AGENDA DESCRIPTION:
Consideration and possible action to provide direction to staff and The Lakes RFP Task Force related to finalizing the Request for Proposals for The Lakes at El Segundo Site (400 S. Sepulveda Blvd.). (Fiscal Impact: None)

RECOMMENDED COUNCIL ACTION:
1. Provide direction to staff and The Lakes RFP Task Force to finalize the Request for Proposals for The Lakes at El Segundo Site (400 S. Sepulveda Blvd.); and/or,
2. Alternatively, discuss and take other action related to this item.

ATTACHED SUPPORTING DOCUMENTS:
1. The Lakes RFP Task Force – Activities
2. Draft Request for Proposals

FISCAL IMPACT: None

<table>
<thead>
<tr>
<th>Amount Budgeted:</th>
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<tr>
<td>Additional Appropriation:</td>
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<tr>
<td>Account Number(s):</td>
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STRATEGIC PLAN:
Goal: 1b El Segundo’s engagement with the community ensures excellence
Objective: 1 The City engages in regular, intentional information gathering

PREPARED BY: Meredith Petit, Director of Recreation and Parks
REVIEWED BY: Meredith Petit, Director of Recreation and Parks
APPROVED BY: Greg Carpenter, City Manager

BACKGROUND & DISCUSSION:
Over the last two months, The Lakes RFP Task Force has met four times to discuss the most critical elements and requirements to include in the Request for Proposals for operations of The Lakes at El Segundo Site. The Task Force has reviewed background and historical documents, solicited community input through a Recreation and Parks Facility Needs Assessment survey, and initiated further study of the current condition of the existing facilities at The Lakes property.

Recognizing the desire of the City Council to have the RFP released by the end of this month and the complexities of the project, staff engaged the consulting services of CDB Golf Properties, led by Carol Beck, to assist the process. While the Task Force, consultant, and staff continue to accomplish the many tasks necessary to produce a thorough RFP that will attract high quality proposals, the original timeline remains a concern as there are some outstanding items to accomplish. To that end, this discussion item is intended to seek City Council feedback on the draft RFP to date and request direction on the
outstanding items. Pending direction from City Council, the Task Force can make final adjustments to the RFP and prepare it for its release by the end of the month.

Points of Discussion

(1) **Deal Structure – Lease Agreement vs. Management Contract:** The RFP is currently written to solicit a lease agreement deal arrangement. However, the RFP can be revised to allow the proposer to propose other deal structures, such as a traditional management contract. The Task Force favors the lease agreement structure as it is the best way to secure guaranteed revenue to the City and up-front capital investment.

(2) **Identify Minimum Rent Requirement:** The RFP can indicate a minimum rent requirement payable to the City by the operator. For example, the City can indicate a minimum annual rent of $225,000 and the City Council can determine the best use of those funds (i.e. loan repayment or other).

Currently, the City allocates approximately $235,000 in other charges associated with The Lakes, comprised of Computer and Equipment Replacement Charges, General Administrative, Insurance, and SCE Right of Way Lease. It would be expected that the City continue to recoup appropriate overhead costs, but may be reduced under a new deal structure such as a lease.

A determination should be made as to the expected financial return of the operations to the City and whether all of the above items will be required to be covered by the operator.

(3) **Capital Improvements / Investment Requirement:**

A professional consultant, Golf Maintenance Solutions, conducted a Facility Assessment of the golf course and driving range to identify areas of improvement, prioritize needed repairs, and provide cost estimates. The top priority items included renovation of the bunkers on course, various netting and fencing repairs, lake liner and pump repairs, and tee box leveling.

The Public Works and Building Safety Departments conducted a cursory assessment of the Clubhouse Building and identified many areas needing repairs and improvements within the interior and exterior of the building, such as air conditioning, restroom remodel, interior fixtures and finishes, and kitchen equipment. The total estimate of needed repairs is close to $900,000. However, without the time to hire a third-party expert to fully assess the structural systems (i.e. plumbing, roofing, mechanical and electrical), the full extent of the Clubhouse needs remain unknown.

Additionally, the RFP should indicate to what extent the City is willing to invest in the needed capital improvements. Some level of investment demonstrates a good faith effort on the part of the City as well as willingness to be a partner in the improvement efforts. The FY17/18 CIP budget includes $200,000 originally allocated to supplementing the golf course lighting project. Staff requests the City Council to identify the degree in which funds are available to contribute towards improvements at The Lakes.
(4) **Updated Timeline**

- February 20  City Council Review and Direction
- February 26  Task Force Meeting – for final review/approval of RFP
- March 1      RFP Released
- March 12     Mandatory Pre-Bid Meeting & Site Walk
- April 3      Proposals Due by 4:00pm
- April 9      Interviews with Qualified Proposer(s)
- April 17     Selection of Preferred Proposer by City Council

In order for the current City Council to make the final selection as illustrated in the timeline above, the RFP period for proposals to be written and submitted is limited to 34 total days. The ideal amount of time for proposals to be submitted would be 6-8 weeks.

(5) **Legal Review**

The RFP requires a thorough review by the City Attorney as well as other departments to ensure compliance with City policies, including submittal requirements, insurance requirements, and contract negotiation procedures. These reviews have not yet taken place.

Staff and the Task Force respectfully request City Council direction on the abovementioned items.
# The Lakes RFP Task Force - Activities

<table>
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<tr>
<th>DATE</th>
<th>ACTIVITY</th>
<th>ACTION ITEMS / KEY NOTES</th>
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<tr>
<td>7-Nov-17</td>
<td>Task Force Created</td>
<td>Commissions/Committees to appoint representation</td>
</tr>
<tr>
<td>30-Nov-17</td>
<td>All Members Appointed</td>
<td>Schedule meeting(s)</td>
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<tr>
<td>11-Dec-17</td>
<td>Task Force Meeting #1</td>
<td>Develop community survey; facility assessment of course, driving range and clubhouse building</td>
</tr>
<tr>
<td>2-Jan-18</td>
<td>Task Force Meeting #2</td>
<td>Focused on financial goals of the facility to include revenue to operate, fund immediate and future capital improvements, and provide revenue to City that could be used to service existing debt; Solicit proposals for golf RFP consultant</td>
</tr>
<tr>
<td>3-Jan-18</td>
<td>Course/Range Facility Assessment conducted by Golf Maintenance Solutions</td>
<td>Final report provided to City 1/24/18; identified needed improvements totaling $73,000-$333,000 of immediate first-year needs, and between $738,000-$908,000 over the next 3 years</td>
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<tr>
<td>16-Jan-18</td>
<td>Status Update provided to City Council</td>
<td>City Council stressed the importance of the timeline</td>
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<tr>
<td>18-Jan-18</td>
<td>Community Survey Released</td>
<td>Will remain open for approximately one month</td>
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<tr>
<td>23-Jan-18</td>
<td>Clubhouse Facility Assessment conducted by PW and BS Departments</td>
<td>Assessment provides a list of maintenance improvements and approximate cost estimates, totaling $875,000</td>
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<tr>
<td>29-Jan-18</td>
<td>Task Force Meeting #3</td>
<td>Discussed utilization of survey results; reviewed facility assessment reports to identify needed improvements</td>
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<tr>
<td>30-Jan-18</td>
<td>Consultant Interviews</td>
<td>City Manager and Director of Rec/Parks selected CDB Golf Properties</td>
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<tr>
<td>12-Feb-18</td>
<td>Task Force Meeting #4</td>
<td>Engage professional engineer for structural assessment of Clubhouse; Reviewed draft RFP components and table of contents</td>
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REQUEST FOR PROPOSALS

MANAGEMENT AND OPERATIONS OF THE LAKES AT EL SEGUNDO SITE

CITY OF EL SEGUNDO
DEPARTMENT OF RECREATION AND PARKS
REQUEST FOR PROPOSALS
FOR THE
MANAGEMENT AND OPERATIONS OF THE LAKES AT EL SEGUNDO SITE

Meredith Petit, Director of Recreation and Parks
310-524-2880 / mpetit@elsegundo.org

REQUEST FOR PROPOSALS ISSUED: ____________

PROPOSALS DUE: ____________, 2018 at __:00pm, PST
________________, El Segundo, CA

RFP # 18-02
## REQUEST FOR PROPOSALS
THE LAKES AT EL SEGUNDO SITE
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## Exhibits
A. The Lakes at El Segundo Site Plan
B. Last 3 Years’ Historical Financial Information
C. Grant Deed from Chevron
D. Golf Course Operations Manual
E. List of Equipment and FF&E owned/leased by City
F. List of Equipment and FF&E owned/lease by current operator
G. Minimum and Optional Capital Improvements
I. INTRODUCTION

The City of El Segundo is currently seeking competitive proposals for the management and operations of The Lakes at El Segundo Site ("The Lakes") for the operation of a public golf course or other public outdoor recreational activities that would be open to the public. The Lakes is a 30-acre parcel located in the City of El Segundo ("City") in the County of Los Angeles. It is located approximately 2 miles from Los Angeles International Airport on Sepulveda Blvd. just south of El Segundo Blvd. and across from the Chevron refinery. Chevron grant deeded The Lakes to the City as a public recreation facility. The grant deed includes a restrictive land use covenant that states the parcel can be used as a public golf course or other public outdoor recreational use. This RFP provides specific instructions to the prospective Proposers regarding the minimum information that must be included in any RFP response, including formatting of responses, as well as pertinent data about the existing facility.

II. COMMUNITY OVERVIEW

The City of El Segundo is located within Los Angeles County and is bounded by Los Angeles International Airport to the north, Hawthorne to the east, Manhattan Beach to the south, and the Pacific Ocean to the west. Occupying approximately 5.5 square miles, El Segundo’s population is 16,654 (per 2010 Census). While enjoying its small town feel, El Segundo has the second highest concentration of Fortune 500s in the State of California, only behind San Francisco. The following companies are either headquartered or have a major presence here: Chevron, Raytheon, Northrup Grumman, Oracle, Boeing, Hewlett-Packard and IBM, to name just a few. El Segundo was honored as The Most Business Friendly City in 2015 for cities under 57,000 population category.

In a mere five-square-mile radius, are businesses have access to two major freeways, a light rail station, a bus depot and LAX. Regional access to the community is provided via Interstate 405 (the San Diego Freeway), Interstate 105, and State Highway #1 (Sepulveda/Pacific Coast Highway) which runs north-south through the eastern portion of the city. With its ideal location, diverse business base, affordable lease rates and available space, El Segundo has become the preferred alternative to the pricier and denser West Los Angeles and Downtown LA area markets. Sepulveda, the Rosecrans Corridor, the new Elevon at Campus El Segundo development and the up-and coming Smokey Hollow districts are among the prized sections in town attracting notable companies into El Segundo.
III. FACILITY DESCRIPTION

The Lakes currently operates as a 9-hole executive golf course that is owned by, and operated under the oversight of the City. Built in 1994, the facility also includes a two-level driving range, practice area and clubhouse with a restaurant. A large patio overlooks the course, lakes and a waterfall. The source of the golf course irrigation water is reclaimed water from the West Basin Water District Reclamation Plant located immediately south of the golf course.

The Lakes facilities include the following:
- 9 hole, par 29, 1,327 yard golf executive golf course
- Double-decked driving range with 58 stalls with lights for night use
- A short game practice area covered with natural grass, which includes a 10,000 square foot putting green and 800 square foot chipping and pitching green with a practice bunker
- Clubhouse building (approximately 4,000 square feet) with food/beverage facilities, pro shop, small banquet space, administrative offices, and men’s and women’s restrooms.
- Concrete patio adjacent to the Clubhouse for outdoor food and beverage service and special event support
- Maintenance facility for outdoor material storage, a wash down area, and a maintenance/storage building
- Parking lot; landscaped and lighted

The day-to-day management and operations of the facility is currently provided by Lane Donovan Golf Partners LLC, a golf course management company, under contract with the City and under the general oversight of a Golf Course subcommittee comprised of community members, appointed and elected City officials, and staff of the Recreation and Parks Department.

IV. CITY’S VISION AND GOALS

The City is dedicated to providing the entire community - both residents and visitors - an exceptional and affordable golfing or other outdoor recreational experience in a safe, friendly, and inclusive environment for socializing and enjoying the outdoors. Currently, The Lakes is a community resource that emphasizes the outdoor, recreational aspects of golf for citizens of all age groups. The City’s Vision and Goals will incorporate the following components:

A. Recreation and Parks’ Values – Community involvement that incorporates the needs of El Segundo residents is an essential component to the operations at The Lakes. Educational and other community programs involving juniors, seniors, local schools, and charities (to name a few) will be critical and a key element of the evaluation process. Youth camps, adult leagues and other golf
activities as well as increased participation from non-golfers through activities and other functions will be important. If maintained as a golf course facility, the City's Golf Course Manual will be incorporated into the operating plan. This addresses elements such as safety, cleanliness, quality customer service, operating and maintenance standards that would be expected at the facility. (The current Golf Course Manual is attached. It is currently under review and may be subject to change; however, any material changes would be addressed with the Operator if there were to be any significant impact.) Additionally, a survey was recently completed to assist the City in understanding how to best use the available resources of the City to meet the needs of the community. The El Segundo Recreation and Parks Facility Needs Assessment was distributed and the results will help establish priorities for the future development and improvement of El Segundo's recreation and parks facilities and will be incorporated into the evaluation process.

B. Financial Performance is “self-sustaining” – The Lakes operates as an Enterprise Fund for the City with the intention to generate adequate revenues to cover operating expenses, debt service ($225k annually), long-term capital improvements without assistance from the City's General Fund and provide the Operator an adequate return on its investment. In doing so, it is anticipated that pricing will be established that is affordable to City residents and represents excellent value for visitors and surrounding area residents. Certain operational expenses, administrative charges, and other City expenses required under enterprise funding accounting methods will be addressed in the financial statements provided.

C. Capital Investment and Facility Improvements – Given the excellent location of The Lakes, its strong demographics, and efficient facility layout, the City believes the opportunity and cash flow potential allows for a proposed deal structure that will allow for an Operator to fund some level of capital improvements as well as contribute to a capital reserve for future capital improvements. The City's goal is to make nominal capital investment and will consider a deal structure that allows for an Operator's adequate return on investment. Details regarding minimum and optional capital improvements are addressed in Exhibit G.

D. Compliant with existing Grant Deed – If a proposed use is different from the existing operation, the use will need to adhere to the Grand Deed from Chevron (attached). The Grant Deed allows for a) a public golf course and supporting amenities or b) other outdoor public recreation uses.

E. Risk Assessment and Track Record - The City is looking for a partnership with an experienced and proven operator. Credentials to be reviewed will include experience with similar facilities as proposed, financial capabilities, references and other related aspects as addressed in the Submittal section under Statement of Qualifications and Experience.
V. SUBMITTAL REQUIREMENTS

A. Cover Letter
   Each Proposer must submit a cover letter identifying the Proposer and the scope of the proposed project. Proposers may include other important general information that is deemed significant enough to be highlighted. An authorized representative of the proposing entity must sign the cover letter.

B. Description of Business and Operating Plan
   a. Describe the business and marketing plan for the facility. At a minimum, this must include a detailed description of the services to be provided, proposed rate structure, operating hours, ongoing marketing and business development practices, and the target market. Describe community involvement programs to be implemented. If maintained as a golf facility, describe the proposed structure for providing lessons and arrangements with teaching pros.
   
   b. Provide a description of the proposed revenue and expense internal controls and reporting systems.
   
   c. Provide a financial pro forma covering the term of the lease structure proposed including financial projections, cash flow, and potential revenue participation projections for the City and Proposer.
   
   d. Describe both short-term and long-term capital improvement plans including cost estimates and timelines. See attached Exhibit G.
   
   e. Provide a rationale showing why the Proposer should be selected.

C. Statement of Qualifications and Experience
   Provide information regarding the Proposer’s professional experience, identifying similar operations that it operates. Describe how the company is organized and how its resources will be utilized, including identifying the individuals that would be involved in the operation of The Lakes, any partners or sub-consultants providing a significant portion of the work and/or with an ongoing presence in the operation, and their experience with this kind of operation. Provide current financial statements and balance sheet for proposing entity. Disclose any contracts terminated prior to expiration and cause for termination.

D. Staffing Plan and Organizational Chart
   a. Describe how the proposed operations will be managed. Include an organization chart for the proposed operations, including which positions will be involved in the operation and the reporting structure for such personnel.
b. Describe the organization’s customer service philosophy/programs and the Proposer’s goals with regard to customer service. Include training programs to be employed to achieve customer service goals.

E. Access to Capital
Identify sources of funds the company will use for proposed capital improvements and its current access to financing, if needed.

F. Proposed Project, if applicable
If the proposal includes an operation different from the current operation, identify the type of operation the Proposer would propose for the site, including: needed construction including understanding of the zoning and regulatory permitting required for alterations to the site; type of programming and other details that demonstrate compliance with the vision set forth within this proposal.

The proposal shall include a preliminary description of the proposed project and should include the list of qualified consultants and engineers and the project manager who has successfully completed similar projects.

If modifications to the site are necessary for the proposed operation of the site, the selected Operator for the property will be responsible for seeking and obtaining any and all required approvals from the City of El Segundo, County of Los Angeles and any other agency with regulatory authority over the use of the property prior to initiating any construction activities on the site necessary for implementation of the selected use. Additionally, the Operator shall be responsible for all design and capital improvements (including securing any necessary financing) that are required to initiate the proposed site use modifications. This includes, and is not limited to, the responsibility for all costs associated with construction of new facilities and modifications to existing facilities. A bond sufficient to cover the construction costs of any improvements and in a form acceptable to the City Attorney shall be required to be submitted and approved prior to issuance of any City construction permits.

G. Anticipated Timeline
If different from the current operation, identify an approximate timeline to begin the operations of The Lakes site, including how soon the company would expect to complete the planning process, secure financing, begin and complete project construction, if needed, and open the operations to the public. Also indicate if the company would pursue a phased project. If the project is proposed to be phased, identify the breakdown of each phase and how long the overall project would take to complete. The timeline should include the required permitting and all approval requirements.

H. Franchises/Sub-lessees
Proposers who are proposing to operate with franchises or sub-lessees from other
companies must submit letters of intent that confirm the franchising/sub-lessee arrangements between the Proposer and the franchising/sub-lessee company.

I. **Deal Structure and Terms; Capital Improvement Plan**

Proposers are required to provide an outline of proposed lease terms, including but not limited to, length of term plus any options, amount of guaranteed rent (not to be less than $225,000 annually), capital contribution, and description of additional cash flow to the City and Proposer. Refer to Exhibit G and describe proposed short term and long term capital improvement plans with cost estimates and timeline.

J. **References**

Provide at least three (3) references from other cities or counties within which the Proposer has operated similar facilities. Proposer may also provide any additional references it believes would be helpful in providing the City with a more complete understanding of its professional experience in this type of operation.

VI. **INTERPRETATION OF PROPOSAL DOCUMENT**

A. If discrepancies or omissions are found by any prospective Operator or there is doubt as to the true meaning of any part of the RFP, written request for a clarification or interpretation shall be submitted to City no later than 2:00 p.m., __________, __________, 2018.

B. Any clarification or interpretation of the RFP will be posted to the City’s website in an addendum. Any change to the RFP shall be made by addendum and posted to the City’s website.

C. The City is not responsible for any explanation, clarification, interpretation or approval made or given in any manner except by addendum. A copy of each addendum will be posted to City’s website. Any addenda so posted are to be considered a part of this RFP document.

VII. **RIGHT TO REJECT**

The City of El Segundo reserves the right, at its sole discretion, to select or reject any or all submittals received pursuant to this Request for Proposals.

VIII. **EVALUATION AND SELECTION CRITERIA**

Following a comprehensive evaluation based on the quality and compatibility with the City's objectives and competitiveness of the proposals received in response to this RFP, City staff will contact the Proposers best suited to partner with the City. The City will then conduct interviews with the top qualified Proposers and will identify the most suitable and qualified company. The City Council, at its sole discretion, will choose the Proposer that it determines will provide the best service to the City and the
community, balanced with financial return to the City, and will then begin negotiations to enter into a contract. The submission of a proposal by any Proposer does not in any way commit the City to enter into a lease with that Proposer, or any other Proposer. The City will enter into negotiations with the Proposer that it deems the best able to provide and fund a golf range, facility operations, and improvements, or other outdoor recreational activities. The City reserves the right to reject any or all proposals.

Criteria to be utilized by the City in its evaluation process will include:

- Responsiveness to minimum information requested
- Shows understanding of the City’s Vision and Goals
- Experience and qualifications
- Demonstrated ability in partnering with other municipalities with a similar deal structure as proposed
- Compliant with the Grant Deed
- Delivers a financially attractive proposal to the City

IX. PROPOSED SCHEDULE

<table>
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<tr>
<td>Submittals Due:</td>
<td>April __, 2018</td>
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<tr>
<td>Interviews with Qualified Proposer:</td>
<td>April, 2018</td>
</tr>
<tr>
<td>Selection of Preferred Proposer:</td>
<td>April/May, 2018</td>
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<tr>
<td>Contract executed:</td>
<td>May, 2018</td>
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<tr>
<td>Commence operations:</td>
<td>TBD</td>
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X. SUBMITTED INFORMATION

Please respond with ___ (__) copies of Proposer’s submittal, addressing the requirements identified above, formatted to standard letter-size paper. Additional promotional materials providing an overview of the company or prior operations may also be submitted.

All submittals must be mailed or otherwise delivered to:

City Clerk’s Office
City of El Segundo
350 Main Street
El Segundo, California 90245

All questions regarding this Request for Proposals shall be directed to Meredith Petit, Director of Recreation and Parks, via e-mail at mpetit@elsegundo.org or by telephone at (310) 524-2880.