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|  <p style="text-align: center;">Council Communication Office of the City Manager</p> | Date | December 22, 2008 |
| | Agenda Item No. 39 Roll Call No. 08- Communication No. 08-753 Submitted by: Donald M. Tripp Park and Recreation Director | |

AGENDA HEADING:

Accepting proposal of C-Corporation for the management of Grandview and Waveland Municipal Golf Courses and authorizing the City Manager to negotiate and execute agreement.

SYNOPSIS:

Recommend approval of the Golf RFP Evaluation and Selection Committee’s and Park and Recreation Board’s recommendations to authorize the City Manager to negotiate and execute a contract with C-Corporation, (Jeff Chiodo, president) for the management of Grandview and Waveland Golf Courses effective January 15, 2010. Staff recommends a 10-year contract for the period of January 15, 2010 to December 31, 2019, plus two four-year renewal options.

FISCAL IMPACT:

Amount: Using an average of the past two fiscal years, under the recommended action the Golf Enterprise Fund (Golf Fund) would receive about \$175,000 more in revenue annually than under the current operation arrangement. The Golf Fund will use the increased revenue to continue to pay PILOT, Indirect Costs (administration and support), and police and fire services provided by the General Fund. Any net revenue will then apply to the balance owed to the General Fund.

Staff does not anticipate debt retirement in the foreseeable future. Under the current agreement with Des Moines Water Works, the City does not pay for water at facilities that do not generate a profit. An outcome of this agreement would be that the City will not pay for water usage at the golf courses until such time as the entire debt is retired.

Additionally, C-Corporation will provide a capital investment of \$1,097,500 to the two courses over ten-years. Over the past ten years the City has been able to fund \$425,550 in capital improvements.

Funding Source:

Management fee payments from C-Corporation to the City for Grandview and Waveland Golf Courses, deposited to the Operating Budget, Golf Operations Fund, EN201 PKS010704 (Grandview) page 250 and EN201 PKS010707 (Waveland) page 251.

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. The current management agreement with Mr. Vanscoy terminates on January 15, 2010.

From FY 2000 through FY 2007, Golf Fund expenses exceeded revenues by an average of \$327,000 annually. These losses contributed to the City's current General Fund's Golf Enterprise Fund loan balance of \$3.7 million. The C-Corporation agreement at Blank has proven to be more of a financial benefit than the existing City operating management agreement currently in place for Grandview and Waveland Golf Courses.

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 pursuing similar operating agreement 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 budget workshop and a draft of the RFP was distributed to the Council at their August 18, 2008 meeting. The recommendation to proceed with an RFP resulted from previous contacts from seven different proposers interested in bidding on the private management of Grandview and Waveland Golf Courses.

On August 25, 2008, by Roll Call No. 08-1522, the Des Moines City Council authorized issuance of the Golf Management RFP (RFP V09-20) for the private management of Grandview and Waveland Golf Courses, in which the awarded proposer would be required to pay the City a guaranteed fee for the exclusive right to operate and manage both Grandview and Waveland Golf Courses. The RFP was sent out to seventeen potential proposers; seven companies participated in securing the addendums and questions to answers and four organizations submitted proposals. Those that submitted proposals included: Billy Casper Golf (Vienna, Virginia); C-Corporation (Des Moines, Iowa); H.G. Golf Properties (Danville, Indiana); and Vanscoy Management (West Des Moines, Iowa). The three companies requesting information but not submitting a proposal were: Coppola Enterprises (Des Moines, Iowa); I.R.I. Golf Group, LLC. (Allen, Texas); and Landscapes Golf Group (Omaha, Nebraska).

Among the general terms and conditions set forth in the RFP are: City's right to set fees and charges for the golf course operations as set out in the City Ordinance, with the City Council approving green fees, badge fees, cart rentals, etc. and the Park and Recreation Board approving concession prices; approval of all capital projects prior to any improvement work commencing at either Grandview or Waveland Golf Courses; required use of the City's Point Of Sale (POS) cash register; an electronic tee time reservation system; maintaining the City's sledding offerings during the winter months; and complying with the City's agreement with The First Tee of Greater Des Moines.

The Golf RFP Evaluation and Selection Committee, appointed by the Des Moines City Council, was comprised of the Park and Recreation Board President, two Park and Recreation Board Members (both of whom also serve on the Park and Recreation Board's Citizen Golf Advisory Committee), the City's Economic Development Administrator, the City's Budget and Research Officer, the Park and Recreation Services Manager, and the Assistant Park and Recreation Director. Two additional members, the Executive Directors of the Iowa Golf Association and Iowa Golf Course Superintendents' Association were also appointed to this committee but were unable to fulfill their commitment as both were out of town on the date of the public presentations and closed session interviews that followed with each of the proposers.

As a part of the overall review, the RFP required proposers to submit two years' financial statements and evidence of equity capital and financing necessary to fulfill the obligations of their proposal. The RFP evaluation criteria were: history of company, contractors' experience and reputation (20 pts.); references, client list, complexity of events (outings, banquets (10 pts.); compensation to the City (30 pts.); business plan (30 pts.); environmental practices (10 pts.); and local preference (1 pt.) for a total of 101 available points.

The table below illustrates the RFP Evaluation and Selection Committee's final score based on a ten-year contract value to the City:

| Criteria | Pts. | Billy Casper | C- Corporation | H.G. Golf | Vanscoy Mgmt. |
|--------------------|-------------|---------------------|-----------------------|------------------|----------------------|
| Total Score | 101 | 78.67 | 90.00 | 67.95 | 68.32 |
| Ranking | | 2 | 1 | 4 | 3 |

Within the individual proposals, C-Corporation provided the best financial outcomes to the City in both operating cash and capital investment. C-Corporation also scored high in: their business plan detailing specific course condition improvements (tees, greens, traps, etc.); capital improvements (cart storage for electric golf carts, upgrading the irrigation systems, building a new maintenance facility at Grandview and assisting with the fixtures and furnishings of the new Grandview Clubhouse; marketing and promotional efforts (creating a call center allowing the public to call one phone number for all courses to book a tee time, golf outing or banquet, offering babysitting services at Grandview for stay-at-home parents, establishing a Ryder Cup tournament involving all three City courses, continuing the three-course season badge, reaching out to East High School parents and alums to book events and sports banquets, etc.). C-Corporation has over 37 years of experience operating and managing Blank Golf Course including both the clubhouse and golf course maintenance operations and provided evidence of financing and equity capital to achieve their stated outcomes within their RFP response.

The City of Des Moines Golf RFP Evaluation and Selection Committee has evaluated the proposals and is recommending to the Des Moines City Council to accept the proposal of C-Corporation and to enter into negotiations with C-Corporation (Jeff Chiodo, President) for the management of Grandview and Waveland Golf Courses. On Tuesday, December 9, 2008, the Des Moines Park and Recreation Board voted to approve the Golf RFP Selection Committee's recommendation to the Des Moines City Council to enter into negotiations with C-Corporation (Jeff Chiodo, President) for the operations and management of Grandview and Waveland Golf Courses. Staff is recommending that a ten-year term be negotiated with C-Corporation in order to capture the capital improvements outlined in their RFP response. This would also result in all three City golf course contracts terminating at the same time.

Staff further recommends that the City Manager, or his designee, be authorized and directed to negotiate and execute a contract based on the response to the RFP for an initial term or ten (10) years with up to two (2) additional four (4) year options for renewal, subject to review and approval as to form by the Legal Department, and to execute any additional documents that may be necessary under such a contract.

PREVIOUS COUNCIL ACTION(S):

Date: August 25, 2008

Roll Call Number: 08-1522

Action: Issuance of request for private management of Grandview and Waveland Municipal Golf Courses. (Council Communication No. 08-519) Moved by Vlassis to adopt, and approve the committee structure as proposed by the City Manager. Motion Carried 6-1. Absent: Cownie

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):

Date: December 9, 2008

Roll Call Number: 08-109

Action: On recommendation of the Golf RFP Selection Review Committee to negotiate an Agreement with C Corporation, (Jeff Chiodo, President) for the management of Grandview and Waveland Golf Courses. Moved by Scavo to adopt. Motion Carried 8-2. Nays: Jensen and Krumrey.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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