



Request for Proposal

*Downtown Retail Hardware Store
Albion Reinvestment Corporation
16000 Michigan Ave., Albion MI 49224*

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Request for Proposals may be obtained by an appointment by calling 517.629.3926 or electronically to TMarch@albionedc.org.

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Introduction

The Albion Reinvestment Corporation (ARC), a 501c3, is seeking a qualified development partner for the “Superior Street Lofts Project” in downtown Albion, Michigan to own and operate a national franchise retail hardware store in the 1st floor commercial space. ARC has been actively working to identify an entrepreneur with a passion for business and thirst to be a part of rebirth of a quaint, historic downtown.

ARC is uniquely positioned to support and accelerate new development in Downtown Albion and is seeking motivated individuals with business experience, proven track record as an entrepreneur in retail, hardware experience preferred. ARC will partner with the new commercial entity to aid in establishing an anchor retail presence in downtown Albion and a successful commercial business.

1. Background/Introduction

Albion Reinvestment Corporation, a 501(c)(3) charitable organization whose primary mission is to combat further deterioration of downtown properties by promoting economic growth in the downtown Albion business district in cooperation with the City of Albion, Albion Economic Development Corporation (AEDC), Greater Albion Area Chamber of Commerce, the Downtown Development Authority (DDA), the Albion Community Foundation (ACF), and other community groups. ARC’s role in community development focuses on the downtown to ignite economic growth and investment. This role involves administering funds to facilitate the acquisition, renovation, and lease and sale of underserved properties to help eliminate blight and encourage businesses to start-up in and relocate to Albion.

The City of Albion has a rich and diverse history. It has weathered many storms, but through it all, residents have been committed to each other and their community. Over the last 187 years, since Albion was founded in 1831, the community has transformed, changed and developed time after time. Now, we believe it is time for another transformation. A transformation that will stabilize, sustain, and grow our community for decades to come.

The momentum that we feel today is because of key community building blocks. These building blocks have received community support, brought residents together and helped us realize the potential that lies within Albion.

- **Kids ‘N’ Stuff Children’s Museum:** In 1998 a group of committed community members had the vision to create a place where children and families could gather together and learn through play. In the heart of Albion’s downtown, Kids ‘N’ Stuff children’s museum opened in 2000 and has remained a constant on Superior Street since then. It was the first organization to put their stake into downtown Albion

transforming a blighted commercial building into an economic driver for the community.

- **Bohm Theatre:** In 2011, Friends of the Bohm was formed to purchase the historic Bohm Theater and begin the process to renovate and restore the theater to its former glory. It took four years, countless hours, and many dedicated citizens to complete the project but in October 2014 the Bohm Theater reopened to the public. With the marquee lights aglow, the community of Albion celebrated, and the momentum continued. Today the theater has a second boutique screen and features live music, including Blues at the Bohm, filling the seats with people from near and far to listen to jazz musicians jam.
- **Ludington Center:** In June of 2016, Albion College announced that 101. North Superior Street would become the Ludington Center to serve as a hub for interactions between Albion College, the City of Albion and the region. The building was the first physical sign of Albion College's commitment to the success of downtown Albion.
- **Courtyard by Marriott:** In March of 2018, the Courtyard opened its doors in the heart of historic downtown. A downtown hotel was just an idea in 2010 but through hard work, persistence, and key partnerships between the Albion College, the city of Albion and the Michigan Economic Development Corporation it became reality.
- **Albion Malleable Brewing Company:** Building on the success and momentum of these projects, 2018 launched two projects to the forefront, the brewing company and Peabody. Three friends, passionate about Albion and beer worked together to open Albion's own microbrewery, Albion Malleable Brewing Company, at 420 S. Superior Street that opened in May 2018. They have created a place where both residents and visitors feel welcome and can enjoy each other's company at the community tables in a casual atmosphere.
- **Peabody Block:** The Peabody Block project was undertaken by ACE Investment Properties. The Peabody Block is Albion's oldest brick building, built in 1852. In October of 2017, the project to renovate and restore the building began in partnership with the Michigan Economic Development Corporation. Recognizing a community need, the first floor hosts the Foundry Bakehouse and Deli, which opened in late April 2019. The second and third floors are made up of four high-end 2-bedroom 2-bath apartment units that were completed in September 2018.



Together each of these projects has laid a portion of the foundation that Albion Reinvestment Corporation will use to propel the vision for a vibrant downtown Albion forward. We recognize the hard work of all individuals involved in these projects over the last 20 years and hope that the partnerships continue to grow and thrive. We believe that Albion is approaching a tipping point because of the groundwork that has been laid before us and with the development planned today the resurgence of the downtown will be well on its way.

2. Project Goals and Scope of Services

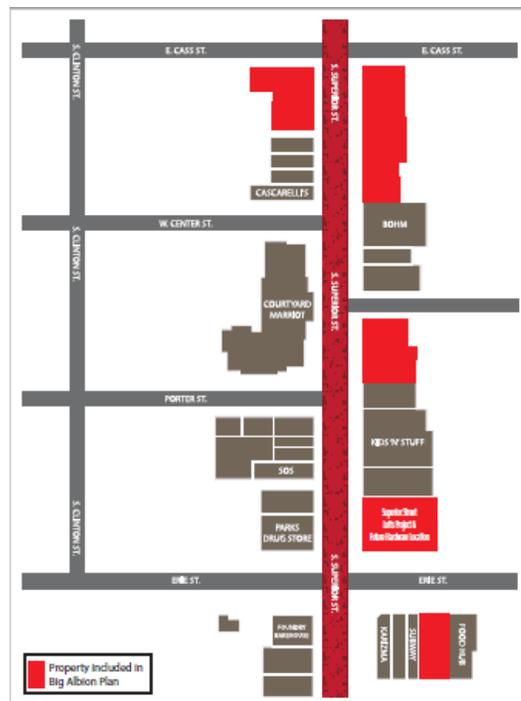
Residents need a hardware store downtown. Their needs are being outsourced to businesses in Battle Creek, Jackson, and Marshall. The Albion Reinvestment Corporation, a public charity charged with the redevelopment of downtown, feels strongly a national hardware franchise probably does not have Albion as their next ideal location to build out their market, but the people of Albion have the determination to bring one here.

Albion is in the process of revitalizing their downtown and the Albion Reinvestment Corporation (ARC) is extremely interested in securing a retail hardware store as an anchor tenant in one of its developments. Today, Albion, Michigan does not have a hardware store, and residents and businesses are outsourcing their business to Battle Creek, Jackson, and Marshall. ARC feels strongly that a hardware store is vital to the sustainability of the community. So strongly, that they are willing to incentivize a national franchisee to grow in downtown Albion.

Depending on the data source, Albion is relatively stable in its population, neither a real increase nor decrease is projected. However, the growth that ARC anticipates in the City with the proposed developments over the next couple years is not forecasted in demographic information easily found by entrepreneurs looking at Albion as an option for siting their business.

Big Albion Plan: Simply stated, the Big Albion Plan (BAP) is a transformational plan to redevelopment most of the downtown over the course of 3-4 years. This audacious, comprehensive effort will be a strategic initiative for investment in the downtown, which was recently designated as a federal Opportunity Zone. It will include a complete rehabilitation of 30 storefronts and approximately 55 upper floor apartments on Superior Street. Once completed, the mixed-use developments will be home to retail “white-box” spaces and mixed-rate loft-style apartments ready for immediate occupancy. The total cost is anticipated to be \$16-\$18 million in public and private funding. BAP consists of projects undertaken by ARC and private developers. It is a comprehensive plan and collaborative effort.

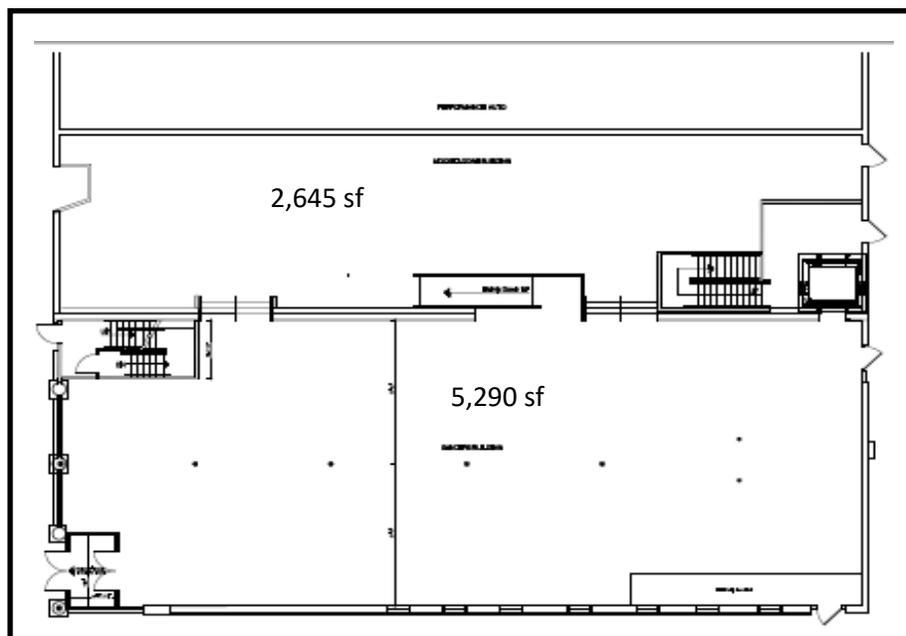
One of the projects under the umbrella of BAP is the Superior Street Lofts Project. A mixed-use development located at the intersection of South Superior and Erie in the heart of downtown. The building, 315 S. Superior, is owned by ARC and the development plans call for 12 upper floor apartments with first floor



1- Big Albion Plan - ARC owned properties in Red

commercial space dedicated to an anchor national chain retail store. The non-profit is looking to partner with an entrepreneur passionate about business and highly motivated and is willing to subsidize lease costs to ensure long-term success and sustainability for the downtown.

Timing: ARC is in the process of identifying funding sources and seeking approvals for community development incentives that will complete the funding stack required to redevelop a historic building into the Superior Street Lofts project. Construction is anticipated to begin in late fall 2019, completed in summer 2020. Immediately thereafter the 12 apartments will be leased, and new life will be added to the downtown footprint. The first-floor commercial space will combine 313 and 315 S. Superior St. approximately 7,900 square feet, white-boxed and ready for your hardware business.



2- Superior Street Lofts - 1st floor commercial space

ARC's Commitment to the Project: ARC's Board and Team will be dedicated to assisting in the development of a successful operation. Our commitment does not end at having the space redeveloped and ready, we will continue as a partner.

- **Buy Local First Initiative** – ARC has launched an initiative to create a sustainable business model for the downtown Albion store. The demographics of Albion, on their own, do not support a profitable hardware store. By adding in a strong business model, with businesses willing to give advance notice for purchases when possible, square footage can be maximized and managed within a smaller foot-print than a typical 10-15,000 square foot hardware model. We are asking businesses that frequently purchase hardware to agree to support local by signing onto the Buy Local First Initiative. Their support would mean the resulting

hardware store would accommodate their needs at a competitive price and together we can improve the quality of life in this community.

- **Subsidized Lease Rates** – ARC will partner with the tenant to increase the successfulness of the operation while the community is rebuilding, and the downtown is in its resurgence. The proposed triple net lease terms for the first 5 years are as follows:
 - Year 1 – \$0/sf
 - Year 2 – 2% of sales, capped at \$3/sf
 - Year 3 & 4 – 4% of sales, capped at \$4.50/sf
 - Year 5 – 5% of sales with a cap of \$6/sf

Security deposit and an executed and recorded Development Agreement between ARC and the tenant will be required.

- **White-Boxed Commercial Space with Negotiated Custom Build-Out** – For all the ARC redevelopments, the commercial space will be white-boxed for the end-user. The earlier a tenant is identified, the more probable it will be to factor in some of the build-out customization that will be required for the end-use. For an anchor tenant, ARC would be willing to coordinate the build-out, provided the tenant is identified before build-out occurs, to ensure that in the process of white-boxing nothing is done to prohibit the end-use. ARC will be open to discussions on how best to coordinate and accommodate users' preferences.

The result ARC aims to accomplish is to have a thriving downtown, supporting an anchor hardware store and have a dedicated, community-driven entrepreneur leading the commercial organization. ARC promises to do its part and wants the same dedication from those they partner with. Are you that individual?

Potential Assistance: Financial incentives can be available to assist in financing the operation. In addition to traditional commercial loans, Albion has dedicated resources for start-up businesses:

- **New Albion Impact Group** – The New Albion Impact Group (NAIG) works with entrepreneurs and partners with Albion College, and other for-profit, charitable, educational, and government organizations to build a new model of economic sustainability through impact investing in the community. The mission of NAIG is to attract new business in a diverse, low-income community; retain and grow existing businesses; focus on investments that leverage the vision of a new, sustainable community; and make strategic investments to assist companies in all stages of growth. The group will help local entrepreneurs fill “main street” by creating jobs for a diverse community.
- **City of Albion Revolving Loan Fund** – The Albion EDC administers a revolving loan fund. The mission of the RLF is to revitalize the local economy and to retain, expand and recruit businesses and industry to the area. The purpose of the fund is to promote job creation in the greater Albion area by making loans to

- new and expanding enterprises that are unable to obtain the full financing from private and traditional sources. Funding can be used for working capital, fixed-asset financing, inventory, renovation of commercial and industrial developments, real estate improvements and access to start-up and construction financing. For more information on the RLF Program, please contact the Albion EDC at 517.629.3926
- [Small Business Administration](#) - Partnering with private lenders and non-profit institutions, the SBA provides long-term, low interest rate loans to assist small businesses when traditional financing is not an option.
 - SBA 504 Program – The 504 is a long-term, low interest rate financing tool for capital asset projects.
 - 7(a) Loan Guaranty Program – the 7(a) has the broadest eligibility requirements and credit criteria and can be used in a variety of financing needs.
 - [Federal Opportunity Zone](#) - Opportunity Zones are a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term private sector investments in targeted urban and rural communities nationwide. The Opportunity Zones program provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds that are dedicated to investing into designated Opportunity Zones. The fund invests at least 90% of its assets in Opportunity Zone properties, either directly or through qualifying corporations or partnerships. Albion has one census tract that is designated as an Opportunity Zone, including the downtown business district.

3. Anticipated Selection Schedule

Proposals Submitted: All proposals are due to ARC at the following address by close of business on September 13, 2019. An electronic version should be provided to adeprez@ablionedc.org. If you wish to have a hard copy supplied to the evaluating committee, please provide 5 complete copies to: Albion EDC, PO Box 725, 1002 N. Eaton Street, Albion MI 49224.

Evaluation Period: Proposals will be evaluated during the next 60 days, with a decision anticipated by November 15, 2019. If additional information is required to effectively review a submission, it will be requested. Participants will have three (3) business days to respond with the appropriate information. Evaluation Committee will consist of ARC Board of Directors and other essential parties.

Notification: All respondents will receive communication electronically (please provide a contact email) upon receipt of the proposal, as well as with a final status of selection.

4. Elements of Proposal

This is the entrepreneur's opportunity to sell their retail vision to the Committee. It should fairly represent your individuality, marketing, long-term goals, and how you plan to make this operational successful. Projected financials should also be included. All proposal must include at a minimum the following information:

- Business Plan (refer to standard template)
 - Cover Page
 - Executive Summary
 - Company Introduction
 - Market Analysis /Marketing and Sales (include SWOT)
 - Management & Operations
 - Financials
 - Assumption Page
 - Cash Flow Projections
 - 5 years projected Revenue and Profit & Loss
 - Start-up and Growth Capital Needed
 - Build-out budget
 - Identify expectations for ARC covering any of this cost
 - Sources and Uses for Funding Project
- Legal Name of Entity
- Ownership Identification for any owner over 5%
- Affirmation of No Litigation or Explanation of Litigation, including pending within the last 10 years for company and any owner 5% and over
- Architecture/Initial drawings and Conceptual Development Plan

5. Evaluation Criteria

Proposal Considerations for Selection: ARC will award this opportunity based on the following criteria:

- Experience & Knowledge of business and retail hardware operations
- Persuasive Proposal & Viability of Financing and Venture
- Overall Proposal Content & Conceptual Plan
- Impact for the Community/Downtown
- Partnership with ARC and Community

6. Miscellaneous

Only ARC will issue press and media releases or other public announcements pertaining to this RFP and the proposed anchor tenant.

By submitting the proposal, you are agreeing to potential public consumption of this information as the Albion EDC is a public entity.

The Economic Development Corporation (established by adoption of articles of incorporation dated July 29, 1977) and the Tax Increment Finance Authority are separate legal entities, which for purposes of coordination were merged by action of the City Council May 3, 1982. The Brownfield Redevelopment Authority is also a separate legal entity. The EDC was designated by City Council as the BRA governing body on Dec. 4, 2000.

The Albion EDC has a memorandum of cooperative agreement with Albion Reinvestment Corporation that allows for sharing of staff with the non-profit organization to further the redevelopment needs of the community.