



Council Communication

Office of the City Manager

Date

August 25, 2008

Agenda Item No. 37

Roll Call No. 08-

Communication No. 08-519

Submitted by: Donald M. Tripp

Park and Recreation Director

AGENDA HEADING:

Authorizing issuance of Request for Proposal (RFP) for the private management of Grandview and Waveland Golf Courses.

SYNOPSIS:

Recommendation to the Des Moines City Council to authorize the City's Purchasing Division to issue an RFP for the private management of Grandview and Waveland Golf Course operations.

FISCAL IMPACT:

Amount: To be determined. The goal is to eliminate public subsidy and generate revenues in excess of expenditures.

The evaluation criteria established in the RFP weighs various factors such as experience, business plan and compensation to the City through a competitive submittal process. The fiscal impact shall be determined based on the responses received from the proposers to this RFP. It is expected that this action will result in a reversal from loss to profit for Waveland and Grandview Golf Courses, thereby positively impacting the City's General Fund.

Funding Source: N/A

ADDITIONAL INFORMATION:

The City of Des Moines owns three municipal golf courses; A.H. Blank (S.W. 9th and County Line Road), Grandview (2400 East 29th Street) and Waveland (4908 University Avenue). Two different management agreements for the City's three courses are currently in place. A private Management Agreement with C-Corporation (Jeff Chiodo, President) for Blank Golf Course guarantees the City an annual lease payment of \$100,000 with the contractor collecting all revenues and paying all operating and capital expenses. Additionally, beginning in 2010, the City shall receive an additional 10% of gross revenues over the established baseline of \$1,000,000. Grandview and Waveland are maintained by the City, through the Park and Recreation Department and an Operating Management Agreement with Vanscoy Management Team (Bob Vanscoy, President). Under the terms and conditions of this Agreement, the City collects all revenues, except Pro Shop sales and pays all expenses for both operations and capital improvements.

From FY 2000 through FY 2007, expenses exceeded revenues by an average of \$327,000, while the 15-year average has illustrated annual losses of \$206,000. The private management model has proven to be

more of a financial benefit than the existing City/Management Agreement model currently in place for Grandview and Waveland golf courses. The current Management Agreement with Mr. Vanscoy terminates on January 15, 2010. It is recommended that an RFP be issued for the private management of Grandview and Waveland Golf Courses, whereby the awarded proposer would pay the City a guaranteed fee for the exclusive right to operate and manage both Grandview and Waveland Golf Courses. The timeframe of this process is as follows:

Facility tours	September 10, 2008
Proposers' conference	September 15, 2008
Final submittal of questions to the City	September 26, 2008
Responses to questions submitted	October 10, 2008
Final RFP submittals to the City	November 14, 2008
Recommendation to City Council	January 2009
Management Agreement to City Council	February 2009

The RFP selection committee from the City of Des Moines would evaluate the proposals and submit a recommendation to the Des Moines City Council to enter into negotiations with the recommended proposer. As a part of the overall review, staff is requiring two years of financial statements and evidence of equity capital and financing necessary to fulfill the obligations of their proposal. The evaluation criteria contained within the RFP is as follows:

1. History of company, contractors experience and reputation	20 pts.
2. References, client list, complexity of events (outings, banquets)	10 pts.
3. Compensation to the City	30 pts.
4. Business plan, staffing levels, marketing ideas, capital improvements	30 pts.
5. Environmental practices	10 pts.
6. Local preference	<u>01 pts.</u>
Total points available	100 + 1 pts.

Upon staff recommendation to negotiate an agreement with the successful proposer, terms and conditions established in the management agreement would provide for the City to inspect and evaluate the maintenance and repair to the golf course and clubhouse. Additionally, service level standards would be incorporated to ensure the operator's standard of care is equal to or better than other public golf courses within the Des Moines metropolitan area. This information is outlined in the RFP under the requirements to maintain performance standards which covers but is not limited to:

- Financial performance in comparison to A.H. Blank Golf Course and other public golf courses within the metropolitan area.
- Course use including rounds played, concession and cart sales.
- Course care including maintenance and cleanliness of the golf course, clubhouse, fixtures, furnishings, signs and equipment.
- Customer service.

On July 10, 2006, by Roll Call No. 06-1385, the Des Moines City Council approved a management agreement with C-Corporation, (Jeff Chiodo, President) for the private management of A.H. Blank Golf Course.

On November 8, 2006, at a City Council budget workshop, staff recommended evaluating the success of the A.H. Blank Golf Course fully privatized management agreement and pursue similar changes when the Grandview and Waveland management agreement term expired after the 2009 golf season.

At the November 26, 2007 City Council budget workshop, staff recommended that an RFP be developed for the private management of Grandview and Waveland golf courses. This recommendation was presented to the City Council at their August 4, 2008, City Council budget workshop and a draft of the RFP was distributed to the Council on Monday, August 18, 2008. The recommendation to proceed with an RFP is based on previous contacts from seven different proposers interested in bidding on the private management of Grandview and Waveland Golf courses.

On August 4, 2008, Des Moines Park and Recreation staff presented information regarding the current status of the golf course operations and the recommendation to issue an RFP for the privatization of Grandview and Waveland Golf courses. Council requested staff research the Polk County Conservation Board's process and the RFP that was used for the privatization of Jester Golf Course. Staff met with Pat Boddy, Polk County Conservation Board Director, to discuss the process and their evaluation of this contracted management operations. Ms. Boddy indicated that her department is very satisfied with the process and the contract terms they negotiated with the County's new private operator.

In preparing the proposed RFP for Grandview and Waveland Golf courses Park and Recreation staff, in addition to reviewing the Conservation Board's RFP process and provider agreement, also evaluated the City's agreement with C-Corporation on the management of A.H. Blank Golf Course. The Conservation Board's approach was very prescriptive in detailing needs/desires resulting in the receipt of only two proposals. Staff's approach on the City's RFP will be to provide a series of outcomes desired by the City that would ultimately be drafted into a management agreement. This will allow more flexibility to the bidders in describing their business plan, staffing, funding, capital improvements, etc. on their proposal responses.

The full draft RFP is available at the City Clerk's office for Council review.

PREVIOUS COUNCIL ACTION(S):

Date: July 10, 2006

Roll Call Number: 06-1385

Action: On agreement with C Corporation, (Jeff Chiodo, President) for the A.H. Blank Golf Course and Clubhouse Management Agreement from July 1, 2006 through January 15, 2019, continued from June 19, 2006 Council Meeting. (Council Communication No. 06-443) Moved by Kiernan to adopt. Motion Carried 6-1. Nays: Hensley.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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