____ Signature	_____ Printed Name	_____ Date
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_____ Signature	_____ Printed Name	_____ Date
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_____ Signature	_____ Printed Name	_____ Date
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_____ Signature	_____ Printed Name	_____ Date
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(Add more signature blocks if needed)

Exhibit B

Listing of Lawsuits or Litigation within the Past Five Years

Lawsuit or Litigation

Status or Outcome

Comments