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Addendum 2
Solicitation 25-AA24
Request for Proposals for Spirit Mountain Operator

This addendum serves to notify all bidders of the following changes to the solicitation documents:

- The Spirit Mountain Organization Chart is attached to this addendum.
- The Spirit Mountain Department Breakdown is attached to this addendum.
- The aggregate demographic zip code spreadsheet has been uploaded to the City's website with this addendum

QUESTIONS: The following questions have been asked and are answered in *italics* below.

- 1) How are the remaining funds from \$26M investment committed?
a) Approximately \$21M in funding remains uncommitted. \$4.4M has been invested in chairlift/electrical.
- 2) What is the current condition of Skyline chalet? How does the existing space fit operations?
a) The Skyline chalet is oversized for current operations, with significant deferred maintenance across building systems. Details on architectural program and asset condition are available in predesign report.
- 3) Can bonding dollars be used to purchase assets, such as equipment?
a) No, only permanent improvements are eligible.
- 4) Is the RFP looking for proposals to operate entire mountain specifically, or is there option to propose management of select programs?
a) The RFP seeks proposals for operation of all Spirit Mountain programs.
- 5) Are the mountain biking trails lift-served?
a) Yes.
- 6) Does Spirit Mountain carry insurance through City of Duluth?
a) No; Spirit Mountain carries insurance through the League of Minnesota Cities Insurance Trust. The lessee would not be eligible for the LMCIT because they cannot be a member of the League of Minnesota Cities.
- 7) Will the operator be required to hire union employees, or will they be able to hire anyone, regardless of union status?

- a) The new operator will not be bound by the existing Collective Bargaining Agreement. Operator should consult with their legal counsel regarding employment law questions.*
- 8) How are skier visits accounted for?
- a) Spirit Mountain does not currently scan tickets to account for visitation. Historically, Spirit Mountain has estimated visitation by taking the sum of day tickets sold plus an assumed usage of total season passes sold.*
- 9) What are expected annual payments for operator?
- a) The annual debt service to be paid on Spirit Mountain portion of funding match is roughly estimated to be \$500,000/year; the required capital maintenance expenditures are set to be a minimum of 5% of annual revenue.*
- 10) What is the type and quantity of snowmaking equipment/fixtures?
- a) 2 Torrent Skids with pumping capacity of 4,000 GPM;*
- 28 SMI Snow Guns*
- 8 Standards*
- 5 Kids*
- 20 Snow Sticks*
- 11) How many skiable acres?
- a) 89 acres*
- 12) Where is primary market?
- a) Duluth area is primary market; secondary market is Twin Cities.*
- 13) What are main reasons for City looking for operator?
- a) A long-term operating lease agreement is desired to plan for and ensure the strategic reinvestment of resources into Spirit Mountain facilities and amenities, to provide continued recreational access and enjoyment of the site, and to reduce financial burden and risk to the City.*
- 14) What is potential date for operator to take over?
- a) While an earlier transition is desirable from an operational standpoint, term of the lease agreement is anticipated to begin no later than October 1, 2026, for a minimal operations and budgetary transition, with full-service provision commencing no later than January 1, 2027, continuing through December 31, 2046. Two additional 10-year extensions shall be possible, should all parties agree in writing.*
- 15) Do local shops offer equipment rentals?
- a) Bike and ski rentals are available at nearby Ski Hut Adventure Center, located at 8550 Grand Avenue, Ski Hut's other location and Continental Ski and Bike. In addition, Duluth Traverse on Cody Street also offers mountain bike rentals.*

- 16) What is current bike rental fleet?
- a) Spirit has a total of 20 rental bikes.*
 - (1) Rossignols – 3 kids, 1 small and 3 each medium and large*
 - (2) Gorilla Gravity – 1 each small, medium and large*
 - (3) Intense – 2 medium, 4 large and 1 extra-large*
- 17) What are the primary retail sale types at Grand Avenue? Hard or soft goods?
- a) Soft goods, merchandise, souvenirs.*
- 18) Are ski patrol volunteers?
- a) Yes*
- 19) Could future operators apply for grant funding in similar way to current ability?
- a) The future operator would likely be able to apply for grants, dependent on grantor's requirements for financial agent, administrative capacity, and alignment with City's goals and obligations for the property.*
- 20) Can the liquor license be transferred to new operator, or must be reapplied for?
- a) The operator would submit a liquor license transfer, which is a near equivalent to reapplying. There would not be a waitlist, but the operator would need to receive approval from the same departments as a new liquor license (Police, Attorneys, Fire). Operator would need to attend the monthly Alcohol, Gambling & Tobacco Commission meeting, and then the transfer would need to be approved by Duluth City Council.*
- 21) Could we get an organization chart of the current management team? If possible, please include titles, longevity (years of service), and current compensation.
- a) Also see organization chart addendum.*

Management titles and longevity:

Ann Glumac, executive director: contract employee of 5+ years.

Ryan Abel, general manager: 26 years.

Ty Sorenson, director of human and guest resources: 2+ years

Mark Hoffman, director of mountain operations and maintenance: 26 years

Chris Niner, lift maintenance manager: 4+ years

Tom Straka, trails manager: 4 years

Kade Renwick, outdoor operations manager: 9 years

Jack Ploof, assistant outdoor operations manager: 3+ years

Jon Regenold, director of resort services: 12 years

Dorothy Poppenhagen, director of food and beverage: 6 + years

Dawn Earls, assistant director of food and beverage: 29 years

Gretchen Ransom, director of safety and risk: 25 years

Tess Regenold, director of sales: 22 years

Alli Fairbanks, indoor operations manager: 7 years

Jennifer Hansen, director of marketing: 3 months

Michael Latterell, director of finance: 1+ years

- 22) Is it possible to identify key-roles essential to the operation?
a) *No, because this is subjective and open to individual interpretation.*
- 23) Are there any roles that exist because of Spirit's unique city-owned structure?
a) *No*
- 24) Please provide a department breakdown including
i) Number of employees in each department
ii) Reporting structure
iii) Compensation range
a) *See attached department breakdown sheet*
- 25) Could we get aggregate staffing numbers?
i) How many full-time year-round employees
a) *40*
ii) How many full-time seasonal employees do you have in each season?
a) *Spirit doesn't track it that way, but we estimate about 25-30 FTE in the winter and about 8 FTE in the summer*
iii) How many part-time year-round employees?
a) *Spirit has 3 part-time, year-round employees*
iv) How many part-time seasonal employees do you have in each season?
a) *The number of seasonal hires varies based on the availability of those hires; it also varies seasonally.
Spirit has about 207 part-time, seasonal employees in the winter and about 57 in the summer*
v) Do you have a Full Time Equivalent number you use?
a) *The FTE equivalent again varies. Spirit Mountain calculates 75 FTE for open enrollment for health insurance-eligible employees*
- 26) How many J-1 Visa students are you currently using in each season? Where are J-1 students housed? Are there any lodging assets owned by Spirit?
a) *Our J-1 hires over the last three years are:*
(1) *Winter 23-24: 18*
(2) *Summer 24: 0*
(3) *Winter 24-25: 20*
(4) *Summer 25: 4*
(5) *Winter 25-26: 21*
(6) *Summer 26 (planned): 6*
(7) *Housing is in two rental properties in Duluth; none of the lodging assets are owned by Spirit, although we do own and provide 12 beds for J1 students. Students reimburse Spirit for their rent.*
- 27) We understand a great deal of effort has gone into using the \$26M Capital Funding. Of the \$26M, what is the current balance of the fund? We understand that about \$4.4M was used for the new lift. Have any of the funds been used for the initial planning process of the lodge renovation/rebuild, or any other project?
a) *The \$4.4 million invested in the new lift is part of the \$26 million for infrastructure updates. Some additional dollars have been invested in architectural design and construction management planning specific to the Skyline chalet, but at least \$21 million remains.*

- 28) From reading the RFP, SE Group's report mentions a state law that the \$26M must be expended or encumbered within four fiscal years from when it went into effect. What is the current timeline for this funding? When was the actual grant executed by the state?
- a) The current timeline for this funding is to identify the projects using this funding and execute the agreement by 12/31/2026 and to complete spending by 12/31/2029*
- 29) Where can we find more information on the specific permitted use for the \$26M funding?
- a) The text of the statute appropriating \$13 million in general bond funds states that the appropriation is "For a grant to the City of Duluth to design and construct new facilities and to renew, replace and repair existing facilities at the Spirit Mountain Recreation Area".*
- b) The Language can be viewed at the following website:
www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/71/2023-08-07%2011:39:11+00:00/pdf*
- 30) It is our understanding that SMRA receives about \$500,000 annually from City Tourism Tax to subsidize general operating expenses and that these funds are not available to a lessee. Are any funds from the Duluth Tourism Tax available to private businesses to promote tourism?
- a) The City of Duluth makes a \$500,000 payment from tourism tax proceeds to retire bonds used to finance construction of the Grand Avenue Chalet and other infrastructure improvements; these bonds are set to be paid off in 2023.*
- b) In addition, Spirit Mountain also competes for annual appropriation of tourism tax proceeds with other tourism-related organizations and activities. The City Administration makes recommendations on the appropriations that are voted upon by the City Council. The amount appropriated for Spirit Mountain has varied from \$400,000 to \$475,000 annually from calendar year 2021 to calendar year 2025.*
- c) Private businesses can apply for tourism tax disbursements but are not guaranteed to receive any.*
- 31) It is understood that the City will maintain ownership and lease all fixed infrastructure. What is the City's plan for rolling assets or personal property? Existing rolling assets like groomers and snow guns, will the lessee have full access to use these? What would happen if we want to trade some of the City owned assets for newer equipment in the future?
- a) This will have to be negotiated with the awarded proposer*
- 32) In the 2025 Financial posted to the website:
- i) \$457,844 for contract Services & Fees. What was this for
- b) A Variety of items, including but not limited to:*
- (1) IT services provider fees, rentals and support.*
 - (2) Fees for access to the City Attorney.*
 - (3) Executive director contract.*
 - (4) Point-of-sale fees and support.*
 - (5) License fee from state department of health for campground.*
 - (6) Security, portable toilet, pest control, sewer and recycling fees, etc.*
- ii) \$49,219 in Employee Related Expenses. What is this for?
- c) A Variety of items, including but not limited to:*
- (1) License expenses for restaurant, occupancy, software, etc.*
 - (2) Dues and subscriptions, including for NSAA and MSAA, advertising sites and Spirit*

- property, liability and workers compensation provider, which is a trust.*
- (3) Uniforms. Minor travel and lodging.*
- ii) \$46,071 in Leases and Rentals. What is this for? Is it the 2023 600 Polar Groomer? Is the new 400 Park Pro Groomer paid for or financed? Etc.
- (1) The final lease payments for the Alpine Coaster, which were completed in February 2025*
- (2) Radio leases*
- (3) 600 Polar Groomer*
- (4) The new 400 Park Pro Groomer is financed but not included in the FY25 Financials.*
- 33) Of the current skier visits numbers, how many of them can be attributed to group visits? Can we get a breakdown of what types of groups are currently visiting Spirit (i.e. local schools and clubs, traveling ski clubs, etc.)?
- a) About 11,000, almost exclusively school groups.*
- 34) We understand racing is a big part of Spirit. How many season passes and lift tickets can be attributed to racing?
- a) Team Duluth is the ski club at Spirit Mountain, and their athletes and families purchase 300 season passes annually.*
- b) More than 800 athletes (including local athletes) competed in Team-Duluth sponsored races at Spirit Mountain in FY25. In addition, Spirit also hosts two high school alpine races annually.*
- 35) To better understand the market, could we get access to any aggregate zip code or demographic data of the resorts' visitors?
- a) A spreadsheet of approximately 82,000 postal codes for purchases that include season passes, lift tickets, Adventure Park tickets, mountain biking passes and tickets has been uploaded with this addendum.*
- 36) How big is the current customer database? Is it all emails, phone numbers or both?
- a) The database in the Point-of-sale system has records of hundreds of thousands of transactions entered by both customers and staff. Data can include emails, phone numbers, dates of birth, addresses, etc.*
- For the current winter season (25-26, Spirit sent emails to about 3,500 season pass holders and about 18,500 lift ticket purchasers. Our general audience email distribution list is about 40,000.*
- 37) To confirm, the resort is currently using InTouch as a POS and eCommerce platform. Are there any other software or CRM or other 3rd party contractors within marketing the resort is using?
- a) Spirit does not have a CRM; it's POS would be the closest similar tool, as it can be used to collect contact information, including emails and zip codes*
- (1) Third-party contractors include*
- (a) Cultural North, the website designer that also hosts the site*
- (b) E-pop Studios for distribution of mass emails*
- (c) Later for social media scheduling and reporting*
- (d) Adobe*
- 38) When was the website last redesigned? Who is the company or vendor that built and

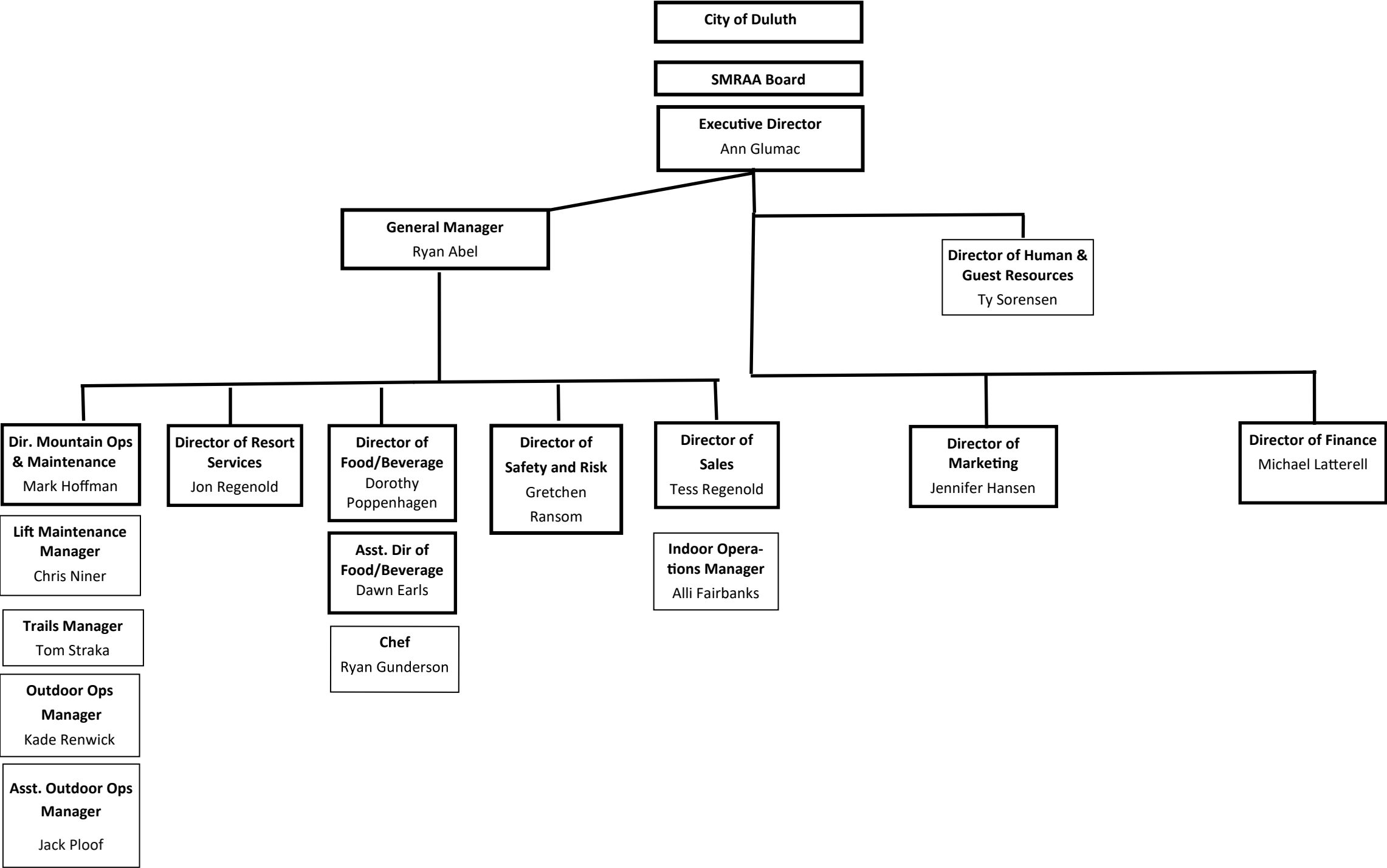
maintains the website? What type of Content Management System is used? (aka Drupal, Wordpress, etc.)

a) Cultural North, a local designer, redesigned the website with a launch in mid-2022; they remain Spirit's Contractor. The website uses WordPress.

39) If we do write a proposal, will the entire proposal become public record? Our proposal may include confidential trade secrets.

a) The City complies with all applicable laws and regulations, including the MN Government Data Practices Act. Proposers are encouraged to seek their own legal counsel if they have questions. Information the proposers identify as "trade secret" must meet the legal definition of the term to be deemed confidential.

Please acknowledge receipt of this Addendum by including a copy of it with your proposal. The pages included will not count toward any page limitation, if any, identified in the RFP. Posted: **December 5, 2025.**



DEPARTMENT BREAKDOWN (Question 2)

EXECUTIVE DIRECTOR:

Responsible for interface with City, financial performance, board management and interactions, strategic planning, external relations and communications and marketing oversight.

Contract employee @ \$8,000/month for part-time services.

Direct reports:

- General Manager
- Finance Director
- Human and Guest Resources Director
- Marketing Director

GENERAL MANAGER:

Responsible for all day-to-day operations, both outdoor and indoor.

\$50.37/hour

Direct reports:

- Director of Action Sports Development
- Director of Food and Beverage
- Director of Mountain Operations and Maintenance
- Director of Safety and Risk
- Director of Sales
- Building construction manager (\$27.24/hour)

DEPARTMENTS:

HUMAN AND GUEST RESOURCES DEPARTMENT

Responsible for all human resources and guest services functions.

DIRECTOR (\$29.42/hour)

- 3 part-time, temporary guest services staff (union wage range* \$13.85-\$19.64/hour)

MOUNTAIN OPERATIONS AND MAINTENANCE DEPARTMENT

DIRECTOR (\$36.76/hour)

Responsible for all outdoor operations (lifts, snowmaking, grooming, vehicle maintenance, campground maintenance, etc.)

- 2 mechanics (union wage \$28.57/hour)

Lift Maintenance Manager (\$27.98/hour)

- 2 lift mechanics (union wage range* \$21.43-\$25.59/hour)

Trails Manager (\$30.21/hour)

- 11 buildings and grounds technicians, not all full-time (union wage range* \$19.64-\$29.64/hour)
- 15-20 seasonal snowmakers (wage range from \$15.12-\$20/hour)

Outdoor/Lift Ops Manager (\$27.48/hour)

- Assistant outdoor/lifts ops manager (\$23/hour)
- 4 full-time outdoor operations staff (union wage range* \$15.12-\$19.64/hour)
- Seasonal lift operators, number varies (union wage range* \$13.85-\$15.12/hour)

ACTION SPORTS DEPARTMENT

DIRECTOR OF ACTION SPORTS DEVELOPMENT (\$30.25/hour)

Responsible for rental department and summer and winter programming/lessons.

Rental

Staff shared with ticketing and the retail shop in the winter and tickets, Adventure Park and the Campground in the summer

- 25-30 winter, part-time, temporary indoor operations and sales staff (union wage range* \$13.85-\$19.64/hour)
- 10-12 summer part-time, temporary indoor operations and sales staff (union wage range* \$13.85-\$19.64/hour)

Programming:

Winter Snowsports Desk

- 2-4 winter, part-time staff (from \$16 to \$19.64/hour)
- Seasonal instructors, number varies (\$14-\$20/hour)

Summer:

- Seasonal bike coaches and camp counselor, number varies (\$14-\$20/hour)

FOOD AND BEVERAGE DEPARTMENT

DIRECTOR OF FOOD AND BEVERAGE (\$39.04/hour)

Responsible for oversight of food/beverage services and retail outlets, banquets, event-planning and facilities/janitorial/building and grounds.

- **Assistant Food/Beverage Director/Grand Avenue Chalet Manager** (\$30.28/hour)
- **Executive Chef** (\$24.75/hour)

Skyline Café

- 1 Supervisor, full-time seasonal (\$21/hour)
- 12-14 café workers, part-time, seasonal (\$13.85/hour)

Moosehead Saloon

- 1 full-time, seasonal lead cook (\$19/hour)
- 1 full-time, temporary cook (\$15-\$17/hour)
- 1 part-time, temporary cook (\$15-\$17/hour)
- 1 Front of House supervisor, full-time seasonal (\$16/hour)
- 9-12 part-time, temporary bartenders and servers (\$13.25/hour)
- 3-4 part-time, seasonal hosts: \$13.85/hour

Riverside Bar & Grill

- 1 full-time, year-round lead cook (\$19/hour)
- 1 part-time, year-round cook (\$15-\$17/hour)
- 1 full-time, temporary cook (\$15-\$17/hour)
- 1 Front of House supervisor, full-time, year-round (\$16/hour)
- 4-5 part-time, temporary bartenders and servers (\$13.25/hour)

Adventure Park Food Counter (Summer only)

- 3 part-time, temporary café workers (\$13.85/hour)

Banquets:

- 1 venue coordinator, full-time seasonal (\$21/hour)
- 4 banquet bartenders, part-time seasonal (\$13.25/hour)

- 5-8 banquet servers, part-time seasonal (\$13.25/hour)
- 2-3 dishwashers/kitchen assistants (\$13.85/hour)
- 1 banquet cook, part-time seasonal (\$17/hour)
- 1 venue security guard, part-time seasonal (\$20/hour)

Building and Grounds:

- 2 full-time, year-round and one, full-time seasonal facility coordinators (union wage range \$19.64-\$23.04/hour)
- 1 part-time, temporary housekeeping assistant (union wage range \$13.85-\$15.12/hour)

SAFETY AND RISK DEPARTMENT

DIRECTOR OF SAFETY AND RISK: (\$31.97/hour)

Responsible for safety training, accurate incident and accident reporting and patrol liaison.

- 2 Ski Patrol co-directors who receive a stipend of \$18,000/year
- 100+ volunteer Ski Patrol members

SALES DEPARTMENT

DIRECTOR OF SALES (\$33.02/hour)

Responsible for point-of-sale system and supportive IT; pass sales summer and winter; seasonal ticketing summer and winter; retail sales; campground operations.

Indoor Operations Manager (\$22.24/hour)

Staff shared with ticketing and the retail shop in the winter and tickets, Adventure Park and the Campground in the summer

- 25-30 winter, part-time, temporary indoor operations and sales staff (union wage range* \$13.85-\$19.64/hour)
- 10-12 summer part-time, temporary indoor operations and sales staff (union wage range* \$13.85-\$19.64/hour)

Sales Manager (Vacant)

MARKETING DEPARTMENT

DIRECTOR OF MARKETING (\$31.25/hour)

Responsible for strategic marketing plan and implementation thereof.

FINANCE DEPARTMENT

DIRECTOR OF FINANCE (\$44.50/hour)

Responsible for ensuring accurate and timely financials, tracking of revenue timely payment of bills and invoices and strict adherence to multiple GASB accounting standards.

- 1 part-time AR Clerk (union wage range*\$16.79-\$21.43/hour)
- 1 part-time AP Clerk (union wage range* \$16.79-\$ 21.43/hour)

*Union wage ranges are affected by seniority, as well.)