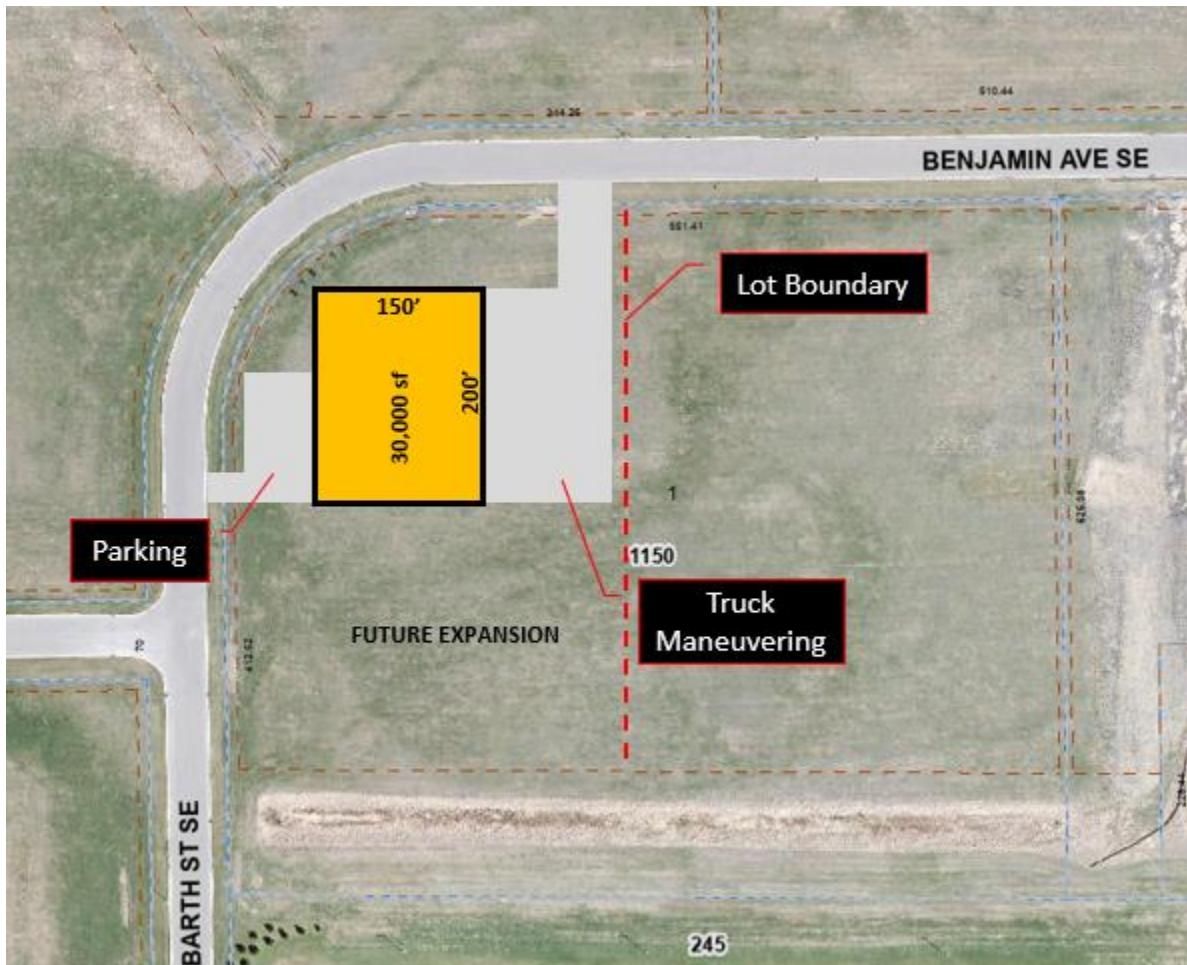


# Request for Proposal

Industrial "Spec" Building Development



Advertisement Date: September 1, 2022  
Proposal Due Date: November 30, 2022



## OPEN INVITATION

FOR SUBMISSION OF DEVELOPMENT PROPOSALS (RFP) 2022-002

### INDUSTRIAL “SPEC” BUILDING DEVELOPMENT

**Advertisement Date:** September 1, 2022

**Proposal Due Date:** November 30, 2022

#### **Issued by**

Hutchinson Economic Development Authority

**Contact:** Miles R. Seppelt  
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#### **Executive Summary**

The City of Hutchinson is soliciting proposals from potential developers / builders for the development of an industrial “Spec” Building:

1. The City will provide a certified “shovel-ready” lot for **\$1 with no assessments**
2. Developer / builder will construct the building
3. City and developer will jointly market the building until it is leased or sold.

The City is open to suggestion when it comes to building size, configuration and features.

#### **Incentive**

The developer submitting the winning proposal will have the opportunity to purchase a certified “shovel-ready” industrial lot for **\$1**, with no assessments.

Industrial lots in Hutchinson are valued at \$43,560 / acre. A five-acre lot, for example would then be valued at \$217,800.

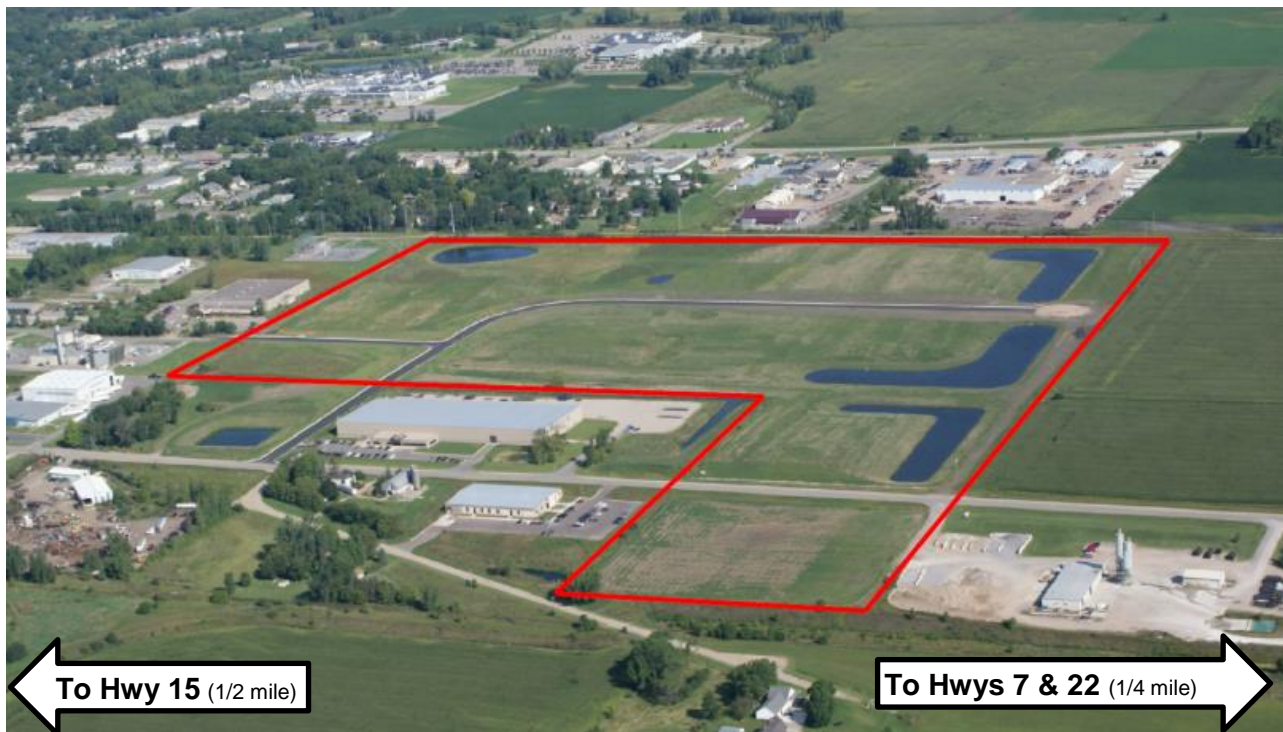
### Property Description

<b>Owner</b>	City of Hutchinson
<b>Price</b>	\$1 per lot for qualifying companies; otherwise \$1 psf
<b>Assessments</b>	None
<b>Acres available</b>	29.4 certified "shovel ready" / 75 acres adjacent
<b>Zoning</b>	I-1, "Light Industrial"
<b>Storm water</b>	Area system, no additional ponding required
<b>Water service</b>	6" to 12," depending on location
<b>Sanitary Sewer service</b>	8" to 10," depending on location
<b>Road</b>	32' wide, 10-ton capacity
<b>Internet</b>	T-3/DS-3 & OC-3 Internet access is available throughout

### Certified Shovel-Ready Industrial Park

With 36.9 "shovel-ready" acres available (plus another 75+ acres adjacent), large rectangular lots and a "global" storm water drainage system, Hutchinson's newly built industrial park is ready for business!


Located on the east edge of Hutchinson and just 5 minutes from State Highways 7, 15 and 22, companies in the park enjoy easy access to the Twin Cities, St. Cloud, New Ulm, Mankato, Willmar and the world beyond. I-94 access is 50 miles north and I-694 access is 50 miles east of the industrial park. 4-lane Hwy 212 is just 20 minutes away.



Hutchinson's new industrial park, constructed in 2010

**Proposed Building**

The parameters below should be considered *guidelines only*. The City is open to proposals for a Spec building of various sizes, configurations and features.

CATEGORY	DESCRIPTION
<p><b>Building Details</b></p>	<ul style="list-style-type: none"> <li>✓ 30,000 to 50,000 square feet, expandable</li> <li>✓ 24' clear ceiling height</li> <li>✓ 25' column spacing</li> <li>✓ 5" reinforced concrete floors</li> <li>✓ 2 or more dock doors (with 2 or more roughed in)</li> <li>✓ Sprinklers</li> <li>✓ Offices to be added later, per customer needs</li> </ul>
<p><b>Site</b></p>	<ul style="list-style-type: none"> <li>✓ 5-8 acres, depending on building size</li> <li>✓ DEED certified "shovel-ready"</li> </ul>
<p><b>Utility Services</b></p>	<ul style="list-style-type: none"> <li>✓ Initially, basic electrical service to light and heat the building, with infrastructure in place for future installation of up to 277/380 v three-phase electricity with 3,000-amp service (depending on end-user requirements)</li> <li>✓ Supplied by Hutchinson Utilities, an RP3 utility</li> <li>✓ Natural gas heat, supplied by Hutchinson utilities</li> <li>✓ Municipal 8" water and 8" sewer</li> <li>✓ T-3/DS-3 &amp; OC-3 Internet access</li> </ul> <div style="text-align: right;">  <p><small>American Public Power Association</small></p> </div>
<p><b>Construction &amp; History</b></p>	<ul style="list-style-type: none"> <li>✓ Steel or tip-up concrete construction</li> <li>✓ Paved parking lot, with curb &amp; gutter</li> <li>✓ Concrete truck maneuvering area</li> <li>✓ 2023 construction</li> </ul>
<p><b>Location</b></p>	<ul style="list-style-type: none"> <li>✓ 5-minute access to State Hwys 7, 15 &amp; 22</li> <li>✓ 20-minute access to Hwy 212 (four-lane)</li> <li>✓ <b>1-hour west of the Twin Cities</b></li> </ul>
<p><b>Terms</b></p>	<ul style="list-style-type: none"> <li>✓ For sale or lease</li> </ul>

## **Transportation Access**

Located 1-hour west of the Twin Cities in south-central Minnesota, Hutchinson is served by State Highways 7, 15 and 22.

Four-lane access is 20 minutes away via State Highway 22 to Minnesota 212, which connects to I-494 on the southwest corner of the Twin Cities of Minneapolis / St. Paul.

Short-line rail service is just 20 minutes away in Glencoe.



**Hutchinson and McLeod County shown in relation to Minneapolis / St. Paul**

## **Marketing Plan**

The Hutchinson Economic Development Authority (EDA) and the builder / developer will jointly market the building until it is leased or sold.

The EDA's marketing plan will include the following elements:

1. Listing the building on the EDA's website
2. Listing the property on the Location One Information System (LOIS) on-line database
3. EDA membership in the Minnesota Marketing Partnership (MMP)
4. EDA membership in the Community Venture Network (CVN)
5. Connection with the Minnesota Department of Employment & Economic Development (DEED)
6. Regular Business Retention & Expansion (BR&E) visits with local manufactures
7. Additional strategies, to be determined.

## **Lot Financing**

The City of Hutchinson will sell an appropriately sized industrial park lot (i.e. depending the square footage of the building) to the builder / developer for \$1 with no assessments.

To accomplish this, the City of Hutchinson would establish an "economic Development tax-increment financing district." This allows the City to capture future property tax payments from the development to reimburse itself for the actual price of the lot, which is \$1 per square foot.

Because an economic development TIF District is being used, the types of building end-users is limited to “qualified businesses.” Qualified businesses are defined to be:

- Manufacturing (strongly preferred)
- Warehouse
- Research & Development
- Call Center

The Development Agreement will contain a provision requiring the builder / developer to pay the City for the full cost of the lot if the building is filled with an end-user that is not from one of the categories above.

### **Development Agreement**

Prior to sale of the lot, the City and builder / developer will negotiate a Development Agreement stipulating the rights and obligations of both parties.

To protect the interests of the City, the City will make a loan to the builder / developer for the full cost of the lot. No money will change hands, instead the lot will be sold for \$1 and a loan obligation created for the full value of the lot. Loan payments will be in forbearance (no payments required) and the loan will be forgiven entirely if the building is occupied by a qualified business for the entire nine-year term of the TIF District.

### **Lot Considerations**

- On-site storm water retention is not needed, the entire industrial park is served by a “global” stormwater retention system.
- While the Hutchinson Industrial Park lots are certified “shovel-ready,” they are not “pad ready.” Soil corrections for the building pad and parking areas will be needed.

### **Available Information On-line**

The Hutchinson EDA website ([www.hutchinsoneda.com](http://www.hutchinsoneda.com)) has the following industrial park information available for review under the **SITE SELECTOR / Shovel-Ready Sites** tab:

- Site information matrix
- Building permit application
- Site plan approval process
- Dimensional regulations for industrial business districts
- Signs permitted in commercial and industrial districts
- Aerial view with park boundaries
- Industrial park lot map
- ALTA survey
- Industrial Park “as built” drawings
- Environmental site assessment
- Geotechnical evaluation report

Zoning requirements for the I-1, LIGHT INDUSTRIAL DISTRICT, can be found in Appendix “A.”

## Hutchinson: “Minnesota’s Manufacturing City”

There are three primary reasons why Hutchinson is “Minnesota’s Manufacturing City:”

1. We’re home to the largest 3M production facility in the United States.



2. We have what’s known as an “industry cluster” of precision, high-tech manufacturers: about two dozen companies that are similar to each other, have a similar set of suppliers and markets, and whose workers utilize many of the same skill sets. In addition, the community has the support structures needed for these companies (education, etc.) to be successful.

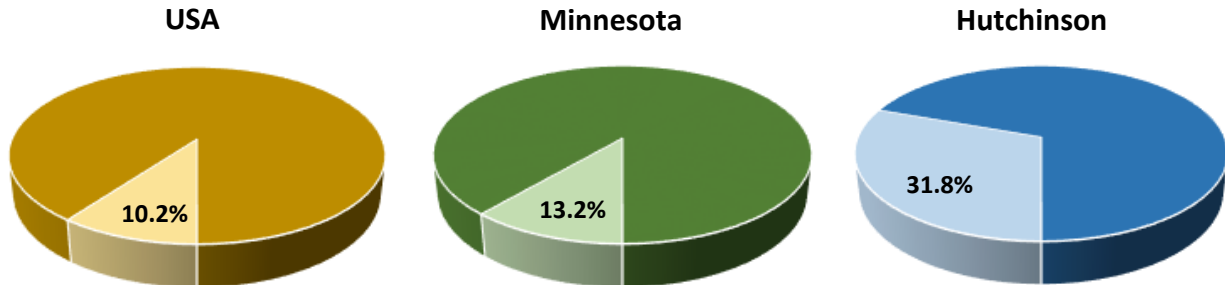
Local companies include 3M, UPONOR, Warrior Manufacturing, MITGI, Resonetics, HTI-TDK, Pride Solutions, RD Machine, 3D CNC, Hutchinson Manufacturing, Heartland Ag Systems, Goebel Fixture Company, Impressions, Inc., Lallemand, Stamp-N-Storage, Rite-Way Conveyors, Stearnswood, Rath Racing, FireLake Manufacturing, Redline Systems, Laser Dynamics, Innovative Foam and Zephyr Wind Services.

Hutchinson companies produce everything from components for offshore oil drilling and computer hard-drives to ingredients for the food in your pantry and the office supplies found on your desk. Local companies manufacture products for a huge variety of economic sectors: defense, energy, food, computers, agriculture, medical devices, office supplies – and much more.



3. Finally, about one-third of Hutchinson’s entire workforce is employed in manufacturing: the highest ratio of any city in Minnesota and 3x the national average.

## Percentage of Workforce Employed in Manufacturing



Source: Minnesota Department of Employment & Economic Development QCEW Data, 2020 and Q1, 2022.

### Request for Proposal

The City of Hutchinson, Minnesota (hereinafter referred to as “the City”) is **soliciting proposals from potential developers for the development of an industrial “spec” building through a public-private partnership:**

1. The City will sell the developer / builder a certified “shovel-ready” lot for \$1 with no assessments
2. Developer / builder will construct the building
3. City and developer will jointly market the building until it is leased or sold

The City reserves the right to enter into a contract with any developer / builder, pursue a multi-phased project, waive any irregularities submitted, reject any and/or all submittals, re-advertise, and accept any proposal deemed to be in the best interest of the City. All decisions made by the City are final. All interested parties must register their name, email address, address and telephone number with the City in order to receive any future changes, additions, addendums or notices concerning this RFP.

The City of Hutchinson supports Equal Opportunity Employment, Fair Housing and the Americans with Disabilities Act.

### Proposal Review & Scoring

The City will review all submitted proposals with strict confidentiality and developers / builders shall retain all rights to their proposals at all times.

**At its sole discretion**, the City of Hutchinson reserves the right to accept or reject any submitted proposal.

**All decisions are final.**

Proposals will be evaluated and scored on a 1-10 scale for each of the following criteria:

1. Qualifications and experience of the developer / builder
2. Financial capacity of the developer / builder
3. Conceptual design / architectural style of proposed project
4. Estimated Market Value (EMV) of the project
5. Proposed timeline for the project: start of construction / project completion

The maximum possible score is 10. Proposals will be reviewed by the Hutchinson Economic Development Authority and a recommendation will be made to the Hutchinson City Council which will make the final decision.

### **Submission Requirements**

Respondents are required to submit one (1) original and one (1) electronic copy of their proposal to the contact person listed below. To facilitate effective evaluation by the City responses shall be limited to no more than twenty (20) pages.

All questions shall be emailed to the contact listed below and all questions will be answered in writing by email. At the discretion of the City, a short list of the most qualified respondents may be developed and respondents may be asked to give a short presentation or interview as part of the evaluation and selection process. Respondents may be asked to provide additional information.

### **Proposal Guidelines / Content**

To be considered complete, all proposals must include the following elements:

- A. Cover letter describing your interest, your team and your concept.
- B. Detailed description of the Spec Building concept with specifics as to the total size, type and features of the building.
- C. Conceptual site plan showing the layout of the proposed project
- D. Estimated market value of the project when completed
- E. Estimated project time-line

### **Anticipated Process**

1. Advertisement of RFP
2. Proposal(s) submitted – no later than **November 30, 2022**
3. Review by EDA Finance Team (meets 3<sup>rd</sup> Wednesday of each month)
4. Review & final recommendation by EDA Board (meets 4<sup>th</sup> Wednesday of each month)
5. Negotiation of Development Agreement
6. Purchase Agreement signed (contingent upon final approval by Hutchinson City Council, which must approve all sales of municipally owned land)
7. Due diligence period (up to 180 days)
8. Hutchinson City Council passes ordinance to sell land
9. Closing
10. Construction begins – 2023
11. Project Complete

## Questions / Additional Information

**Contact:** Miles R. Seppelt  
Economic Development Director  
City of Hutchinson  
111 Hassan Street SE  
Hutchinson, MN 55350

**Phone:** (320) 234-4223

**Email:** [mseppelt@ci.hutchinson.mn.us](mailto:mseppelt@ci.hutchinson.mn.us)

# Appendix A

## I-1, LIGHT INDUSTRIAL DISTRICT.

(A) *Purpose.* It is the purpose of the I-1 District to create industrial areas that will be acceptable within the city and will not adversely affect adjacent business or residential neighborhoods. Industrial establishments should be either:

- (1) Those whose operations are relatively free from objectionable influences; or
- (2) Those whose objectionable features will be obviated by design or appropriate devices.

(B) *Permitted uses.* Within an I-1 District, unless otherwise provided by this chapter, no uses are permitted, except for the following:

(1) *Manufacturing:* any light manufacturing or process including repairs, assembling, fabricating, altering, converting, finishing, processing, treating, testing, packaging or bottling; except any use or process hereinafter specifically excluded or which would not be in keeping with the purpose of the district as stated above. This determination shall be made by the Planning Commission upon review of the building permit application. Manufacturing includes the storage of goods or materials related to the manufacturing process;

(2) Offices;

(3) Office-showroom buildings;

(4) *Warehousing, storage and wholesaling:* the storage, handling and distribution of goods and materials for retail, wholesale or on-site use, except any hazardous combustible materials or flammable liquids or gases. This classification does not include truck terminals;

(5) Vocational and technical schools;

(6) Pawnbroker establishments; and

(7) Massage services establishments.

(C) *Conditional uses.*

(1) Motor vehicle body shops;

(2) Dog kennels;

(3) Bulk storage of liquid;

(4) Athletic clubs;

(5) Restaurants;

(6) Recyclable material collection center;

(7) Grain elevators;

(8) Tattoo establishments and sexually-oriented businesses;

(9) Storage units;

(10) Schools;

(11) Towing company buildings with fenced impound lots, subject to providing a completely fenced and screened enclosure to 100% opacity. Fences must be a minimum of six feet high and constructed of wood or equivalent materials; and

(12) Truck terminals.

(D) *Accessory uses.*

(1) Any accessory use, building or structure customarily incidental to a principal use permitted above, and located on the same lot therewith;

(2) Specialized freight and yard equipment, private utility structures, secondary processing structures and similar specialized structures;

- (3) Parking and loading facilities as regulated in §§ [154.116](#) and [App. B](#) to this chapter; and
  - (4) Signs as regulated in §§ [154.140](#) through [154.144](#) of this chapter.
- (E) *Dimensional requirements; I-1 District.*
- (1) *Setbacks.*

<b><i>Item Set Back From</i></b>	<b><i>Building Setback</i></b>	<b><i>Accessory Building Setback</i></b>	<b><i>Parking Lot or Circulation Drive</i></b>
Interior lot line	20 feet	6 feet	10 feet
Residential zoning boundary	75 feet	75 feet	30 feet
Street right-of-way	30 feet	30 feet	20 feet

(2) *Minimum lot dimension requirements.*

- (a) Lot area: one acre;
- (b) Lot width: 200 feet; and
- (c) Lot depth: 250 feet.

(3) *Maximum building height.*

- (a) Principal structure: 40 feet; and
- (b) Accessory structure: 25 feet.

(F) *Other requirements.* Refer to

§§ [154.110](#) through [154.125](#) and [154.140](#) through [154.144](#) of this chapter, regarding development standards, for regulations pertaining to:

- (1) Site plan review;
- (2) Access, parking and loading;
- (3) Landscaping and lighting;
- (4) Fences;
- (5) Signs;
- (6) Outdoor storage and displays;
- (7) Building facade materials;
- (8) Pole buildings; and
- (9) Pollution.

(2004 Code, § 154.067) (Ord. 464, passed 1- -1996; Ord. 96-167, passed 6-10-1996; Ord. 07-0451, passed 1-9-2007; Ord. 07-0467, passed 8-14-2007; Ord. 11-0668, passed 5-10-2011; Ord. 12-0683, passed 2-14-2012; Ord. 14-0723, passed 4-8-2014; Ord. 16-751, passed 2-9-2016) Penalty, see § [154.999](#)