



**August 10, 2023**  
**23-AA11 Request for Proposals**  
**Primary Developer for Lester Golf Course**  
**Duluth, Minnesota**

## **23-AA11 Request for Proposals**

### **Primary Developer for Lester Golf Course Development Site**

#### **Duluth, Minnesota**

Release Date: Thursday, August 10, 2023 Thursday,  
Proposals Due: September 21, 2023, at 4:00 pm Central Time

#### **Invitation**

The Duluth Economic Development Authority (DEDA) as land owner, in partnership with the City of Duluth (together, the City), is seeking proposals from qualified developers, development teams, or other qualified entities to serve as Primary Developer (the Developer) responsible for a once-in-a-lifetime, large-scale, transformative development opportunity: Assembling and leading a planning and design team (the Team), recruiting other developers (Secondary Developers), and partnering with the City for the phased development and build-out of the 37-acre former Lester Golf Course site as a high-quality, mixed-use, mixed-income residential community that includes both market rate and affordable housing options.

#### **Overview**

The City is seeking a Developer capable of leading the planning, development, design, and build-out of an approximately 37-acre portion of Lester Park Golf Course (the Property). The Property is part of the current Lester Park Golf Course, a 268-acre property located at 1860 Lester River Road, Duluth, MN 55804. Located in the eastern side of the City, the Property is situated near the popular Lester Park and the beautiful Lester River. This area is known for its spectacular scenery, rich history, and impressive views of Lake Superior.



The selected Developer will assemble and lead a Team of consultants and Secondary Developers in the creation and implementation of a development plan that includes mixed-use residential development at a range of price points, including both market rate and affordable housing. This development plan will harmonize with the natural beauty of the adjacent parklands – including Lester Park and the remainder of the golf course, which will remain parkland – and will complement the City’s adopted Essential Spaces: Parks, Recreation, Open Space and Trails Master Plan.

The selection of the Developer will be based on the background and ability of the Developer, Team, and Secondary Developers to develop the site in a way that meets the City’s goals. The City’s intent is to select one Developer and enter into an exclusive development agreement to create and implement a plan for development on the property.

### **The Duluth Community**

The fifth-largest city in Minnesota, Duluth has a population over 86,000, is a regional employment center, and hosts millions of visitors annually. Duluth’s Metropolitan Area, the largest Metropolitan Area on the shores of Lake Superior, is home to more than 250,000 people. The fastest growing demographic is 25–34-year-olds, seeing an increase of over 25% in the last five years. Duluth is nationally recognized as a city uniquely positioned for resilience to climate issues.

Nestled on the shimmering shores of Lake Superior, Duluth, MN, is an enchanting gem that seamlessly blends breathtaking natural beauty with a vibrant cultural scene. This bustling city is a haven for outdoor enthusiasts, history buffs, and art lovers alike – boasting over 9,000+ acres of parkland, 300 miles of trails, an impressive array of galleries and theaters, a mix of niche and nationally recognized retailers, and a thriving food and beverage scene.



Duluth has three highly ranked college institutions, which are rated among the best in the nation for liberal arts education. They offer a medical school and top-notch engineering programs. Duluth is also the home of two regional medical centers which together have invested over \$1B in major expansion projects, including the newly completed, \$900M Essentia St. Mary's Medical Center, which welcomed its first patients at the end of July. The Port of Duluth-Superior is the farthest-inland freshwater seaport, connecting the heartland of the U.S. and Canada to the rest of the world. Duluth's economy is characterized by its resilience, diversification, and emphasis on sustainable growth. The city's strategic location, coupled with its strong port activity, manufacturing industries, healthcare, education, tourism, and emerging tech sectors, creates a balanced and prosperous economic environment for businesses and residents alike.

In summary, Duluth is home to abundant natural resources and recreation, robust industry clusters, leading educational campuses, and some of the most breathtaking natural scenery in the country. Duluth combines natural beauty, cultural vibrancy, economic opportunity, and a strong sense of community, making it an unrivaled place to live, work, and play.

### **Objectives**

The City seeks to work with a Developer and their Team of consultants and Secondary Developers, in the planning and development of a major, transformative project that will complement the character of the city and the parklands surrounding the site, while adhering to the governing principles of Duluth's comprehensive plan, Imagine Duluth 2035. The primary purpose of this process is to identify and select a qualified Development team that clearly has the experience, vision, and financial capability to plan, design, and execute a quality development project consistent with the City's objectives for the Property. The City is primarily interested in high-quality, safe, residential development for persons of all income levels including families and seniors. The City encourages projects that include a complementary mix of residential, including single-family-homes, twin-homes, townhomes, and larger multifamily buildings, as well as commercial uses, with an emphasis on affordable multi-family residential projects.

All proposals should strive, to the greatest extent possible, to meet the following objectives:

1. Provide a creative project approach that integrates high-quality site planning and design with a program of phased development, while clearly outlining the roles of the Developer, their Team, and any Secondary Developers, as required to build out the entire site with an appropriate mix of real estate products over a reasonable timeframe
2. Demonstrate the expertise of the lead Developer and the project design and development Team in facilitating site planning and design processes, including the team's ability to communicate and work effectively with city officials and the community
3. Demonstrate an understanding of the surrounding neighborhood, community, political context, and the city in general, to inform a planning and design process that is appropriate to the site



4. Describe the ability and experience of the Developer, Secondary Developers, and consultant Team members, in creating high quality and marketable housing and other real estate products that will contribute positively to the City's tax base
5. Demonstrate experience in producing both market rate and affordable housing products, recognizing the City's strong preference that the development plan and any residential development projects consist of both market rate and varying levels of affordable/workforce housing which is priced appropriately for the median income Duluth household
6. Demonstrate knowledge, experience, and qualifications related to energy efficiency, context-sensitive site design, low impact development, and other sustainable development practices
7. Demonstrate how the development plan will harmonize with the natural beauty of adjacent parklands

### **Property Attributes**

The Property is 37 acres of prime real estate, offering spectacular views of Lake Superior, off-highway access, and proximity to neighborhood amenities. Located at the gateway between the charming Lakeside/Lester Park Neighborhood and the North Shore, the Property is well situated for access to neighborhood conveniences and exemplary greenspaces of Brighton Beach, Lester Park, and the world-renowned North Shore. The Property features a landscape that undulates steadily downward north-to-south for approximately 1/4-mile, changing nearly 100-feet in elevation. The Lester River Road and Minnesota Highway 61 define the Property's impressive west-to-east breadth of 3/4- mile.

The Property provides the following features:

- Approximately 4,000 feet of road frontage along a mix of road types, including MN Highway 61;
- Sweeping views of Lake Superior and the surrounding natural landscape;
- Immediate adjacency to hundreds of acres of city park land/greenspace, and miles of hiking, biking, and snowmobile trails;
- Public utilities, including water, on the southwest corner of the site leading to the current clubhouse. Extending utilities to other portions of the site should be evaluated. Existing water pressure has been evaluated and is suitable for development and fire protection services up to an estimated 760-ft elevation (including building height); and
- Proximity to existing neighborhood amenities and services

### **Zoning & Uses**

The Property is zoned MU-N – Mixed Use Neighborhood. The MU-N district is established to accommodate a mix of neighborhood serving non-residential uses and a range of residential uses, including detached housing, attached housing, and multi-dwelling units, potentially located in efficient proximity to one another. Non-residential uses may include small-scale retail, service, and professional offices that provide goods and services to the residents of the surrounding neighborhoods. A comprehensive table of allowable uses can be found in the City of Duluth's Unified Development Chapter, Section 50-19.

### **Development for Housing and Mixed Use**

The site is the former Lester Golf Course, a park property formerly owned by the City of Duluth (City). In December 2021, the property was conveyed from the City to DEDA because it was deemed to be surplus to the City's needs and conveyance of the property to DEDA for redevelopment was in conformance with the City's Comprehensive Plan. The City conveyed the property to DEDA for "housing and other development purposes" with the objective that the site shall become a mixed-use, "Mixed Income Development" or "Multi-Family Residential Development." Key definitions from the conveyance documents include:

- **Affordable Housing Definition:** "Affordable Housing" shall mean owner occupied or rental housing for which the occupant(s) is/are paying no more than 30 percent of their income for gross housing costs, including utilities, as defined by the U.S. Department of Housing and Urban Development."
- **Affordable Project Definition:** "Affordable Housing Project" shall mean a multi-family residential structure or structures, which shall be no fewer than forty (40) units in size, with the purpose of providing Affordable Housing."
- **Mixed-Income Development:** "Mixed Income Development" shall mean a multi-family residential development, which must include no fewer than twenty percent (20%) of the total units reserved for Affordable Housing.
- **Creativity and Flexibility:** Developers are encouraged to propose creative solutions and may consider spreading affordable housing across multiple AMI levels and across multiple phases of the project, and across the site.
- **Complexity and City Goals:** The City recognizes the complexity of the project and encourages Developers to propose creative solutions for planning, phasing, distribution of different market rate and affordable housing types, and provision of public improvements that reflect the City's goals for the property.

### **DEDA Conveyance of the Property to Developers – Public Sale Process**

The City will strive to enter into an Option Agreement with the selected Developer for sale of the property by year end 2023. The City anticipates that the Developer may propose subdividing the property and acquiring the land one parcel or Tract at a time, to minimize carrying costs and reflect the phasing of different projects on the site and the absorption of new real estate product over time. The following are specific development requirements related to the sales of land, per the conveyance agreement between the City and DEDA:

- **Minimum Tract Size:** DEDA shall sell the Property as a whole, or divided into two or more Tracts, but in any case, no tract on the property shall less than 2.5 acres in size.
- **Minimum Affordable Housing Requirement:** The development should include at least 80 units of affordable housing on not less than five acres of land.
- **Maximum Commercial Development:** No more than 80,000 square feet of commercial/retail space should be developed on the property (no minimum requirement for commercial).
- **Land Sale Price:** DEDA will sell land to the Developer at a negotiated price that may be no less than the property's independently appraised market value of \$50,048/Acre, unless approved in advance by the City Council.
- **No Speculation:** Land sales shall be for development only, not for speculation.

### **Potential Assistance Provided to Developer**

To ensure the successful completion of this project, the City may consider the establishment of a Tax Increment Finance (TIF) District if deemed necessary, subject to approval by the Duluth Economic Development Authority and the Duluth City Council, as well as statutory requirements, to support financing of the development. Requests for financial assistance will be evaluated using the City's adopted business subsidy criteria ([https://mn.gov/deed/assets/2012-duluth\\_tcm1045-132609.pdf](https://mn.gov/deed/assets/2012-duluth_tcm1045-132609.pdf)). The City also recognizes that, in addition to public subsidy, the complete build-out of the site will require the provision of streets, utilities, and other public improvements. The City will work with the Developer to plan for the funding and construction of these improvements. Potential funding sources for the project and the public improvements may include but not be limited to, TIF (above), partnerships with other state and local units of government, and grant opportunities. More generally, City staff will collaborate with and assist the Developer to the greatest extent possible to ensure success for both parties. In the case of public subsidy, the Developer should assume that they will be required to pay no less than the current prevailing wages and execute and comply with a Project Labor Agreement (PLA), including a Community Benefits Plan.

### **Primary Developer Role**

The City anticipates partnering with a Developer for the planning, development, design, and build-out of the entire Property, with the understanding that Secondary Developers may be involved and that complete site build-out will take time and will likely be phased. Based on this assumption, the City will rely upon the Developer to provide the following:

- Site planning, including
  - Plan for dividing or platting the property if multiple parcels or tracts;
  - Phasing plan for individual parcels/tracts/building project(s)
  - Plan for the provision of public improvements:
    - Construction, ownership, and maintenance of streets, utilities, and related public improvements
    - Conceptual plan for public investment in and/or cost-sharing of public improvements
- Conceptual timeline
  - Provide a conceptual project timeline, from Developer selection and contract execution through site planning and complete site build out, including a phasing plan that reflects the City's priority of providing affordable housing
  - Include conceptual timelines for the development of individual projects, including design, entitlements, construction, and stabilization
- Recruiting and leading of the Project Team
  - The Developer will be responsible for recruiting the consultants, contractors, and other vendors and service providers required to fully implement the project
  - The selection of design Team members and Contractors is at the discretion of the Developer
- Recruiting of Secondary Developers
  - Identification of which portion of the overall project will be developed and constructed by the lead Developer (e.g., site plan, land development, specific projects, etc.)
  - Identification of other potential Secondary Developer(s) for individual project(s)

- Compliance with all plans and codes
  - The Developer will be responsible for the developing the program, site plan, site design, and individual project designs. The City's role in design review will be through the traditional entitlement and construction permitting processes
  - Developer will be required to comply with sustainability standards as required by Section 50-29 of the Unified Development Chapter for the entire property and all individual parcels if the site is to be subdivided and developed by Secondary Developers. <https://duluthmn.gov/media/15443/chap-50-udc-march-2023-complete-doc.pdf>
  - The Developer will be required to provide a Traffic Management Plan
  - The Developer and all Secondary Developers will produce designs that comply with all relevant federal, state, and local codes, including the Imagine Duluth 2035 Comprehensive Plan
  - An Environmental Assessment Worksheet (EAW) will be required due to density and proximity to park proper (the City and DEDA will partner with the Developer on the procurement and administration of this work)

### **City Responsibilities**

- Facilitation of site plan review and other approval processes within the City
- Assistance in identifying and assembling public financing options for the project
- Provide maximum collaboration between the City – elected officials and staff – and the developer to ensure a successful outcome for both parties.
- Collaboration with Developer on required EAW for the project and selection of consultant to complete

### **Appendix List**

The following documents and reports are available for download as appendices to this RFP.

- A. Proposal Cover Sheet
- B. Site Location Maps
- C. Imagine Duluth 2035 Comprehensive Plan
- D. Duluth City Council Ordinance 21-069-O, Conveying the Lester Golf Course property to Duluth Economic Development Authority, dated 12/21/21
- E. Development Agreement Between the City of Duluth and Duluth Economic Development Authority, dated 1/26/22, and recorded 2/15/22
- F. Land Survey by S E H, dated 3/31/23
- G. Update of Affordable and Workforce Housing Needs report by Maxfield Research, dated October 2019
- H. Wetland Delineation Report by GEI Consultants, dated 7/18/2022
- I. Phase I Environmental Site Assessment by Bay West, dated June 2022
- J. Lester Golf Course Land Parcel Appraisal, dated July 31, 2023

### **RFP Schedule**

The following list summarizes the expected schedule and process to be followed for this RFP:

- Request for Proposals issued – Thursday, August 10, 2023
- Deadline for questions – Thursday, September 7, 2023
- Final written responses/addenda issued – Thursday, September 14, 2023



- Development proposals due – Thursday, September 21, 2023, 4PM
- Interviews – TBD. During the evaluation process, the review committee may, at its discretion, request one or more development teams to attend interviews to present their proposals. Such presentations will provide teams with an opportunity to answer any questions the review committee may have regarding their proposals. Not all teams may be asked to attend interviews.
- Notification of selected developer – October 2023
- Option Agreement for property conveyance with selected developer – year end 2023

### **Proposal Requirements and Format**

**Format:** Proposals shall be submitted via email to purchasing@duluthmn.gov, as a single digital file, in PDF form, not exceeding 20 pages and 10MB in file size, with the file name “[Entity name] 23-AA11 Lester Golf RFP,” and should include the following:

1. Proposal Cover Sheet – A completed and signed Proposal Cover Sheet (Appendix A)
2. Cover Letter – Include a one-page cover letter introducing the team, outlining interest and experience, and identifying the primary contact from the proposing team and other key team members.
3. Development Narrative – A written and graphic summary of the proposed development, which shall include an explanation of how the proposed development is intended to be integrated into its surroundings and will support city goals and principles of the Imagine Duluth 2035 Comprehensive Plan. The narrative should also explain how the Developer and their Team would collaborate with the City on the planning, design, and execution of a development program for the site that meets the seven objectives listed on pages 4-5 of this document.
4. Conceptual Site Plan – To be considered, all proposals must provide a Conceptual Site Plan that includes the following information:
  - a. Complete build-out of the site including parcels, projects, and streets. (The City does not expect detailed architectural or engineering design documents.)
  - b. Phasing of individual projects on the site including streets and other public improvements
  - c. A table summarizing the total number and type of residential units to be provided on the site, the number and type of units broken down by individual project, and any proposed commercial or other uses.
5. Project Schedule – A preliminary schedule and phasing plan for development, including site plan development, entitlement process, regulatory approvals, and construction activities.
6. Examples of Other Relevant Projects – Include descriptions of relevant example projects by the Developer, Team, and Secondary Developers, completed within the past 5 years, that are comparable in scope to the project. Include references of previous clients/projects
7. Financial Capacity – Provide a narrative explaining proposers’ qualifying development background experience, demonstrating sufficient competency and financial resources to complete the land transaction and individual project development project(s)
8. Potential Secondary Developers – List and include letters of interest and qualifications from potential Secondary Developers (this information can exceed the page count)

9. Resumes – Please submit a one-page resume for each key member of the project team, including Developer, Consultants, and Secondary Developers (if known), highlighting their experience in real estate development, planning, design, and execution.

### **Evaluation Criteria**

The City will evaluate the Development Proposals based on the following criteria:

- Developer/development team responsiveness to this RFP and demonstrated understanding of the City's goals and objectives for the property
- The vision and quality of the Developer's proposed Conceptual Site Plan, including phasing plan and prioritization of affordable housing, and residential unit counts
- Recognition of the uniqueness of opportunity for development within the city of Duluth
- Financial capability, including resources available as equity for the project and strength of financial commitments
- Ability to finance a future development, including demonstrated ability to procure financing and complete projects on schedule and within budgetary assumptions
- The quality of site planning, urban design, and architectural design in other developments completed by the Developer, Team, and Secondary Developer(s)
- Qualifications and experience of the Proposer and team with projects of similar scale and magnitude
- Experience of key personnel identified for this project
- Past performance of the Developer, Team, and Secondary Developer(s) as verified by references of previous clients/projects
- Demonstrated success in embracing and implementing the highest standards of sustainability and environmental sensitivity
- Past successes in dealing with elected officials, municipal boards and commissions, community advisory committees, and neighborhood residents
- History of legal actions and disputes
- Organizational and managerial capacity to handle a project of this size, including workload and product/project overlap

The City encourages and welcomes bids from women- and minority-owned businesses

The City reserves the right, at its sole discretion, to reject any or all submittals when, in its opinion, it is determined to be in the public interest to do so; to waive minor irregularities and informalities of a submittal; to cancel, revise, or extend this solicitation; and to select the proposal it deems is in the best interests of the City, even if it is not the highest purchase price nor provides the greatest financial benefit to the City. The City reserves the right to request clarification of information submitted and to request additional information from any proposer.

This Request for Proposals does not obligate the City to pay any costs incurred by any proposer in the submission of qualifications and/or proposals or in making necessary studies or designs for the preparation of any proposal, or for procuring or contracting for the services to be furnished under this Request for Proposals.

Any proposal accepted by the City shall be subject to approval by DEDA and the Duluth City Council.

All questions concerning this RFP should be directed to the City of Duluth Purchasing Office: [purchasing@duluthmn.gov](mailto:purchasing@duluthmn.gov) or 218-730-5340 no later than September 7, 2023. Answers to questions will be posted as an Addendum to the RFP on the City's Purchasing Office website at <https://duluthmn.gov/purchasing/bids-request-for-proposals/> under Current Bids & Projects, Solicitation 23-AA11.

If the City deems it necessary to revise any part of the RFP before the proposal response date, the City will post an addendum to the same website. Although an e-mail notification will be sent, it is the Bidder's responsibility to periodically check the website for and new information.

The City appreciates your consideration of this Request for Proposals and welcomes all responsible proposers.

**END**