



**City of Guadalupe – Operator of the Royal Theater
Request for Proposals (RFP) - Response to Questions
August 28, 2024**

1. Please clarify how the three separate reserve funds (Capital Replacement Reserve, Maintenance Reserve & Operating Reserve) will be initially provided by the City:

-Where will that initial funding come from?

They are part of the project costs.

-Is the operating Non-profit expected to pay back the initial funds provided by the City?

The operator will be required to maintain the reserves and likely increase the reserves as part of operating costs over time.

2. Which sections of the attached Sample Operational Management and Lease Agreement are non-negotiable?

There are no provisions in the lease that would be considered “non-negotiable” as some provisions that might be considered as such might be subject to negotiation depending on proposed changes. Here are a few caveats that a proposer should be aware of:

- a) The RFP requires that the lease be in “substantial compliance” with the lease as proposed, so the City would not be willing to accept a different Operational Management and Lease Agreement (OMLA) from a proposer.
- b) Some criteria within the agreement are required by the funder(s) and would require their approval as well as the City.
- c) Any negotiation would need to be between the awarded nonprofit and the City.

3. Would the City accept a draft OMLA from a bidder so long as it contained all non-negotiable sections from the City-provided draft OMLA?

Once the non-profit is selected, negotiations concerning the OMLA are anticipated. As indicated in the RFP, certain provisions of the OMLA are subject to change, so the City is not expecting the selected non-profit to immediately enter into the OMLA. At this point, the City intends that the final OMLA will be signed by both parties no later than by the date construction of the Royal Theater

Project (Project) would commence (which is expected to occur in or around March 2025). It is recommended that proposers submit their proposals based on the present RFP and OMLA.

4. Once the City has chosen an operating non-profit, when does the City expect that entity to sign and enter into an agreed upon Operational Management and Lease Agreement?

When appropriate negotiations have been completed and when all material facts are known.

5. Per our reading, there was no mention of the sale/serving of Alcohol in either the RFP or attachment A, please advise any limitations the City plans to have regarding the sale and/or distribution of alcohol in all spaces making up the Royal Theater and Performing Arts Space.

The City does not intend to prohibit the sale or use of alcohol at the Project, although, this would be something that would need to be negotiated as part of the final OMLA.. It can be included in your proposal.

6. Under "Section 1. Definitions" of the Sample Operational Management and Lease Agreement there is no definition for "Net Proceeds", please define "Net Proceeds" particularly how it relates to Section 6.1 under "Rent and Monetary Obligations".

Net proceeds = Gross Proceeds less Expenses. Please use this definition to determine what Section 6.1 means.

7. Page 27 of the attached Sample Operational Management and Lease Agreement mentions the below additional attachments, but we did not see them either on the City Website or attached to the RFP originally shared via email, please forward copies of the three items listed below for review
 - City-Owned Furniture, Fixtures, and Equipment list (We realize this will most likely not be available until such fixtures are identified but a generic idea of what this may include would be helpful).
 - Maintenance Matrix
 - Insurance Requirements

These items will be developed with the awarded operator. The list of City-Owned FFE has not been prepared, primarily because the City current has no FFE for the Project at this time, but it intends to have FFE. The Maintenance Matrix has not yet been prepared and is subject to negotiation. The insurance requirements have been requested from the City's insurer and will be provided as soon as possible.

8. For City-requested use of the facilities, will the operator be expected to bear all non-facility costs related to that event (staffing, security, janitorial)?

No. The Operator is merely requested to waive any rental fees associated with City use of the facilities. This would also be the case with respect to the use of the facilities by community non-profits when such use is required to be provided without a rental fee. The operator may charge actual cost to operator an event where the rental fee is waived.

9. If the funding gap is not met and adjustments to the plans are made without needing their input, it will substantially alter what the approved Operator can provide on the premises. This dramatically changes the opportunities and ability to create revenue for the project. Does the Operator have an out if the city does not complete construction in a timely manner or the scope of the project changes significantly?

This is a legal question, and you should contact your own legal counsel. However, that said, the City will know at least several months before the March 2025 proposed construction date whether the “funding gap” is closed and what, if any, changes have been made to the Project. Any such changes are not relevant for purposes of submitting a proposal. These changes may be relevant for negotiations concerning the final OMLA. If the Project is unable to proceed due to lack of funding, the Operator will not be required to enter into an OMLA. Please write your proposal based on the language within the RFP.

10. Regarding the funding gap, what current plans are being implemented or are in the works by the City to raise the additional funds and/or a list of funding sources that the City has currently approached to assist with fundraising?

The City is investigating multiple options for additional funding, but this information is confidential currently. Additionally, the answer to question should not affect the writing of a proposal. Please write your proposal based on the language within the RFP.

11. Once the City has chosen an operator but before the construction has been completed, how does the City envision that partnership and who from the City would be the main point of contact with the Operator throughout the building and construction phase of the project?

The City Administrator has been designated as the contact for purposes of the RFP and the OMLA. The City Administrator will select one or more contacts for the Operator to work with during the building and construction phase of the Project, but such persons have not yet been identified.