

CITY OF OAKLAND
AGENDA REPORT

OFFICE OF THE CITY CLERK
2007 MAR 15 PM 5:55

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Audree V. Jones Taylor
DATE: March 27, 2007

RE: Resolution to Reject All Submissions Received for the Operation and Management of Lake Chabot Golf Course and Close the Current Request For Qualifications (RFQ) Process; To Issue a New Request For Proposals (RFP) in Nine Months; To Waive the RFP Requirements for a Temporary Management Agreement, And to Authorize the City Administrator to Negotiate and Execute a Temporary Management Agreement with Touchstone Golf, LLC for Operation and Management of Lake Chabot Golf Course for the Interim Period.

SUMMARY

Staff recommends that Council adopt a resolution rejecting three Request for Qualifications (RFQ) submissions that were received for the Lake Chabot Golf Course (LCGC) concession and close the current RFQ process. Staff further recommends that a new Request for Proposals (RFP) be issued in nine months with the goal of returning to Council with recommendations for the long-term management and operation of Lake Chabot Golf Course. Until a new concession or longer-term management agreement can be authorized, staff requests authorization for the City to enter into a sole-source agreement for the operation of the golf course with Touchstone Golf, LLC, a qualified management company. The interim agreement would be in effect until the new RFP process is complete, estimated to take nine months to a year.

FISCAL IMPACT

Lake Chabot Golf Course will reopen on April 7th, 2007. During the estimated one-year period before a long-term operator can be found, OPR requests authorization to enter into a sole-source temporary agreement with Touchstone Golf, LLC for operation of the golf course. The proposed initial term for management would be nine months with two additional three-month options controlled by the City.

Expenses

Under the terms of the proposed interim nine-month agreement, all expenditures (staff costs, food & beverage costs, merchandise costs, etc.) would be paid out of revenue generated by the golf course. Management fees paid by the City to the management company over a one-year period would total \$106,000 plus any incentive fees earned for exceptional success. If golf course revenues do not exceed expenditures, expenses would be paid out of the Golf Course Improvement Fund (3200) Lake Chabot Golf Course Org (502362). OPR fully expects that the

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course will be self-sustaining during this time and therefore staff does not anticipate a substantial impact on the Golf Course Improvement Fund.

Revenue

As outlined on the attached budget for LCGC operations during the term of the interim management agreement, revenue generated from course operations will be used to offset expenses incurred by the operator. Revenue in excess of expenses will be due and payable to the City quarterly. If revenue exceeds budgeted projections, Touchstone Golf, LLC would be paid 10% of the excess revenue, with the balance going to the City. While staff is hopeful that operations will generate revenue above hard costs, it is anticipated that operations at the course will simply be self-sustaining. Any revenue received by the City in relation to LCGC operations would be reported to Golf Course Improvement Fund (3200), Lake Chabot Golf Course Org (502362), Concession Income: Golf Course Account (44511).

BACKGROUND

Lake Chabot Golf Course was operated under a concession agreement by Raymond Chester for a period of 20 years. During the past five years, a downturn in the golf economy and increased competition (namely the reopening of Metropolitan Golf Links) contributed to a falling off of course revenue and resulted in maintenance activities being long delayed. As the course fell into greater disrepair, many golfers went elsewhere or golfed less frequently, resulting in more lost revenue.

At the end of the concessionaire's agreement, OPR determined that the appropriate course of action was to close the course during the unprofitable winter season, so that attention could be given to improving the golf course and facility. Recommended by Raymond Chester, Steve Harker was hired as a Temporary Contract Services Employee by OPR to oversee the maintenance improvements to Lake Chabot Golf Course. Working with Monti Nunemacher, the golf course superintendent, and his team, Mr. Harker has done an excellent job making the necessary improvements. Although the course has been closed to general golf play, OPR was successful in keeping Junior Golf programs running during this time period.

In the past three months, under the leadership of Mr. Harker, the clubhouse has been cleaned out, painted and carpeted. The kitchen has been painted and floor replaced. The golf course has been fertilized and re-seeded. Piles of debris that had built up over seven years were removed. Irrigation repairs are being made and numerous other projects have been completed. Furthermore, a solid plan is in place to continue to make improvements in preparation for the opening on April 7th, 2007. In the current improved condition, the course and clubhouse provide much greater potential for generating revenue. In December, OPR hosted an open house party and invited neighbors, golf groups, and community members to come to the clubhouse to see the improvements. Considerable enthusiasm was generated at that meeting and a local neighborhood group has been using the clubhouse since for its monthly meetings.

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An RFQ for the long-term lease of the golf course was issued on November 3rd, 2006 and responses to the RFQ were due on January 5th, 2007. Three responses were received before the deadline. Two additional responses were delivered after the cut-off time, and so were not accepted. OPR convened a panel of homeowners, golf experts, and users to review the submissions for responsiveness to the RFQ. The review panel did not find any of the submissions to be adequately responsive or complete. Across the board, scores were extremely low for each of the submissions, with no response scoring higher than a 60% responsiveness rating. One of the respondents proposed the creation of a charitable organization that would oversee the course as a management company (rather than as a concessionaire). A second respondent indicated that their partner organization would provide the compensation plan to the City, yet the partner's plan did not provide it. The third respondent proposed what was essentially a management agreement rather than a concessionaire agreement. None of the proposals provided the appropriate documentation that was required to substantiate their ability to invest \$3 million in the course.

KEY ISSUES AND IMPACTS

Type of Agreement

One of the challenges in determining the next steps for operation of Lake Chabot Golf Course is in evaluating which type of operation agreement would best serve the City's needs. There are two options under consideration: 1) a long-term concession agreement; or 2) a management agreement. Staff is requesting direction from Council to determine which type of agreement to pursue through the next RFP.

It is staff's recommendation that Council consider a management agreement for the next five years. This recommendation is based on current golfing trends and our experience with this RFQ process. In the last several years there has been slow growth in the number of golfers and rounds played nationwide, and this has led to downward pressure on market share, and decreased interest in investing in golf courses. We believe that this led to few firms being interested in responding to our RFQ for a long-term concessionaire.

However, in five years, the situation will be very different. Lake Chabot's condition will be greatly enhanced, and the golf market in general will also be improved. Specifically, at Lake Chabot, the number of rounds played in 2005 was at an all-time low of 43,329 rounds. We believe that in the next five years, as golfers return to Lake Chabot, the course will sustain an average of 70,000 rounds annually. In addition, the National Golf Foundation (NGF) predicts that the golf market is in the process of rebalancing itself; Baby Boomers are retiring and the NGF predicts that there will soon be a resurgence of interest in golf. If all these trends are borne out, in five years there will be greater interest from the golfing industry in investing in Lake Chabot as a long-term concession agreement.

It is important to note that a long-term concession agreement provides the City with limited financial risk. Under such an agreement, the concessionaire would provide for maintenance and

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improvements to the golf course and would assume the financial risks associated with a fluctuating market. However, in this difficult market, the City runs the risk of entering into an agreement with a concessionaire, who, when faced with dwindling revenue, fails to perform maintenance as outlined in the agreement or returns to the City to re-negotiate the terms of the agreement.

A management agreement for the course offers increased flexibility, and would probably result in a greater number of RFP respondents, but also increases the City's financial risk. In a management agreement the City would make a commitment to the management company for a specific dollar amount monthly with incentives for greater performance. A sluggish or nonperforming market would result in the City having to pay the management fee, regardless of the return. Furthermore, a management agreement leaves the responsibility for infrastructure improvements and maintenance with the City.

Possible Development on Part of the Site

In recent years developers have expressed considerable interest in the Lake Chabot Golf Course site. OPR and the City are committed to keeping the site a 27-hole golf course, but it may be that partnering with a developer to build adjacent housing or a spa, or expansion of existing facilities could be a way of supporting some of the major capital improvements needed to restore the course's infrastructure. Staff is requesting direction from Council regarding whether to consider proposals that include development projects as part of a management or concessionaire proposal for the site. OPR recommends limited development at the golf course, and that any development be done without reducing the total number of holes.

Interim Operations and Agreement

The re-opening of the golf course on April 7th, 2007 is necessary in order to generate revenue to offset operating costs of the golf course as well as to increase the chances for the long-term success of the property by avoiding the displacement of golfers to competing facilities over a longer period of time.

Until a new concession or longer-term management agreement can be authorized, it is in the best interest of the City to waive the RFP process and enter into an interim agreement for the operation of the golf course with Touchstone Golf, LLC, a qualified management company. The interim agreement would be in effect until the new RFP process is complete, estimated to a year. The planned reopening of the golf course on April 7th without an experienced operator would be extremely challenging. If the City were to solely operate the course for the interim period, the City would have to release the current part time employees who are approaching their 1,000 hour capacity. This would mean losing trained personnel who are familiar with the golf course operations. OPR would then need to hire 25-30 full-time and part-time employees, find concessionaires to carry the liquor license and service the bar, operate the food and beverage

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operations, operate the golf pro shop, etc. and find a full-time manager with expertise in turnaround situations.

In the long-term it is in the City's best interest to work with a company that is willing to invest in the golf course, and who will enter into a concessionaire agreement for the management of the course. This interim, short-term agreement will ensure that the City provides the best service to the golfing community and allows OPR to maintain and improve the City's asset, thereby preparing the property for a longer-term operator.

Proposed Interim Operator

Touchstone Golf, LLC is a golf course management firm run by Steve Harker. Mr. Harker is based in Berkeley and was recommended by the previous concessionaire. OPR recommends Mr. Harker as an interim manager because of his experience managing the Tilden Park Golf Course and San Leandro's Monarch Bay Golf Course. In both cases, Mr. Harker's golf business acumen and practical approach resulted in significant increases in the use and financial solvency of those two courses. He is currently managing three other golf courses under similar conditions. When OPR closed LCGC last fall, Mr. Harker was hired as a Temporary Contract Service Employee to oversee maintenance operations and to provide the improvements necessary to allow the course to reopen in April. Mr. Harker and his team have worked intensely to bring the golf course fairways and greens back to life – seeding, fertilizing and aerating areas that had not received this treatment in years (see Exhibit 1: "Before" and "After" pictures). Mr. Harker also hired the foremost golf course soil and plant scientist on the west coast to develop an agronomic plan for LCGC. In addition, his team repaired and restored the inside and outside of the clubhouse – a historic building which was sorely in need of a "facelift" (see Exhibit 2: "Before" and "After" pictures). They also repaired the restrooms on the course, fixed the Hill House Snackbar, and repaired the pathways and parking lot.

In addition to the maintenance and improvement of the facilities at the course, Mr. Harker is doing an exceptional job with outreach to the Oakland golfing community and LCGC neighbors. By working closely with the community, the re-opened LCGC can provide the best possible experience for everyone and best return on the City's investment. During the closure, OPR conducted a survey about LCGC's strengths and weaknesses. As the attached survey results demonstrate, LCGC received an "F" in almost every area: customer service, quality of the golfing experience, pro shop, food and beverage, etc. (see Exhibit 3: Survey Results). OPR will survey LCGC's patrons again in six months and we are confident that scores will have improved across the board by this time.

In summary, the sole-source agreement is recommended based on Mr. Harker's accomplishments at LCGC as described above, but also because Touchstone Golf is one of the few, if not the only, firm on the west coast that provides short-term solutions for golf courses like LCGC. In addition, because Mr. Harker has been working as a Temporary Contract Service Employee at the golf course since November 1st, 2006, the transition to having his firm operate the course would be relatively straightforward and swift. Lastly, because Mr. Harker is based in

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the East Bay and has worked extensively in the area, he is very familiar with the marketing *niche* that LCGC can occupy once the course is brought up to a higher standard of maintenance and customer service. (See Exhibit 4: Marketing Plan; Exhibit 5: Projected Revenues & Expenditures; Exhibit 6: Overview of Touchstone Golf; and Exhibit 7: Draft Contract between City of Oakland and Touchstone Golf, LLC).

SUSTAINABLE OPPORTUNITIES

Economic: The re-opening of Lake Chabot Golf Course could provide additional jobs to the area and create sales tax revenue through green fees, cart rental, food, beverage and merchandise sales.

Environmental: One of OPR's goals for Lake Chabot Golf Course is to become a fully-certified Audubon International Cooperative Sanctuary.

Social Equity: The re-opening of Lake Chabot Golf Course restores an important recreational resource for Oakland residents. It will remain an affordable, accessible, and available place to play golf and thereby create a benefit to local residents. OPR also intends to continue building its existing Ace Junior Golf program at LCGC, a program which introduces Oakland inner-city youth to the sport of golf. OPR is also exploring the idea of initiating a golf caddy program for inner-city youth.

DISABILITY AND SENIOR CITIZEN ACCESS

Any improvements to the golf course would conform to the requirements of the Americans with Disabilities Act, the Older American Act, and other applicable laws.

RECOMMENDATION(S) AND RATIONALE

Staff recommends that Council adopt a Resolution to reject all submissions received for operation and management of Lake Chabot Golf Course and close the current Request For Qualifications (RFQ) process; to issue a new Request For Proposals (RFP) in nine months; and to enter into a sole-source temporary Management Agreement with Touchstone Golf, LLC for operation and management of Lake Chabot Golf Course in the interim period.


ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that Council adopt a Resolution to reject all submissions received for operation and management of Lake Chabot Golf Course and close the current Request For Qualifications (RFQ) process; to issue a new Request For Proposals (RFP) in nine months; and to enter into a

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sole-source temporary Management Agreement with Touchstone Golf, LLC for operation and management of Lake Chabot Golf Course in the interim period.

Respectfully submitted,


Audree V. Jones-Taylor
Director, Office of Parks & Recreation

Prepared by:
Deborah Spaulding, Administrative & Fiscal Manager

APPROVED AND FORWARDED TO THE
LIFE ENRICHMENT COMMITTEE:

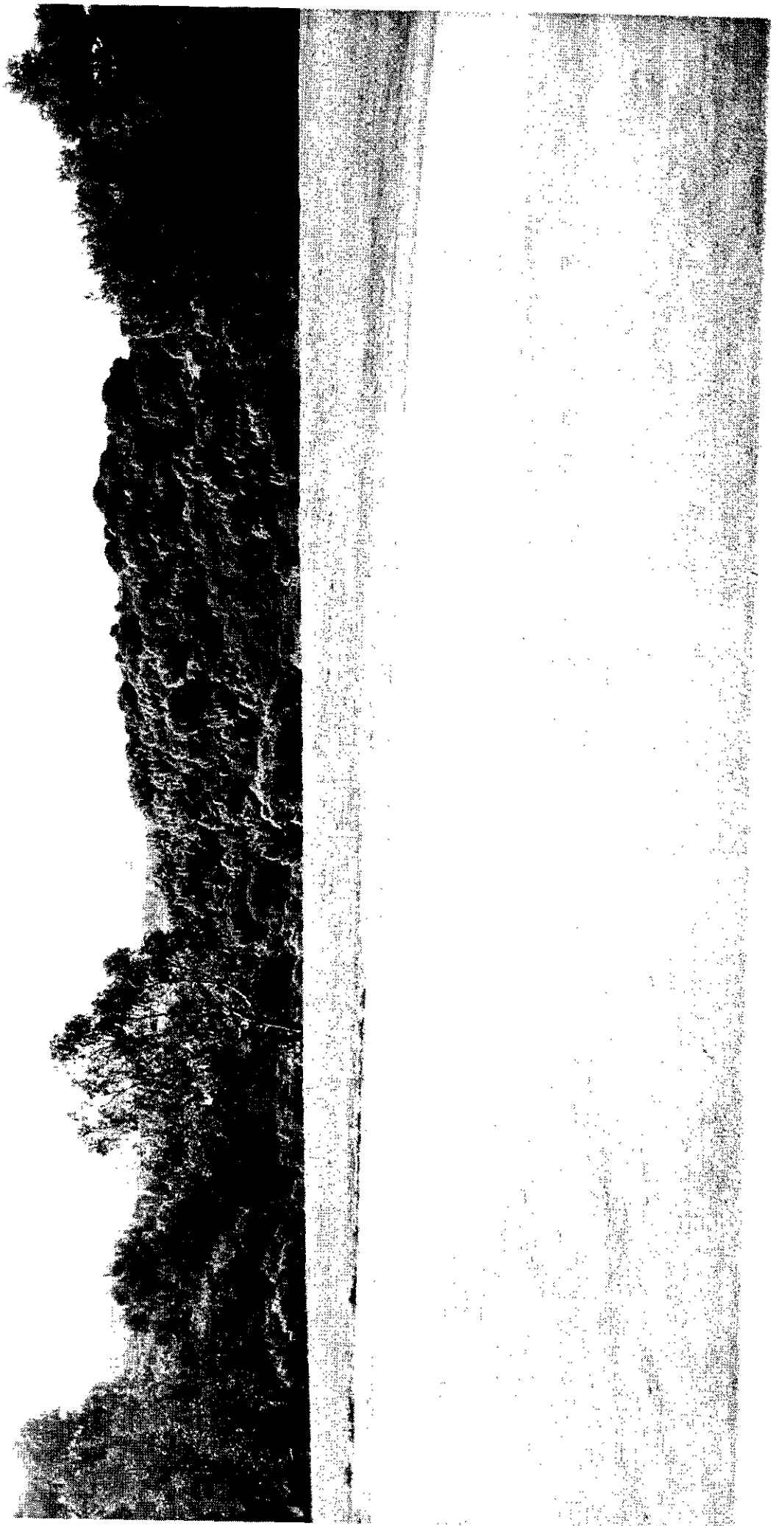

OFFICE OF THE CITY ADMINISTRATOR

Attachments:

- Exhibit 1: Before & After pictures of Lake Chabot Fairways
- Exhibit 2: Before & After pictures of Lake Chabot Clubhouse
- Exhibit 3: Lake Chabot Survey Results
- Exhibit 4: Lake Chabot Marketing Plan
- Exhibit 5: Lake Chabot Projected Revenue & Expenditures
- Exhibit 6: Overview of Touchstone Golf
- Exhibit 7: Draft Contract between City of Oakland and Touchstone Golf, LLC

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LAKE CHABOT GOLF COURSE

RAYMOND CHESTER
 GLORIA ARMSTRONG
 Senior Pro

RAYMOND CHESTER Jr.
 PGA Assn. Pro

GREEN FEES

MONDAY - THURSDAY		SATURDAY SUNDAYS HOLIDAYS	
Par 3 Adult 8.00	Par 3 Junior 4.00	Par 3 Adult 8.00	Par 3 Junior 4.00
Resident (includes Tee) 25.00	Resident (includes Tee) 20.00	Resident (includes Tee) 30.00	Resident (includes Tee) 25.00
Non Resident 35.00	Non Resident 30.00	Non Resident 40.00	Non Resident 35.00
Resident - Twilight 2PM 15.00	Resident - Twilight 2PM 10.00	Resident - Twilight 2PM 20.00	Resident - Twilight 2PM 15.00
Non Resident - Twilight 2PM 25.00	Non Resident - Twilight 2PM 20.00	Non Resident - Twilight 2PM 30.00	Non Resident - Twilight 2PM 25.00
High School under 18 5.00	High School under 18 5.00	High School under 18 10.00	High School under 18 10.00
Senior Residents Over 60 17.00	Senior-Non Residents Over 60 17.00	Senior Residents Over 60 20.00	Senior-Non Residents Over 60 20.00

Xpect
inspired

CARTS

Weekdays	Week
Single Rider 15.00	Single Rider 15.00
Double Rider 25.00	Double Rider 25.00

RANGE BALLS

Lawn Back

**Golf Course closes at sundown
 and gate is locked at**

All Vehicles must be removed from the parking lot

**Golf Carts are to be returned by
 IF NOT, DEPOSIT IS FORFEITED**

**OAKLAND RESIDENTS MUST SHOW
 VALID CALIF. DRIVER'S LICENSE OR
 CALIF. I.D. CARD WITH OAKLAND ADDRESS
 NO EXCEPTIONS - NO ARGUMENTS - NO QUESTIONS**

ATTENTION
 LAKE CHABOT CUSTOMER
 IF YOU ARE NOT GIVEN A RECEIPT FOR YOUR
 PURCHASE PLEASE CONTACT A MEMBER OF
 LAKE CHABOT MANAGEMENT STAFF FOR
 YOUR FREE GET.
 THANK YOU
 LAKE CHABOT MANAGEMENT



NO RAIN CHECKS
 OR
 REFUNDS

**NO GOLF BAGS
 SMOKING
 ALLOWED IN PRO**





Lake Chabot Golf Course

Satisfaction

Responses from 2/6/2007 thru 3/5/2007

(94 responses)

Factor	Average Score (Scale 1-5)	Standard Benchmark Grade
6-Scenery and Aesthetics of Course	4.2	B+
3-Tee-time Availability	4.2	A-
2-Convenience of Course Location	4.1	B
14-Affordability	3.9	A
10-Friendliness/Service of Staff	3.6	F
7-Pace of Play	3.5	C
13-Overall experience	3.4	F
1-Overall Value of Course	3.4	D
11-Food and Beverage Service	2.9	F
5-Condition of Greens	2.8	F
8-Condition of Golf Cars	2.8	F
12-On-course Services (restrooms, drinking water)	2.5	F
9-Amenities (clubhouse, pro shop, locker room)	2.5	F
4-Overall Course Conditions	2.2	F



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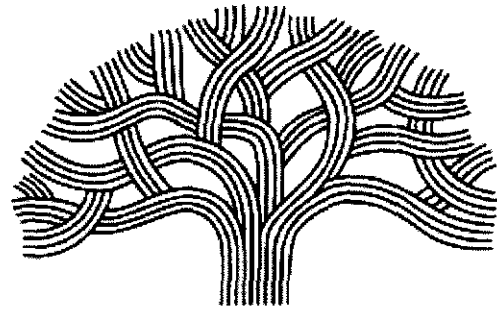
OFFICE of PARKS & RECREATION

2007 Initial Business and Marketing Plan

March, 2007

Presented by

Steve Harker
President and CEO
PGA Professional



Lake Chabot Golf Course

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Property Overview

Lake Chabot opened in 1923 and for many years was considered one of the best public golf courses in the Bay Area. The course features an 18-hole layout measuring 6,000 yards in length, and 9-hole course with par 3 holes perfect for beginners, juniors and families. The finishing hole on the 18-hole course is a unique par-6 covering 673 yards. The 15th hole features panoramic views of the Bay Bridge, San Francisco and downtown Oakland. Overall, the course layout is well-liked by area golfers and considered to be very scenic.

Lake Chabot has fallen on more difficult times due to a failing infrastructure and adverse conditions in the local golf economy, namely more competition for the same number of golfers. Over the past five months Monti Nunemacher and his crew have made great strides in improving the playability of the course in preparation for the grand reopening on April 7th.

This Business Plan sets forth strategies and plans to restore the quality and reputation of the facility and capitalize on the scenic beauty of the site. By offering quality service at affordable rates, Lake Chabot can emerge as a significant competitor in the public golf market. It is our recommendation that the golf course offer a wide range of programming that draws non-traditional golfers, including economically disadvantaged kids and neighborhood residents to the facility. The grand reopening event is characteristic of the type of programming that enhances the value of the golf course to the community. Created by the Office of Oakland Parks and Recreation (OPR), the event includes an Easter Egg Hunt along with free golf clinics for both youths and adults.

To better understand the current environment OPR enrolled the course in the National Golf Foundation (NGF) Golf Survey Program for 2007. The chart below provides the grades received which are based on 93 golfer's experience prior to closing the course. This survey will provide a benchmark to evaluate the impact of the improved course conditions and operation.

NGF Golfer Survey Program

Satisfaction

Responses from 2/6/2007 thru 3/5/2007

(93 responses)

Factor	Average Score (Scale 1-5)	Standard Benchmark Grade
6-Scenery and Aesthetics of Course	4.2	B+
3-Tee-time Availability	4.2	A-
2-Convenience of Course Location	4.1	B
14-Affordability	3.9	A-
10-Friendliness/Service of Staff	3.6	F
7-Pace of Play	3.5	C
13-Overall experience	3.4	F
1-Overall Value of Course	3.4	D
11-Food and Beverage Service	2.9	F
5-Condition of Greens	2.8	F
8-Condition of Golf Cars	2.8	F
12-On-course Services (restrooms, drinking water)	2.5	F

9-Amenities (clubhouse, pro shop, locker room)	2.5	F
4-Overall Course Conditions	2.2	F

S.W.O.T. Analysis

From the NGF survey it is clear that there is a tremendous opportunity to improve the quality of the golfer's experience. To better understand the Lake Chabot situation, a "S.W.O.T." analysis (Strengths, Weaknesses, Opportunities and Threats) has been prepared as follows:

Strengths

- Beauty of the course
- Availability of tee times
- Affordability
- Convenience
- Current Junior Golf Programs
- 9-hole course for beginners, juniors, families

Weaknesses

- Declining rounds of golf due to the weaknesses described herein
- Previously poor course conditions (Although conditions are now greatly improved due to reseeding, fertilization and improved irrigation).
- Previously inadequate restaurant operations (Clubhouse facility has now been remodeled).
- Deferred maintenance (e.g. cart paths, clubhouse, roof, etc.).
- Pace of Play has exceeded 5 hours during busy times leaving guests dissatisfied.
- No program to build loyalty with guests (e.g., e-mail club for news and special promotions).
- Clubs based at the golf course are shrinking in size (e.g. Lake Chabot Golf Club).
- Other than Junior Golf, no programs to bring non-traditional core golfers to the course.
- Little or no programming for the adjoining neighborhood residents.
- Limited marketing/advertising of the facility.
- Golf carts are in poor condition.
- Parking lot needs repair and slurry seal.

Opportunities

- Continue to improve the golf course and facility. OPR has made great strides and golfers should be very pleased when the course reopens on April 7th. Golfers will perceive improved value for their golf dollar.
- Increase golf revenue and rounds. Reset pricing to deliver a higher average green fee from the less frequent golfer and offer a better value to frequent local golfers through membership.
- Continue the resident rates with a no-cost registration requirement for control.
- Create e-mail club and provide information on the course including special events and promotions.
- Work with the existing local golf organizational clubs to capture more members.
- Recruit and create more tournament and community events.
- Improve tee sheet management, with a particular emphasis on elimination of complimentary play during high demand times, making more tee times available and reducing no-shows.
- Improve service delivery through development of customized service training program and system.
- Improve pace of play to 4 ½ hours.
- Establish a "Learning Center", with a special emphasis on teaching golf to non-traditional golfers, youths and families (2008).
- Establish Audit System for complimentary play and cash handling.

Threats

- Continued weakness or further downturns in the local golf economy.
- New competitors.

Opportunities will be addressed in more detail in the Key Business Drivers, Objectives and Strategies section.

Market Position

Currently Lake Chabot has the potential to provide a very good golf experience at an exceptional value. The potential position is evidenced by the NGF survey which graded the course an "A-" for affordability but a "D" for value, indicating that improvement to the quality of the experience at a comparable rate structure will clearly create a better value proposition. In 2006, Lake Chabot did not deliver on its market position as a quality, affordable municipal golf course primarily due to course conditions. Recent improvements to the fairways, greens and irrigation will have a positive impact on the experience and value, but in order for the course to maintain and grow its market share a long-term investment will need to be made in the golf course and amenities.

Prior to closing in 2006, Lake Chabot was among the weakest public golf facilities in the area and considered in a "Lower Daily Fee" market position. With the improvements made to-date, Lake Chabot should compete in the "Lower Middle Daily Fee" segment and has the potential to dominate that segment and even compete for golfers that frequent higher segments based on future improvements. The combination of improved course quality and service will create a compelling reason for golfers to frequent the facility. To capture a level of golf rounds and activity that will lead to improved financial results, Lake Chabot must compete in the Lower Middle and Middle segments in terms of quality/experience while providing better overall value.

High End Daily Fee	Harding Park (San Francisco)
Upper Middle Daily Fee	Metropolitan (Oakland)
Middle Daily Fee	Tilden Park, Monarch Bay
Lower Middle Daily Fee	Alameda, Willow Park
Lower Daily Fee	Lake Chabot, Skywest

Financial Goals

Ultimately the objective is to provide a great public golf experience for an excellent value while improving the financial performance of the golf course. The following table provides a snapshot of 2006 as well as a minimum target and maximum target for financial performance. We are confident that by focusing on the Key Business Drivers in the subsequent section we will be successful in achieving our objective.

Lake Chabot G.C. Financial Forecast			
		Touchstone Golf	
<i>Estimate only</i>	2006 Calendar	1st 12 Mo. Minimum	1st 12 Mo. Maximum
Revenue	\$1,384,866	\$1,546,650	\$1,758,450
<i>% Growth over 2006</i>		12%	27%
Cost of Goods Sold	Limited Detail	\$154,800	\$182,685
Payroll Expense	Limited Detail	\$725,000	\$800,000
All Other Expenses	Limited Detail	\$700,000	\$675,000
Net Operating Income	(\$80,000)	(\$33,150)	\$100,765
<i>Margin %</i>	-6%	-2%	6%
Rounds of Golf	43,329	45,000	47,500

Key Business Drivers, Objectives and Strategies

Consistent with the budget for the course, the following describes the key business drivers for 2007, objectives associated with each, strategies for achieving those objectives and means for measuring performance.

People

Objective: Employ the highest caliber co-worker in every position at the property. Retain high quality co-workers and assure the highest levels of co-worker satisfaction. Create a work environment where co-workers are challenged. Reward co-workers for excellent service and establish opportunities for growth.

Objective: Train co-workers at every position at the property within their department and/or capabilities, as appropriate. Provide coaching and feedback to insure co-workers understand their roles and are equipped to effectively perform their duties.

Strategies:

- 1) Utilize recruiting resources like co-worker referral, local advertisements and Internet advertisements to hire and develop top performing co-workers.
- 2) Department heads will implement new customized service training program ("Above and Beyond") and follow up with 30 day performance reviews.
- 3) Meeting with entire front line staff once a quarter to review guest feedback, assess our performance, reset initiatives, and to review co-worker concerns and ideas for improvement.
- 4) Institute a monthly rewards program, which will identify a top performing co-worker facility wide.
- 5) Continue to develop department heads' skills for hiring, training and motivating their teams.

Measurement:

- 1) Customized service training program ("Above and Beyond") tracking by respective department heads.
- 2) Co-worker of the month and service pins.
- 3) Informal reviews of co-worker morale.

Quality Product, Delivered Efficiently

Objective: Provide course conditions to meet market position standards and expectations of guests, and do so at the highest levels of efficiency and productivity to assure the lowest cost structure possible.

Objective: Provide guest service to meet market position standards and expectations of guests, and do so at the highest levels of efficiency and productivity to assure the lowest cost structure possible.

Strategies:

- 1) Formalize improvement plan to improve turf including irrigation enhancements and other projects to elevate the quality of the experience and improve the value to our guests.
 - 2) Execute on Course Maintenance Plan and utilize recognized agronomist to provide technical support to our Superintendent to ensure the greens and other conditions continue to improve.
 - 3) Set expectations with department heads and co-workers that we will provide an excellent product and service, while operating as a low-cost provider within our segment.
 - 4) General Manager weekly course tours with Superintendent to discuss priorities.
 - 5) Establish daily "walk through" of the facility by General Manager to note areas where we are excelling in our daily operations and areas where we need improvement.
-

- 6) Develop new “Chabot Café” menu and daily lunch specials to entice golfers and non-golfers to frequent the facility and improve food and beverage sales.
- 7) Establish department head meetings at 9 a.m. every Wednesday to review guest feedback and expectations, relay management feedback, review prior week performance and budgeting, introduce ideas, set goals and promotions and assess the coming week’s events.
- 8) Monitor Labor Scheduler Worksheets.
- 9) Introduce new inclement weather policy to reduce labor during low demand.
- 10) Utilize VGM group buying service and challenge vendors to ensure the best price.

Measurement:

- 1) Weekly “scorecard report” completed by the General Manager.
- 2) General Manager will review payroll statistics on the scorecard weekly and take appropriate actions.
- 3) Monthly financial statement.
- 4) Superintendent to provide prioritized project list every 60 days.

Guest and Member Acquisition and Retention

Objective: Launch the new e-club membership and secure 2,000 members. This is essential to building loyal guests and minimizing the impact of increased competition and a weak golf economy.

Objective: Increase rounds by 10% to 47,500 and increase total revenue to by 27% to \$1,758,450

Objective: Increase membership at course based clubs by 20%

Objective: Increase tournament sales to \$50,000.

Objective: Improve pace of play so 95% of rounds average 4 ½ hours or less.

Strategies:

- 1) Implement Advertising Plan to bring the golfers and community back to the course (Attachment A).
- 2) Formalize new e-club membership product and sales plan -- launch by May 15th.
 - a. Golf Shop Staff will ask incoming reservation caller “may I have your email address?” to build a marketing database.
 - b. Install point of purchase sign-up sheets.
 - c. Ask every guest “are you an e-club member?”
 - d. Incentive plan will be established for the staff that “kicks-in” after a minimum of 25 sales.
- 3) Meet with course based clubs and create membership drive.
- 4) Establish Resident Card identification to ensure residents are paying the correct fee.
- 5) Execute group sales plan which includes 25 outbound calls a week.
- 6) All co-workers will promote course improvements. Also, a “project sign” will be displayed adjacent to clubhouse entry with a place to check them off as they are completed.
- 7) General Manager will use advertising and email marketing to promote special offers to fill anticipated slow periods.
- 8) Develop and implement a new system to manage pace of play and deliver on our objective.

Measurement:

- 1) Weekly Scorecard will track e-club signups, club memberships, pace of play on weekends, and result of promotions and Ads.
- 2) General Manager will create and maintain contest tally boards for all sales contests conducted. Tally boards will be updated at least twice weekly to reinforce recognition for sales.

- 3) General Manager will analyze end of month financial statements to gain understanding of sales trends and set future sales initiatives.

Community Outreach and Public Relations

Objective: Involve the residents in Lake Chabot by using the course as catalyst for growing the game of golf and supporting local community groups and charity.

Strategies:

- 1) Caddy Program: In partnership with OPR we will develop a Caddy/Mentoring program for youths. This program will complement the City's summer youth employment program and will reach out to kids in the inner-city.
- 2) Special Events:
 - ❖ An "Open House" will be held with OPR for the local neighbors, friends, family, and guests to introduce the golf course and lesson programs. Activities will include clinics for adults and children and a reception with a review of the improvements and programming at the course.
 - ❖ Special Jr. Clinic for inner-city kids and their parents.
 - ❖ Christmas Party for course based golf clubs.
 - ❖ VIP Golf Tournament: This event is designed to thank tournament coordinators for their business.
- 3) Ongoing support of Junior Golf programs. Consider adding First Tee component.
- 4) The course will continue sponsorship of local high school golf teams during the season.
- 5) Lake Chabot will solicit more charitable golf events.
- 6) Develop a new golf "Learning Center" program to provide affordable group golf lessons for individuals (non-traditional golfers) and youths. This would be integrated with OPRs programming. Launch in spring of 2008.
- 7) Press releases and mention in advertising vehicles will be used to promote events, programming and the improvements being made to the course.

Measurement:

- 1) Press clippings.
- 2) Response to events.
- 3) Feedback from the community and OPR.

Revenue Management

Objective: Maximize revenue by executing best practices for pricing, booking and tee sheet management.

Strategies:

- 1) Update pricing to optimize revenue. Look at opportunities to lower pricing at off peak times to increase demand (rounds)>
- 2) New Complementary Play Policy will be monitored and audited to assure we get 100% of revenue, especially during high-demand times.
- 3) Golf shop staff will receive training on fundamentals of revenue management and up-selling so they know the why and how in terms of how they can help grow revenue.

- 4) General Manager and Tournament Director will meet weekly to make sure all tee times before or after tournaments are available and properly promoted.
- 5) A plan will be developed and implemented to minimize no-shows on weekends and holidays.

Measurement:

- 1) An audit program will be established which will include monthly cash and tee sheet audit by General Manager, quarterly secret shoppers, and bi-annual Touchstone audits.
- 2) General Manager will measure all revenue management standards while building the weekly scorecard report.
- 3) General Manager will perform daily tee sheet audits to ensure information is being recorded properly.
- 4) General Manager and Sales Director will review financial statements and utilization reports.

Member and Guest Feedback

Objective: Establish a member and guest feedback system and benchmarks for "player experience" based on the data collected from members and guests.

Strategies:

- 1) Management staff will consistently encourage co-workers (especially front line staff) to continually query guest about their experience and forward the guests' feedback to the Operations and General Manager.
- 2) General Manager shall maintain an "open-door policy" and encourage feedback.
- 3) Relay customer feedback to department heads during their weekly Wednesday meeting and to front line staff during their respective department meetings.
- 4) Conduct a manually administered guest questionnaire once per year. (Questions and format will be supplied by Touchstone).

Measurement:

- 1) National Golf Foundation Golfer Survey Program (can sort by date to see impact of improvements)
- 2) General Manager will create and offer a guest comment card to be promoted by the front line golf shop staff.
- 3) Sales Director shall send all tournament chairpersons a survey following their event. Feedback will be discussed during the first Wednesday department head meeting each month.
- 4) Feedback will be reviewed and acted upon in weekly department head meeting and quarterly all staff meetings.

Summary

This Initial Business and Marketing Plan for Lake Chabot Golf Course is geared to assure that the facility establishes distinct competitive advantages in terms of tournament and membership sales, revenue management, community outreach, and "Above and Beyond" service. Our success in these areas combined with improved course conditions and carts will lay the foundation for future growth of revenue and profitability.

Contained in this plan is the framework to establish a foundation for the success of the course over a sustained period. The plan sets forth the necessary components for operational and financial stability in today's difficult golf economy and allows Lake Chabot to regain its proper share of market.

Attachment A

Advertising Plan/Calendar

Exhibit 5 – Lake Chabot

Lake Chabot G.C. Financial Forecast			
		Touchstone Golf	
<i>Estimate only</i>	<i>2006 Calendar</i>	<i>1st 12 Mo. Minimum</i>	<i>1st 12 Mo. Maximum</i>
Revenue	\$1,384,866	\$1,546,650	\$1,758,450
<i>% Growth over 2006</i>		<i>12%</i>	<i>27%</i>
Cost of Goods Sold	Limited Detail	\$154,800	\$182,685
Payroll Expense	Limited Detail	\$725,000	\$800,000
All Other Expenses	Limited Detail	\$700,000	\$675,000
Net Operating Income*	(\$80,000)	(\$33,150)	\$100,765
<i>Margin %</i>	<i>-6%</i>	<i>-2%</i>	<i>6%</i>
Rounds of Golf	43,329	45,000	47,500



Introduction Documentation

City of Oakland
Office of Parks and Recreation

March, 2007

Touchstone Golf, LLC

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Touchstone Golf, LLC

Background Information

Touchstone Golf, LLC (“Touchstone”) was formed in February 2005 as an advisory company serving the golf course industry. Our first client was PGA TOUR Properties, owners and operators of the “Tournament Players Course” or “TPC” brand; PGA TOUR Properties remains a highly-valued client of Touchstone. Touchstone’s business plan was to gradually evolve from a consulting company to a manager/lessor/owner of golf course properties in select metropolitan and resort markets in the U.S.

During 2005, Touchstone advised a wide range of clients in the golf course industry including PGA TOUR Properties, Sequoia Golf (specialized owner/operator in the Atlanta market), Avery Ranch Golf Club (Austin high-end daily fee club) and Bank of America (owner of various foreclosed golf course properties) in addition to other clients.

Beginning in 2006, Touchstone began competing more aggressively for its own management contracts. In March 2006, Touchstone was awarded a full, turn-key management contract on Avery Ranch Golf Club, Austin, Texas. In April, 2006, Touchstone added Painted Dunes Golf Club, El Paso, Texas to its management portfolio and in May, 2006, Touchstone was engaged to manage Lake Shastina Golf Resort, Weed, California. Earlier this month, Touchstone was selected by the Moody Foundation of Galveston, Texas to be its principal advisor in the restoration of Galveston Municipal Golf Course on Galveston Island. Each of these properties is unique in style and amenities, but all were suffering from poor and inconsistent management practices.

The three primary principals of Touchstone have a wide variety of golf industry and related experience with extensive understanding of the municipal/public domain golf course business. Included herewith is a comprehensive biographical review of the principals’ backgrounds. Touchstone is uniquely positioned to navigate what we refer to as “The New Golf Economy.” Touchstone believes that The New Golf Economy has several key characteristics:

- The foundation of success is the quality of the golf course followed closely by community/member programming
- A golf course must be positioned properly so that it can compete and succeed
- Expectations for the staff must be clearly defined and monitored to provide the desired customer experience
- Best practices must be implemented and constantly fine-tuned to stay ahead of the market

Touchstone is currently competing for several ownership and management opportunities in the California and Texas markets while also continuing to serve in an advisory and consulting role on various projects. The company intends to continue to add to its executive talent pool as the growth of the company warrants.

Stephen T. Harker
PRESIDENT AND CEO, PGA PROFESSIONAL
TOUCHSTONE GOLF, LLC

HIGHLIGHTS OF QUALIFICATIONS AND EXPERIENCE

- Provided senior management for multi-course public golf operations in major metropolitan areas of San Diego, Houston, Los Angeles, San Francisco Bay Area, Las Vegas, Phoenix, Denver and Seattle.
- As Regional Vice President, direct operations and maintain profit and loss responsibility for 13 public golf courses with physical plant values exceeding \$100M, annual revenue of \$33M and EBITDAR of \$12M.
- Oversaw redesign and renovation of Monarch Bay Golf Club in San Leandro, renovation of Tilden Park Golf Course, and numerous other golf course and construction improvement programs.
- To bring non-traditional golfers to the game, created national Women in Golf Day, developed and taught junior golf programs, provided instruction for PGA Junior Golf Clinics, developed a minority golf internship program and secured corporate sponsorship to initiate a junior golf program.
- Created and implemented national training program to improve golf shop service and sales.
- To improve the guest experience, developed national program and guidebook to improve pace of play.
- To improve and maintain coworker satisfaction, created and implemented training on Harassment in the Workplace and helped establish national coworkers' recognition program.
- To improve operational efficiency, developed accounting and frontline cash-handling audit methodology.
- Attracted new golfers and garnered greater share of customer loyalty by designing and rolling out American Golf Club for public golfers, growing club to 50,000 members.
- As Vice President of Marketing led all revenue and service initiatives for the industry's largest operator, growing revenue to an all time high in 1997.
- To assure effective exchange of information and alignment of goals, cultivated and maintained relationships with landlords, including municipalities and other public entities.
- Recruited, developed and promoted more than 100 general managers, golf professionals and department managers, including four of company's current regional vice presidents and directors in the public golf operations division.
- Lead national taskforce "Tiger Teams" to systematically address 20 poor performing daily fee and private clubs. New revenue and operating plans led to improved profits and expansion of the program to another 40 properties.
- Facilitated market-driven and lease-mandated capital improvements, working with corporate office, general managers and landlords to invest more than \$6M to improve and expand facilities over the last four years.
- Improved efficiency, added structure and discipline and maximized utilization, revenue and customer satisfaction in volatile market conditions by establishing integrated revenue and service management disciplines for creating, pricing and executing events, membership programs and daily fee play options. Program became company-wide core competency contributing millions annually in revenue and efficiencies.
- Lead the establishment of the membership sales organization for American Golf Country Clubs and served as the sales manager for 8 private clubs in southern California. Extensive experience in membership product development, sales strategy and sales management systems.
- Helped revolutionize industry by creating and building national event sales and management organization based on needs-based selling. Profit center revenue grew from \$15M to \$70M over seven years.

Exhibit 6 – Lake Chabot

- Assured thoughtful and smooth operational transitions by writing, monitoring and supporting business and marketing plans for opening new properties, acquiring properties, converting daily fee facilities to private and semi-private clubs, establishing membership and loyalty programs and repositioning properties to adjust to changing markets. High profile work included Pumpkin Ridge Golf Club (Oregon) and Disney's Celebration Golf Club (Florida).
- Recruited PGA Tour's Las Vegas Invitational Tournament to Las Vegas National Golf Club.

STEPHEN T. HARKER
Qualifications
Page 2

PROFESSIONAL EXPERIENCE

TOUCHSTONE GOLF, LLC Berkeley, California, 2005 to present

Touchstone Golf Services operates offices in Houston, Texas and Northern California and provides management, advisory and consulting services to golf course owners and operators. Currently Touchstone provides full service management to Avery Ranch Golf Club (Austin, Texas), Painted Dunes Golf Club (El Paso, Texas) and Lake Shastina Golf Resort (Weed, California). The company's clients include PGA Tour Properties (operators of the "TPC" brand of golf courses), Bank of America and other companies seeking to improve the quality of the performance of their golf courses. Specializing in providing comprehensive management and advisory solutions to a wide range of public and private golf course facilities through revenue management and other best practices designed to optimize golf course performance.

AMERICAN GOLF CORPORATION, Santa Monica, California, 1980 to 2005

American Golf is headquartered in Santa Monica, California, and operates more than 250 public, daily fee, resort and private golf courses and clubs throughout the United States and United Kingdom.

Regional Vice President – Northwest Region, Berkeley, California, 1998 to present.

Profit & loss responsibility for thirteen public golf courses in six northwest markets generating annual revenue of \$33M and EBITDAR of \$12M.

Vice President of Marketing & Sales, Santa Monica, California, 1993 to 1998

Responsible for overseeing marketing, sales, revenue management and service disciplines for corporation's entire portfolio of properties.

National Sales Director, Santa Monica, California, 1990 to 1993

Developed and managed key revenue growth initiatives, including group sales organization, private club sales organization, public golf membership program, yield management disciplines and *Women in Golf Day*.

Regional Director – San Diego, San Diego, California, 1987 to 1990

Profit & loss responsibility for six public and daily fee golf courses in San Diego market.

Regional Manager – Houston, Houston, Texas, 1985 to 1987

Profit & loss responsibility for seven public and daily fee golf courses in Gulf Coast market. Also acted as general manager of Bear Creek Golf World, a 54-hole complex in Houston.

General Manager, San Diego and San Francisco Bay Area, California, 1980 to 1985

General Manager of three public golf courses – Rancho Penasquitos GC, Tilden Park GC and Franklin Canyon GC.

PROFESSIONAL AND COMMUNITY AFFILIATIONS

- Class A Member, Professional Golfers' Association of America, 1987 to present.
- Past Member, Employment Task Force, Professional Golfers' Association of America, 2002 to 2004
- Past Member, National Golf Foundation Board of Governors, 1992 to 1994.
- Chairman, Sam Singh Memorial Golf Tournament, dedicated to providing college scholarships to aspiring golf course superintendents, 2003 to present.
- Co-founder, Albany Golf Club, dedicated to re-establishing Albany High School Golf Team, 2004 to present.

EDUCATION

Arizona State University, Tempe, Arizona
B.A., Business Administration in Marketing, May 1979

**Touchstone Golf, LLC
Properties Under Management**



Located in North Austin at the border of Round Rock, this 18 hole daily fee facility is consistently rated as Austin's premiere daily fee golf course. In addition to the exceptional golf course, this property includes indoor banquet seating, a full service restaurant (The Sunset Grill) and exceptional practice facilities.

www.averyranchgolf.com



Located in the El Paso Market, this 27 hole daily fee facility was once referred to as the best public golf course in Texas. Due to management and operational issues, the golf course fell on hard times and was acquired by a bank through foreclosure. Touchstone consulted with the bank and ultimately the course was sold to the local water authority who engaged Touchstone to manage the facility. The new owner is providing the capital necessary to restore the course to its proper market position.

www.painteddunes.com



Located near Mount Shasta in Northern California, this is one of the best kept secrets and values for golf resorts in Northern California. The course was the last tandem design of Robert Trent Jones, Jr. and Robert Trent Jones, Sr.

The resort features a variety of amenities in addition to 27 holes of very scenic golf. Stay and play packages are available.

Touchstone Golf, LLC

Management Team

Stephen T. Harker

PRESIDENT & CEO

Douglas J. Harker

EXECUTIVE VICE PRESIDENT & CHIEF FINANCIAL OFFICER

John Woodeshick

EXECUTIVE VICE PRESIDENT

DIRECTOR OF OPERATIONS/DEVELOPMENT – SOUTH CENTRAL U.S.

Bob Bramlette

PARTNER, GENERAL COUNCIL

Kathy Mallarie

VICE PRESIDENT & CONTROLLER

Kregg Foote

ACCOUNTING MANAGER

Luis J. Delgadillo

GENERAL MANAGER, PGA MEMBER, PAINTED DUNES GOLF COURSE

Brent Brown

GENERAL MANAGER, PGA MEMBER, AVERY RANCH GOLF CLUB

Brent Welsh

GENERAL MANAGER, PGA MEMBER, LAKE SHASTINA GOLF RESORT



REFERENCES

Mr. David Pillsbury

President
PGA TOUR Properties (Own and manage the "TPC" Brand)
100 PGA Tour Blvd.
Ponte Vedra Beach, FL 32082
(904) 273-3559 (O)
davidpillsbury@pgatourhq.com

Mr. Pillsbury is a former American Golf Corporation executive and worked with Steve Harker of Touchstone for a long period of time; Touchstone has done consulting and advisory work for PGA TOUR Properties.

Mr. Bob Birmingham

Senior Vice President
OREO West Manager -- B of A
Bank of America
4820 Irvine Boulevard
Irvine, CA 92620-1910

We have provided extensive advisory services to Mr. Birmingham and his associates on a number of challenged golf operations. The result of our efforts has been very beneficial to the bank.

Mr. Nick Costanzo

El Paso Water Utilities
P.O. Box 511
El Paso, TX 79961-0001
(915) 594-5624

We manage Painted Dunes Desert Golf Course, El Paso, Texas for this ownership entity. Previously, we briefly consulted, then managed the golf course for the previous owner, Bank of America. Bank of America sold their interest to the Public Service Board effective 3/31/06 and the Public Service Board engaged Touchstone to manage the golf course.

Mr. Barry Ruhl

c/o A.G. Spanos Companies
10100 Trinity Parkway, 5th Floor
Stockton, CA 95219
(209) 478-7954
barryruhl@netscape.net

Exhibit 6 – Lake Chabot

We manage Avery Ranch Golf Club, Austin, Texas for this ownership group. Mr. Ruhl is a part owner of Avery Ranch Golf Club and also owns a golf facility in Stockton, California that Steve Harker managed in his capacity as a regional manager for American Golf Corporation.

**MANAGEMENT AND OPERATION AGREEMENT
BETWEEN
TOUCHSTONE GOLF, LLC AND CITY OF OAKLAND**

This Management and Operation Agreement is made and entered into this _____ day of _____, 2007, between the City of Oakland, a municipal corporation, "City", and Touchstone Golf, LLC, a Delaware limited liability corporation, "Corporation", for the operation and management of the City-owned Lake Chabot Golf Course located at 11450 Golf Links Road, Oakland, California.

RECITALS

WHEREAS, City is the fee simple owner and the City of Oakland Office of Parks and Recreation, "OPR", is the custodial agency of the real property that includes a 27-hole golf course, clubhouse, food and beverage operations, and all improvements and business operations, commonly known as Lake Chabot Golf Course, herein and severally referred to as "Property" and "LCGC"; and

WHEREAS, City and Corporation seek to enter into an Agreement for the purpose of operating, restoring, developing and improving LCGC for the use and benefit of the public; and

WHEREAS, City desires to develop LCGC in conjunction and cooperation with Corporation in the best interests of the public; and

WHEREAS, City seeks to retain a professional manager of the operation of LCGC, including, but not limited to, administration of all receipts and disbursements, supervision of all employees and maintenance of the golf course, club house, related facilities and equipment; and

WHEREAS, Corporation is the only known golf course management company on the West Coast that provides short-term interim solutions for golf courses in need of special attention; and

WHEREAS, it is in the public interest to develop and utilize LCGC;

NOW, therefore, the parties agree as follows:

In consideration of the above recitals and performance of the respective covenants described herein, City and Corporation hereby agree that Corporation shall improve, maintain and operate LCGC, upon the following terms and conditions:

1. **TERM:** The Term of this Agreement shall be for nine (9) months commencing on execution hereof with two (2) three-month options to renew.
2. **USE:** Corporation shall have no other use of Property except for the restricted use of operating and maintaining a golf course and related activities, however,

NOTE: Not yet reviewed by the City Attorney's Office

the use of Property shall at all times be subject to the approval of the Director of the Office of Parks and Recreation and such approval shall not be reasonably withheld, and use of Property shall further be subject to all limitations of the Charter of the City of Oakland. Notwithstanding anything to the contrary, the City reserves the right to use Property to the exclusion of Corporation on those occasions when the City requires such use in the event of an emergency or disaster; or as set forth in paragraph 4 herein. For the purpose of this Agreement, the term “emergency” is defined as a sudden and unforeseen event that calls for immediate measures to minimize its adverse consequences and occurs after a disaster when an immediate response is required and local capacity is insufficient to address and manage traumatic events such as, but not limited to deaths, injuries, displacement of people, disease, disability, food insecurity, damage or loss of infrastructure, weakened or destroyed public administration and reduced public safety and security.

3. CORPORATION OBLIGATIONS: The parties agree that Corporation shall be solely responsible for the management of LCGC and has limited responsibility for the maintenance and improvement of Property.

3.1 Management: Management includes, but is not limited to, marketing, advertising and promoting golf activities at LCGC; increasing the use of LCGC by Oakland residents and visitors to Oakland; scheduling and promoting golf activities and special events for LCGC in accordance with the goals and objectives of City; scheduling and administering the daily golf operations at LCGC and providing services required by users of LCGC; offering the LCGC clubhouse for private party rentals; and setting, subject to prior City approval, and charging and collecting golf fees for use and services related to activities at LCGC.

3.2 Maintenance: Maintenance requirements of both parties are described in the attached **Exhibit A** and incorporated herein by reference.

3.3 Personnel: Corporation shall have authority to hire, maintain, discipline, and release permanent and temporary Corporation staff, and establish appropriate personnel policies. This Agreement is subject to the Equal Benefits Ordinance, Municipal Code, Chapter 2.32 requiring contractors on City contracts of twenty-five thousand dollars (\$25,000) or more to provide employee benefits to their employees with domestic partners equivalent to those provided to their employees with spouses. Corporation shall execute an “Equal Benefits Declaration of Non-Discrimination” which shall be incorporated herein and attached as **Exhibit B** to this Agreement. This Agreement is also subject to the Living Wage Ordinance, Municipal Code, Chapter 2.28 requiring that nothing less than a prescribed minimum level of compensation (a living wage) be paid to employees of service contractors of the city. Operator shall execute a “Living Wage Ordinance Declaration of Compliance”

which shall be incorporated herein and attached as **Exhibit C** to this Agreement.

- 3.4 **Subcontracts:** Licensee may subcontract any of its services to sub-concessionaires approved by the City pursuant to written sub-contractor agreements approved by the City. Each sub-contractor must agree to abide by the terms and conditions of this Agreement, including the insurance requirements herein. Each sub-contractor agreement must provide that the sub-contractor shall terminate automatically upon expiration or termination, with or without cause, of this Agreement. Sub-contractors must obtain and keep current a valid City of Oakland Business Tax License.
- 3.5 **Financial Systems:** Corporation shall maintain a system that accounts for all moneys received at time of sale and at any time be prepared to submit accurate records of all transactions. Corporation shall provide receipts to customers for all goods and services sold in the Pro Shop, including all golf play. Corporation shall keep and maintain all required financial and activity reports (i.e. rounds of play, discount or pass play, league play etc.) in accordance with City policy and procedures while utilizing accounting procedures compatible with the City's accounting and financial system. Practices must be in accordance with Schedule S – "Audit, Inspection and Fiscal Reporting Requirements" which shall be incorporated herein and attached as **Exhibit D** to this Agreement.
- 3.6 **Customer Service:** Corporation shall maintain customer service as a top priority. Corporation's employees shall be professional, friendly, well dressed and courteous to the golfer and general public; maintain a neat appearance, exercise good public relations skills; respond to customer complaints and questions; have excellent telephone manners; and conduct themselves in a high standard that is acceptable to the Office of Parks and Recreation. Corporation shall also maintain a good working relationship with the other City staff. Corporation must maintain at a minimum two incoming telephone lines, one fax line and may elect to install automated tee time reservation systems.
- 3.7 **Utilities:** Corporation will be required to transfer all utility accounts in the name of the legal entity operating the pro shop and restaurant facilities. Utilities include all power, water, garbage, telephone, cable television and sewer services. Utilities are to be paid in a timely manner.
- 3.8 **Restaurant Operations:** Corporation shall provide a high quality, appetizing and appealing menu for customers with reasonable and competitive prices. Corporation shall obtain and keep current all licenses and permits necessary to run a food service facility at Lake Chabot Golf Course. Corporation must provide all necessary staff to prepare and provide the menu listed. All merchandise and supplies necessary for the production of the menu must be kept stocked at all times. Corporation

must adhere to all Federal, State and Local laws, including current *Health Department regulations and standards.*

3.9 **Tenant:** Corporation may provide residence at LCGC for security and or key personnel of Corporation with prior written approval of City. Any rental or lease agreement shall be submitted in writing to the Director of Parks & Recreation at least two weeks in advance of the beginning date of the rental or lease agreement, and shall include the name(s) of the tenant(s), the number of tenant(s) to reside on the site, the specific structures in which the tenant(s) shall reside, the purpose, duration and specific time frames for occupancy, and the financial or in-lieu compensation that shall be provided.

4. **SPECIAL USE BY CITY:** Corporation agrees to allow City the use of Property for ten (10) City-related events annually at no charge to the City. City-related events shall be for a maximum of twelve (12) hours per event. City may utilize its own caterer for events without additional charge. Such uses shall be requested in writing by the Director of OPR or Director's designee at least thirty (30) days in advance of the day requested.

5. **REMUNERATION:**

5.1 City agrees to pay Corporation a Management Fee of eight thousand dollars (\$8,000) per month payable in advance on the first day of each month of this Agreement.

5.2 City agrees to pay Corporation a one-time startup fee of ten thousand dollars (\$10,000) to cover accounting, marketing, operational, set-up, and other costs.

5.3 City agrees to pay Corporation an Incentive Fee of 10 % of net profit realized in excess of LCGC operating budget, as provided in the attached **Exhibit E** and incorporated herein by reference, payable within 30 days of the close of each quarterly period for which the Incentive Fee is earned.

6. **PROPERTY ACCOUNTING:** Corporation has a responsibility for the protection and preservation of all property held as a custodian for City. At the inception of this Agreement, the parties shall inventory all tangible property of City transferred to the custody of Corporation. All tangible property acquired during the course of this Agreement shall be the property of City when acquired by City grant, operating revenues, refunds, fund raising revenues, governmental grants and other grants. Annually, Corporation shall provide an acquisition and disposal report for tangible property. Property dispositions shall be approved by the City Administrator or designee prior to such

disposition. At the conclusion of this Agreement, all City tangible property shall remain at Property.

7. **RETURN OF FUNDS AT END OF TERM:** Upon termination of this Agreement, Corporation shall close all accounts; all account balances shall be determined and certified by an independent Certified Public Accountant; and such balances shall be forwarded to City within one-hundred-twenty (120) days after such termination.

8. **DEFAULT BY CORPORATION:** In the event Corporation defaults or fails to perform under any of the obligations hereunder, the City Administrator shall give written notice thereof to Corporation expressly stating the nature of said default or nonperformance. Corporation shall have sixty (60) days from receipt of said notice to correct said default or nonperformance, and in the event of Corporation's failure to do so, City, in addition to any other legal or equitable rights it may have, may do any or all of the following:

8.1 Terminate this Agreement upon written notice to Corporation; or

8.2 Direct Corporation to assign its interest in and to this Agreement to a party designated by Oakland City Council without compensation to Corporation; or

8.3 Perform whatever corrective measures are deemed necessary, which costs of such services, plus administrative overhead, shall be charged to and paid by Corporation to City upon demand.

If Corporation breaches or fails to perform any of its obligations under this Agreement, and notice and opportunity to cure has been given to Corporation as provided above, City may, but is not obligated to, cure Corporation's noncompliance. Prior to effecting such cure, and if City elects to cure, City shall give Corporation notice of its intent to cure. Any amounts expended by City along with the maximum legal rate of interest, not to exceed 10% per annum, shall be reimbursable by Corporation to City.

9. **TERMINATION:** This Agreement may be terminated by Corporation or City at any time without cause and without penalty on thirty (30) days' prior written notice. On termination of this Agreement, all assets and operations will be turned over to City or its designated representative, and City will assume all financial and operational responsibilities for LCGC, except Corporation's debts and liabilities, for which Corporation shall be solely responsible.

10. **AGREEMENTS:** Corporation and City agree that this Agreement supersedes, extinguishes and voids any and all previous agreements, amendments, understandings or contracts between the parties and confirms

Corporation's authority for all financial obligations in relation to such agreements and contracts.

11. **ACCOUNTING/FUND ACCUMULATION/AUDIT:** Corporation agrees to comply with City accounting and audit requirements for contracts, including any updates and modifications, set forth by the Finance Director, City Auditor and City Administrator during the term of the Agreement. The audit provision shall conform to the requirements of the Table of Contract Clauses Related to Financial Responsibilities, and any updates and modifications.
12. **ACCESS TO RECORDS:** Corporation shall provide requested records to City within five (5) working days of receipt of City's request and shall allow City access to books and records at all reasonable times. At the option of City, Corporation shall provide payroll tax reports, sales tax reports, income tax reports, hazardous materials reports, and other reports filed with federal, state and local government.
13. **RECORDS RETENTION:** Corporation shall maintain financial and operational records until the later of five (5) years after the end of the Agreement or two (2) years after closure of all disputed matters. Such records during the period of the Agreement and the retention period are to be retained at a site of local administration or a storage site nearby with availability to City parties in interest.
14. **INSURANCE:** Corporation shall provide the insurance listed in Schedule Q as **Exhibit F** attached hereto and incorporated herein by reference.
15. **BONDS AND CONTRACTOR'S INSURANCE:** Corporation shall require any contractor who performs work on the premises to maintain in force such insurance as may be necessary to assure that City is indemnified and held harmless. In addition, City and Corporation shall require as a condition of any contracts for construction, performance bonds and payment bonds in the amounts equal to one hundred percent (100%) of the amount of each contract over fifteen thousand dollars (\$15,000). Corporation shall be responsible for the labor utilized or materials furnished in the future repair or replacement of facilities at the premises and keep LCGC and City's possessory interest therein free and clear of any liens or encumbrances of any kind whatsoever created by Corporation's act or omission.
16. **HOLD HARMLESS/INDEMNIFICATION:** Irrespective of any insurance carried by Corporation, Corporation agrees to protect, defend (including any third party lawsuits), indemnify, and hold harmless City, its Council Members, officers, agents, and employees from any and all claims, demands, actions or damages arising out of the operation of the facility and the performance of this Agreement by Corporation, its contractors, and their respective subcontractors, vendors, guests, and invitees to which City may be

subjected, except for those claims, demands, actions or damages resulting from the sole negligence or willful misconduct of City, its Council Members, officers, agents, and employees.

17. **POLITICAL PROHIBITION:** Subject to applicable law, funds received pursuant to this Agreement shall not be used for political purposes, sponsoring or conducting candidate's meetings, engaging in voter registration activity, or for publicity or propaganda designed to support or defeat legislation and ballot measures pending before federal, state, or local government. Corporation shall not use LCGC for political purposes, including, but not limited to, political fundraising and campaigning.
18. **CONFLICT OF INTEREST:** The following protections against conflict of interest will be upheld:
 - 18.1 Corporation certifies that no member of or delegate of the Congress of the United States shall be permitted to share or take part in this Agreement or in any benefit arising herefrom.
 - 18.2 Corporation certifies that no member, officer, or employee of City or its designees or agents, and no other public official of City who exercises any functions or responsibilities with respect to the programs or projects covered by this Agreement, shall have any interest, indirect or direct in this Agreement or in its proceeds during his/her tenure or for one year thereafter.
 - 18.3 Corporation certifies that no one who has any financial interest in this Agreement or receives compensation for the services from Corporation is related by blood or marriage within the third degree to the Mayor or any one or more of the members of the City Council, City, City Administrator, or the head of the department to which these services are to be provided pursuant to this Agreement.
19. **RIGHT TO INSPECT:** City shall have the right to inspect the premises and operations of Corporation from time to time, in a reasonable manner.
20. **MONITORING AND REPORTING:** The City Council may continually review Corporation's performance to insure the success and quality thereof under the terms and conditions of this Agreement. Corporation shall present a written report of overall progress to OPR and the City Auditor quarterly, within 45 days after the end of its fiscal year, during the term of this Agreement. The report shall contain the following items:
 - 20.1 End of year financial statements prepared in accordance with Generally Accepted Accounting Principles by a Certified Public Accountant. The

audit provision shall conform to the City Auditor's Table of Contract Clauses related to Financial Responsibilities.

- 20.2 Certificate of Insurance (in compliance with Schedule Q attached hereto as **Exhibit F**).
- 20.3 *Certified Articles of Incorporation.*
- 20.4 Certified Annual reports including, but not limited to, an income and expense statement, a source and application of fund statement, balance sheet showing all assets and liabilities, and other related reports prepared by a Certified Public Accountant retained by Corporation at no cost to City.
- 20.5 Annual Budget showing projected revenues and the proposed sources of said revenues (including green fees, cart fees, rents, service and use income, memberships, parking, etc.) as well as anticipated itemized expenses and any contemplated major capital expenditures.
21. **NON-ASSIGNMENT OF INTEREST:** Corporation shall not assign or otherwise transfer any rights, duties, or obligations or interest in this Agreement, either in whole or in part, without prior written approval of the City Council. City shall not assign this Agreement to another corporation, firm or individual without the prior written approval of Corporation, except as herein provided.
22. **INUREMENT:** This Agreement shall be and is hereby binding on the successors of the parties hereto.
23. **AGENCY:** Except as City or Corporation may specify in writing, Corporation shall have no authority to act as City's agent, and City shall have no authority to act as Corporation's agent. Corporation shall have no authority to bind City to any obligation and City shall have no authority to bind Corporation to any obligation.
24. **PARK AND RECREATION ADVISORY COMMISSION:** Any and all matters with respect to this Agreement that require policy approval by the City Council, not including administrative decisions by the City Administrator that need no such approval, shall be first submitted to Park And Recreation Advisory Commission which shall, in turn, submit same to the City Council in conformance with applicable procedures.
25. **PERSONAL CONTRACT:** The qualifications and identity of Corporation are of particular interest to City. Because of those qualifications and identity, City has entered into this Agreement. No voluntary or involuntary successor in interest of Corporation shall acquire any rights or powers under this

Agreement unless so approved by the City Council, and until such successor is in compliance with the applicable rules, procedures and regulations of the Federal Government, the State of California, the County of Alameda and the provisions of this Agreement.

26. **PERMANENT IMPROVEMENTS:** At the conclusion or termination of the Agreement, or any renewals to the Agreement, all permanent fixtures shall become the property of City.
27. **EASEMENT:** Corporation agrees City shall retain all rights and duties with respect to the granting and issuance of any and all easements at LCGC to third parties, provided such easements do not interfere with Corporation's operations of LCGC. City shall retain all monies, profits, and fees collected pursuant to the granting of such easement rights to any and all third parties. As a courtesy to Corporation, City shall notify Corporation of the granting of any such easements prior to the effective date of said easement.
28. **ILLEGALITY OF CONTRACT:** This Agreement is intended to satisfy the conditions of Internal Revenue Service Revenue Procedure 93-17. In the event that any of the obligations under this Agreement shall become null and void by Federal, State or local law, or in the event the future performance of the conditions or terms of this Agreement becomes a hardship for the parties to perform because of Federal, State or local law which is enacted, or court decision rendered, the parties may amend the Agreement to conform with Federal, State or local law, or City may, at its option, terminate this Agreement. City shall not be liable to Corporation for any loss or damage of any nature suffered, or claim to be suffered by Corporation by reason of any modifications to the Agreement or its termination.
29. **WASTE OR NUISANCE:** Corporation shall not commit or permit the commission by others of any waste at LCGC; Corporation shall not maintain, commit, or permit the maintenance or commission of any nuisance as defined in Section 3479 of the California Civil Code at LCGC; and Corporation shall not use or permit the use of said LCGC for any unlawful purpose.
30. **WAIVER OF BREACH:** The waiver by City of any breach by Corporation of any of the provisions of the Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach by Corporation either of the same or a different provision of this Agreement.
31. **HOLDOVER:** Should Corporation hold over and continue maintaining and operating LCGC after the end of the Term of this Agreement, with the expressed or implied consent of City, such holding over shall be construed as a continuation of the Agreement from month-to-month and upon the same terms and conditions as herein provided for the previous Agreement. Any holdover shall terminate upon the execution of a new Agreement.

- 32. **ACCESS TO PUBLIC RECORDS:** Corporation shall cooperate with City to provide public access for the purposes of public inspection of information, documents, correspondence, inspection records, logs, minutes, photographs, contracts and other documents in any way related to the expenditure of funds granted or otherwise provided to Corporation by City.
- 33. **NOTICES:** Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this Agreement or by law to be served on or given to City by Corporation or Corporation by City shall be in writing and shall be deemed duly served and given when deposited in the United States mail, first-class postage prepaid, addressed as follows:

City

Corporation

City of Oakland
 Office of Parks and Recreation
 250 Frank H. Ogawa Plaza, Ste. 3330
 Oakland, CA 94612
 Attn: Director

Touchstone Golf, LLC

- 34. **SEVERABILITY:** In the event that any covenant, term or condition herein contained is held to be invalid by a court of competent jurisdiction, such invalidity shall not affect any other valid covenant, term or condition herein contained.
- 35. **GOVERNING LAW:** This Agreement shall be deemed to be made and construed in accordance with the laws of the State of California.

IN WITNESS HEREOF, the parties have executed this Agreement on the dates set forth below.

TOUCHSTONE GOLF, LLC
(Corporation)

CITY OF OAKLAND
(City)

Date: _____

Date: _____

By: _____
Steven Harker
President

By: _____
Deborah A. Edgerly
City Administrator

**OFFICE OF PARKS AND RECREATION
AND LEGALITY:**

APPROVED AS TO FORM

Date: _____

Date: _____

By: _____

Audree V. Jones-Taylor
Director

By: _____

Office of the City Attorney

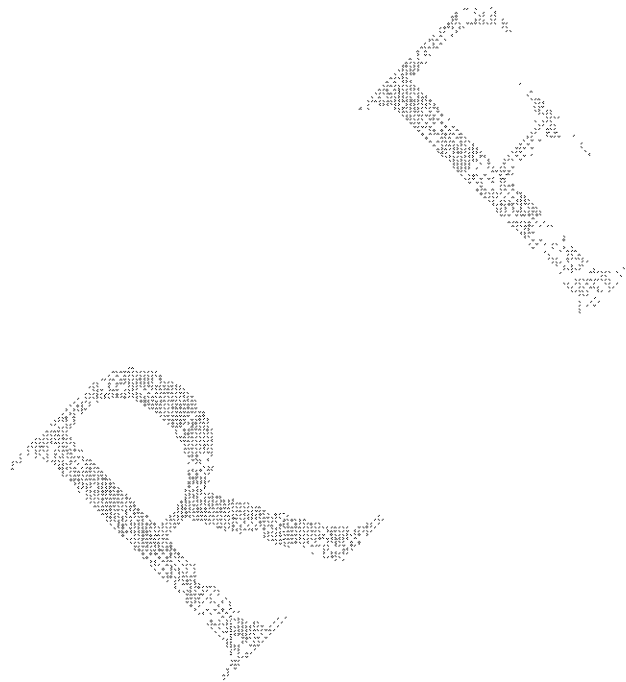


TABLE OF EXHIBITS

EXHIBIT	DESCRIPTION
A	Maintenance Provisions
B	Schedule N-1: Equal Benefits Declaration Of Nondiscrimination
C	Schedule N: Living Wage Ordinance Declaration Of Compliance
D	Schedule S – Audit, Inspection and Fiscal Reporting Requirements
E	Touchstone, LLC Operating Budget April 1, 2007 – March 30, 2008
F	Schedule Q: Insurance Requirements
G	Certificate of Insurance or Copies of Insurance Policies
H	Schedule C-1: Americans With Disabilities Act (Ada) Compliance

EXHIBIT A

TOUCHSTONE, LLC BUDGET

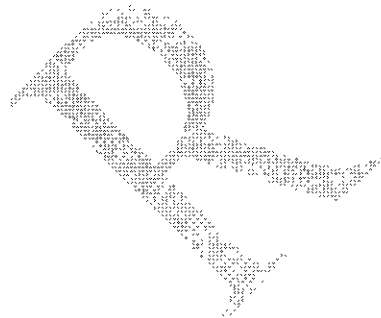
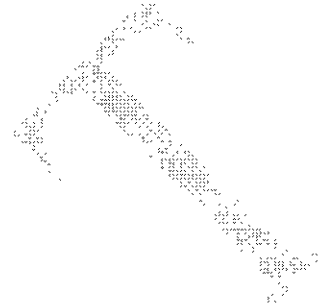


EXHIBIT B

MAINTENANCE STANDARDS

1. CLUBHOUSE & ENTRANCE

- a. The entry, parking lot and all traffic areas must be maintained to the highest standard level of presentation. The clubhouse and entranceway must be kept in a pristine condition at all times.
- b. Landscaped areas must be free of weeds, debris and be freshly mulched.
- c. A landscape management plan must be developed within the first six months of the approved agreement to address pest control, and presentation. This must include annual testing of soil fertility and for diseases as needed.
- d. Trees and shrubbery must be kept in good health and trimmed routinely.
- e. Hardscapes, including the parking lot, entryways, pathways and sidewalks must be free of debris, and cleaned daily.
- f. Entry signs and parking lot signs must be painted and kept in good repair
- g. Landscape lighting must be fully operational. Bulbs must be replaced immediately as needed.

2. GOLF COURSE GREENS

- a. A specific Turfgrass Management Plan must be developed within the first six months of the approved agreement to achieve the desired results, including regular aerifications, spiking, verticuttings, testing of fertility, topdressing sand, testing for pests, etc.
- b. Greens must be kept healthy and pest free through the use of accepted turf management practices.
- c. Greens must be kept smooth and putting true using the appropriate grooming methods to control grain, maintain good density, texture and prevent excess thatch accumulation.
- d. Green speeds must be maintained as consistently as possible between 8.0 and 11.0 feet, depending on the green's contours, weather, turf conditions and specific goals.
- e. The greens must be aerified as needed, typically twice annually. The number of annual aerifications, tine size and method must be adjusted according to the level of organic mat accumulation, compaction levels and the green's performance.
- f. Greens must be mowed daily in the growing season and as needed in the off-season, or according to turf conditions. Height of cut will vary from approximately .175" to .200" to achieve the desired playing conditions, and as turf, manufacture mower differences and weather conditions allow.
- g. The original greens edge must be maintained to prevent green creep from occurring and encroachment from surrounding undesirable turf.
- h. The clean up lap on the green must be mowed at least three days per week during the growing season and adjusted accordingly in the off-season according to growth and turf conditions.

EXHIBIT B

MAINTENANCE STANDARDS (cont'd)

- i. All ball marks must be repaired daily. Sunken cups, old hole locations and scars on the greens must be repaired as they become apparent.
 - j. Collars must be kept mowed at a height ranging from .250" to .5". The collars are to be mowed at least three times per week in season and adjusted during the off-season, or according to weather and growth patterns. They must be appropriately groomed to prevent excessive thatch and grain accumulation.
- 3. TEES**
- a. The tees must be maintained in a healthy state, be pest free, drain well, have good texture and density, provide good footing and quality teeing surfaces. A Turf Management Plan, including regular aerifications, verticuttings, topdressing, fertility testing, etc. must be developed and implemented within the first six months of the approved agreement to achieve the desired results.
 - b. The tees must be mowed at least three days per week, or more often during the growing season, and adjusted as needed out of season and according to the weather and growth rates.
 - c. The tee mowing height must be maintained between .250" and .750". The tees must be cut as low as reasonably possible to achieve the desired results.
 - d. Divots must be cleaned off and filled daily using the appropriate mixture to promote fast recovery, maintain a level surface and clean appearance. Divot mix must be spread evenly into the holes and not left in piles.
- 4. FAIRWAYS**
- a. Fairways must be maintained in a healthy state, be pest free, drain well, have good texture and density, provide good footing and quality fairway surfaces. A Turf Management Plan including IPM practices, regular aerification, verticutting, fertility testing, etc. must be implemented within the first six months of the approved agreement to achieve the desired results.
 - b. Fairways must be kept mowed typically ranging in height between .325" and .750". The fairways must be routinely kept at the lowest height of cut that will provide a quality playing surface consistent with desired goals but without sacrificing turf quality and health.
 - c. The fairways must be mowed at least three days per week or more often during the growing season, and adjusted as needed in the off-season according to weather and growth rates. Frequency must be enough to maintain a tight and consistent surface without generating an excessive amount of grass clippings.
 - d. Clippings from fairway mowings must be evenly dispersed so they are not left in piles or clumps.

- e. Divots must be cleaned up daily and filled with an appropriate site specific mixture at least weekly during the growing season.

EXHIBIT B

MAINTENANCE STANDARDS (cont'd)

5. ROUGHS

- a. The roughs must be maintained in a healthy state, have minimal pest issues, drain well and have good texture, density and uniformity. A Turf Management Plan including IPM practices, aerification, spiking and annual fertility testing must be implemented to achieve the desired results. The rough height of cut must typically range between .750" to 3.0".
- b. The frequency of mowing must be set according to growth rates to prevent excessive clipping accumulation on the surface and to promote healthy turf grass. The frequency may range from less than once a week to two times per week.
- c. Leaf clippings and debris must be scattered, mulched or vacuumed as needed to maintain a clean and uniform looking rough.

6. BUNKERS AND HAZARDS

- a. Bunkers must be fully raked daily in season and adjusted according to play levels out of season. The bunkers must be at least inspected and touched up every day when open for play regardless of play levels.
- b. All bunker rakes must be evenly placed outside of the bunker and parallel to the bunker in line with play.
- c. Bunkers must be kept free of weeds, debris and rocks and have a defined edge between the sand and turf or soil. The bunkers must be edged frequently enough to prevent long runners from creeping into the sand.
- d. Bunkers must be checked regularly for appropriate sand levels and to ensure the drains are working correctly and repaired as needed.
- e. The bunker shape and integrity must be maintained by observing proper edging techniques and avoiding bunker creep. Any excess sand accumulation on the faces must be blown off and removed as need to slow build up. Periodically excess sand accumulation must be removed.
- f. All water hazards, out of bound markers must be in place as specified by the USGA Rules of Golf. The stakes must be an approved 2" by 2" stake, clean and freshly painted in appearance, installed straight and maintained on a regular basis.

7. COURSE SERVICE AND DETAIL STANDARDS

- a. Holes must be rotated daily in season to a fresh area according to the playing conditions and pin location systems in place. Holes must be cut to a proper depth with a sharp edge and the cup liner set to exactly a one-inch depth.

- b. Freshly painted cups must be rotated every week. The lip of the cup must be painted for special events.
- c. New flags and poles must be rotated as necessary. Worn, soiled or damaged flags must be replaced immediately.

EXHIBIT B

MAINTENANCE STANDARDS (cont'd)

- d. Tee markers must be in good repair and rotated as necessary to avoid wear and be optimally position for the day's playing conditions. All markers must be placed with a T-line pointing at the landing area. Markers must be placed 12" from each edge of the tee, unless the tee is being divided into sections to spread wear. In this case, the markers must be placed a minimum of 15' apart. Replace worn or damaged markers regularly.
 - e. Fencing, ropes and stakes must be inspected daily. Only clean, approved hollow-core rope with approved stakes must be used. Ropes must be stretched tightly between stakes, and replaced as necessary. Knots are not allowed. Ropes and stakes must be moved as needed to control traffic and prevent wear.
 - f. Cart paths must be kept clean, edged and in good repair. Cracks in the paths must be kept free of weeds and grass. Cart path yardage markers must be kept clean and polished, and replaced as needed.
 - g. Sprinkler heads must be checked for damage and edged routinely to maintain a groomed appearance.
 - h. Hazard stakes must be checked daily for condition and proper location, and must be straightened as needed.
 - i. Tee consoles must be inspected daily for damage, wiped clean and kept freshly painted. Ball washers must have clean water, a fresh cloth towel and be in good working order. Trash containers must be emptied and wiped clean.
 - j. All steps, walkways and ramps must be clean, edged and repaired.
 - k. Distance monuments must be clean, edged and freshly painted.
 - l. Landscaped beds must be weed free with healthy plants.
 - m. Trees must be kept in good health and trimmed.
 - n. Restrooms must be clean, freshly painted and well stocked. This includes floors, walls, ceilings, basins, mirrors, urinals, paper dispensers, steps and walkways.
 - o. Water coolers must be kept clean and sanitized daily.
 - p. Wooden shelters are to be kept in good repair and freshly painted or treated.
 - q. All signs must be in good repair and freshly painted.
- 8. PRACTICE TEES AND FAIRWAY**
- a. Ropes must be free of knots and routinely replaced.

- b. Loose divots from the previous day's play must be removed before the start of play the next day. Divots must be filled each day with sand, seed, and fertilized to ensure maximum turfgrass recovery.
- c. Practice tee must be maintained in a healthy state, have minimal pest issues, drain well, and have good texture, drainage and uniformity. A Turf Management Plan must be implemented to achieve the desired results.

EXHIBIT B

MAINTENANCE STANDARDS (cont'd)

9. PUTTING GREENS

- a. Putting green cups must be rotated as needed.
- b. Putting greens must be mowed daily, at least one hour prior to the start of play. The height of cut must match the golf course.

10. PRO SHOP CONCESSIONS

- a. The golf course operator shall collect green fees, provide starter and tournament scheduling and administration services, schedule tee times, sell golf merchandise, rent golf carts and other golf equipment and all other functions and services normally provided by a golf course Pro Shop manager.
- b. The golf course operator will have a minimum of one staff member who is a PGA class A professional at the golf course to teach lessons, answer golf related questions and assure that the golf course is current with industry standards.
- c. The golf course operator shall be solely responsible for security and storage of items in the Pro Shop and facility. The City shall be held harmless for all personal property in the golf Pro Shop.

11. GOLF CARTS

- a. The golf course operator shall provide and maintain all golf carts.

12. KITCHEN EQUIPMENT

- a. The golf course operator shall be responsible for the maintenance of all kitchen equipment supplied by the City as attached herein. These include all cooking production equipment, fixtures and furniture within the restaurant. All equipment will be inventoried and in acceptable operating condition when the golf course operator commences operation.
- b. During the term of the contract, all items shall be kept clean, fully operational and show no signs of visual or structural damage.
- c. Golf course operator shall provide additional necessary kitchen equipment and supplies necessary for the operation of the facility.

- d. Golf course operator shall provide and maintain first aid equipment and supplies in all production and service areas.

13. JANITORIAL MAINTENANCE

- a. The golf course operator shall maintain and be responsible for all daily janitorial maintenance of all areas.
- b. Housekeeping functions must be maintained to the Office of Parks and Recreation standard of cleanliness. Custodial and sanitation of all areas shall strictly adhere to all Federal, State and local laws, ordinances and regulations.



2007 MAR 15 PM 5:55

Approved as to Form and Legality

Oakland City Attorney's Office *J. S. Mook*

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

RESOLUTION TO REJECT ALL SUBMISSIONS RECEIVED FOR THE OPERATION AND MANAGEMENT OF LAKE CHABOT GOLF COURSE AND CLOSE THE CURRENT REQUEST FOR QUALIFICATIONS (RFQ) PROCESS; TO ISSUE A NEW REQUEST FOR PROPOSALS (RFP) IN NINE MONTHS; TO WAIVE THE RFP REQUIREMENTS FOR A TEMPORARY MANAGEMENT AGREEMENT AND TO AUTHORIZE THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A TEMPORARY MANAGEMENT AGREEMENT WITH TOUCHSTONE GOLF, LLC FOR OPERATION AND MANAGEMENT OF LAKE CHABOT GOLF COURSE FOR THE INTERIM PERIOD

WHEREAS, the City of Oakland has attempted to secure a long term operator of the Lake Chabot Golf Course through an approved RFQ process; and

WHEREAS, the RFQ process yielded three non-conforming and incomplete proposals, none of which provides the City of Oakland with a viable operator for Lake Chabot Golf Course; and

WHEREAS, it is in the best interest of the City to reopen Lake Chabot Golf Course as scheduled on April 7, 2007 in order to maintain the golfing community's interest in the course; and

WHEREAS, the re-opening of the golf course provides and restores an important recreational amenity for the residents of the City of Oakland; and

WHEREAS, the re-opening of the golf course provides an opportunity to generate revenue to offset operating costs of the golf course as well as increase the chances for the long-term success of the property by avoiding the displacement of golfers to competing facilities over a longer period of time; and

WHEREAS, an interim golf course manager is needed in order to reopen and operate Lake Chabot Golf Course until a new operator can be found; and

WHEREAS, Touchstone Golf, LLC, a golf management company, is qualified to provide the needed interim management service; now, therefore, be it

RESOLVED, that the City Council hereby rejects all submissions received for the operation and management of Lake Chabot Golf Course and closes the current RFP process; and be it

FURTHER RESOLVED, that an RFP process to secure a long-term operator for Lake Chabot Golf Course for terms acceptable to the City of Oakland shall commence nine months from the date of the approval of this Resolution; and be it

FURTHER RESOLVED, That pursuant to Oakland Municipal Code section 2.04.051.B and findings set forth in the City Administrator's report accompanying this item, the City Council finds and determines that is in the best interests of the City to waive the competitive request for proposal/qualifications process for the interim Touchstone Golf, LLC contract and so waives the requirement; and

FURTHER RESOLVED, that the City Administrator is hereby authorized to negotiate and execute a management agreement with Touchstone Golf for the interim period until a new operator is found; and be it

FURTHER RESOLVED: That the Office of the City Attorney has approved this resolution as to form and legality and a copy will be on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2007

PASSED BY THE FOLLOWING VOTE:

AYES - BRUNNER, KERNIGHAN, NADEL, QUAN, BROOKS, REID, CHANG, AND
PRESIDENT DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California