

# REQUEST FOR PROPOSALS TO LEASE HISTORIC BUILDINGS IN HOT SPRINGS NATIONAL PARK

## I. Introduction

This Request for Proposals (RFP) is issued by the National Park Service (NPS) to solicit proposals from the private sector to lease on a long-term basis two historic bathhouses; the Maurice Bathhouse and the Hale Bathhouse buildings in Hot Springs National Park (Park).

The Maurice and Hale Bathhouses are located on Bathhouse Row, a National Historic Landmark District on Central Avenue in the City of Hot Springs, Arkansas. The Maurice is a three-story structure with a basement. It totals 22,919 square feet of space. The Hale is a two-story structure with a basement and totals 12,007 square feet of space. See Attachment A for descriptions.

Bathhouse Row contains the grandest collection of bathhouses of its kind in the United States. Five of the eight buildings in that city block are open to the public. Historic Bathhouse Row contains the grandest collection of bathhouses of its kind in the United States. Five of the eight buildings in that city block are open to the public. The Lamar Bathhouse is used by the NPS as office space and it is the location of the Bathhouse Row Emporium, the park's official store operated by Eastern National. The Buckstaff Bathhouse, open under a concessions contract with the NPS, is a traditional bathhouse which has been operating continuously since 1912. The Ozark, Quapaw and Superior Bathhouses operate under 55-year leases with the NPS. The Ozark is a museum of contemporary art; the Quapaw is a modern day-spa which offers the thermal water in pools and in individual tubs in a private bathing area and the Superior Bathhouse is a craft micro-brewery which uses the thermal waters for making their beverages. The Fordyce Bathhouse was restored in 1989 and operates as the Hot Springs National Park Visitor Center and Museum.

Another bathhouse in the park, the Libbey PMC (not located on Bathhouse Row), is being advertised under a separate RFP.

## Adaptive Reuse

Although the buildings being offered under this RFP were historically built and used as bathhouses, the NPS seeks proposals which include an adaptive reuse of the facilities. The NPS particularly believes that retail operations are appropriate and are a feasible business opportunity on Bathhouse Row since the downtown area is already a major tourism and shopping destination. The NPS welcomes the submission of proposals for other types of business opportunities consistent with the terms of this RFP. Applicants should note, however; that the following are activities that would not be considered appropriate uses of the buildings:

- Private Residences
- Adult Entertainment
- Gambling Enterprises

In addition, proposed uses for museum or similar purposes must be consistent with the provisions of NPS Management Policies 2006, Chapter 7.1, for the conduct of interpretive and educational programs in an area of the National Park System. (See Appendix A to this RFP) The complete NPS Management Policies are available on the NPS website at [www.nps.gov](http://www.nps.gov)





**The Park**

Congress established Hot Springs Reservation in 1832 to protect the naturally flowing thermal springs on the southwestern slope of Hot Springs Mountain. Hot Springs Reservation together with the City of Hot Springs developed into a well-known resort that attracted and hosted health seekers from around the world. The Reservation was renamed Hot Springs National Park in 1921. Today, the 5,500-acre national park continues to protect the 47 hot springs and the architecturally unique bathhouses that were built to offer the thermal water for bathing and relaxation.

Most Hot Springs National Park visitors come from the state of Arkansas and the five neighboring states of Louisiana, Tennessee, Missouri, Oklahoma and Texas. The following metropolitan areas are within a 350-mile radius of the park: Dallas/Fort Worth, Oklahoma City, Kansas City, Memphis, Jackson, Tulsa, St. Louis, and Shreveport.

Between 2007 and 2011, the Park averaged 510,000 visitors per year on Bathhouse Row. Park-wide visitation, including recreation and non-recreation use, for the same period averaged 3,540,250 visitors.

Bathhouse Row and its environs epitomize Hot Springs National Park in the minds of many people. It reflects the eclectic architectural interests of the early 20th century and recalls a

period when the availability of leisure time and an interest in the therapeutic benefit of spas made the Hot Springs area a resort of national reputation.

### **Local and Regional Economic Environment**

The City of Hot Springs (City) is located in Garland County (County) about 52 miles southwest of Little Rock in the south central part of Arkansas. With a combined population of approximately 98,000, the City and County exert significant influence on the Park. The area is a popular family and group destination in the South with its lakes, family friendly attractions, shopping, and thoroughbred horse racing. The community enthusiastically endorses the NPS effort to lease the available buildings through this RFP.

The City of Hot Springs is known as “the tourism capital of Arkansas” and it is a year round attraction to music and art lovers, and outdoor enthusiasts. Local attractions include Lake Hamilton, Lake Catherine and Lake Ouachita State Parks, which are popular regional water-based recreation destinations with yearly visitation of more than 1,343,400, and Magic Springs, an amusement park which attracts 350,000 visitors annually. Oaklawn Park (racetrack and gaming), attracts approximately 1,580,000 visitors each year.

Leisure travelers to Hot Springs spend an estimated average of \$100 per person per day on food, shopping, transportation, entertainment, lodging, and miscellaneous expenditures. Of this \$100, 22% is spent on shopping and 23% is spent on food.

In the last decade, the Hot Springs area has experienced a rapid growth in the number of chain restaurants relocating near the lakes and has become a regional shopping center for surrounding smaller towns and communities. There are over 4,000 hotel/motel rooms and more than 200 restaurants in the immediate area and Bathhouse Row is located in the heart of this thriving commercial sector.

The City's downtown has experienced a renewal. Artists and Art Gallery owners have been instrumental in stimulating a vibrant night life in the Central Avenue Historic District. A popular Gallery Walk on the first Friday of every month has continued uninterrupted for more than 20 years. A newly added Antique Walk on the third Friday of the Month has added to the charm and increased the pedestrian traffic downtown. The opening of the Embassy Suites Hotel & Spa in 2003 and the addition of a handful of eclectic restaurants make the downtown area even more inviting to visitors.

The Hot Springs Convention Center built in the 1960s as a 70,000 square foot facility is an attraction on its own. The center was expanded in 1998 to 240,000 square feet, and expanded again in 2003 to its present 360,000 square-foot facility. Convention Center activities range from concerts by named-entertainers, sporting events to national and regional conventions, and, accordingly, the types and sizes of visiting groups vary significantly. In 2010, more than 358,400 visitors attended 282 events hosted at the convention center.

Food and beverage, upscale retail operations, and art galleries are among the most successful businesses in the downtown area.

## **II. The Buildings to be Leased**

The buildings available for lease are the Maurice Bathhouse and the Hale Bathhouse located on Central Avenue. The buildings are more than 100 years old and vacant at this time. The NPS has completed extensive stabilization and rehabilitation work on both buildings. However, lessees will be required to complete substantial additional rehabilitation work in order to make the buildings suitable for their specific intended uses. Attachment A to this RFP describes the buildings for lease. It is the responsibility of the applicant to inspect the buildings and verify existing conditions. It is highly recommended that applicants consult appropriate architectural and engineering professionals regarding their rehabilitation plans.

Applicants should note that the NPS considers

that the rehabilitation cost of the buildings could exceed \$500,000. Historic Tax Credits may be available through the Internal Revenue Service.

## **III. Historic Preservation Considerations**

The rehabilitation plans of the lessees must comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties and related policies and procedures. (See Appendix B to this RFP) All proposed rehabilitation plans of selected lessees will be reviewed by the NPS in consultation with the Arkansas State Historic Preservation Office to assure consistency with these standards.

## **IV. Term of the Lease and Rent**

36 C.F.R. Part 18 (See Appendix C to this RFP) states that the term of an NPS lease may be up to 60 years but directs that the term be as short as possible, taking into account the financial obligations of the lessee and other relevant factors.



Leases awarded under this RFP will require the payment of at least fair market value rent to the NPS. The determination of fair market value rent will take into account the lessee's rehabilitation costs associated with the leased property, the limitations on the uses of the property, and other relevant considerations. To establish fair market value rent, the NPS will secure an appraisal of the property to be leased subsequent to selection of lease proposals. In general, applicants should anticipate paying rent

comparable to rents for similar space and uses in the Hot Springs area. The rent will be adjusted over the lifetime of the lease based on the annual Consumer Price Index (CPI) as published by the U.S. Department of Labor. Attachment B to this RFP lists additional terms and conditions a lease will contain along with related legal and business considerations.

## **V. Proposal Instructions**

Proposals must identify the building to be leased and contain specific detailed rehabilitation and investment plans and evidence of financial and management capability.

Innovative leasing proposals are welcomed. Proposals should be persuasive as to their feasibility and should reflect a realistic understanding of the building and its value. The terms and conditions of selected proposals, to the extent acceptable to the NPS, will be incorporated into the final leases.

E-mail or faxed proposals will not be accepted. Six copies of each proposal must be submitted (one copy must be the signed original). The copies will be on 8-1/2" x 11" paper, unstapled, and in 3-ring binders.

The NPS will evaluate responsive proposals that offer to further rehabilitate and reuse the buildings in conformance with the requirements of this RFP.

Each applicant is advised to furnish all the information required by this RFP. Failure to do so may result in a less favorable evaluation or a determination of non-responsiveness. A non-responsive proposal is a proposal that is not timely submitted or fails to meet the material terms and conditions of this RFP.

Proposals must be signed by an official authorized to act on behalf of the applicant.

Proposals and modifications must be enclosed in sealed envelopes and submitted in a timely manner.

The face of the envelope must show the hour and date specified on the title page of this RFP and the name and address of the applicant.

Proposals should be addressed to:  
Concessions and Leasing Manager  
National Park Service,  
Midwest Regional Office,  
601 Riverfront Dr.,  
Omaha, NE 68102

Any questions an applicant may have regarding this RFP must be submitted in writing at least thirty (30) days in advance of the submission date in order to allow the NPS sufficient time to reply in writing to the requestor. No NPS employee or agent is authorized to make binding oral commitments of any nature regarding this RFP and/or the proposed leases.

Site visits can be arranged. Those interested in attending should contact the Park Superintendent or her representative for further information.

If applicants wish to have the NPS withhold proprietary financial information from potential disclosure, please refer to Attachment C to this RFP for information regarding use and disclosure of information contained in proposals.

This RFP and the bathhouse lease to be awarded under it are subject to 36 C.F.R. Part 18. (See Appendix C to this RFP).

## **VI. Content of Proposals**

A submitted proposal for the building(s) consists of following six sections:

1. Building Use Proposal
2. Proposed Preservation and Rehabilitation Plan
3. Proposed Environmental Plan
4. Financial Plan
5. Statement of Management Qualifications
6. Proposed Lease Terms and Conditions



### **1. Building Use Proposal**

The building use proposal must identify the building(s) to be leased and specify the proposed use(s) of the building, the modifications or alterations to the building that will be required, and the time schedule for completing these modifications or alterations. The proposal should explain how the use(s) are compatible with the preservation, protection and visitor enjoyment of the Park. It should include, if applicable, facts, information, and data that demonstrate that a viable market demand exists for proposed commercial uses.

### **2. Preservation and Rehabilitation Plan**

The preservation and rehabilitation plan is to specify how the applicant intends to carry out the proposal and shall address the preservation of the interior and exterior of the building to be leased. The plan shall comprehensively describe the applicant's proposed rehabilitation work and outline a detailed schedule for program development, rehabilitation, completion, and opening for operation. The appropriate preliminary plans and drawings should be included in the plan. Applicants should carefully review the Secretary of the Interior's Standards for the Treatment of Historic Properties in this regard. (See Appendix B to this RFP.)

If requested, the NPS will provide applicants with copies of the most current full-scale architectural drawings of the building. A cost recovery fee will be charged for the plans.

### **3. Environmental Plan**

The environmental plan should describe how the applicant's proposed use(s) of the leased building will be conducted in an environmentally sound manner through, among other programs and actions, energy conservation, waste reduction and recycling.

### **4. Financial Plan**

The financial plan should specify the financial means to implement the proposal. The proposal should not presume the availability of any federal funds or the likelihood of philanthropic income from private sources. The following information should be provided in sufficient detail to allow the NPS to make an informed evaluation of the financial plan:

- a. A statement of the financial circumstances of the applicant. The applicant should include a copy of the applicant's audited annual financial statements from its two most recent fiscal years. If a new joint venture or entity is created specifically to respond to this RFP, such audited financial statements from the participating entities should be included.
- b. A plan describing the projected costs of implementing the applicant's proposal, including without limitation, estimated rehabilitation and other expenses, expected equity requirements, and the working capital necessary to undertake the proposal and related lease obligations. The plan should document the source of these funds to the applicant and include compelling written evidence that the necessary funds are or will be available to the applicant through deposit documentation, financing commitment letters, letters of credit and/or other supporting material.
- c. Identification of any affiliation or other relationship between the applicant and any other company, parent company, or subsidiary.

Applicants should complete and submit the form entitled “Financial Qualifications” included in Attachment D to this RFP.

## **5. Statement of Management Qualifications**

The statement of management qualifications should detail the management capability of the applicant to carry out its proposal, as follows:

- a. A statement describing the experience and qualifications for managing both the building rehabilitation and the proposed building use(s), including, without limitation, experience in historic rehabilitation, if any. Relevant experience in carrying out the types of activities stated in the applicant’s environmental plan should be included. If you have ever filed for bankruptcy, had fines imposed on you or your business, or other legal proceedings against you or your business, please state the date(s) and nature of such actions. Please include names of employers/businesses/clients, as appropriate, dates, addresses, and phone numbers.
- b. The name, address, and telephone number of the applicant and the name, address, and telephone number of a representative authorized to act on its behalf.
- c. If the applicant is not an individual doing business under his/her own name, the statement of management qualifications must describe the status of the applicant (whether a corporation, a non-profit or charitable institution, a partnership, a business association or a joint venture) and indicate the jurisdiction under whose laws it is organized and operating.
- d. Identify the known principals, partners, or co-ventures participating in the project, and the nature and share of each participant’s interest in the project.
- e. Provide the following information regarding your organization (existing or proposed); additional pages may be used in order to provide complete information:

If a corporation:

- Articles of incorporation and by-laws
- Organizational chart

- List of officers and directors
- If a partnership:
  - Partnership agreement
  - List of partners and their roles

If a sole proprietorship or other form of organization:

- An explanation of organization.

## **6. Statement of Proposed Lease Terms and Conditions**

State the applicant’s expectations as to the term of the lease and state any particular other lease terms and conditions the applicant would expect its proposed lease to contain. Applicants should make these statements in consideration of the provisions of 36 C.F.R. Part 18 (See Appendix C to this RFP) as well as in consideration of the requirements of this RFP.

## **VII. Criteria for Selection of Lease Proposals**

The NPS will evaluate proposals in response to this RFP under the following criteria:

1. The compatibility of the applicant’s proposed use of the leased property with the preservation, protection and visitor enjoyment of the Park. Visitor enjoyment of the Park encompasses consideration of the suitability of the proposed use to a national park environment, including, without limitation, activities suitable for family participation and activities compatible with NPS educational and interpretive programs.
2. The compatibility of the applicant’s proposal with respect to the building identified for lease and the proposed use in comparison to other proposals received. The NPS seeks an overall adaptive reuse of this historic building in an economic, visual, and programmatically compatible and cohesive manner.
3. The financial capability of the applicant to carry out the terms of the lease,

including the financing of building rehabilitation and intended uses.

4. The experience of the applicant demonstrating its managerial capability to carry out the terms of the proposed lease.
5. The ability and commitment of the applicant to conduct its activities in the Park in an environmentally enhancing manner through, among other programs and actions, energy conservation, waste reduction and recycling.
6. The benefit to the NPS of the financial and other terms and conditions of the proposal, including, without limitation, the scope of rehabilitation work proposed, the term of the lease, and other proposed lease terms and conditions.
7. The compatibility of the proposal with the historic qualities of the building to be leased.

### **VIII. Proposal Review and Selection Process**

The NPS will review all responsive proposals submitted in response to this RFP through an evaluation panel assisted by technical consultants as appropriate.

It is the intention of the NPS to select prospective lessees from the responsive lease proposals submitted without further submittals or presentations. However, after the submission of proposals and prior to the selection of the best overall proposal(s), the NPS may request from any applicant additional information (in writing and/or through presentations) or written clarification of a proposal.

The responsive proposal for the building determined by the NPS to best meet on an overall basis the evaluation criteria will be selected for negotiation of a lease (subject to other terms and conditions of 36 CFR Part 18).

Although each proposal is required to identify the building to which it applies, the NPS may also evaluate proposals with respect to suitable additional buildings, if applicable.

The NPS will then negotiate the terms of the lease with the selected applicant(s), including specific provisions for building rehabilitation, rent, approvals, permitting, and coordination with the NPS within a time frame established by the NPS.



In the event that lease negotiations with a selected applicant fail to result in a lease of the applicable building, the NPS may offer to negotiate a lease for the building with additional applicants that submitted responsive proposals under this RFP that the NPS considers to be suitable for the applicable building.

In accordance with 36 CFR Part 18, the NPS may choose to reject all proposals and re-solicit or cancel this RFP. For administrative convenience, this RFP collectively refers to all the buildings available for lease. However, for purposes of 36 CFR 18.8(d), each lease proposal is considered as submitted applicable only to the building or buildings identified in the proposal.