**14-28DS**

**REQUEST FOR PROPOSALS (RFP)**

**Prime Development/Creative Opportunity**

**41st and Jay Street**

**City of Duluth, MN**

**September 10, 2014**

The City of Duluth (the “City”) is seeking the submission of proposals from contractors, developers, and builders to construct 8-12 energy efficient single family homes using structurally insulated panels (SIPs) on a vacant parcel in the Lakeside Neighborhood, specifically on approximately 3 acres located at the intersection of 41St Avenue East and Jay Street, Duluth MN, 55804.

The property was developed as a gas holder in approximately 1923, which was operated until 1960, when it was demolished. The boiler building remained on the property until the early 2000s, when it was removed. The vacant property existed as a non-improved open space enjoyed by the neighbors for low intensity purposes such as dog walking and flying kites.

Recently the City was awarded a grant from Minnesota Department of Employment and Economic Development (DEED) to facilitate the removal contaminants from this parcel contingent upon the construction of housing with specific characteristics. The removal of the containments is being coordinated with the development to reduce costs. The City received this award due to the established need of work force housing, as described in the *Workforce Housing Needs in Duluth* report completed by Maxfield Research in April 2014. A condition of the grant was that at least three (3) of the 8-12 housing units would be priced below $226,881 (as designed for a family of four).

This solicitation is intended to enable the City of Duluth to select the most qualified builder, developer, development team or other qualified entity to construct the 8 to 12 units. Proposal submissions shall consist of both a Statement of Qualifications and a Development Proposal. Specific guidelines for each of these sections of the submission are contained in this RFP document.

This document contains background information regarding the City as well as project details.

**FACTS ABOUT DULUTH**

The fourth-largest city in Minnesota, Duluth has a population of 86,265. Duluth is the second-largest city on Lake Superior's shores, after [Thunder Bay](http://en.wikipedia.org/wiki/Thunder_Bay), [Ontario](http://en.wikipedia.org/wiki/Ontario), and has the largest metropolitan area on the Lake. The Duluth [MSA](http://en.wikipedia.org/wiki/Table_of_United_States_Metropolitan_Statistical_Areas) had a population of 279,771 in 2010, the second-largest in Minnesota. The combined urban population of Duluth and its adjacent communities — including Proctor, Hermantown, and [Superior, Wisconsin](http://en.wikipedia.org/wiki/Superior,_Wisconsin) — totals over 131,000, based on 2010 census figures.

According to Minnesota Department of Employment and Economic Development (DEED) employment data released for the first quarter of 2013, the city of Duluth added 1,540 jobs from the first quarter of 2012 to the first quarter of 2013. The 2.7% quarter to quarter growth rate is significantly higher than other mid-sized Minnesota cities including St. Cloud and Mankato, which saw employment growth of 0.2% and 0.6% respectively, and comparable to Rochester, which grew by 3% during the same period. Job growth in Duluth was driven by gains in professional, scientific, and technical services employment, which grew by 20%, adding 387 jobs; health care and social assistance, which added 366 jobs; and information, which added 180 jobs. Over the next seven years, employment in the Arrowhead region, including Duluth, is projected to grow by 13.1% - slightly higher than state-wide projections of 13% - with significant growth in high-skill jobs in the medical, computer, and engineering fields.

With low unemployment, high demand for labor, and projected employment gains that outpace state-wide projections, Duluth is poised for significant job growth in the coming months and years.

**GENERAL INFORMATION**

Enclosed is the Request for Proposals (RFP) document. Statements of Qualifications and Proposals must be received by the City by 2PM (local time) Monday, September 29, 2014. There will be no formal opening of the proposals. All proposals will be acknowledged as properly received.

The City of Duluth adheres to the American with Disabilities Act and will make reasonable modification for access to City services, programs, and activities. Requests must be made at least 48 hours in advance of the event in order to allow the City time to provide the requested services.

The City is requesting six (6) single-sided, 8.5x11 copies of the Statement of Qualifications and Development Proposal and supporting documents, along with a digital PDF version of the submittal packet. All physical copies of proposal submissions shall be delivered to:

City of Duluth

Attn: Dennis Sears, Purchasing Agent

411 W. 1st Street

100 City Hall

Duluth, MN 55802

Proposal submissions mailed but not received by their respective due dates and times cannot be considered no matter what date they were mailed. Fax-transmitted documents or emailed documents will not be accepted. Proposal submissions shall be prepared using the format provided in this request.

Before submitting a proposal submission, the respondents should carefully examine the document specifications. By submission of a proposal, the respondent will be understood to have read and fully informed themselves as to the contents of the RFP documents.

Questions regarding the RFP should be submitted in writing to [khamre@duluthmn.gov](mailto:khamre@duluthmn.gov) and/or skelley@duluthmn.gov.

All firms and/or development teams that are interested in participating in this RFP process should email the name of their firm and the primary point of contact (name and email address) to dsears@duluthmn.gov so that your team will be advised of any and all addenda and/or clarifications to the RFP. Interested firms and/or development teams may also request copies of previously completed studies, plans, and other resource documents identified in this RFP by emailing such request to skelley@duluthmn.gov.

Should a respondent find any discrepancies, omissions, ambiguities, or conflicts among the RFP documents, or be in doubt about their meaning, he/she may email a request for correction/clarification to dsears@duluthmn.gov. The City representatives will review such request and, if appropriate, will issue one or more clarifying “Notice to Respondents” which will become part of the RFP documents. The City will not respond to any oral questions or requests for clarification. The last date for the submission of written questions is 3 pm September 23, 2014 and final responses will be emailed out to all interested parties no later than two (2) days prior to the due date.

Respondent shall be bound by their proposal for a term of One Hundred Eighty (180) calendar days from the due date of the proposals. A firm may withdraw a proposal by written request prior to the date and time of the proposal opening.

The City reserves the right to award a single contract based on the written proposals submitted or to short list the proposals and invite shortlisted firms to make oral presentations. Whichever method is used, the City will negotiate a contract with the top ranked firm.

All licenses, permits and certificates required for an in connection with any and all parts of the work to be performed under the provisions of the Agreement shall be secured and maintained by the Respondent entirely at his/her expense.

The contract will be governed by Minnesota law.

Mandatory insurance and indemnification requirements.

(Please Be Sure These Requirements Can Be Met Before Submitting Your Proposal)

Insurance: Respondent shall provide evidence of insurance for all its services provided under the Contract. A Comprehensive General Liability Insurance Policy shall be maintained in force by Respondent throughout the life of the lease agreement in an amount not less than One Million Five Hundred Thousand Dollars ($1,500,000) for bodily injuries and in an amount of not less than Five Hundred thousand Dollars ($500,000) for property damage or One Million Five Hundred Thousand Dollars ($1,500,000) single limit coverage and Workers Compensation Coverage, as required by Minnesota Statutes. Such coverage shall include all Respondent activities occurring on or within said premises whether said activities are performed by employees or agents under contract to Respondent. Such policy of insurance shall be approved by the City Attorney’s Office and shall contain a condition that it may not be cancelled without thirty day (30) written notification to the City of Duluth. The City of Duluth shall be named as an additional insured on said policy of insurance required by this paragraph. The City reserves the right to require Respondent to increase the coverage set forth above and to provide evidence of such increased insurance coverage to the extent that the liability limits as provided in Minn, Stat. Sec. 466.04 are increased.

**RFP OBJECTIVES**

The City is seeking a contractor/builder or developer to construct 8 to 12 energy efficient single family housing units that will complement the existing character of neighborhood, while being designed in a conservation-oriented manner. The City has been facilitating meetings with the neighbors to gain insight on their concerns and desired type of development. The preferred development concept is one that is sensitive to conservation and storm water drainage; the traditional neighborhood grid is not the preferred development layout. City staff can provide drawings and insight on the types of development layouts residents preferred.

The primary purpose of this RFP process is to identify qualified developers and/or development teams that clearly have the experience, vision and financial capability to design and complete a development plan that is consistent with the City’s vision for the 41st Avenue and Jay Street site based on the following

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

**Housing:**

* Promotes energy efficiency in both site and building design;
* Constructed of structurally insulated panels (SIPs) or the demonstrated equivalent energy efficient construction;
* Meet Energy Star certification or greater;
* Contain passive solar design elements; and/or incorporate solar technology to minimize electric energy needs;
* Have garage parking;
* The housing units must be 1,500 to 1,800 square feet;
* A minimum of three (3) of the housing units must be priced for sale below $226,881 (as designed for a family of four). NOTE: to assist with the price points required for this development, the City will explore options for discounting the value of the land.

**Layout:**

* A creative conservation design that provides for the retention of open space, adequate drainage; and the preservation of at least 50% of the trees along Jay Street. The traditional grid layout has been expressed as not the preferred layout;
* Minimize traffic generation to the extent feasible, very minimal access points on to Jay Street or 40th Street;
* Embodies the elements of sustainable development through, among other features, context-sensitive site design, and the implementation of low impact development best practices.
* Utilities:
  + Jay Street- any development accessing Jay Street will require the developer/builder to improve Jay Street to current City Standards, including replacing the water main.  The developer will be required to pay for extending sewer.
  + 41st Avenue East- any development accessing 41st Avenue East will require the developer to improve 41st Avenue East to current City Standards.  The developer will also be required to improve sewer infrastructure. The developer will be required to pay for extending sewer.
  + The survey for the utility/street layout plan must occur before November 15, 2014.

**PROCESS**

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

* Request for Proposals issued –September 10, 2014
* Deadline for questions –September 23, 2014
* Final written responses/addenda issued – September 25, 2014
* Development proposals due –September 29, 2014
* Oral Presentations. During the evaluation process, the review committee may, at its discretion, request one or more firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the review committee may have on a firm’s proposal. Not all firms may be asked to make such oral presentations.
* Notification of selected proposal and developer –October 3, 2014

**CITY ROLES/RESPONSIBILITIES**

The City will consider undertaking the following as part of a development agreement:

* Make all project-related materials and reports, including previously completed studies, reports and analysis completed for the subject property as outlined herein, available to the selected developer/development team;
* Provide any existing surveys of the subject property;
* Provide guidance to the developer/development team through the development review and permitting processes.

**DEVELOPER’S RESPONSIBILITIES**

The successful developer's/development team’s responsibilities include the following:

* Meeting the City’s current Uniform Development Code found at http://www.duluthmn.gov/planning/current-planning/zoning-regulations/.
* Develop the site pursuant to the proposal and development agreement within a reasonable period of time as agreed upon by both the City and the Developer/Development team. The housing units must be completed and available for sale by Summer of 2015.

**STATEMENT OF QUALIFICATIONS/DEVELOPMENT**

**PROPOSAL FORMAT**

**PART 1 – COVER LETTER AND INTRODUCTION**

Provide a concise and focused overview to introduce your company and your company’s background. Provide an executive-level summary of the overall statement of qualifications. The lead contact person’s name should be included along with email and telephone contact information.

**PART 2 – STATEMENT OF PROJECT UNDERSTANDING &DEVELOPMENT APPROACH**

* The submission of conceptual plans for the proposed site improvements, dwelling units, and other structures (if appropriate); and
* Description and drawings of the housing units which will be constructed with SIPs or a demonstrated equivalent energy efficiency technology. Description and drawing of the housing units and how they will incorporate solar energy concept.
* Description of how the project will contribute to creating a development that achieves the objectives stated previously in this RFP.

**PART 3 – ORGANIZATIONAL STRUCTURES AND WORKLOAD**

* Legal name of development entity and managing entity which will be considered the developer;
* Business form (corporation, partnership, LLC, individual, joint venture, not-for-profit, etc.);
* Date established (for constituent firms if joint venture);
* If the developer is a single-purpose entity, a subsidiary, or an affiliate of any other corporation, list such entity or entities including name, address, relationship to developer, and officers and directors;
* Names, addresses, title of positions, and nature and extent of the interest of the officers and principals, shareholders, and investors of the developer, the development entity, and the parent entities for a single purpose entity;

**PART 4 – DEVELOPER/DEVELOPMENT TEAM EXPERIENCE**

Development teams are required to comply with the following minimum level of experience:

* Demonstrated experience in completed projects of similar size and quality as solicited in this RFP;
* Have certification using SIP or equivalent energy efficiency technology;
* Demonstrated financial resources and commitments to develop the property (provided in financial statements, evidence of equity and debt financing, etc.);
* Demonstrated commitment to the overall goals of the City and specific land uses and evidence of substantial efforts to comply with the development guidelines stated in this RFP;
* Identification of any potential conflicts of interest. The developer must identify any principals or investors in the company that are employees of the City government or members of an appointed commission, committee, or board. Any principals or investors in the company who are related by blood or marriage to any key employees, elected officials or appointed commissioners must be identified.

**PART 5 – REFERENCES**

* Provide a minimum of three (3) and no more than five (5) recent project references and include a contact person for each reference.

**PART 6 – SUBMISSION OF DEVELOPMENT PROPOSALS**

The submission of Development Proposals must be of a sufficient level of detail to illustrate the developer's/development team’s proposed concept. Conceptual drawings, plans and renderings should be of sufficient scale to permit accurate determination of the probable physical impact of the proposed development, and adherence to the City’s development goals and objectives.

All Development Proposals should include the following:

* Conceptual site plan, showing housing unit locations, driveways, drainage ways, pedestrian and vehicular circulation and access, as well as site context;
* Renderings and/or preliminary elevations of proposed structures;
* Floor plans;
* A pro forma containing financial projections of construction period and operating revenue, expenses for investment, and/or projections during the construction and sell-out periods of for-sale product;
* Information on the schedule anticipated by the developer/development team, including timing for site plan development, regulatory approvals, construction activities, and market absorption. The housing units must be ready for sale by the Summer of 2015. All of the survey work must be completed by November 15, 2014.

**PART 7 – CONFIDENTIAL FINANCIAL AND LEGAL INFORMATION**

One (1) copy of the following information should be submitted in a separate sealed envelope and will be kept confidential:

* Audited financial statement or federal income tax returns for the developer/development team for the last three years. Statements for parent entities or operating companies should be provided in the case of single-purpose entities;
* References from financial institutions with whom the developer/development team has dealt as a borrower or as a joint venture partner;
* Proposed sources of financing and preliminary evidence of interest from financial institutions or partners, if available;
* List of litigation or other disputes with which the developer, development entity, or joint venture partners have been involved in the past five years, including status, potential of a financial settlement, and impact on your ability to execute this project;
* List of any projects which the developer or development team has failed to complete, including an explanation for the reason why such project(s) was not completed;
* If the firm or any individual in the proposed project has ever filed for bankruptcy or has had projects that have been foreclosed (or returned to lenders via deed-in-lieu of foreclosure), list dates and circumstances;

**PART 9 – SIGNED RESPONSES**

The City will only respond to written or emailed questions. All questions (except those regarding confidential financial or legal information) will be responded to in writing or by email and provided to all participating developers and/or development teams.

**SELECTION CRITERIA FOR REVIEW OF PROPOSALS**

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 subject site;
* The degree to which the layout incorporates conservation oriented principles and open space preservation, while complementing the existing neighborhood development character;
* The energy efficiency quality of the housing units; using the SIP technology (or the demonstrated equivalent efficient energy construction) ;
* The design of the housing units containing passive solar design elements as well as incorporating solar technology.
* Depth and credibility of Development Proposal financial pro forma, including how the work force housing units (a minimum of three (3) that are to be priced below $226,881) will be financed.
* Ability to finance the Development Proposal, including demonstrated ability to procure financing and complete projects on schedule and within budgetary assumptions;
* Qualifications and experience of developer and team members with projects of similar type, scale and magnitude;
* Experience and reputation of personnel identified for this project;
* Past performance of the developer/development team as verified by references of previous clients/projects;
* Demonstrated success in embracing and implementing the highest standards of sustainability and environmental sensitivity;
* Familiarity and experience with the local and regional development climate, State of Minnesota and Duluth/Superior area real estate markets;
* 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 work load and product/project overlap.
* Quality, creativity and feasibility of Development Proposal.

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

The City of Duluth 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 of Duluth to pay any costs incurred by any respondent 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 the Duluth City Council.

**THE CITY OF DULUTH, MINNESOTA**

**REQUEST FOR PROPOSALS**

**CONTRACTUAL SERVICES**

**GENERAL CONDITIONS**

To ensure acceptance, all proposers submitting proposals to the City of Duluth shall be governed by the following conditions, attached specifications, and proposal form(s) unless otherwise specified. Proposals not complying with these conditions will be subject to rejection.

1. **Intent of Specifications:** It is the intent of the specifications attached hereto to set forth and describe a certain service(s) to be purchased by the City of Duluth including all materials, equipment, machinery, tools, apparatus, and means of transportation (including freight costs) necessary to provide the service(s).
2. **Legal Requirements:** All applicable provisions of Federal, State, County, and local laws including all ordinances. Rules, and regulations shall govern the development, submittal and evaluation of all proposals received in response to the specifications, and shall govern any and all claims between person(s) submitting a proposal response hereto and the City of Duluth, by and through its officers, employees and authorized representatives. A lack of knowledge by the proposer concerning any of the aforementioned shall not constitute a cognizable defense against the legal effect thereof. The proposer agrees that it will not discriminate on the basis of race, creed, color, national origin, sex, age or disability.
3. **Sealed Proposals:** The specifications and all executed proposal forms must be submitted in a sealed envelope. All proposals must be signed by an authorized representative of the proposer. In the event more than one proposal opening is scheduled for the same date and time, do not include proposals concerning different sets of specifications within the same envelope. The face of the proposal envelope shall be plainly marked identifying the service(s) proposed and the date of the proposal opening. It shall be the sole responsibility of the proposer to assure receipt of proposal at the City Purchasing Office prior to the published time for the proposal opening. No proposal will be accepted after closing time for receipt of proposals, or will any offers by telephone, fax or Internet E-mail be accepted.
4. **Proposal Bond:** None
5. **Mistakes:** Proposers are expected to examine the conditions, scope of work, proposal prices, extensions, and all instructions pertaining to the services involved. Failure to do so will be at the proposer’s risk. Unit prices bid will govern in award.
6. **Determination of Award to be Based on Best Interest of City**: There is no obligation on the part of the City to award a contract to the lowest proposer and the City reserves the right to award a contract or to negotiate a contract with a responsible proposer submitting a responsive or best alternative proposal with a resulting negotiated contract which is most advantageous and in the best interest of the City. The City shall be the sole judge of the proposal and the resulting negotiated contract that is in its bet interest and its decision be final.
7. **Rejection of Proposals**: The City of Duluth reserves the right to accept or reject any or all proposals, to award proposals on a split-order basis by item number, to waive any irregularities, technicalities, or informalities, and to re-advertise for proposals when deemed in the best interest of the City of Duluth.
8. **Tax**: The City of Duluth is exempt from all State and local sales tax.
9. **Licenses, Registration and Certificates**: Each proposer shall possess at the time of submitting its proposal all licenses, registrations and certificates necessary to engage in the business of contracting (or special contracting if the work to be performed necessitates a particular type of specialty contractor) in the City of Duluth. Proposer must also possess all licenses, registrations and certifications necessary to comply with federal, state and local laws and regulations.
10. **Permits and Taxes**: The proposer shall procure all permits, pay all charges, fees, and taxes, and give all notices necessary incidental to the due and lawful prosecution of the work.
11. **Public Records**: Any material submitted in response to the Request of Proposal will become a public document pursuant to Minnesota Statue. This includes material which the responding proposer might consider to be confidential or trade secret. Any claim of confidentiality is waived upon submission, effective after opening pursuant to Minnesota Statue.
12. **Termination of Convenience**: A contract may be terminated in whole or in part by the City at any time and for any reason in accordance with this clause whenever the City shall determine that such termination is in the best interest of the City. Any such termination shall be effected by the delivery to the contractor at least five (5) working days before the effective date of a Notice of Termination specifying the extent to which performance shall be terminated and the date upon which termination becomes effective. An equitable adjustment in the contract price shall be made for the completed service, but no amount shall be allowed for anticipated profit on unperformed services.

**ANY AND ALL SPECIAL CONDITIONS AND SPECIFICATIONS ATTACHED HERETO**

**WHICH VARY FROM THESE GENERAL CONDITIONS SHALL HAVE PRECEDENCE.**