

**Request for Qualifications**  
**for**  
**Sioux Falls Rail Yard Redevelopment Area**  
**January 27, 2017**  
**City of Sioux Falls, South Dakota**  
**Request No. 17-0122**

Prepared by City of Sioux Falls  
Issue Date: January 27, 2017  
Submission Deadline: March 9, 2017

## 1.0 Introduction

The City of Sioux Falls invites statements of qualifications from qualified parties interested in developing all or parts of the Sioux Falls Rail Yard Redevelopment Area on the eastern edge of Downtown Sioux Falls. The approximately 10-acre redevelopment site, formerly a switching yard operated by the BNSF Railway (BNSF) and predecessor railroads represents a unique opportunity to continue the emergence of Downtown Sioux Falls as a high-quality urban district. Respondents may include partnerships, firms, for-profit and nonprofit corporations, joint ventures, and other entities with a record of completing quality developments in urban settings. The purpose of the RFQ process is to establish a list of proposers who are both interested and capable (qualified) to successfully complete the development of some, or all, of the Rail Yard Redevelopment Area. The RFQ process is Phase 1 of a two-phase process. Under Phase 2 of the process, those proposers determined to be qualified by Phase 1 will be invited to respond to a Request for Proposals (RFP). Phase 2 (RFP) is expected to begin shortly after completion of Phase 1 (RFQ). The City expects to offer to sell development sites, although it may retain certain areas for public use, consistent with the recommendations of the City of Sioux Falls Rail Yard Redevelopment Plan. The selected proposer(s) will be responsible for all aspects of their respective projects, including procuring all necessary entitlements and permits, design, construction, financing, marketing, and management pertinent to their projects.

## 2.0 Background

The linear redevelopment site includes over ten acres between the approximate alignment of East 5<sup>th</sup> Street and the East 11<sup>th</sup> Street overpass, adjacent to an active BNSF double track line and generally parallel to the Big Sioux River. East 6<sup>th</sup> and East 8<sup>th</sup> Streets transect the site and connect to other parts of the City, including the Big Sioux River Greenway. The City of Sioux Falls considers the site to be crucial to downtown development. The City purchased the property in November of 2015 and leases it back to the BNSF on an interim basis while the railroad constructs new siding tracks in a different Sioux Falls location. The City will take full possession of the property in November, 2017.

The City is currently documenting the area's significance as a long-time railyard. The buildings to be constructed as part of the redevelopment must be compatible with the historic nature of the surrounding area and must have a similar industrial design. The City is also developing a plan for public signs or kiosks to display the role of the historic railroad. The background for these historic criteria are at: <http://www.siouxfalls.org/public-works/special-projects/rr-relocation-plan/>

## 3.0 Market Support

In 2014, ArLand Land Use Economics and Progressive Urban Management Associates (PUMA) completed a Downtown Market Study for the City of Sioux Falls as part of a Downtown Master Plan update. Market conclusions included:

- A 20-year demand for an additional 1,900 to 3,200 downtown multi-family units, based on a projected market share of 15% of the market area demand. The projection is predicated on continued investment in amenities and services that make downtown attractive to live, work, and play.
- An observation that downtown retail business has grown in recent years and now accounts for about 8% of citywide retail sales. A projected 8–15% capture rate for the district over the next 20 years estimates a potential demand for 190,000 to 475,000 square feet of retail and restaurant use.
- Based on continuing past office development and occupancy trends, a 20-year demand for 1.0 to 1.6 million square feet of office space, focused on traditional office users and innovation-oriented firms.

A complete version of the Downtown Market Study is available at <http://www.siouxfalls.org/community-development/economic-development/downtown/2014-market-study>

## 4.0 Project Area Context

Over the past 20-years, Downtown Sioux Falls has experienced a significant renaissance including the revitalization of iconic Falls Park; substantial new housing construction and adaptive reuse that has increased the total housing inventory in the immediate downtown area to approximately 1,500 units; the complete revitalization of the Phillips Avenue corridor as a diverse and vibrant main street; major new office development; investment in streetscape and urban design enhancements; and major improvements to the signature Big Sioux River Greenway.

The Rail Yard site is positioned on the eastern edge of downtown, and developments between the river greenway and the railroad greatly enhance its strategic position. These projects include:

- The Hilton Garden Hotel/CNA mixed use development on the river's east bank south of 8<sup>th</sup> Street.
- Cherapa Place, a six-story multi-tenant office building on the east bank between 6<sup>th</sup> and 8<sup>th</sup> Streets.
- An emerging innovation and entertainment district along 8<sup>th</sup> Street between the river and the edge of the Rail Yard, including 8<sup>th</sup> and Railroad Center, Frank Building, Crane Center, as well as lifestyle, retail, office, eating, and drinking establishments.
- Major public art installations, notably the Arc of Dreams (scheduled for 2018), a large river-spanning sculpture between Cherapa Place and the Raven Industries complex on the west bank of the Big Sioux.

## 5.0 Rail Yard Redevelopment Goals

Given the development of a unique downtown and its expansion east along the 6<sup>th</sup> and 8<sup>th</sup> Street corridors, the Rail Yard is the district's next major growth center. The city's goals for this key opportunity include:

- Creating a vital and diverse mixed use urban district with sufficient density and intensity of use to reward the community's investment in the property and sustain its long-term value.
- Providing strong pedestrian/bicycle connections that unify the linear site and are strongly linked to the Big Sioux Greenway.
- Developing a place that continues recent trends that make downtown both a neighborhood of choice for people of all generations and a significant tool in Sioux Falls' continuing efforts to recruit talent and entrepreneurial activity.
- Providing convenient parking and access for motor vehicles that compliments the walkability of the district.
- Providing spaces and accommodations for events that attract people to downtown for a variety of purposes.

## 6.0 The Rail Yard Redevelopment Plan

In June 2016, the City of Sioux Falls retained RDG Planning & Design to develop a redevelopment concept and implementation plan that forms the foundation for this RFQ and proposes a development framework that expresses the City's redevelopment goals. The document considers both the Rail Yard itself and private property between the river and the edge of the Rail Yard to encourage connectivity and incremental development of a cohesive east bank district. The master plan is intended to be a flexible tool that both expresses the City's goals and establishes an overall framework for land use, circulation, and public space. It is not intended to discourage individual creativity on the part of potential respondents to a subsequent Request for Proposals or adjacent landowners.

Major framework elements of the redevelopment plan include:

- A north-south pedestrian promenade that connects to the Big Sioux Greenway, forms a spine that unifies individual projects in the redevelopment area, and connects to other active spaces such as a potential market square and central plaza.
- A peripheral access loop to provide convenient circulation around a pedestrian core, good access to parking, and a buffer against the two remaining active railroad tracks. This loop is created with an eastern leg along the railroad and a western leg extending the existing Reid Street.
- Additional east-west connectivity through the site, using a new 7<sup>th</sup> Street connection from Cherapa Place to the loop street and interconnected parking lots between 8<sup>th</sup> and 10<sup>th</sup> Streets.
- A sequence of small public spaces along the promenade, including a green urban plaza, a public market square, and other strategically located green spaces defined by buildings.
- Promenade and street-defining mixed use buildings, complementing the thriving downtown area. The typical building concept provides parking off the eastern loop street, retail at street/promenade level, and office or residential development on upper levels. Overall conceptual yield on the Rail Yards property itself includes 200 to 250 housing units, 80,000 square feet of office, and 50,000 square feet of retail and restaurant space. These quantities are consistent with the 2014 ArLand market study.

The following are links to pertinent documents related to the Sioux Falls Rail Yard Development:

[http://www.siouxfalls.org/~media/Documents/publicworks/railyard-concepts/RR-Yard-Redev-P1-Report\\_FINAL-2016.ashx](http://www.siouxfalls.org/~media/Documents/publicworks/railyard-concepts/RR-Yard-Redev-P1-Report_FINAL-2016.ashx)

<http://www.siouxfalls.org/planning-building/planning/long-range/master-plans/other/downtown-plan>

<http://www.siouxfalls.org/public-works/special-projects/rr-relocation-plan/draft-ea/draft-env-assessment>

## 7.0 The City Offering

The City of Sioux Falls will be offering to sell each of five parcels, in full or in part, of the Rail Yard Redevelopment Area to qualified proposers. These five parcels include:

*Parcel A:* Area north of E. 6<sup>th</sup> Street, incorporating 1.34 acres. The redevelopment concept envisions development of the site for retail, office, and/or residential uses and associated parking. It identifies a capacity for up to 48,000 square feet of building area distributed among these uses. The site would include development and access to the proposed Promenade.

*Parcel B:* Area between E. 6<sup>th</sup> Street and the proposed East 7<sup>th</sup> Street link, incorporating 2.20 acres. The redevelopment concept envisions development of this site for retail, office, and residential uses and associated parking. Residential use should be a significant component of this parcel. The concept identifies a capacity for up to 266,000 square feet of building area distributed among these uses. The site would include development and access to the proposed Promenade, with vehicular access from the eastern leg of the proposed Loop Street and 7<sup>th</sup> Street.

*Parcel C:* Area between proposed E. 7<sup>th</sup> Street and 8<sup>th</sup> Street, incorporating 1.86 acres. The redevelopment concept envisions development of this site for retail, office, and residential uses and associated parking. Residential use should be a significant component of this parcel. The concept identifies a capacity for up to 114,000 square feet of building area distributed among these uses. The site would include development and access to the proposed Promenade, with vehicular access from the eastern leg of the proposed Loop Street and 7<sup>th</sup> and 8<sup>th</sup> Streets.

*Parcel D:* Area south of East 8<sup>th</sup> Street to the south side of the property, incorporating 1.69 acres. The redevelopment concept envisions development of this site for retail, office, and residential uses and associated parking. Residential use should be a significant component of this parcel. The site may also include space capable of supporting a market space, which may also be expanded as a first–floor tenant of an adjacent building. The concept identifies a capacity for up to 25,000 square feet of building area distributed among these uses. The site would include development and access to the proposed Promenade and Big Sioux Greenway, with vehicular access from the eastern leg of the proposed Loop Street and from Reid Street through a shared parking area. Adjacent development on property outside the boundary of the City offering includes 8<sup>th</sup> and Railroad Center, a three–story adaptive reuse project with retail, restaurants, entrepreneurial space, and offices. Coordinated development with this site is strongly encouraged.

*Parcel E:* Area south of East 8<sup>th</sup> Street from the southern edge of Parcel D to the south side of the property, incorporating 2.94 acres. The redevelopment concept envisions development of this site for retail, office, and residential uses and associated parking. Residential use should be a significant component of this parcel. The concept identifies a capacity for up to 92,000 square feet of building area distributed among these uses. The site would include development and access to the proposed Promenade and Big Sioux Greenway, with vehicular access from the eastern leg of the proposed Loop Street and from Reid Street through a shared parking area. Adjacent development on property outside the boundary of the City offering includes 8<sup>th</sup> and Railroad Center, a three–story adaptive reuse project with retail, restaurants, entrepreneurial space, and offices. Coordinated development with this site is strongly encouraged.

*Note:* Prospective proposers may undertake development on one or any combination of these sites, including master development of all five parcels in a unified development. Sales will be made in accordance with state law. The City will remove and replace the top six inches of soil and convey the site in a developable condition (i.e. accessible lots with no structures or tracks to be demolished or removed).

## **8.0 Infrastructure and Public Improvements**

Many improvements may be needed to realize the full potential of the Rail Yard Redevelopment Area Plan and the City's goals for the site. These improvements may include but are not limited to:

- Local access streets, including the circulator loop and the 7<sup>th</sup> Street connection
- The pedestrian promenade and connecting links
- Parking
- Street improvements and streetscape enhancements on intersecting public corridors
- Trail connections
- Storm and sanitary sewers and other utilities

These improvements may be built by the City or by proposers or a master developer on an incremental basis as part of the development of individual projects. Financing of public improvements will be addressed during the Phase 2 (RFP) process and through subsequent negotiations and redevelopment agreements with the selected proposer(s).

## **9.0 The Development Submission Process**

As described above, proposers for the Rail Yard Redevelopment Area will be selected through a two–part process. Phase 1 (RFQ), the subject of this document is intended to identify proposers with the interest and capability of executing all or individual parts of the redevelopment effort; assess the qualifications and experience of potential proposers; understand their perspective on the opportunity and expected approach in terms of land use and financing; and assess their financial ability to carry out development of this scope and scale. Submissions in response to this RFQ will be reviewed by a Rail Yard Redevelopment Selection Committee and evaluated using specific criteria, listed below. Based on this evaluation, the City will invite selected proposers to submit detailed proposals during the Phase 2 (RFP) process. The RFP Phase 2 will require detailed design concepts and financing, marketing, schedule, and phasing plans.

## **10.0 Outline of Phase 1 Submission Requirements**

The written submission in response to this RFQ must include the following elements. Each section must be clearly tabbed and labeled and be assembled and bound in the order shown below:

- Letter of interest including identification of parcels of interest to the proposer
- Project team description
- Experience and completed projects of the development team
- Financing approach and capacity
- Project informational sheet

## **10.1 Description of Submission Requirements**

The following information identifies the requirements and organization of each response to this RFQ. The City reserves the right to request additional information or clarification to complete the evaluation of responses to this RFQ. While this RFQ does not specify page limits, respondents are encouraged to avoid submitting duplicative or redundant materials. Responders to this RFQ must **not** include any proposed designs, sketches, drawings, concepts, or narratives on the specific elements of any development they may be contemplating. Such information will be solicited in the Phase 2 RFP step of this development process.

### **1. Letter of Interest including Identification of Parcels of Interest**

The letter of interest must list development team members and identify the primary contact person, including phone number and email address. The letter should provide a brief summary of the reasons for the proposer's interest, the parcel or parcels of interest, and a general statement of why the proposer is qualified to carry out its part of the project. Explain how the project conforms to meet the goals and intentions of the Rail Yard Redevelopment Plan and demonstrates successful experience in the planning and development of comparable urban projects that incorporate mixed uses, income diversity, and innovation. The letter must be signed by an authorized principal of the proposing entity and include a statement that the response is valid for not less than 180 days from the due date of the submission.

### **2. Project Team Description**

Information describing the proposed team must include:

- Name of proposed development entity, main address, telephone number, email address.
- Profile of proposed development entity or business including firm size, number of employees, nature of business, and project specialties.
- Name and experience of the project manager, including projects of similar size and scale completed.
- Organization of project team. All members of the proposed team must be identified, including consultants, architects, contractors, property managers, real estate and marketing professionals, banks or other financial institutions, and attorneys, including their roles and projected contribution to the team. Any past cooperative working relationships among team members should be identified.
- Resumes of all key staff, including the project manager, who will be involved in the redevelopment effort. Specify the roles of key staff in carrying out this development initiative and their previous experience with comparable redevelopment projects. Resumes shall include both members of the lead development entity and all other team entities.
- Five business references for the primary development entity, at least three of which shall represent comparable, completed development.

### **3. Development Team Experience and Completed Projects**

Provide examples of previous developments evidencing team members (including and primarily the lead development entity) experience with successful new construction of comparable projects in urban settings. Emphasis should be provided to demonstrate experience on developments that are mixed use, in urban contexts like Downtown Sioux Falls, have significant residential components, and involve redevelopment. Note proposed team members' role for each project.

#### **4. Financing Approach and Capacity**

This Phase 1 RFQ process does not require submission of design plans, financial analysis, or other cost-intensive processes. However, it does require proposers to identify the overall financing approach to the project. The proposal should, at a minimum, include a description of:

- The respective public and private roles in accomplishing this project as it relates to the financing approach and capacity.
- How the proposer will obtain financing for the development and leverage land assets and surrounding investments.
- The various funding sources that are appropriate, and expected to be utilized, for the project and previous experience accessing these resources.
- The proposer's ability to access capital through equity and debt.
- The potential contingencies and methods that will be employed to guarantee performance and successful project completion.
- Three consecutive years of audited or CPA-prepared financial statements for each team entity that will be providing any guarantee in connection with the prospective development and its operation. Financial statements must include the most current year for which such statements are available and the two prior years. The statements must include an income statement and a balance sheet displaying assets, liabilities, and net worth of the entity. Financial statements and bank references should be placed in a separate sealed envelope marked as CONFIDENTIAL. One bank reference must be provided for each entity.

#### **5. Project informational worksheet (attached)**

##### **11.0 Selection Process and Criteria**

As stated above, this RFQ addresses Phase 1 of a two-stage selection process. This phase 1 will be used to determine those proposers that will be invited to develop more detailed concepts, from which final selections for parcel redevelopment will ultimately be made. Selection of those who will move on to Phase 2 (RFP) will be based upon if the proposer's response meets all the criteria established in this RFQ. Proposals submitted in Phase 1 (RFQ) will be evaluated by an Evaluation Committee on the criteria identified below.

Phase 2 (RFP) will require detailed development of conceptual project designs, financial plans, and schedules to include presentations/interviews to the Evaluation Committee.

##### **11.1 Evaluation Criteria**

Response to the RFQ:

- Meets the goals and intentions of the Rail Yard Redevelopment Plan and demonstrates successful experience in the planning and development of comparable urban projects that incorporate mixed uses, income diversity, and innovation.
- Demonstrates the ability to obtain, structure, and implement financing for such developments and demonstrates financial capacity (as proposer and provider of guarantees) as evidenced by financial statements, the firm's most recent audit and bank references, and the development entity's discussion of how it intends to honor all guarantees should the need arise.
- Demonstrates success of the team, through previous experience, in working together, and coherence of their response.
- Members of the team demonstrate successful experience in their respective disciplines as required for the planning, development, and operation of urban projects.
- Demonstrates successful experience with ownership and property management of mixed-use developments of similar scale, either directly or through supervision of property management.

## **12.0 Schedule of Events**

January 27, 2017: Formal issuance of Request for Qualifications

February 10, 2017: Submission of written questions

February 17, 2017: Distribution of responses to written questions

### **March 16, 2017: Statement of Qualification Submission deadline**

Week of March 27, 2017: Evaluation committee meeting/shortlist identification

Week of April 3, 2017: Notification of decisions. Qualified proposers will be invited to the RFP stage which will take place in Spring, 2017

## **13.0 City Contact and Requests for Information**

Kara Scherbring, Purchasing Analyst, is the point of contact for this RFQ. Unauthorized contact regarding the RFQ with other City employees or elected officials may result in being disqualified.

Kara Scherbring, Purchasing Analyst, Finance Department

Phone: 605-367-8832

Email: [kscherbring@siouxfalls.org](mailto:kscherbring@siouxfalls.org)

Questions regarding this RFQ shall be submitted in writing to Kara Scherbring at [kscherbring@siouxfalls.org](mailto:kscherbring@siouxfalls.org). Answers to questions will be posted on the City's business page ([www.siouxfalls.org/business](http://www.siouxfalls.org/business)) by February 17 5:00 PM. The deadline for submitting RFQ questions is 2 p.m., Central time, February 10, 2017.

To preserve the integrity of the selection process, proposers are cautioned not to undertake any activities to promote or advertise their proposal except in the course of City-sponsored presentation. Proposers are not permitted to make any direct or indirect contact (through others) with members of the Sioux Falls City Council or the Selection Committee concerning their proposal, except in the course of City-sponsored discussions. Violation of these rules may be grounds for disqualification of the proposer.

## **14.0**

Proposers must submit one (1) electronic copy and (10) ten hard copies of the proposals in sealed envelopes or packages.

Envelopes or packages containing submissions must be clearly addressed as described below to ensure proper delivery and to avoid being opened by the City before the deadline for receipt. Envelopes or packages must be addressed as follows:

City of Sioux Falls Purchasing Office  
Attention: Kara Scherbring  
Request for Qualifications (RFQ: Rail Yard Redevelopment Area)  
RFQ No. 17-0122  
224 West Ninth Street  
P.O. Box 7402  
Sioux Falls, SD 57117-7402

Submissions must be received by the City at the location specified no later than **2 p.m., Central time, on Thursday, March 16, 2017**. Submissions will not be publicly read at the opening.

Proposers assume the risk of the method of dispatch chosen. The City assumes no responsibility for delays caused by any delivery service. Postmarking by the due date will not substitute for actual submission receipt by the City. An Offeror's failure to submit its submission prior to the deadline will cause the submission to be rejected.

**PROJECT INFORMATIONAL WORKSHEET**

When would your project be ready for construction?

- 2018
- 2019
- 2020
- Other

What parcel (s) are you interested in for your project? (check all that apply)

- Parcel A
- Parcel B
- Parcel C
- Parcel D
- Parcel E

What kind of mixed use development would you propose? (check all that apply)

- Retail
- Office
- Residential
- Parking
- Other – \_\_\_\_\_

What is the total estimated private investment you expect to make to complete your development?

- <\$5 Million
- >\$5 Million, <\$15 Million
- >\$15 Million, <\$25 Million
- >\$25 Million