

Request for Proposals

Building In Duluth 2011 (BID 2011)

Duluth Economic Development Authority

The Duluth Economic Development Authority (DEDA) is seeking proposals for Building In Duluth 2011 (BID 2011). BID 2011 is a temporary economic development incentive program designed to stimulate private construction or substantial rehabilitation in the City of Duluth. The goals of the program are to create positive economic investment in Duluth, to employ construction workers, and to make physical improvements to Duluth's infrastructure.

PROCESS OVERVIEW

Proposals will be evaluated and projects will be selected for funding as follows:

- Qualifying proposals will be reviewed and ranked based on the selection criteria. See Proposal Evaluation Criteria and Selection Process for more information.
- The development teams representing the top-ranking proposals will be interviewed.
- It is anticipated that three or more projects will be selected for funding. However, DEDA reserves the right to reject any or all proposals, and further reserves the right to enter into agreements in the best interest of DEDA.
- For selected projects, Development Agreements will be formalized between the developer and DEDA to describe the project and specify the assistance to be provided.
- Project agreements will require the approval of DEDA and the Duluth City Council.
- Projects must be started by July 1, 2011. DEDA resources must be expended by December 31, 2011.

Proposals must be received by DEDA by 2 p.m. CST on December 17, 2010 in **both** of the following formats:

- **Six** hard copies of each proposal, mailed to:
Brian Hanson, Duluth Economic Development Authority
Room 402, City Hall, 411 W First Street
Duluth, MN 55802 **and**
- **Electronic version** on CD or via email to Bronwyn Lipinski at blipinski@duluthmn.gov.

Facsimiles will not be accepted. All pages must have a one-inch margin on all sides and should be created with a 12 point Arial, Calibri or similar easy-to-read font. Questions related to the BID 2011 RFP should be directed to Brian Hanson (730-5322) or Heidi Timm-Bijold (730-5324).

FUNDING AMOUNTS

The maximum DEDA investment amount will be \$350,000 per project. DEDA funds cannot exceed 20% of the total construction project cost. In order for a project to qualify, the proposal will need to demonstrate that the private development would not have commenced

by July 1, 2011 “but for” the availability of these DEDA funds. The DEDA investment is anticipated to be provided in the form of a direct loan, grant, or equity investment. Forms of investment will be tailored to meet the needs of the individual project and the goals of the program.

ELIGIBLE APPLICANTS

Private individuals or businesses with private development in the form of a construction or substantial rehabilitation project in Duluth which will result in an investment in excess of \$500,000 and contribute to the achievement of program goals.

ELIGIBLE PROJECT EXAMPLES

- Construction of new commercial or industrial buildings.
- Speculative construction of buildings to meet future economic development needs.
- Substantial redevelopment of existing commercial or industrial buildings.
- Construction that eliminates blight and contributes to neighborhood redevelopment.

INELIGIBLE PROJECTS

- Projects not including new construction or substantial rehabilitation of buildings.
- Projects less than a total investment of \$500,000.
- Projects that are generally harmful or hazardous to the public.
- Projects undertaken by public entities or buildings that are publicly owned.
- Projects that have the ability to proceed prior to July 1, 2011 without DEDA assistance.
- Housing projects.

PROPOSAL

The proposal should consist of a cover page, up to seven pages of complete, concise narrative responding to the questions below, and attachments. **The proposal cover and narrative should not exceed 8 pages.** *However, additional pages will be allowed for the submittal of one page resumes for each of the development team members and other required attachments.*

PROPOSAL COVER PAGE (one page)

Applicant Information

Developer Name, address, key contact name/title, telephone number, fax number, and email address. Include the Federal ID number and Minnesota Tax ID number as applicable.

Proposal Information

Proposal Name / Location: Name of the business or development proposed.
Total Project Cost: Construction only - not including equipment or working capital.
DEDA Funds Requested: Amount and type of funding requested (loan, grant, equity, etc.)

Proposal Summary: Briefly describe the project in 40 words or less.

PROPOSAL NARRATIVE (up to seven pages, plus attachments)

Business Plan Summary

- Provide business description and brief history.
- What is the market for your product or service?
- Who are your key suppliers and where are they located?
- Who are your key competitors and where are they located?
- What are the key success factors for the business, and how will they be met?
- How will this project and DEDA assistance contribute to the success of the business?
- Summarize key growth and expense assumptions related to attached projections

Specific Site Identification – Provide details related to the following:

- Name and address of site.
- Parcel identification, legal description, acreage of site, square feet of building(s).
- Zoning information (under old zoning / land use and new Unified Development Code).
- Is the building or site located in a historic district or considered historically significant?
- Current condition of the site and environmental issues, if any.
- Current owner of site, who will develop site, who will own the site after development?
- When was/will the property be purchased and for what amount?
- If the site is not currently owned, demonstrate site control.
- Current assessed value, and assessed value after the development / redevelopment.
- Current property taxes and projected taxes after redevelopment / final development.
- Explain any difficulties anticipated to complete the project.
- Describe how development or redevelopment of the site will improve conditions in vicinity and/or spur adjacent development.

Job Creation and Retention

- Projected construction jobs to be created during project (person-hours & total payroll).
- Projected new jobs created. List position titles by number of jobs (FTE or PT) and expected hire date.
- Projected job retention. List position titles by number of jobs (FTE or PT) and former location of retained jobs.

Developer / Third Party / Company Commitment

If there is a commitment from a third party owner/tenant for on the site after redevelopment/development, please provide the third party/tenant name, contact person/title, and contact information. Attach a letter(s) of commitment if available.

Capacity

Demonstrate likelihood of proposed project success and administrative capacity. In addition to the quality of the proposal, DEDA staff will review past project successes, experience and skills identified in the proposal. Attach one page resumes for each development team member.

ATTACHMENTS

1. Project Budget Narrative / Sources & Uses

The budget narrative for the project should include a demonstrated need for DEDA's financial assistance in order for the project to go forward in a timely manner. Use common budget line items, such as staff or salaries, utilities, acquisition, site improvements, infrastructure, equipment, construction costs, etc.

- Sources: Identify specific sources of funding, type of funding, amount, and the status of those funds (secured, commitments, application submitted, date of commitment or date of application for funds) to be used in implementing this proposal. If not secured or no commitment, give date when commitment can be expected. If construction financing is pending, list date expected to close on financing. Attach letters of commitment.
- Uses: List all uses. Describe what costs the DEDA funding will be specifically used for in the project. Attach estimates or proposals if available.

2. Timeline

Provide a detailed project schedule outlining the individual tasks and schedules of the overall project including redevelopment/development tasks and activities necessary to start and complete the subsequent project within the stated time frame (Start no later than July 1, 2011 and ensure that DEDA resources are expended no later than December 31, 2011). Use a timeline format that shows the tasks by month for 2011. (Include any factors which could change or delay this schedule.)

3. Site Plan and Project Detail Drawings

4. Financial Statements & Projections

- Provide 2009 and September 2010 year-to-date income statement, balance sheet and cash flow statement.
- Provide summary level income statement and balance sheet projections for 2011, 2012 and 2013, including narrative describing significant assumptions and fluctuations.

Proposal Evaluation Criteria and Selection Process BID 2011

PROPOSAL EVALUATION CRITERIA

Proposals will be reviewed by DEDA staff and evaluated upon the following criteria which are weighted for importance in the ranking process:

Criteria 1- 7 have a weight of 5.

1. Clear and articulate business plan and strategy.
2. Projections are consistent with the strategy and are supported.
3. Creates a positive economic investment in Duluth, employs construction workers, and makes a physical improvement to Duluth's infrastructure.
4. Creation or retention of jobs. The creation of construction jobs for the proposed project qualifies; preference will be given for well-paid, permanent jobs.
5. Demonstrated ability to commence project by July 1, 2011 and complete it on or before December 31, 2011. This will include a project timeline that is reasonable and includes all major tasks that need to be completed to keep the project on schedule.
6. Demonstrated need for assistance. But-for test, but for DEDA's assistance the project could not go forward by July 1, 2011.
7. Project leverages public investment by at least 4 to 1; preference will be given for higher leverage. Letters of commitment are attached to proposal.

Criteria 8 – 12 have a weight of 3.

8. Sources and Uses budget clearly identifies all project funds secured and anticipated; budget clearly identifies all major uses by line item and includes all project costs.
9. Business plan is consistent with the City of Duluth Comprehensive Plan Principles or other recognized plans and is consistent with the Unified Development Chapter, including sustainable development principles where applicable.

10. Likelihood of proposed project success and demonstrated administrative capacity. (This will include quality of proposal, development team resumes and the business owner's expertise, resources, experience and skill areas.)
11. Business development proposal that clearly identifies public benefits or a contribution to the public infrastructure. Construction or major rehabilitation projects resulting in new jobs or new or expanded services in the Duluth, the re-use of under-utilized commercial or industrial sites or buildings, and/or construction contributing to neighborhood redevelopment are examples of projects providing public benefit.
12. Degree of readiness of project. Site acquired. Appraisals (current and expected) are complete. Environmental assessments are complete. Matching funds are secured. Required permits are secured.

SELECTION PROCESS

The selection process is as follows:

- Proposed projects will be reviewed for completeness and eligibility by DEDA staff.
- DEDA staff and technical reviewers will then review and rank each application based on the merits of the project and weighted scoring criteria.
- Interviews will be conducted with development teams representing the top-ranking proposals.
- Interviewers will reassess scoring incorporating information obtained in the interview process.
- It is anticipated that three or more projects will be selected for funding. However, DEDA reserves the right to reject any or all proposals, and further reserves the right to enter into agreements in the best interest of DEDA.
- Selected projects will need approval by DEDA and the City Council.

Clarifications BID 2011

The following is a clarification of the definition of a term used in the BID 2011 RFP:

1. “Total Construction Project Cost” is the cost of all construction-related expenses, including permanently attached building fixtures. This includes the land, labor, materials and professional services associated with such. *Total Construction Project Cost does not include other items such as furniture, equipment or working capital.*

DATA CLASSIFICATION NOTICE

Not public data when benefit requested. Please be advised that the data submitted to DEDA pursuant to the Request for Proposals for BID 2011 are classified as private or nonpublic data under the Minnesota Data Practices Act, Minn. Stat. 13.591, subd. 1: financial information about the business, including credit reports; financial statements; net worth calculations; business plans; income and expense projections; balance sheets; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Public data when benefit received. Please be advised that data submitted to DEDA pursuant to the Request for Proposals for 2011 become public pursuant to the Minnesota Data Practices Act, Minn. Stat. 13.591 Subd. 2 when financial assistance is provided by DEDA, except that the following data remain private or nonpublic: business plans; income and expense projections not related to the financial assistance provided; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds.