

**REQUEST FOR PROPOSALS
FOR A
FACILITY & PROGRAM BUSINESS PLAN
FOR
ST. LOUIS COUNTY HERITAGE & ARTS CENTER (DEPOT)
IN
DULUTH, MN**

Opportunity

St. Louis County believes this is an opportunity for individuals or groups with a museum and/or community asset management background to offer expertise on the opportunities available and recommendations for a business structure/model for the St. Louis County Heritage and Arts Center (the Depot) located in Duluth, Minnesota. This document has been prepared to provide information to prospective proposers, and is being issued for the purpose of soliciting quotes and providing a framework for the submission of proposals. The target audience for this request is any individual(s) or organization(s) which has an interest in (and the wherewithal to) providing and developing a thorough study of the operation of the Depot as an Arts and Heritage Center.

Purpose

The objective of the study is to review opportunities for a streamlined management and operating structure that results in a solvent operation through the successful management of this historic asset as an arts, heritage, and history center.

Background

The St. Louis County Heritage and Arts Center (the Depot) is a National Register historic property in downtown Duluth, Minnesota. Completed in 1892, it was designed by Peabody & Stearns and built in the French Norman style. It became

an instant and lasting architectural landmark in Duluth. At 115 years old, the Depot is in fine condition, serving as the home of the Lake Superior Railroad Museum and many other arts and culture organizations. For many years, the Depot served as a point of arrival and departure for rail passengers. More recently, the building has served a number of other uses, and other than the train museum and the Northshore Railroad, its connection to transportation has been lost.

The potential return of passenger rail service between Duluth and the Twin Cities, through the Northern Lights Express (NLX), provided an opportunity to examine potential new and complementary uses that might capitalize on the historic value of the building and strengthen the local economy. The County issued a Request for Proposal (RFP) and worked with a team of transportation, historic preservation, and economic development planners with demonstrated experience in transit oriented development to complete an in-depth study of the building's potential as a community asset for many years to come.

Physical changes to the building or to its tenant mix were encouraged by the study in order to capitalize on transportation access and tourism activities, consider previous funding obligations, and fully respect the historic register status of the building. Further, discussions with non-profits and other governmental agencies have been initiated to explore how the program, service and use of this historic community asset might evolve in a collaborative and mutually beneficial direction.

St. Louis County owns the Depot and operates the building through two contracts; one with the Historic Union Depot Corporation for the governance of tenant relationships and another with Oneida Realty Company for building/facility management services. The county currently subsidizes building expenses at the rate of \$158,000 per year and, in addition, the county “cash flows” the Historic Union Depot Corporation when they are unable to pay their rent per the their contract. St. Louis County is also responsible for all capital expenses associated with the facility (e.g. the \$1.2 million train shed roof project currently underway). The two-tiered management approach seems redundant and the pattern of relationships with existing organizations has traditionally been informal.

Challenging issues for the Depot include the operational structure, relationships, funding, financial stability, subsidies, capital needs, governance/management, market-impact, economic development potentials, and collaborative community partnership opportunities.

Scope of the Services Requested

St. Louis County seeks to secure the services of an independent and experienced, third-party neutral, individual(s) or firm to conduct interviews, review of the existing operational plan and other studies, a market analysis, and to make recommendations as to the development and implementation of an effective business model for the Depot, which are aligned with its designated purpose as a venue for the presentation of arts, heritage and artistic performances.

The goals for a new plan should include consideration of the following elements:

- ✓ Operational and organization (tenants) financial stability: examine and present a detailed analysis of the financial operation(s) of the Depot – income, income sources, expenditures, personnel (number and cost), and tenants’ financial responsibility and participation in the support of the facility, facility maintenance, utilities, etc; the study will include the financial and operating relationship of the current tenants to the Historic Union Depot Corporation and Oneida Realty Company;
- ✓ Ownership, operational and governance structures: examine current administrative structure of the Depot for its effectiveness, board composition, administrative staff, and relationship to the building’s owner, tenants, and community supporters; policy on usage of general space (especially Great Hall) should be identified and assessed;
- ✓ Area arts and heritage focus and impact;
- ✓ Collaborative partnerships and responsibilities: identify at least three similar operations in the country (e.g. Cincinnati Museum Center at Union Terminal) for their operating business plan and compare those to the Depot and its financial activities;
- ✓ Operational efficiencies;
- ✓ Space usage: identify optimum use of existing space to achieve capacity, attract patronage, and produce revenue – this assumes no ownership of

existing space although some areas, by their nature, are fixed in their usage; several tenants conduct the majority of their activities outside the Depot, how this practice affects the optimum use of the Depot and its financial underpinning should be assessed and recommendations made;

- ✓ Program offerings: identify types and examples of activities that experience indicates produce high usage of this type of facility in the context of a business model;
- ✓ Market analysis and feasible business plan: present a prospective business plan that supports and envisions the optimal operation of the Depot – one that is realistic and based on successful experience of similar operations; and assist with finding an appropriate operator;
- ✓ Mission, vision and past studies: become familiar with the mission and vision of the Depot, and the past studies that have been completed for this facility:
 - Depot Website: www.duluthdepot.org
 - St. Louis County Depot Passenger Rail Terminal Study – March 2010 (CLICK on “Depot Complex Site Plan”)
 - The Depot Tenant Assessment – DSGW (2009)
 - Preservation Development Initiative Depot Study - Final Report - November 2005
 - St. Louis County Heritage Arts Center Interim Report – January 31, 2005
 - St. Louis County Heritage Arts Center Financial Assessment – September 1997
 - From Surviving to Thriving: A Business Plan for the St. Louis County Heritage Arts Center - March 1997

Format and Submission of Proposal

In order for the county to adequately compare proposals and evaluate them uniformly and objectively, all proposals must be submitted according to the following format:

- A. Cover letter.
- B. Cover page – to include at a minimum, “Proposal for a Facility & Program Business Plan for the St. Louis County Heritage and Arts Center,” name of respondent(s), and date.
- C. A table of contents.
- D. Respondent Proposal
- E. Respondent background and experience
- F. Respondent references with current contact information
- G. Other information: provide any other information you wish to have considered to evaluate your proposal. Note that unnecessarily elaborate brochures or other presentations beyond that required to present a complete and effective proposal are not desired.
- H. Telegraphic or facsimile modification: any Respondent may modify their proposal by telegraphic communication at any time prior to the scheduled closing time for receipt of proposals, provided such telegraphic communication is received by St. Louis County prior to closing time, and, provided further, that St. Louis County is satisfied that a written confirmation of the telegraphic or facsimile modification over the signature of the Respondent was mailed prior to the closing time. If written confirmation is not received within two (2) days from the closing time, St. Louis County has discretion to determine whether the proposal is accepted.

The **original and six (6) copies** of your completed proposals must be submitted in a sealed envelope that is addressed and mailed or delivered to:

St. Louis County
Attention: Erik Birkeland, Business Improvement Manager
Re: Depot Facility & Business Plan Proposal
100 North 5th Avenue West - Room 213
Duluth, MN 55802
(218) 733-2718

The county encourages respondents to submit the most comprehensive proposal possible. If additional information is required, **the county is willing to respond to written questions from respondents or their representative.** All questions regarding this solicitation for information should be directed to the Business Improvement Manager, Erik Birkeland. Send your written questions by fax at (218)726-2469, by e-mail to birkelande@stlouiscountymn.us, or by mail to the address listed above.

Proposal Due Date and Process

St. Louis County will accept proposals received prior to the proposal closing date of **4:30pm on May 2, 2011.** Proposals should be prepared as outlined above.

Proposal Review

Proposals will be ranked based on the following criteria, listed from least to most important:

- A. Proposal submittal
 - a. Completeness of proposal
 - b. Quality of proposal judged on clear, comprehensive, and detailed responses
- B. Study price and terms
- C. Relevant experience of Respondent
- D. Degree of innovation demonstrated in proposal

St. Louis County reserves the right to accept or reject any or all submitted proposals for any or no reason. Proposals that are accepted will be reviewed. Those deemed to be in the best interest of the county will be further reviewed, and may also lead to further negotiations.

St. Louis County reserves the right to negotiate with one or more Respondents.

In the event that St. Louis County believes that additional clarification of a proposal is needed in order for the county to make a determination regarding the proposal, the county shall submit a request for clarification in writing to the

Respondent. The Respondent shall have two working days to provide the additional requested information. The Respondent's response shall be in writing.

St. Louis County may make such investigations as deemed necessary to determine the ability of the Respondent to provide that which has been outlined in the proposal. Additionally, the Respondent shall furnish St. Louis County all such information and data for this purpose as St. Louis County may request.

Interview, in person or via phone, may be requested.

Projected Timetable

1. Request for Proposal available April 12, 2011
2. Completed proposals due May 6, 2011
3. Proposal review period May 9 – May 13, 2011
4. Notice to proceed with proposal – pending/following approval