

COUNCIL ACTION FORM

SUBJECT: REQUEST FOR PROPOSALS REGARDING SMALL LOT INDUSTRIAL DEVELOPMENT SUBDIVISION UTILIZING TAX INCREMENT FINANCING

BACKGROUND:

In November the City Council directed staff to send out an RFP to solicit proposals for a new small lot industrial development subdivision that would utilize Tax Increment Financing (TIF) as part of its construction. The RFP included minimum requirements and identified issues that must be addressed by the responder, and would be negotiated with any final development agreement. Highlights of the City's interests in the RFP included the size and type of subdivision, requirements to construct speculative buildings to expand economic development opportunities within the city, development costs, land valuation and sale controls, sale price of land, and the level of TIF incentive. The approved RFP is included as Attachment A.

The deadline to submit a proposal was January 7th. The City received one proposal. **City Council is being asked at this time whether or not to direct staff to proceed with evaluating the proposal and negotiating a development agreement. Council is not being asked to approve a final agreement.**

The proposal was received from Chuck Winkleblack of Hunziker Development Companies.

The key elements contained in the proposal include:

1. Total site is 72 acres in size.
2. 14 Lot subdivision with lots ranging from 1-6 acres in size.
3. A \$2.2 million dollar TIF rebate request to the developer, with tax abatements for the larger lots.
4. City estimated public improvement costs of \$753,000.
5. The cost estimate of the project in the proposal is \$3.882 million, including subdivision improvements and infrastructure.
6. Speculative building construction of a 10,000 square foot building with subsequent building within 12 months of the prior building being occupied.
7. General industrial uses with no limitations on use beyond zoning.

While the proposal met minimum completeness requirements, it does not include commitments to all of the interests identified within the RFP, such as limits on low employee intensity uses, speculative building construction on a defined schedule

regardless of occupancy of prior building, and minimum assessed values for all land (including vacant).

The estimated total TIF abated infrastructure costs is approximately \$3,000,000. This amount is proposed to be partially a developer rebated cost and partially a city improvement costs. This is a cost of approximately \$41,600 per gross acre. The proposed subdivision has approximately 51 net acres for development, or \$59,000 per net acre.

A cursory evaluation of the proposal using the proposed speculative building assumption of one building every two years and no vacant land assessment results in estimate of a full 20 years of TIF to cover the infrastructure costs. Additional development beyond the speculative building schedule is needed for the project to ensure a reasonable amount of tax increment to pay off debt in shorter timeframe. It appears very unlikely that the full costs of infrastructure, if developed all at one time, could pay off incurred debt within 10 years as has been the goal for other projects, such as the Research Park expansion.

ALTERNATIVES:

1. Proceed with evaluating the proposal and attempt to negotiate mutually acceptable terms for a possible development agreement to be approved at a future City Council meeting.
2. Reject proposal and discontinue the process for a small lot industrial subdivision with City incentives.

CITY MANAGER'S RECOMMENDED ACTION:

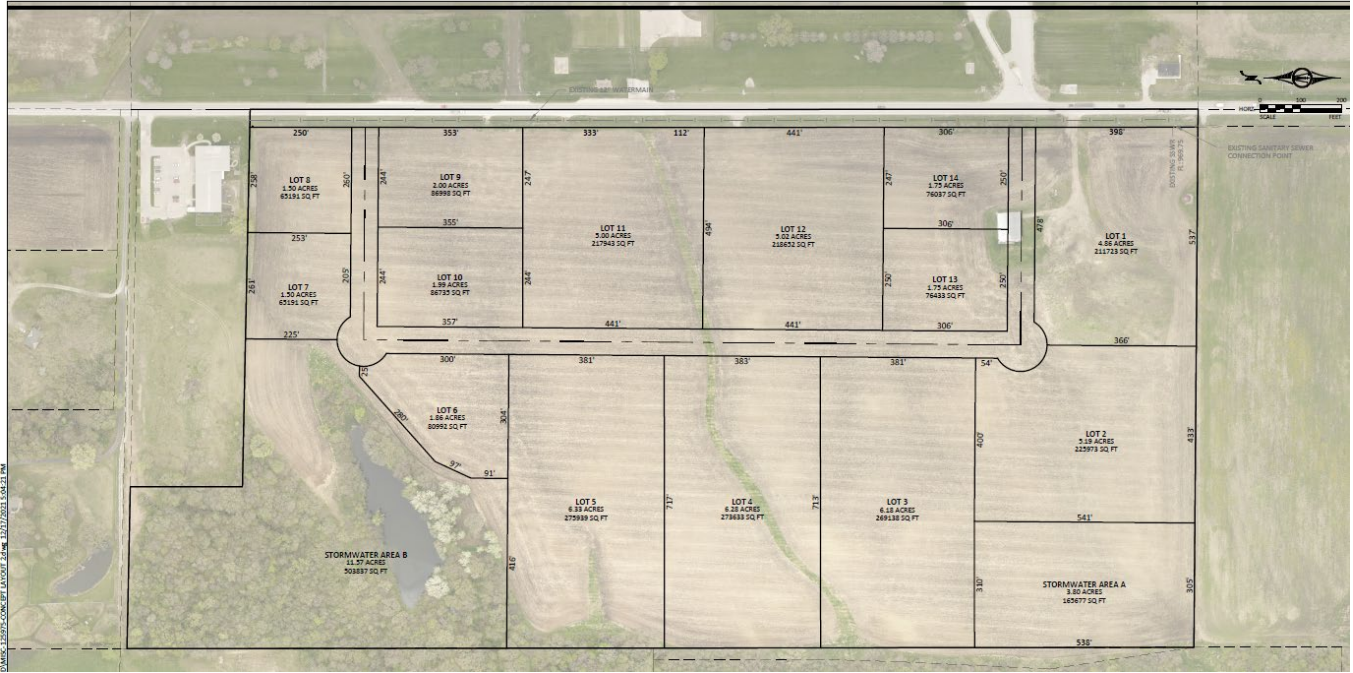
As promised, Staff is reporting on the results of the RFP process. Assuming the City Council would like Staff to continue discussions with the lone responder, additional time is needed to gain a better understanding of the specifics of the proposal and attempt to negotiate mutually acceptable terms for a possible agreement.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1.

Attachment A

2105 Dayton
Hunziker

Concept Layout
December 2021



DRAWING: 1:20000 CONCEPT LAYOUT 24x48 12/27/2021 5:08:51 PM

Attachment B- Request For Proposals



November 19, 2021

REQUEST FOR PROPOSAL NO. 2022-061

AMES INDUSTRIAL PARK DEVELOPMENT

**PROPOSALS WILL BE RECEIVED UNTIL
2:00 PM LOCAL TIME ON JANUARY 7, 2022**

All proposals shall be submitted to the City of Ames, Purchasing Division to karen.server@cityofames.org or deliver to 515 Clark Avenue, Ames, Iowa 50010 prior to the above time and date.

For questions concerning the proposal requirements, application or the review process, please contact:

Purchasing Division: Karen Server, Purchasing Manager
Phone: 515-239-5127
E-mail: kserver@city.ames.ia.us

Contact with personnel of the City other than Karen Server, Purchasing Manager, regarding this Request for Proposal may be grounds for elimination from the selection process.



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SECTION 1

NOTICE AND SCHEDULE



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**NOTICE & SCHEDULE OF EVENTS
REQUEST FOR PROPOSAL NO. 2022-061
AMES INDUSTRIAL PARK DEVELOPMENT**

The City of Ames, Iowa (City) is accepting proposals from property owners and qualified and experienced developers (Developer) for development of a small lot industrial subdivision that would in part be supported through Tax Increment Financing (TIF) assistance as part of an Urban Renewal Area.

PROPOSALS will be accepted by the City of Ames until 2:00 PM local time on January 7, 2022. All proposals are to be emailed to Karen Server at karen.server@cityofames.org or delivered to the City of Ames, Purchasing Division, 515 Clark Avenue, Ames, Iowa 50010 prior to the above time and date. Once proposals have been thoroughly evaluated, the winning proposal will be presented to the approving authority for action thereon.

Informational Meeting will be held on Wednesday, December 8, 2021, at 9:00 AM Local Time via Zoom. Link: <https://us02web.zoom.us/j/89088571397>, Zoom ID Meeting ID: 890 8857 1397

Questions and requests for clarification of requirements for this development are encouraged. All questions and requests for clarification are to be submitted via email to Karen Server at karen.server@cityofames.org no later than 5:00 p.m. local time on December 23, 2021.

The schedule represents the City's best estimate of the schedule that will be followed. If a component of this schedule is delayed, the rest of the schedule will be shifted accordingly.

The approximate schedule is as follows:

Issue Request for Proposal:	November 19, 2021
Information Meeting:	December 8, 2021 @ 9:00 AM
Final Date to Submit Written Questions:	December 23, 2021 at 5:00 PM
Responses to Questions Posted:	December 31, 2021 or Sooner
Proposals Due:	January 7, 2022 @ 2:00 PM
Developer Selection:	January 25, 2022
Developer Agreement:	February 22, 2022

The City of Ames Purchasing Division is the only authorized source of proposal documents. Proposal documents obtained from any other source may be incomplete.

It is expressly understood that any costs associated with preparing a submittal shall be at the expense of the Developer.

The City of Ames does hereby reserve the right to reject any or all proposals, to waive informalities, and to make such awards as it shall deem to be in the best interest of the City.

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SECTION 2

PROJECT REQUIREMENTS



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AMES INDUSTRIAL PARK DEVELOPMENT PROJECT REQUIREMENTS

1. Introduction

City of Ames (City) has identified a market need for smaller industrial lots in the 1–10-acre range for key industrial services which play a vital economic role in the Ames economy. A recent land inventory of general industrial land indicated that there are a small number of vacant industrial properties available for new development. The Ames Community Development Park 1st through 4th Additions are examples of developments based upon this type of partnership.

The City is accepting proposals from property owners and qualified and experienced developers (Developer) for development of a small lot industrial subdivision that would in part be supported through Tax Increment Financing (TIF) assistance as part of an Urban Renewal Area. The Developer with a successful proposal would enter into a Development Agreement with the City for development of a specific site related to subdivision platting, construction of streets, utilities, storm water systems, maximum lot sale price, and the construction of speculative buildings.

Note that nothing in this Request for Proposal is a commitment by the City to select or financially support a proposal. There will be no reimbursement of costs associated with the preparation of the response to the Request for Proposal or for any additional materials, plans, agreements needed to finalize a development agreement. Additional details on requirements and expectations are described below.

2. General Information

2.1 Estimated Timetable of Events:

- Information Meeting: December 8, 2021, at 9:00 AM Local Time via Zoom
Link: <https://us02web.zoom.us/j/89088571397>, **Zoom ID Meeting ID: 890 8857 1397**
- Proposal Deadline: January 7, 2022, at 2:00 PM Local Time
- Developer Selection: January 25, 2022
- Developer Agreement: February 22, 2022

2.2 All proposals are to be submitted to the City of Ames, Purchasing Division to karen.server@cityofames.org or deliver to 515 Clark Avenue, Ames, Iowa 50010 prior to the above time and date. No verbal or faxed submittals will be accepted. Submittals shall have a subject line of “Ames Industrial Park Development”.

2.2 The City reserves the right to accept or reject any and all proposals. Proposals will be evaluated by city staff as described below. City Council will review the application materials and make a selection of a preferred Developer.

- 2.3 Upon selection, the City will negotiate with the Developer on a Development Agreement for City Council approval. Approval of an agreement is subject to City approval of Urban Renewal District for economic development purposes in order to provide of tax increment financing.

3. Minimum Proposal Requirements

- 3.1 The proposed development site must not be located within the approximately 1,200 acres along East Lincoln Way planned for Prairie View Industrial Park.
- 3.2 Demonstrated site control with either acknowledgement of the property owner as a participant in the project or an option to purchase the site.
- 3.3 Conceptual subdivision layout and infrastructure improvements.
 - 3.3.1 The proposal must provide for a minimum 10-acre site size for the subdivision.
 - 3.3.2 The conceptual lot layout must provide for a minimum of 6 lots as small-scale industrial lots targeted primarily in the 1-3 acre range with a lot size limit of no more than 10 acres in size.
 - 3.3.3 The proposal must include proposed infrastructure improvements.
- 3.4 Proposed types of uses and/or excluded uses.
 - 3.4.1 The proposed development must be of industrial service uses in nature.
 - 3.4.2 Acceptable industrial uses do not typically include principle uses of warehousing, mini-storage, salvage, and other types of low intensity employment uses.
- 3.5 Proposed timeline for the development of the subdivision, noting any phasing plans.
- 3.6 Conceptual plan for construction of speculative buildings.
 - 3.6.1 Minimum size
 - 3.6.2 Design requirements
 - 3.6.3 Timeline for initial and subsequent construction of speculative buildings (see also development agreement requirements below)
 - 3.6.4 Minimum valuation of buildings
- 3.7 Breakdown of estimated development costs by improvement type and requested amount of TIF support.
 - 3.7.1 This includes the developer's ability to secure development financing for subdivision improvements.
 - 3.7.2 The City may request additional information about the financial capacity of the developer to secure initial financing for the development of the subdivision as well as financial security for

construction of speculative buildings.

3.8 Amount paid per acre to purchase the land in the proposed development.

4. Developer Minimum Responsibilities/Requirements

As part of this Request for Proposal, the selected Developer understands the City has the following minimum responsibilities/ requirements for a selected Developer to enter into a Development Agreement and to develop the project:

- 4.1 The selected Developer will be responsible for platting the subdivision according to the City's subdivision and zoning standards. The selected Developer must rezone the property to an industrial zoning classification if it is not already zoned industrial.
- 4.2 The selected Developer must demonstrate a willingness and the ability to start site work no later than 12 months from approval of a Development Agreement.
- 4.3 The selected Developer will be responsible for producing public improvement plans.
- 4.4 The selected Developer will be responsible for all lot development requirements, including but not limited to site grading, broadband, water, sewer, storm water and streets, with the exception of any agreed upon public improvements to be constructed by the City with the use of TIF.
- 4.5 The selected Developer will be responsible for construction of speculative industrial buildings on the agreed upon timeline, preferred requirements include:
 - 4.5.1 The initial speculative industrial building must be complete within 12 months of final plat approval final building occupancy level of shell building.
 - 4.5.2 Subsequent speculative buildings shall be constructed and completed to at least a final building occupancy level of shell building within 18 months of completion of the prior speculative building.
 - 4.5.3 Speculative buildings must have a minimum assessed improvement value of \$850,000 (not including land).
 - 4.5.4 Speculative buildings must have no less than 10,000 square feet of floor area.
 - 4.5.5 Financial security for construction of speculative buildings.
- 4.6 The selected Developer will prepare covenants addressing development standards and uses for City acceptance with a development agreement.
- 4.7 Minimum valuations and assessment agreements addressing the following:
 - 4.7.1 Vacant improved lots assessed as industrial land
 - 4.7.2 Minimum valuation of improvements on lots less than 1.5 acres
 - 4.7.3 Minimum valuation of improvements on lots exceeding 1.5 acres.

- 4.8 Limits on maximum sale price of land as an incentive for economic development and recognizing the city investment in development of the site.
- 4.9 Limits on holding of land for speculative purposes.
- 4.10 Prohibition on industrial tax abatement until the TIF debt is paid off.

5. Financial Incentives

- 5.1 The proposal may include a request for a developer economic grant of rebated TIF value of actual value created for up to 10 years needed for the purposes of constructing public improvements. Alternatively, the proposal may request City construction of specified public improvements that the City would fund with TIF generated by development within the proposed subdivision.
- 5.2 No waiver of fees or permitting requirements are included with the Request for Proposal.

6. Review Criteria

The City is seeking to maximize its efforts to create additional industrial land for small scale industrial uses. The proposals will be reviewed according to the following criteria:

- 6.1 Design elements
- 6.2 City financial subsidy per lot
- 6.3 Total cost of the subdivision and total cost of requested City subsidy
- 6.4 Total number of lots and marketability of the site
- 6.5 Proposed timeline to build out the subdivision and corresponding repayment of TIF debt.

7. Submittal Requirements

All proposals are to be submitted to the City of Ames, Purchasing Division to karen.server@cityofames.org or deliver to 515 Clark Avenue, Ames, Iowa 50010 prior to the above time and date. No verbal or faxed submittals will be accepted. No verbal or faxed submittals will be accepted. Submittals shall have a subject line of “Ames Industrial Park Development”. Any proposals received after the specified date and time will be rejected and returned unopened.

8. Agreement Negotiations

The City reserves the right to reject any and all proposals and to negotiate the terms of the Development Agreement, with the selected developer prior to entering a written agreement. Final decisions to proceed with construction of improvements by the City will

be subject to construction bidding limitations.

9. Questions/Contact Person

Questions concerning this proposal requirements, the application, or the review process may be directed to Karen Server at karen.server@cityofames.org or call 515-239-5127.

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SECTION 3

TERMS & CONDITIONS



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**CITY OF AMES, IOWA
TERMS & CONDITIONS**

1. RESERVATIONS

- 1.1 The City reserves the right to reject any or all proposals, to waive informalities, and to make such award as it shall deem to be in the best interest of the City.
- 1.2 The City reserves the right to negotiate all elements that comprise the apparent successful proposal to ensure that the best possible consideration is afforded to all concerned. The City and the finalist will review in detail, all aspects of the requirements and the proposal. During the review of the most favorable, apparent successful proposal, the Developer may offer, and Ames may accept revisions.
- 1.3 The City reserves the right to cancel any agreement if there is a failure at any time to perform adequately the stipulations of these agreement documents.

2. INTERPRETATION

If any Developer is in doubt as to the intent or meaning of any part of this document, they should contact the Purchasing Manager, City of Ames, Iowa in time to receive a written reply before submitting their proposal.

3. ERROR IN PROPOSALS

Developers or their authorized representatives are expected to fully inform themselves as to the conditions, requirements, and specifications before submitting proposals. Failure to do so will be at the Developer's own risk, and they cannot secure relief on the plea of error. Neither law nor regulations make allowance for errors either of omission or commission on the part of the Developer.

4. GOVERNING LAW

This agreement is governed by the law of the State of Iowa with venue in the appropriate state and/or federal courts for Story County, Iowa.

5. DEVELOPER'S RESPONSIBILITIES

The Developer is charged with the responsibility of satisfying themselves as to the services required under this agreement and all other matters, which can affect or modify the terms or obligations incorporated herein before submitting their proposal.

6. ORAL STATEMENTS NOT BINDING

It is understood and agreed that the written terms and provisions of this agreement shall supersede oral statements of any and every official or other representative of the City, and

oral statements shall not be effective or be construed as entering into, or forming a part of, or altering this agreement in any way whatsoever.

7. DEVELOPER FORMS, TERMS, AND CONDITIONS

- 7.1 If a Developer intends to request that the City complete any Developer application form, or any Developer agreement form, or agree to any Developer terms or conditions in connection with the proposed agreement, the proposed forms and/or terms or conditions must be submitted with the proposal for review by the City's legal counsel during the evaluation of the proposal. This includes but is not limited to Developer credit application and customer agreement forms, Developer lease forms, Developer terms/conditions of sale, Developer shipping or delivery terms, and Developer billing/payment terms.
- 7.2 Developers are advised that in the event any such forms or terms contradict City specifications or other agreement requirements, the proposal may be rejected due to the contradiction unless Developers has indicated deletion of such clauses prior to submission to the City. If such forms/terms indicate a firm other than the Developer is in any way a party to the proposed agreement, the proposed party must also indicate concurrence with deletion of such clauses.
- 7.3 **The City will in no case agree to agreement terms or conditions not in compliance with City specifications and/or not submitted for review with proposals.**

8. OWNERSHIP OF MATERIALS

- 8.1 All reports, documents, drawings, specifications, electronic data or other materials developed or discovered by Developer, or any other person engaged directly or indirectly by Developer to perform the services required hereunder shall be and remain the property of City without restriction or limitation upon their use.
- 8.2 The Developer shall furnish to the City, copies of all documents that were developed in the course of services for the City and for which compensation has been received by the Developer.

9. PROPRIETARY RIGHTS AND CONFIDENTIAL INFORMATION

- 9.1 Developer shall hold in trust and confidence any confidential and/or proprietary information or data relating to City business and shall not disseminate or disclose such confidential information to any individual or entity, except Developer employees or subcontractors performing services hereunder (who shall be under a duty of confidentiality), and any other individuals specifically permitted in each instance by the City.
- 9.2 With respect to any confidential information, the Developer obligations of nondisclosure set forth above shall continue to apply to such information for as long after the Agreement expires or terminates, as such information remains confidential.

10. PUBLIC RECORDS

The release of information by the City to the public is subject to Iowa Code Chapter 22 and other applicable provisions of the law relating to the release of records in the possession of the City. Developers are encouraged to familiarize themselves with these provisions prior to submitting a proposal. All information submitted by a Developer may be treated as public information by the City unless the Developer properly requests that information be treated as confidential and cites to applicable open records exception, in which case the City will notify the Developer of any pending public records requests to allow the Developer to seek court protection. In the event the Developer marks each page of the proposal as proprietary or confidential without adhering to the requirements of the Section, the City may reject the proposal as noncompliant.

11. REGULATORY COMPLIANCE

The selected Developer shall be responsible for maintaining all regulatory compliance associated with the proposed services. The selected Developer shall comply with all applicable Federal, State, and local laws and ordinances. The selected Developer shall protect and indemnify the City and its agents or employees against any claim or liability arising from or based on the violation of any laws, ordinances, or regulations by the selected Developer and by any subcontractors, agents, or employees.

12. EXECUTION OF AGREEMENT

12.1 City will notify the successful Developer. The notification of award will be accompanied by the required number of unsigned counterparts of the agreement. The successful Developer shall sign and deliver the required number of counterparts of the agreement.

12.2 No proposal shall be considered binding upon the City until the agreement is properly executed by both parties.

12.3 City shall deliver one fully signed copy of the agreement to the successful Developer.

13. ASSIGNMENT

This agreement may not be assigned or transferred by any party without the prior written consent of the other parties.

END OF SECTION