



To enrich lives through effective and caring service

July 13, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012



Santos H. Kreimann
Director

Kerry Silverstrom
Chief Deputy

Dear Supervisors:

**REJECTION OF THE PROPOSAL RECEIVED FOR DEVELOPMENT OF A WATER-ORIENTED COMMERCIAL OR MIXED-USE PROJECT WITH ENHANCED BOATER SERVING FACILITIES ON ADMIRALTY WAY
(Parcels 49 and 77) - MARINA DEL REY
(4th DISTRICT) – (3 VOTES)**

SUBJECT

The requested action authorizes the rejection of the sole proposal submitted from a developer interested in developing a high-quality water-oriented commercial and visitor-serving or mixed-use project with enhanced boating amenities on all or a portion of Parcels 49 and 77 in Marina del Rey.

JOINT RECOMMENDATION WITH THE CHIEF EXECUTIVE OFFICER THAT YOUR BOARD:

Authorize the Chief Executive Officer and the Director of the Department of Beaches and Harbors to reject the proposal received from Goldrich and Kest, Inc. for development on Parcels 49 and 77 in Marina del Rey.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Chief Executive Office (CEO) and the Department of Beaches and Harbors (Department) agreed to explore the possibility of developing a high-quality project on Parcels 49 and 77 on Admiralty Way between Mindanao and Fiji Ways in Marina del Rey. The purpose was to: a) use the location as a focal point to enhance the position of Marina del Rey as a major regional destination; and b) generate additional revenue for the County from development.

On May 12, 2009, your Board adopted a resolution authorizing the release of a Request for Qualifications (RFQ) to be followed by a Request for Proposals (RFP) to bidders that qualified through the RFQ process to carry out the County's purposes. The RFQ was issued in May 2009 and responses were due July 6, 2009. As a result of the RFQ

process, Caruso Affiliated and Goldrich and Kest, Inc. (G&K) were invited to respond to the RFP. Only one submission, from G&K, was received prior to the November 17, 2009 deadline for review by the Evaluation Committee.

The Evaluation Committee met to confirm a scoring methodology to be used in the evaluation of the RFP. Following each evaluator's independent review of the written proposal, the group conducted an interview with G&K. Following the interview, the Evaluation Committee compiled its final report. The Evaluation Committee's report (Attachment A) recommended that the County proceed to negotiations with the proposer. However, upon review of the Evaluation Committee's report and as a result of a variety of factors, including subsequent discussions with California Coastal Commission (CCC) staff and community input received at a series of public information sessions held subsequent to the release of the RFQ, as discussed in more detail below, the Department and the CEO have determined that it is in the best interests of the County to reject the proposal.

Specifically, in the period following the issuance of the RFP, the Department held a series of meetings with CCC staff regarding development in Marina del Rey. The purpose of the meetings was to provide clarity to the County on the CCC's position regarding development within Marina del Rey in order to assist with the County's drafting of an amendment to Marina del Rey's Local Coastal Program. In these meetings, CCC staff clearly conveyed its strong preference for new visitor-serving uses at this location, which could be used by both visitors and boaters.

Because the proposed project contains a multi-family residential component in an area that is currently used for commercial and boating purposes, the Department and CEO conclude that the project is unlikely to secure CCC approval, and, thus, it is not prudent to expend the considerable resources likely to be necessary to implement the project. The Department and CEO believe that both the County and G&K could invest several years of time and effort, as well as commit large sums of capital, in seeking approval of a project that did not have CCC support from the outset.

Additionally, the Department held two public information meetings regarding the RFP on August 11 and 25, 2009. At those meetings, public input was received regarding the potential scale of the project and the impacts to boating, and strong opposition was registered to any development that could negatively impact the activities of the existing mast-up storage and public launch ramp facilities. While the project replaces those uses in a one-for-one ratio, resulting in no net loss of storage spaces and parking, the Department feels the change in configuration, as suggested in the proposed site plan and described by G&K during a presentation to the Department Director (Director), requires an improbable adjustment to the existing boating operations.

Therefore, the Department and CEO's final conclusion is that the development of the

parcel as put forth by G&K is not appropriate at this time, and rejection of the proposal is the best recommended course of action. A letter informing G&K of the recommendation to be delivered to the Board of Supervisors was sent on May 27, 2010, as required in item 4.10 of the RFP. Prior to the delivery of that letter, G&K representatives were informed in person during a meeting held April 29, 2010 at the offices of the Department of the recommendation to be forwarded to the Board of Supervisors. Additionally, the Director held a second meeting on May 20, 2010 with G&K and its architectural and marketing teams to discuss the RFP.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended action will allow the County to continue its effort towards the best practices redevelopment of the parcel, which will result in fulfillment of Strategic Plan Goal No. 1, "Operational Effectiveness", Strategy No. 1, "Fiscal Sustainability", and Goal No. 3, "Community and Municipal Services", Strategy No. 1, "Cultural and Recreational Enrichment".

FISCAL IMPACT/FINANCING

There is no fiscal impact associated with the recommended action. The costs of consultants involved in evaluating the qualifications of responsive proposers were funded by existing County resources.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Board's May 12, 2009 resolution afforded the County the unqualified right in its sole and absolute discretion to choose or reject any or all proposals received in response to the RFP and to withdraw the RFP with no recourse for any proposer, as outlined in Section 4.1 of the RFP.

In the event that the proposer is in disagreement with the recommendation intended to be forwarded to the Board of Supervisors, the proposer is afforded the opportunity to request a review by a County review panel of the recommendation per items 4.10 and 4.11 of the RFP.

ENVIRONMENTAL DOCUMENTATION

Approval of the recommended action is not subject to the California Environmental Quality Act (CEQA).

CONTRACTING PROCESS

In accordance with your Board's May 2009 action, the County solicited responses to an RFQ, appointed an Evaluation Committee to both evaluate those responses and recommend a short list for receipt of an RFP, issued an RFP, and evaluated the one proposal received. The Evaluation Committee provided a score of 89/100 per the attached report. Although it was anticipated that the CEO and the Director would jointly make a recommendation for authority to enter into exclusive negotiations with a proposer, rejection of the proposal was an option expressly included in the May 2009 Board action.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on other current services or projects.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors send two copies of an adopted Board letter to the Department of Beaches and Harbors.

Respectfully submitted,



William T Fujioka
Chief Executive Officer

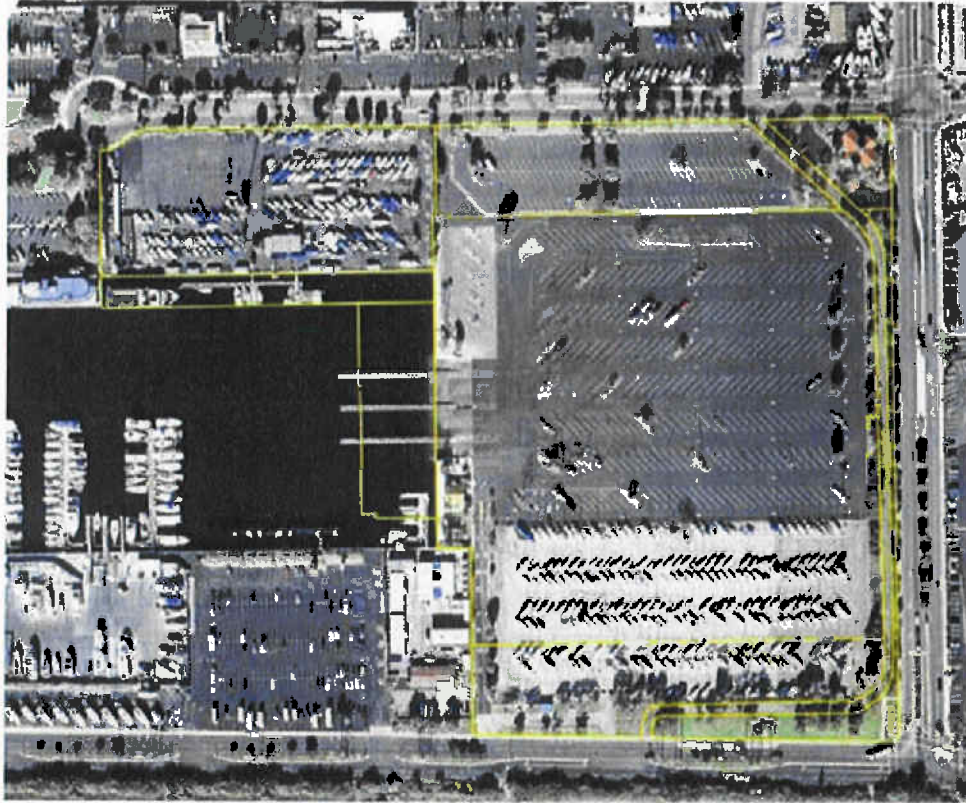


Santos H. Kreimann
Director of Beaches and Harbors

WTF:SHK;mk
Attachments (1)

c: County Counsel
Executive Officer, Board of Supervisors

(PARCELS 49 AND 77)



PARCEL 49/77 EVALUATION COMMITTEE REPORT

EVALUATION OF RESPONSES
TO PARCEL 49/77 REQUEST FOR PROPOSALS

Prepared by:
Parcel 49/77 Evaluation Committee
Allan D. Kotin
Richard S. Volpert
Michele Vercoutare

Prepared for:
Santos Kreimann, Director
Department of Beaches and Harbors
County of Los Angeles

March 25, 2010

TABLE OF CONTENTS

- 1. INTRODUCTION**
- 2. CRITERIA**
 - i. Compliance with Submission Requirements
 - ii. Revenue Enhancement
 - iii. Boating Use Satisfaction
 - iv. Creativity/Marina Upgrade
 - v. Project Execution
- 3. DATA RESULTS**
 - i. Project Description
 - ii. Compliance With Submission Requirements
 - iii. Subjective Review of Evaluation Committee
 - iv. Selected Comments
 1. Revenue Enhancement
 2. Boating Use Satisfaction
 3. Creativity/Marina Upgrade
 4. Project Execution
- 4. RECOMMENDATION**
- 5. ADDENDUM**
 - i. Evaluation Committee Scoring Sheets
 - ii. Sign-in Sheet for Interview

SECTION 1 INTRODUCTION

The Parcel 49/77 RFP Evaluation Committee (the "Committee") was formed to evaluate submittals received in response to the *Proposal for Development of a Water-Oriented Commercial and Visitor-Serving or Mixed-Use Project plus Boating on Admiralty Way Between Mindanao and Fiji Way* (the "Parcel 49/77 RFP" or the "RFP"). This solicitation was approved by the Board of Supervisors on May 12, 2009 and was subsequently issued by the Department of Beaches and Harbors (the "Department" or "DBH").

The County is offering up to approximately 16.91 acres of land and up to 1.58 acres of water area in prime Marina del Rey waterfront for the development of a commercial/retail center containing up to approximately 135,000 square feet of visitor-serving commercial space (e.g., specialty retail and restaurant venues), boating storage and launching facilities, public parking, and optional residential buildings. A Department of Beaches and Harbors ("DBH") administration building (approximately 26,000 square feet) may be included in the project. The site is located along the south side of Admiralty Way extending from Mindanao Way to Fiji Way, and consists of Marina Parcels 49 and 77. The site contains extensive water frontage. Parcel 77 was acquired by the County to be part of the adjoining waterfront public park (Burton Chace Park). The exact portions of the Parcels to be utilized for development may be proposed at the discretion of the Proposer, as will be the total build-out for which entitlements will be sought subject to the limitations stated in the RFP. Securing the entitlements for this project will require an amendment to the Local Coastal Program for Marina del Rey.

The RFP contemplates development Parcels 49S, 49R, 49M, and 77. The RFP was circulated in October 2009 after a Request for Qualifications was circulated earlier in 2009. Upon the July 6, 2009 receipt of submissions in response to the Request for Qualifications, the Department narrowed the field of qualified applicants to two applicants. The two entities that were accepted into the pool of qualified bidders were Caruso Affiliated and Goldrich & Kest Industries, LLC.

The Department received one submission from Goldrich and Kest Industries, LLC by the November 17, 2009 deadline.

SECTION 2 CRITERIA

On January 27, 2009 the members of the evaluation committee met to select the criteria by which the proposal would be evaluated. In determining the criteria, the selection committee incorporated the development objectives as outlined in Section 1.2.1 of the RFP:

1.2.1. Development Objectives

The County has five principal development objectives:

- 1 Recapturing the special place Marina del Rey has had as a leisure and visitor-serving destination for the general public;*
- 2 Maintaining and enhancing the attractiveness of Marina del Rey to recreational boaters;*
- 3 Taking advantage of site opportunities to create a combination of waterfront and expanded park exposure unique among commercial/visitor-serving locations along the Southern California coast;*
- 4 Capitalizing on the location of the site as the "front door" to---and the largest parcel within--- Marina del Rey, with an exciting mix of pedestrian-friendly and onsite uses that relate strongly to the water; and*
- 5 Capturing the long-term asset value of the County-owned Marina del Rey real property.*

Additionally, the selection committee selected the criteria by drawing from Section 1.2.2 of the RFP:

"The County will evaluate, in its sole and absolute discretion, each Proposal based on the development proposal, financial proposal, the qualifications and experience of the Development Team, its demonstrated capabilities in executing projects of this type and magnitude, and its approach to structuring the transaction from a financial and management standpoint, including evaluation of the proposed timeline for development."

The selection committee then created a series of the specific criteria by which Goldrich & Kest's submission would be evaluated. The first criteria are a check for compliance with the requirements of the RFP. This check was provided by DBH staff and a score of 1-100 assigned based on staff's review of the submission package.

Compliance with Submission Requirements

- a. Timely submission of the applicant's package
- b. Submission of all required documents
- c. Completeness of information in all submitted documents

The second set of criteria is a series of subjective measures according to the major headings and descriptions as outlined below. Each of the major headings was assigned a weighting based on the selection committee's opinion of the relative importance of each of those components to the overall submission. Scores were submitted by members of the selection committee according to their opinion of the submission's strength in each of the subjective categories.

1. Revenue Enhancement

- a. Additional County Revenue – Project's projected revenues higher than currently received from parcel and appropriate to overall potential of parcel.
- b. Quality of Revenue Stream – Relative value of projected revenues based on track record of operator and soundness of proposal.
- c. Timing of Revenue Stream – Adequacy and financial impact on County of holding rent and subsequent increases.
- d. Certainty of Revenue Stream – Degree of certainty that rent will be received weighted against contingencies on which revenue stream is based.

2. Boating Use Satisfaction

- a. Storage – Satisfaction of requirement for no loss of mast-up storage spaces.
- b. Ease of Access – Preserves operation of existing boat launch facilities including ramps and parking areas.
- c. Enhancement of Experience - Adds to the quality experience for boating through addition of amenities specifically intended to serve boating community.

3. Creativity and Marina Upgrade

- a. Development Concept – Recaptures sense of “special place” as visitor serving destination.
- b. Site Design – Leverages available portion of water-front location to create site unique among Southern California water-front locations.
- c. User Interface – Project orients to the water in such a way that pedestrian friendly environments blend with boating uses.
- d. Visitor Serving Quality – Creates exciting “destination experience” for local residents and visitors alike.

4. Project Execution

- a. Entitlement Risk – If further entitlements, variances, or LCP Amendments are necessary, assessment of respondent's ability to achieve any necessary approvals including risk factor of non-compliance with the LCP.
- b. Financial Strength of Respondent – Evaluation of financial statements and banking relationships of proposed ownership entity and the principals constituting that entity.

- c. Financing Risk - Identification and assessment of commitment and track record of equity and financing sources.
- d. Market Risk - Size of project appropriate to size of target market and likelihood of financial success of project.
- e. Project Management Capabilities – Extent of development team’s project management experience.
- f. Marketing and Operating Experience – Sufficient marketing and operating experience to carry out proposed project particularly relating to retail centers.
- g. Timeline – Proposal calls for project completion within a reasonable period including construction schedule.
- h. Marina Track Record – Experience of operator in navigating issues specifically related to Marina and coastal development.

The selection committee’s review followed the schedule as outlined below:

January 27, 2009 – The selection committee met to define the evaluation criteria, weighting of criteria, and to set a date for the applicant interview;

February 3, 2010 – The committee met after their initial review of the applicant’s proposal for a preliminary discussion and to create a series of questions regarding the proposal to submit to the applicant. Those questions were to be addressed at the applicant interview;

February 8, 2010 – DBH staff submitted the selection committee’s questions to Goldrich & Kest Industries, LLC;

February 15, 2010 – Goldrich and Kest Industries, LLC supplied written answers to the committee’s question list to DBH staff. Those answers were forwarded to the selection committee for review prior to the applicant interview;

February 17, 2010 – The selection committee met with Goldrich and Kest Industries, LLC to interview the applicant regarding the submission to the RFP. Immediately thereafter, the selection committee met to review the submission, discuss the interview, and provide its findings to DBH staff.

**SECTION 3
DATA RESULTS**

1. PROJECT DESCRIPTION

The applicant Goldrich and Kest Industries, LLC submitted a proposal to construct the following improvements on the subject property:

| | |
|-------------------|---|
| Project Name | The Launch |
| Retail | 116,495 sf |
| Office | 26,000 sf - Dept. of Beaches and Harbors HQ |
| Multi-family | 255 apartment units |
| Visitor Amenities | 3,000 sf visitors center |

2. COMPLIANCE WITH SUBMISSION REQUIREMENTS

The table below provides the result of both the DBH's staff review of the compliance with submission guidelines.

| | |
|--|------|
| Compliance with submission guidelines | 100% |
| Submission of all required documents | 100% |
| Completeness of all information in all submitted documents | 100% |

3. SUBJECTIVE REVIEW OF EVALUATION COMMITTEE

| | <u>Weight</u> | <u>Total</u> | <u>Percentage</u> |
|---------------------------------|----------------|-----------------|-------------------|
| 1 Revenue Enhancement | 20.00% | 50 /60 | 83.33% |
| 2 Boating Use Satisfaction | 20.00% | 57 /60 | 95.00% |
| 3 Creativity and Marina Upgrade | 30.00% | 80 /90 | 88.89% |
| 4 Project Execution | <u>30.00%</u> | <u>80 /90</u> | <u>88.89%</u> |
| Total | 100.00% | 267 /300 | 89.00% |

4. SELECTED COMMENTS

The following comments are excerpts from the evaluation committee report (attached) as submitted by the members of the evaluation committee.

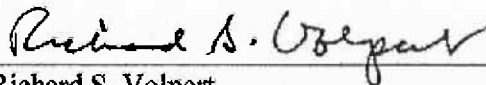
1. **Revenue Enhancement** – “Substantial increase in site rent to County and probably gets maximum entitlements for site.”
2. **Boating Use Satisfaction** – “...much better, particularly services.”
3. **Creativity and Marina Upgrade** – “Creates new place, freshens Marina.”
4. **Project Execution** – “can self-finance”, “successful so far in other Marina ventures”

**SECTION 4
RECOMMENDATION**

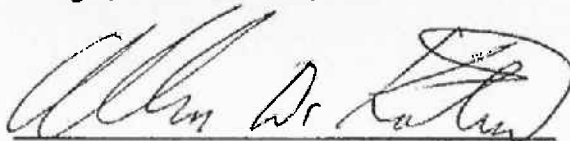
Based on the independent review of the selection committee, the submission as provided by Goldrich and Kest generated a score of 89 out of a possible 100.

Given the strength of the applicant, the appropriateness of the development as conceived, and the strong operating history of the applicant, the selection committee is providing a recommendation to proceed to the Board of Supervisors to request the Board's permission to commence negotiations with Goldrich and Kest Industries, LLC with the intent of securing a mutually agreeable Term Sheet.

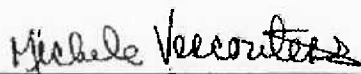
Respectfully submitted by members of the Parcel 49/77 evaluation committee, as set forth below.



Richard S. Volpert
Partner
Munger, Tolles & Olson, LLP



Allan D. Kotin
Principal
Allan D. Kotin & Associates



Michele Vercootere
Office of the Chief Executive Officer
County of Los Angeles