



# STAFF REPORT

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May 08, 2024  
File Number 0470-32

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## **SUBJECT**

### **CALIFORNIA CENTER FOR THE ARTS ESCONDIDO FACILITY REQUEST FOR PROPOSALS**

## **DEPARTMENT**

Economic Development, Real Property

## **RECOMMENDATION**

Request the City Council Receive Presentation and Provide Direction

Staff Recommendation: Receive and Provide Direction (Economic Development Department: Jennifer Schoeneck, Director of Economic Development)

Presenter: Jennifer Schoeneck, Director of Economic Development

**ESSENTIAL SERVICE** – Yes, Land Use/Development

**COUNCIL PRIORITY** – Eliminate Structural Deficit; Increase Retention and Attraction of People and Businesses to Escondido

## **FISCAL ANALYSIS**

The City of Escondido (“City”) currently subsidizes the facility maintenance and operations of the California Center for the Arts, Escondido facility in the amount of \$3,909,922.53 annually.

There is an estimated additional \$5,750,000 in repairs required at the facility that is not currently budgeted.

In addition, the City of Escondido pays the current entity that operates and programs the facility \$660,000 annually under an operation and management agreement valid through June 30, 2024, with an option to extend through June 30, 2025.

The City is seeking to issue a Request for Proposals (“RFP”) soliciting facility use and management proposals from entities that include a plan to reduce or eliminate an annual City subsidy.

## **PREVIOUS ACTION**

The FY2023/24 General Fund operating budget projected a net operating deficit of \$11,295,840. In order to continue to provide core City services including Public Safety, Public Works, Community Services, and



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Development Services, staff made recommendations to close the deficit that include a combination of using reserve balances as well as deferring major purchases to future years.

At the Visioning and Structural Deficit Strategy Workshop on September 27, 2023, City Council identified the Essential Services and Council Priorities that now guide staff. The recommended plan outlined at the January 31, 2024 Fiscal Sustainability, Capital Projects, and American Rescue Plan Act (“ARPA”) City Council meeting was the first step on the path of making progress toward accomplishing these priorities by depressing future obligations to the General Fund and removing non-essential services in an effort to achieve financial sustainability.

At that meeting on January 31, 2024, City Council approved moving funding for a management agreement with current California Center from the General Fund, to American Rescue Plan Act funding for the term of one year. That term is anticipated to begin on July 1, 2024 and end on June 30, 2024.

### **BACKGROUND**

The City of Escondido approved in 1985 the annexation and construction of an arts, theatre and museum complex to provide a focal point in southern California for the presentation of a variety of world class, visual and performing art events, to encourage diverse cultural activities in programs, and to provide a venue for local events, educational opportunities, and presentations. Construction of the \$81 million 191,000 square foot facility was completed in 1994. The California Center for the Arts, Escondido (“CCA”) is located at 340 N. Escondido Boulevard, Escondido, California 92025.

Since the facility opened, the operations have not created a revenue stream for the City and has required a City general fund subsidy for operations. The average five-year annual subsidy cost to operate the CCA is \$4,569,922.53 and comes from the City’s general fund.

To explore options for potential facility use and management operators for the California Center for the Arts, Escondido facility, that reduces or eliminates City subsidy for operations, the City is requesting proposals from entities for the use and operation of the facility.

This RFP process has three goals:

- Demonstrate the City’s current subsidy to operate the CCA facility
- Solicit general proposals for use and operation of the facility without cumbersome requirements
- Understand if any entities (private or nonprofit) are interested in providing a proposal

The timeline for the RFP process is as follows, with dates subject to change based on external factors and/or City Council feedback. There is no obligation for the City Council to award a final contract.



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<b>CCAIE RFP Proposed Timeline</b>	
Council Date	Wednesday, May 8, 2024
Application Opens	Wednesday, May 15, 2024
Informational Zoom Call	Thursday, June 6, 2024
Required In-person Tour 1	Thursday, June 13, 2024
Deadline to Submit Questions	Wednesday, July 31, 2024
Questions Posted	Friday, August 9, 2024
Optional In-person Tour 2	Thursday, August 29, 2024
Proposals Due	Friday, November 1, 2024
Review Proposals	November - December 2024
Interviews	December 2024 - January 2025
Negotiations and Contract	January - April 2025
New Contract Signed	April for July 1, 2025 start date

Proposals from potential entities should include the following:

- Scope of Services
  - Propose the intended use and purpose for the entirety of the property and facilities
  - How the intended purpose and use will maximize community benefit
  - Strong ability of the entity to perform all management and maintenance of facilities and programming with minimal City financial subsidy
  - Describe any partnerships or other entities working in collaboration with the entity for the proposal
  - Outline any potential alterations or maintenance to the property facilities by the entity and the ability to finance these improvements
  - Entity's ability to perform the items listed above
- Minimum Qualifications
  - Must be legally capable of operating within the State of California and City of Escondido.
  - Must have at least five (5) consecutive years of successful experience managing and operating public assembly facilities similar to the California Center for the Arts, Escondido.
  - Strong preference toward entities with experience in operating such a facility on behalf of a public entity, such as a City or County government, or public building authority.
- Proposal Requirements
  - Cover Letter: A cover letter introducing the entity and the individual who act as the entity's project manager. The letter should specifically state the proposer's understanding of the work to be accomplished and briefly outlines the entity's strengths in providing the required services.



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- Qualifications and Experience: Overview of the entity, the leadership of the entity, the entity's history and other similar projects that demonstrate expertise
- Outline of the purpose and use of the facility: describe how the entity will maximize community benefit and maintain financial sustainability to minimize City general fund subsidy cost
- Initial proposed terms: proposed agreement type, lease rate, and revenue share
- Three case studies demonstrating entity's ability to deliver on the proposed project
- Three references that can attest to the entity's ability to deliver on the proposed project

### ATTACHMENTS

- a. Attachment "1"- RFP No. 2024-30
- b. Attachment "2"- CCAE Management Agreement
- c. Attachment "3"- CCAE Facility Map
- d. Attachment "4"- CCAE 5 Year Expenses