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Some of the Twin Cities metro area sites submitted for the Amazon HQ2 competition included the Ford plant site in St. Paul (upper left), the former Twin Cities Army Ammunition Plant site in Arden Hills (upper right), the Upper Harbor Terminal property in Minneapolis (lower left) and the West Publishing site in downtown St. Paul (lower right).

Expert: How Minnesota fell short in Amazon bid

By: Matt M. Johnson February 7, 2018

When the Twin Cities missed the cut for Amazon's second headquarters, the reaction here was mostly Minnesota Nice — but not so nice from a guy in New Jersey who advises companies where to move.

“Clearly it’s a black eye,” said John Boyd Jr., a principal with the Princeton, New Jersey-based site selection firm Boyd Co.

Boyd should know. He has followed the HQ2 pursuit by 238 cities since it started last fall and has given his expert opinion to publications including Inc. magazine, the Chicago Tribune and the Washington Post. He also knows Minnesota well, having worked with clients including Medtronic in Fridley.

The Twin Cities area was a “surprising omission” from the list, he said, along with Detroit and Baltimore.

Officials in the Twin Cities that submitted sites for consideration were more diplomatic.

“While Amazon decided to pass, we are confident St. Paul’s investments in social capital, infrastructure and vitality make it a compelling location for businesses to grow and thrive,” said Hannah Burchill, a spokeswoman for the city’s Planning and Economic Development Department, in an email to Finance & Commerce.

St. Paul submitted at least two sites for consideration, though Burchill declined to name them. As Finance & Commerce has reported, the Ford plant site and the West Publishing site were submitted.

“It was certainly disappointing,” said David Olson, Lakeville’s community and economic development director. The Twin Cities suburb submitted a 176-acre site near the Airlake Industrial Park for Amazon’s consideration.

But outside the machinery of the local response to Amazon’s request for proposals for HQ2, the fact that none of the 18 Twin Cities sites made the list seemed a snub.

The Washington Post lends credence to Boyd’s shock about the exclusion from the list. The newspaper, owned by Amazon founder Jeff Bezos, subjected the finalists and Minneapolis to an evaluation based on criteria in Amazon’s RFP. The result? Minneapolis beat out all but four of the finalists on the quality of its business environment, its ability to attract and retain talent, and in its commitment to mass transit.

“The clear loser is Minneapolis,” according to the writer, noting that “others with weaker resumes moved on” to the finalist round.

What exactly went wrong for Minnesota isn’t clear. The state’s response to the RFP will remain confidential, said Mike Brown, Greater MSP’s vice president of marketing and communications. The response was written by the regional economic development group with assistance from the Minnesota Department of Employment and Economic Development.

But Boyd has his suspicions, even though he has not seen the Greater MSP submission. He said the Twin Cities and Minnesota fell short in identifying incentives to offset what Boyd said is the high cost of doing business in the state. The state offered up to \$5.4 million in incentives through DEED, according to the state agency’s documents.

Although some of the cities that made the top 20 offered less or even nothing, some are prepared to give much more. Newark, New Jersey’s entry into the contest for HQ2 comes with an offer of \$7 billion in aid, Boyd said. Another finalist, Boston, brought a more modest \$92.1 million to the table, according to its RFP response.

“There needs to be a stronger message about incentive packages,” Boyd said in an interview on a recent trip to Minneapolis. “It’s the second war between the states.”

Minnesota should have also hit hard at Amazon’s interest in growing its health care sales. The state missed an opportunity to “remind the world that it is the epicenter of the nation’s medical device industry,” he said.

Amazon plans to spend about \$5 billion on a new headquarters that would employ about 55,000 people. Greater MSP declined to release the final list of potential Minnesota locations, but some are known, and some cities have been willing to identify the sites they offered.

The list included a 427-acre portion of the former Twin Cities Army Ammunition Plant in Arden Hills, the vacated Ford plant in St. Paul, and the one-time West Publishing site on the downtown St. Paul riverfront, according to Boyd. The master developer of the TCAAP site even envisioned a design dubbed “Spaceship Amazon” that would have centered on a soaring blue and silver tower for the online retailer.

Minneapolis submitted four sites to Greater MSP to include in the RFP response, said David Frank, interim director of the Minneapolis department of Community Planning and Economic Development. Those areas are:

- The North Loop farmers market in the southeast quadrant of Lyndale Avenue and Olson Memorial Highway.
- The Towerside Innovation District near the University of Minnesota’s TCF Stadium.
- The Upper Harbor Terminal property between Dowling Avenue North and 36th Avenue North, just off Second Street North.
- A city-owned portion of the Bassett Creek valley that includes an impound car lot.

Frank has not seen the RFP response Greater MSP submitted, so he said he could not respond to the veracity of its argument for the Twin Cities as a site for HQ2. But he said he expected Minneapolis to do better than being eliminated in the first round of cuts.

“Yes, we were hoping we would be on this list when it came out to validate our belief that we are a great place for business including for outside business to locate,” Frank said.

Greater MSP has a different takeaway from the Amazon RFP process, said Brown. The organization’s response, he said, portrayed Minnesota in a “compelling manner.”

“The lessons learned is that working as a partnership we can provide a stronger response to requests such as these,” he said in an email to Finance & Commerce.

Amazon already has a 2.3 million square-foot fulfillment center in Shakopee. Amazon also moved in October into 103,000 square feet of office space it leases in the T3 building in Minneapolis’ North Loop neighborhood, according to CoStar.

Whether or not the Twin Cities made the finalist list probably would not have affected the final outcome, Boyd said. The Twin Cities area was a “long shot” to win the contest. Even so, the omission doesn’t seem to line up with the growth and development the area has seen in recent years, or the heightened profile Minneapolis received with last weekend’s Super Bowl at U.S. Bank Stadium.

Amazon’s finalists, in alphabetical order, are Atlanta; Austin, Texas; Boston; Chicago; Columbus, Ohio; Dallas; Denver; Indianapolis; Los Angeles; Miami; Montgomery County, Maryland; Nashville; Newark; New York City; Northern Virginia; Philadelphia; Pittsburgh; Raleigh, North Carolina; Toronto; and Washington, D.C.

Still, Boyd said he hopes the Twin Cities area does not let up on attracting major relocations, particularly with its recent national exposure.

“Hosting a Super Bowl is a crown jewel,” he said. “It puts Minneapolis front and center in the global discussion.”