

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

99-380

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

AGENDA:

AUGUST 23, 1999

SYNOPSIS -

Approve the Request for Proposal (RFP) for Management of the Clubhouses at the City's three public golf courses (Waveland, Grandview, and A.H. Blank) and maintenance of A.H. Blank Golf Course.

SUBJECT:

GOLF COURSE
MANAGEMENT -
REQUEST FOR
PROPOSAL (RFP)

FISCAL IMPACT -

The recommended RFP is based upon the intent to defease tax-exempt bonds sold in 1990-1991 to construct the fairway irrigation systems on the three City golf courses. The outstanding principal and interest as of December 1, 1999, when the bonds may be called, amounts to \$505,630. The method for financing the bond defeasance has not been determined. Options include reissuing the bonds as taxable bonds or utilizing internal funding from one or more sources (Capital Improvement Program (CIP), fund balance, loan, etc.).

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

RECOMMENDATION -

Approval.

SUBMITTED BY:

DONALD M. TRIPP
PARKS AND
RECREATION
DIRECTOR

BACKGROUND -

On June 15, 1999, the Park and Recreation Board approved a recommendation from the Citizen's Golf Committee to: Approve the development of a Request for Proposal (RFP) which seeks bids from firms or persons to manage the City's golf courses (under the Concessionaire and/or Management style contracts) and include appropriate information on prospective golf managers such as experience, customer service record, and references.

On June 28, 1999, Council approved the recommendation of

the Park and Recreation Board including the hiring of an independent consultant to assist in the development of the RFP. A limit of \$7,500 was set for compensation to the private consultant.

On July 12, 1999, Council approved a contract with Larry Sheldon, an employee with McGladrey & Pullen, LLP, to act as consultant with the RFP Development Committee. On July 15, 1999, the RFP Development Committee met with Mr. Sheldon and began constructing the RFP. Members of the Committee included three members of the City's Finance Department, one from the Legal Department, one from the Park and Recreation Board, one from the Park and Recreation Department, and three from the Citizen Golf Committee.

In finalizing the draft of the RFP, the RFP Development Committee found that the 1997 revision in the Internal Revenue Service (IRS) rules governing the irrigation system bonds was more restrictive than originally understood. The method of compensation to a management company or individual allows for little or no incentive opportunities in operating the City's golf courses. This ruling not only decreases the possible number of bid proposals, it is contrary to the original intent and direction of the Citizen Golf Committee, Park and Recreation Board, and City Council. The only effective solution is to defease the bonds which simultaneously removes the restrictions of the rules. This proposed action is the basis for developing the format of the final draft of the RFP.

On August 4, 1999, and August 10, 1999, respectively, the Citizen Golf Committee and Park and Recreation Board approved the recommendation of the RFP Development Committee. Included in the Golf Committee and Park and Recreation Board's motions was the contingency to issue an RFP under the guidelines of the IRS rules should the Council not agree to go forward with defeasing the bonds.

On August 16, 1999, Council received the proposed RFP and deferred approval until the August 23, 1999, meeting, in order for staff and a special Council sub-committee to examine suggested revisions.

The RFP (attached to the Roll Call) is the approved document from the Park and Recreation Board with amendments as suggested by staff and the special Council subcommittee.

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