

***CITY OF WILLMAR***

**COMMUNITY DEVELOPMENT COMMITTEE MEETING**

**5:30 PM, MONDAY, APRIL 12, 2021**

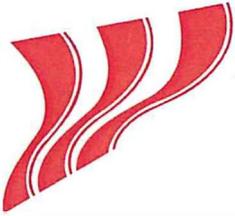
**TELECONFERENCE GOTOMEETING**

**(VIRTUAL MEETING INSTRUCTIONS BY EMAIL)**

**Chair: Rick Fagerlie**  
**Vice Chair: Tom Butterfield**  
**Members: Vicki Davis**  
**Mike O'Brien**

**AGENDA**

1. Meeting Called to Order
2. Roll Call
3. Discussion Items
  - a. Draft RFP for a new Hospital Hotel (For Information Only)
4. Action Items
  - a. Application for 2021 Minnesota Main Street Project Assistant Funds Grant
5. Future Agenda Items
6. Department Updates
7. Adjourn



# City of Willmar

## Council Action Request

<b>Meeting Date:</b>	4/12/2021	<b>Agenda Item Number:</b>	
<b>Agenda Section:</b>		<b>Originating Department:</b>	Planning & Development Services
<b>Resolution</b>	No	<b>Prepared by:</b>	David Ramstad, Planning and Development Director
<b>Ordinance</b>	No	<b>Reviewed By:</b>	Brian Gramentz, City Administrator
<b>No. of Attachments</b>	1	<b>Presented By:</b>	David Ramstad, Planning and Development Director
<b>Item:</b>	Information only - Discussion of Draft RFP for a new Hospital Hotel		

### COMMITTEE RECOMMENDATION:

Consensus of the Community Development Committee is to recommend that the draft Request for Proposals (RFP) be introduced to Carris Health management for their review and requested endorsement of a new hotel amenity to the hospital.

### OVERVIEW:

Staff are excited to present the attached Request for Proposals (RFP) for the development of a boutique hotel/conference center connected by skyway or tunnel to the City-owned Rice Memorial Hospital in downtown Willmar. The Rice Memorial Hospital complex is owned by the City of Willmar, and Carris Health is the leaseholder. The City is looking for proposals to develop one of six parcels of property adjacent to the Hospital into a boutique hotel and conference center tailored to the property's geographic location or neighborhood by providing accessible accommodations to patients, families, and guests of the Hospital and downtown Willmar. As part of the City's Renaissance Zone, a dedicated effort to provide incentives to revitalize the downtown and its surrounding area, the project may include tax abatement or tax increment financing, flexible zoning regulations (i.e. "open zoning"), free permits, free sewer access, free water access, reduced utility connection fee, parking requirement reductions, and free city-owned land. The total incentive package has an estimated value of up to \$600,000-\$800,000, subject to eligibility and City approval. A two-round RFP is scheduled. The first round will only be open to existing local hotels. Then, if necessary, a second round will be announced for all other applicants.

### PRIMARY ISSUES/ALTERNATIVES TO CONSIDER:

- Option A: Introduce the RFP to Carris Health
- Option B: Request further information and modifications
- Option C: Not pursue the RFP any further

### BUDGETARY/FISCAL ISSUES:

The RFP is incentivized by existing Renaissance Zone (RZ) incentives that would be offered to a any new construction project in the RZ.

### ATTACHMENTS:

Draft RFP



**REQUEST FOR PROPOSALS**

**A Boutique Hotel Connected to**

**Rice Memorial Hospital**

**ROUND 1**

Issuance Date: **DRAFT**

Proposal Due Date: **DRAFT**

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## 1. BACKGROUND

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The City of Willmar, Minnesota is excited to request proposals for the development of a boutique hotel/conference center connected by skyway or tunnel to the City-owned Rice Memorial Hospital in downtown Willmar. The Rice Memorial Hospital complex is owned by the City of Willmar, and Carris Health is the leaseholder. The City is looking for proposals to develop one of six parcels of property adjacent to the Hospital into a boutique hotel and conference center tailored to the property's geographic location or neighborhood by providing accessible accommodations to patients, families, and guests of the Hospital and downtown Willmar. As part of the City's Renaissance Zone, a dedicated effort to provide incentives to revitalize the downtown and its surrounding area, the project may include tax abatement or tax increment financing, flexible zoning regulations (i.e. "open zoning"), free permits, free sewer access, free water access, reduced utility connection fee, parking requirement reductions, and free city-owned land. The total incentive package has an estimated value of up to \$600,000-\$800,000, subject to eligibility and City approval. A two-round RFP is scheduled. The first round is only open to existing local hotels. Then, if necessary, a second round will be announced for all other applicants.

### 1.1 City of Willmar

Willmar, Minnesota is the county seat of Kandiyohi County, located approximately 95 miles west of Minneapolis/St. Paul. With over 20,000 residents, the City is a regional center offering many amenities of a larger city, while still providing the benefits of a small town. The diverse community offers a growing economy with strong agricultural, medical, and technology sectors.

The region's natural beauty can be enjoyed in any one of the City's 37 parks, including the 55-acre Robbins Island, Sibley State Park, many miles of trails, and opportunities for recreation at numerous lakes. For those who prefer to enjoy time inside, the City is home to the Kandiyohi County Area Family YMCA, Dorothy Olson Aquatic Center, and The Barn Theatre.

### 1.2 Rice Memorial Hospital

Rice Memorial Hospital is owned by the City of Willmar and operated by Carris Health. Carris Health provides medical service to rural communities in West Central and Southwest Minnesota. The Hospital provides a wide range of services to the community on an in-patient and out-patient basis, including surgery, ostomy, dialysis, respiratory therapy, wound care, hospice, emergency, birthing, and behavioral health.



## 2. PROPERTIES AND INCENTIVES

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### 2.1 Renaissance Zone

The new Willmar Renaissance Zone is a 5-year pilot program intended to encourage investment, job creation, development, creativity, and vibrancy in the designated area. The Renaissance Zone operates as a new zoning overlay district encompassing the Central Business District and adjacent areas. This district offers greater flexibility for zoning and access to targeted incentives.

Among the incentives offered in the Renaissance Zone are free permits (e.g. building permits, land use, signage, sewer and water access charges); matching/forgivable loans for façade renovation; tax abatements for commercial and housing projects based upon meeting investment thresholds; priority consideration for tax-increment financing; and free City-owned land.

Applications for each incentive program can be found in Attachment A. Applicants who plan on taking advantage of any Renaissance Zone incentive program must fill out the appropriate forms for the incentive, which can also be found on the City's website.

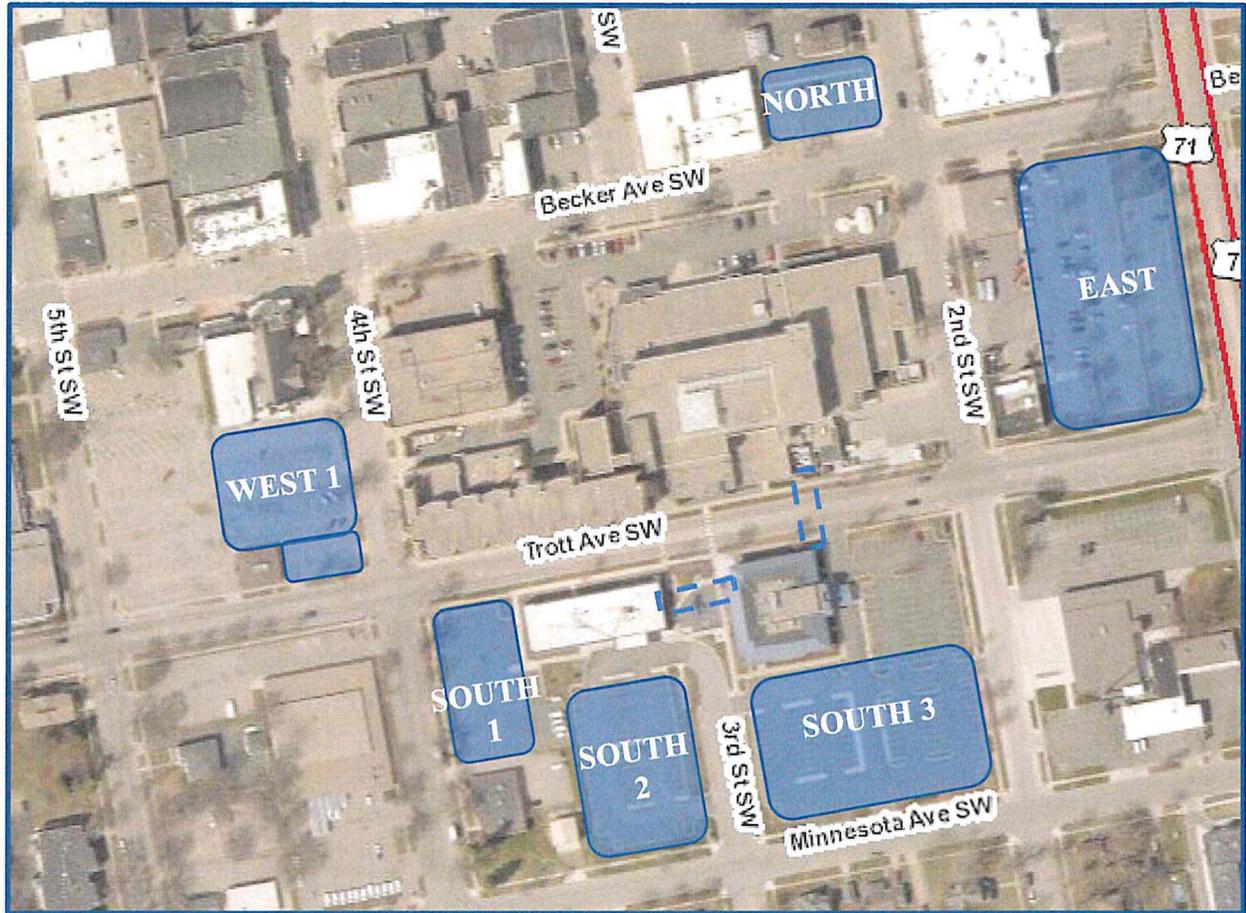
The open zoning concept provides greater flexibility in zoning than the traditional zoning process. The codes describing the process can be found in Attachment B. Developers should note in their application if and how the described project will take advantage of the open zoning process and whether any variances will be requested.

The Renaissance Zone (dark gray boundary) encompasses the Central Business District and surrounding neighborhoods. All properties within this zone are eligible to apply for Renaissance Zone incentives.



## 2.2 Properties available

Four areas of properties adjacent to the Hospital are currently owned by the City or Carris Health, LLC. City land is available for free and land owned by Carris Health would need to be negotiated between the developer and Carris Health. Each property is variable in size and can be split or combined with other adjacent parcels. Any displaced hospital parking will need to be replaced in the project. It is highly recommended that interested parties contact Planning and Development Director David Ramstad (320-214-5184, [dramstad@willmarmn.gov](mailto:dramstad@willmarmn.gov)) to discuss what other property or properties might be available in the area.



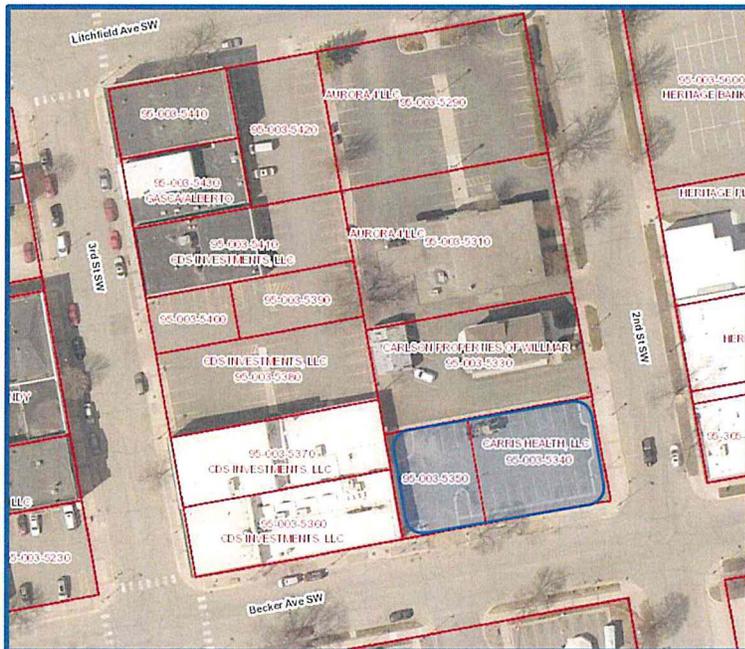
Sites EAST, WEST, and SOUTH 1 & 2 are city-owned parcels that are available for free. Sites NORTH and SOUTH 2 are owned by Carris Health and would be the responsibility of the developer to acquire. The dashed boxes are the approximate locations of existing tunnels. More detailed descriptions and depictions of the available sites can be found on the next two pages.

### 2.3 Depictions of Properties

West 1 & 2: Parcel numbers 95-003-6130, 95-003-6140, 95-003-6150, 95-003-6160



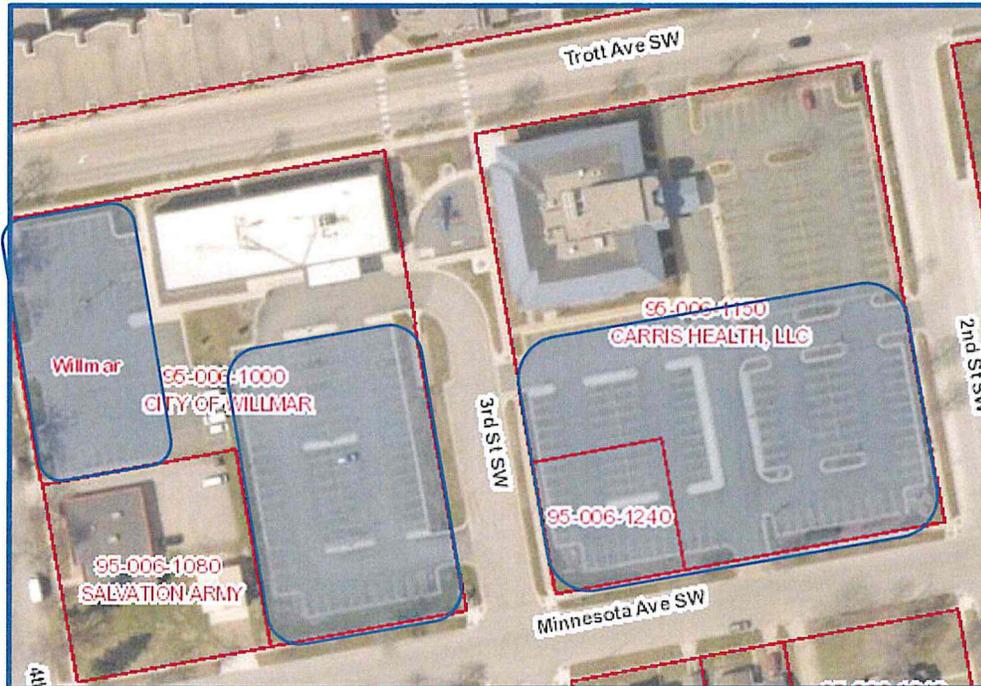
North: Parcel numbers 95-003-5340 and 95-003-5350



**East:** Parcel numbers 95-003-5630 and 95-003-5760



**South 1, 2 & 3:** Parts of Parcel number 94-006-1000, 95-006-1150, and/or 95-006-1240.



## 3. PROPOSAL GUIDELINES

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### 3.1 Vision

The City is looking for a proposal to fit the vision of a connected, accessible hotel providing affordable accommodations to the patients, visitors, and guests of the Rice Memorial Hospital. The vision is for a hotel to cater to three groups of people: people who are visiting or supporting people at the hospital; people who were on either end of receiving treatment or receiving day treatments (e.g. chemo therapy or day surgery); and longer-term housing for visiting medical consultants and other professionals. The hotel should also be able to provide attractive, affordable short- and extended-stay options to other visitors of downtown Willmar. The applicant's development team should present a project proposal that creatively addresses the following requirements and preferences.

A two-round RFP is scheduled. The first round is only open to existing local hotels. Then, if necessary, a second round will be announced for all other applicants.

#### 3.1.1 Requirements

- **Accessibility.** The hotel complex must be accessible for people with mobility challenges, including those using wheelchairs, motorized scooters, crutches, canes, walkers, and even gurneys.
  - Hallways and doorways should be wide enough for gurneys and medical equipment.
  - Elevators should service all floors and be large enough for gurneys and medical equipment.
  - Exterior doors and some interior doors should be power assisted, preference is horizontal sliding doors, not swing doors.
  - All bathrooms should meet ADA accessibility standards.
  - Beds in some rooms should be low enough to the ground to accommodate transfers.
  - Recliners should be available in some rooms for those who cannot sleep in a bed.
  - Check-in areas should allow for interaction with guests who are seated or standing.
- **Laundry.** The hotel must provide accessible washers/dryers for use by guests.
- **Gathering areas.** The hotel complex must contain common area(s) for informal gatherings of people.
- **Conference rooms.** The hotel complex must contain an area that can be split into at least two conference spaces able to accommodate groups of at least 25 people in a classroom setting.

#### 3.1.2 Preferences

- Food available on site.
- Marketplace of necessities for longer, unexpected stays.

- Use of greenery, water features, or other atmospheric features to provide a calm, peaceful atmosphere.
- A clearly marked, accessible path from the hotel to the hospital, with a focus on providing a transition from the hospital atmosphere to the hotel atmosphere. Preference is a visual connection by way of an open-to-below view from the skyway or tunnel level to the main floor.
- A boutique feel incorporating the unique nature and culture of the Willmar area.

### 3.2 Contents

The proposal must address the following:

1. Project narrative.
2. Description of how the planned use fits within the vision statement in Section 3.1.
3. Detailed description of the planned uses of the property, whether and how the project will take advantage of the open zoning process and whether any variances will be requested.
4. Development schedule, timeframe, and estimated construction value.
5. Market study of local hotel vacancy, including an explanation for why the hotel's price point(s) is relatively inexpensive in relation to others in the market, and how the proposed hotel will not directly compete for other Willmar hotels' target market(s).
6. A summary of the proposed hotel's proforma.
7. Description of each of the applicant's role as related to the planned use, (e.g., developer, financier, owner, operation, or combination) and the identity/role of any other partners or collaborators.
8. Resources and experience the developer and other team members have had related to implementing the proposed use.
9. The following terms shall govern all accepted proposal and should be included, as relevant, in the contents of any submitted proposal:
  - a. Any property sold by the City is being sold as-is.
  - b. Any property sold by the City will be conveyed by quit claim deed.
  - c. The developer will be responsible for all surveyor costs incurred in furtherance of the land sale.
  - d. The closing costs may be shared by the City and RFP applicant as negotiated.
  - e. The developer will be responsible for all environmental due diligence and remediation costs.

The proposal must include the following forms:

1. Downtown Hotel/Conference Center application (Attachment A).
2. Application(s) for any other Renaissance Zone incentives proposed as part of the project (Attachment A).
  - a. If tax increment financing or tax abatement incentives are part of the project proposal, the applicant must contact Planning and Development Director David Ramstad (320-214-5184, [dramstad@willmarmn.gov](mailto:dramstad@willmarmn.gov)) prior to submitting such application.

## 4. Submission

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### 4.1 Format

Proposals should be typed and must contain a clear and complete response to each item listed below. There is no specific word or page limit for proposals.

One electronic copy and two hard copies of each proposal must be sent to:

Judy Thompson, City Clerk  
333 Southwest 6<sup>th</sup> Street  
PO Box 755  
Willmar, MN 56021  
[jthompson@willmarmn.gov](mailto:jthompson@willmarmn.gov)

### 4.2 Submission Deadline

Proposals are due by 4:00 PM on \_\_\_\_\_ day, \_\_\_\_\_, 2021.

### 4.3 Proposal Review

The Planning and Development Director and City Administrator will lead the staff review and evaluation of all proposals. The review process may also include Willmar's Development Committee, Planning Commission, and others. The City Council will see all proposals and make a final determination on acceptance.

### 4.4 Post-Acceptance Steps

If the City chooses to accept a proposal, it shall negotiate the specific terms and conditions of a land purchase agreement, and development agreement, if necessary, with the applicant. The City reserves the right to not accept any proposals during Round 1 and/or Round 2. Among the negotiated terms will be a specific timeline according to which the property must be dedicated to the proposed use(s), to prevent the property from reverting to the City.

The City's attorney will prepare documents as necessary to close on the transaction at a mutually agreeable time.

### 4.5 Questions

All questions should be addressed to Planning and Development Director David Ramstad (320-214-5184, [dramstad@willmarmn.gov](mailto:dramstad@willmarmn.gov)).

## 5. CONDITIONS

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1. The City reserves the right to add to, amend, withdraw, and/or cancel, in part or entirely, this RFP for any or no reason and at any time with no liability to any prospective developer for any costs or expenses incurred in connection with this RFP or otherwise. The City further reserves the right to terminate negotiations with any party, following or prior to acceptance of any proposal, at any time. If any part of this RFP is revised, addenda will be posted on the City's website.
2. Information supplied by developer to the City is subject to the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13 ("MGDPA"). Consequently, submitted proposals will become public unless it is otherwise classified by the MGDPA. If a developer believes any other-than-public information will be included in a proposal, they shall identify that data and explain how and why that data falls within one of the MGDPA's exceptions. Notwithstanding the forgoing, the RFP applicants agree as a condition of submitting a proposal that the City will not be liable or accountable for any loss or damage that may result from a breach of confidentiality.
3. The City reserves the right not to accept a proposal from any developer. If the City decides to accept a proposal, it will do so because, in its own judgment accepting the proposal is in the best interests of the City, its residents, and the property generally. The City reserves the right to accept a proposal even if such a proposal does not contain the highest offer price.
4. All materials submitted become the property of the City and will not be returned.
5. The City shall not be responsible for any costs incurred by applicants in connection with this RFP. Applicants shall bear all costs associated with offer submission, attendance at interviews, if any, or any other activity associated with the RFP or otherwise.
6. No applicant shall have a right to make a claim against the City in the event the City accepts a proposal or chooses not to accept any or all proposals. The City by this RFP does not promise to accept the highest offer or any other proposal and specifically reserves the right to reject any or all proposals, to waive any or all informalities or irregularities in the proposals received, to investigate the qualifications and experience of any applicant, to reject any provisions in any proposal, to modify RFP contents, to obtain new proposals, and to negotiate the requested proposal and contract terms with any applicant.
7. The City reserves the right to contact any or all applicants for clarification regarding information presented in submitted offers.

ATTACHMENT A: Renaissance Zone Applications

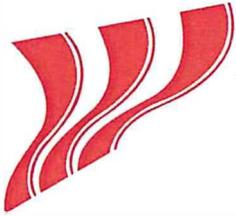
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ATTACHMENT B: Open Zoning Code

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ATTACHMENT C: Renaissance Zone Incentives

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# City of Willmar

## Community Development Committee Action Request

<b>Meeting Date:</b>	4/5/2021	<b>Agenda Item Number:</b>	4a
<b>Agenda Section:</b>	4 - Action	<b>Originating Department:</b>	Planning & Development
<b>Resolution</b>	Yes	<b>Prepared by:</b>	Sarah Swedburg, Planner
<b>Ordinance</b>	No	<b>Reviewed By:</b>	Brian Gramentz, City Administrator
<b>No. of Attachments</b>	1	<b>Presented By:</b>	Sarah Swedburg, Planner
<b>Item:</b>	Application for 2021 Project Assistant Funds Grant		

### RECOMMENDED ACTION:

Motion By: \_\_\_\_\_, Second By: \_\_\_\_\_, to adopt a resolution authorizing staff to apply for and accept if awarded a 2021 Project Assistant Funds Grant through Rethos & Minnesota Main Street in the amount of \$5,500.

### COMMITTEE/BOARD/COMMISSION RECOMMENDATION:

Willmar Main Street recommends adoption of this resolution.

### OVERVIEW:

As a designated Main Street Community, we are eligible to apply for “project funds” from Rethos & Minnesota Main Street every year.

In 2019, we were awarded \$4,200 to contribute to the Retail Business Design Workshops with the UMN Extension and EDC. In 2020, these funds (\$4,000) were used to directly support 5 businesses in downtown Willmar to purchase items for their storefronts that they might not have otherwise invested in during the pandemic.

This year, Rethos Board of Directors has generously increased the funds that are available to each designated Main Street community. We will be applying to use these funds towards the investment of downtown infrastructure items (permanent garbage cans, parklet platforms, etc).

### PRIMARY ISSUES/ALTERNATIVES TO CONSIDER:

- Option A: Adopt the resolution
- Option B: Request further information prior to adopting the resolution
- Option C: Do not adopt the resolution

### BUDGETARY/FISCAL ISSUES:

This grant (\$5,500) will be utilized to invest in downtown infrastructure items. There are no matching funds required.

### ATTACHMENTS:

Resolution

RESOLUTION NO. \_\_\_\_\_

**AUTHORIZATION TO APPLY FOR AND ACCEPT IF AWARDED  
A 2021 PROJECT ASSISTANT FUNDS GRANT**

Motion By: \_\_\_\_\_

Second By: \_\_\_\_\_

BE IT RESOLVED by the City Council of the City of Willmar, a municipal corporation of the State of Minnesota, that City Staff be authorized to apply for and accept if awarded a 2021 Project Assistant Funds Grant through Rethos & Minnesota Main Street in the amount of \$5,500.

Dated this 19<sup>th</sup> day of April, 2021

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
CITY CLERK