

**THE CITY OF SAN DIEGO**  
**REQUEST FOR PROPOSALS**

**CAPITAL DEVELOPMENT AND RELATED GROUND LEASE**  
**SOUTH CHOLLAS LANDFILL PARCELS**

**PROPOSAL DEADLINE: OCTOBER 12, 2007**

**SUBMIT TO: Real Estate Assets Department**  
**17<sup>th</sup> Floor, Civic Center Plaza**  
**1200 Third Avenue, Suite 1700**  
**San Diego, CA 92101**

**CONTACT: Stephen L. Geitz**  
**Supervising Property Agent**

**TELEPHONE: (619) 236-6311**

**THE CITY OF SAN DIEGO  
REQUEST FOR PROPOSALS  
LEASE OF VACANT SOUTH CHOLLAS LANDFILL PARCELS**

**BACKGROUND**

**South Chollas Landfill**

The South Chollas Landfill is located north of Highway 94 and south of College Grove Drive in the Oak Park Community. The landfill was operated by the City of San Diego, and received solid waste between 1951 and 1981. The land is owned by both the City Water Department and General Fund Department, and is Designated Park Land.

The Environmental Services Department (ESD) maintains the 150 acre landfill site in compliance with State and Local regulatory requirements. There are approximately 80 acres of the landfill available for development. The conditions for future development are addressed in Section C below.

**A. PROPOSAL INVITATION**

Proposals are being sought by the City to ground lease the City-owned vacant parcels described in Section B below, on a triple-net basis. The lease term will be contingent upon the capital investment required to fully develop the project, but not to exceed a term of 20 years. The property is offered for lease “as is”, with any development costs to be borne by the lessee. The property is not being offered for sale.

**B. PROPERTY DESCRIPTION**

1. Location: The South Chollas Landfill is located north of Interstate 94, and South of College Grove Drive, in the Oak Park Community.
2. Legal: Portion of Lots 13, Rancho Mission Referees Partition, and portion of Southeast Quarter, Section 34, Township 16, Range 2 West.
3. Assessor’s Parcel(s): Portions of 477-490-02, 478-150-01, and 478-90-05
4. Zoning: RS-1-7 (Designated Park Use Overlay)
5. Size and Shape: 80.4 gross acres, irregular in shape, and gently sloping and rising in some areas. See attached Exhibit “A”. **Note**: the on-going South Chollas Landfill Slope Modification Project, affecting a portion of the overall site, is not to be completed until sometime in the Fall of 2007. The ultimate grade and topography of the site will be generally as-is, except for the mid-central area where material is being hauled from a soil

stockpile to the slopes. Final contours for the site cannot be determined exactly until all Slope Modification Project work is completed.

6. Access: Approximately 500 feet of accessible frontage on College Grove Drive.
7. Easements / Encumbrances: No utility easements exist within the landfill; however, the site contains an extensive landfill gas (LFG) collection system that must not be compromised. The LFG system consists of a network of vertical wells that draw (under a slight vacuum) LFG out of the landfill and into collection laterals and headers. Currently, the collected landfill gas is burned at two flare stations located on the site, but an energy utilization project is now being studied. See attached Exhibit "A-1".  
**Note:** the above-mentioned South Chollas Slope Enhancement Project includes upgrades and rehabilitation of the existing LFG collection system on the slope area outside of this parcel. Upon project completion, a revised exhibit will be made available that details the specific locations of these utility systems, for possible integration into proposed development plans.
8. Utilities: There are no underground utilities, although utilities are available to the site's perimeter, as follows: Gas (San Diego Gas and Electric); Water (City of San Diego); and Electricity (San Diego Gas and Electric) are available from College Grove Drive.

### **C. DEVELOPMENT REQUIREMENTS**

A tentative list of the City's development requirements is as follows:

1. Environmental Initial Study
2. Traffic Study
3. Possible utility extensions depending on the development
4. Finish grading (to meet City's ESD requirements)
5. Minor Use Permit or Major Use Permit required for some uses
6. Building permits

Additional Conditions for Future Development

1. Project must be compatible with "designated park land" use.
2. Developer shall be responsible for post-closure maintenance and management of the landfill within proposed leased area.
3. Project must be compatible with the current or any future LFG collection systems.
4. Developer shall pay all costs associated with obtaining approval from the Solid Waste Local Enforcement Agency (LEA), Regional Quality Control Board, Air Pollution Control District, and any other applicable regulatory agencies. In order to obtain their regulatory approval, the developer must

prepare all required submittals including detailed engineering drawings, a site drainage plan, Community Health and Safety Plan, Post Closure Maintenance Plan, and a Site Security Plan.

5. Recognize sensitive habitat and California Gnatcatchers have been identified on the south easterly slopes. Potential impacts and costs associated with development on or near this sensitive community must be addressed.
6. Developer shall be responsible for all costs associated with obtaining and complying with all permitting and land-use requirements.

**D. MINIMUM INFORMATION REQUIRED BY THE LOCAL ENFORCEMENT AGENCY FOR APPROVAL**

In accordance with Title 27, California Code of Regulations (27CCR), Section 21190(c) – Postclosure Land Use, all proposed postclosure land uses other than non-irrigated open space on closed landfill sites will be submitted to the LEA for review and approval. At a minimum, the following information will be required in order to review the proposed project.

1. A site map that clearly defines the location and surrounding area of the project components.
2. A drainage plan that identifies the project's drainage design and how the project drainage components will not impact, but rather compliment, the existing South Chollas drainage design.
3. A utilities plan which identifies the location of all utilities with respect to the South Chollas Landfill. This shall include installation details of any additional utilities that are required, such as plumbing, electrical, telephone, or computer lines for any of the project components. The Utility Plan must take into account construction specifications identified in 27CCR.
4. Provide information on how structure will be monitored for LFG, who will be responsible for the task, and at what frequency will said structures be monitored.
5. Provide documentation detailing that the City of San Diego's Environmental Services Department (ESD) has verified that the proposed project components do not impact any of the environmental monitoring programs (Groundwater and Landfill Gas Monitoring Systems, stormdrains, etc.).
6. Submit an approved Community Health and Safety Plan.
7. Identify any impacts to the integrity of landfill cap, including fencing, posts, subsurface utilities, etc.
8. Describe how the proposed project will not interfere with the routine maintenance of the landfill.
9. Identify the longevity of the proposed project and clarify who will be responsible for landfill maintenance and compliance with the Title 27, CCR requirements.

i. Submit a Post Closure Maintenance Plan (PMP) for the site pursuant to Title 27 CCR, Section 21100(d).

**E. DEVELOPMENT PLAN**

Proposers must include a preliminary development plan with their proposals. This shall consist of 1) a narrative description of improvements and/or a preliminary plot plan, 2) a financial plan, and 3) a proposed completion schedule.

The selected proposer shall then prepare and submit a complete general development plan, consisting of a detailed plot plan, schematic elevations, financial plan, completion schedule, estimated construction costs, and a landscape plan. The plan will be subject to review and approval by the City. The general development plan becomes part of the lease package submitted to the City Council for approval, and controls development of the premises by the lessee. The general development plan incorporated into the lease shall be an expanded and more detailed version of the plan submitted with the selected proposal.

**F. GROUND LEASE FORMAT**

Upon selecting a proposal, the City will negotiate a lease based substantially on the terms and conditions outlined in Section G below. However, the City reserves the right to negotiate modifications with the selected proposer to the extent deemed necessary by the City. Proposers requiring special conditions or deviations from these lease provisions should state the exact changes in their proposals. Other factors being equal, the City will discount a proposal which requests major or numerous changes that are disadvantageous to the City.

**G. LEASE PROVISIONS**

1. Purpose. Any recreational use or uses compatible with the Mid-City Communities Plan will be considered, given the fact that the land is designated park land. Non-conforming uses which would otherwise entail a discretionary permit will not be considered. The agreed-upon use or uses will be specified in the lease.
2. Term: A term of up to 20 years is available. The proposed term must be justified by the proposer on the basis of capital investment in the premises, and the rent structure agreed upon. The maximum term will only be approved for a substantial investment. Lease term should be commensurate with economic useful life of proposed improvements, as well as the amount of capital investment.

3. Rent: For a commercial lease, the proposer shall offer the rental as one or more percentage rate categories of gross income versus a guaranteed minimum annual rent. Percentage rent may be offered as one percentage for all uses, or separate percentages for different categories of uses. The minimum rent will be adjusted every 5 years, and the percentage rate(s) at 10-year intervals during the lease term. For a commercial lease where it can be shown to be advantageous to the City, the City may also consider a flat rate rental. A flat rate lease will be subject to an annual rent adjustment and a reappraisal every 10 years during the lease term. The lease also contains an increase-only clause.
4. Equity Participation Fee: The City charges an equity participation fee in the event of assignment, majority subletting, or equity-takeout refinancing of the premises. Minimum acceptable percentages are 2 percent of the gross amount paid for an assignment or majority subletting, and 2 percent for the net amount increased loan or encumbrance against the property from refinancing. Proposers are encouraged to offer higher percentages.
5. Records: The lessee shall keep complete and accurate accounting records satisfactory to the City from which City can, at all reasonable times, determine the nature and amounts of income subject to rental from the operation of the premises. The records will be periodically audited by the City.
6. Right to Assign and Sublet: The lessee may not assign the lease or any interest in the lease, and may not sublease any portion of the premises without prior written approval from the City. The City's approval, however, may be conditioned upon the proposed assignee or sublessee agreeing to revisions to the lease or the requested sublease to reflect market conditions or City requirements that are then current. Also, no assignee or sublessee will be approved who is not at least comparable to the original lessee in financial and professional competence to operate the premises.
7. Compliance with Laws: The lessee shall secure and maintain full compliance with all applicable Municipal, State, and Federal laws and regulations at its own cost.
8. Utilities: The lessee must pay for all utility installations and services required for its operation. Any and all utility installations shall take into consideration the existing landfill gas collection and management system, so as to ensure its compliance with all applicable laws and regulations, and must be approved by the LEA.

9. Nondiscrimination: The lessee shall not discriminate in any manner against any person by reason of race, color, religion, gender, sexual orientation, medical status, national origin, marital status, or physical disability. The lessee shall comply with the City-adopted program for equal employment opportunities. This program includes requiring the lessee to file a Work Force Report, and, in some cases, an Equal Opportunity Plan. **A copy of the Work Force Report form is attached, and it must be filled out and submitted with lease proposals.**
10. Insurance: The lessee shall be required to carry adequate commercial general liability and property damage insurance commensurate with the intended use of the premises, and to hold the City harmless from liability in connection with any and all lease operations. The policy shall name the City of San Diego, its elected officials, officers, employees, agents, and representatives as additional insureds, in the amount for most uses not less than \$2 million combined single limit liability per occurrence, and up to \$5 million for some uses. The lessee is also required to carry a policy of fire, extended coverage, and vandalism insurance on all permanent property of an insurable nature located upon the premises, in an amount equal to the full replacement cost. The City may also require the reasonable revision of amounts and coverages during the lease term.
11. Taxes: The lessee must pay all taxes and assessments, including possessory interest taxes, levied by reason of its leasehold.
12. Default: The City reserves the right to terminate the lease in the event of the lessee's failure to cure any curable default or breach within 30 days of legal notice from the City.
13. Encumbrance: Subject to prior approval from the City, the lessee may encumber its leasehold interest by a deed of trust or other security instrument to secure a loan of a specified and approved amount, the proceeds of which, and any refinancing, must be used exclusively for development of the premises, unless an equity participation fee is paid to the City on the take-out portion. The City does not subordinate its ownership interest to any encumbrance.
14. Performance Bond: The lessee shall be required to deposit a faithful performance bond in the amount of 100 percent of the cost of construction assuring satisfactory completion of any proposed development.
15. General Development Plan: The development of the premises shall be in accordance with a general development plan to be submitted by the lessee and approved by the City at the time of execution of the lease. The plan shall show design, financing, estimated cost of construction, and schedule of completion of the improvements. Please note that this plan is intended

to be an expanded and more detailed version of the preliminary development plan submitted as part of the proposal. Substantial deviation from the proposal development plan in the opinion of the City may nullify the City's acceptance of the offer, and result in forfeiture of the proposer's deposit.

16. Nonresponsibility: The City of San Diego disclaims any responsibility, liability, or obligation to issue any permits or licenses or to waive any legal requirements by reason of selecting a proposer or executing a lease. The selected proposer will be required to obtain all necessary permits, licenses, and clearances at his/her sole cost.
17. Improvements and Alterations: All improvements and alterations to the premises shall be in accordance with plans and specifications previously approved in writing by the City Manager, and shall be at the sole cost of the lessee.
18. Maintenance: All maintenance and repairs shall be the responsibility of the lessee without expense to the City. The lessee shall maintain the premises in a clean, safe, and sound condition throughout the lease term to the satisfaction of the City and in compliance with all applicable laws, regulations and codes.
19. Ownership of Improvements: All improvements, fixtures, and trade fixtures installed by the lessee shall become the property of the City, at City's option, upon termination of the lease. The lessee must remove all movable equipment and personal property upon lease termination without cost to the City or damage to the premises.
20. Reservation of City Rights: All gas, oil, mineral, and water rights shall remain vested in the City throughout the lease term. The City shall have the right to develop these resources and to enter the premises to repair, maintain, or establish municipal services, such as landfill gas and water wells, and to grant easements for public utilities and services. Provided, however, the City may not unreasonably interfere with the lessee's rights and must reimburse lessee for any physical damage to the premises caused by the exercise of the rights reserved by the City.
21. Environmental Clearance: The selected proposer shall be responsible for securing compliance with the California Environmental Quality Act of 1970 at his/her sole expense. Appropriate application for environmental review of the proposed improvements and use must be made to the City's Development Services Department by the successful proposer upon selection. The City Council cannot authorize execution of the negotiated lease until after all applicable environmental processing has been completed.

## **H. PROPOSAL CONTENTS**

All proposals must include, as a minimum, the information specified below. Failure to include this information will seriously detract from a proposal, and may be cause for its rejection. The inclusion of any additional information that will assist in the evaluation is encouraged. The adequacy, depth, and clarity of the proposal will influence, to a considerable degree, its evaluation. The submitted proposal must be complete enough for a selection to be made from the material contained in it alone. Proposers are advised to make their best offer in the proposals, as there will be no auction or competitive negotiation of the lease.

1. Summary of Experience: Submit identification sufficient to obtain credit information on the proposer; i.e., complete name, permanent residence, business address, driver's license number, social security number, banking references, etc. Also include a summary or resume of the proposer's experience and qualifications for the type of enterprise proposed. Also submit the attached Application to Lease, Work Force Report, and Proposer Acknowledgment Form as part of the proposal.
2. Financial Statements: Submit current financial statements listing all assets and liabilities of the Proposer, initial available operating capital and its source. Specify the amount of any borrowed capital proposed for the lease operation, as well as its source and terms of repayment. Also include a statement of estimated gross receipts, projected rent to the City, and operating expenses for the first five years of full operation. Other financial data may be required as determined by the City.
3. Proposed Improvements: The proposal must include a preliminary development plan, which consists of a narrative description of improvements and/or a preliminary plot plan of the development, a financial plan, a description of operations and uses, and a proposed completion schedule (see Sections E and G-15).
4. Proposed Lease Term: Specify the requested lease term and justification therefore in terms of investment. The maximum term available is 20 years (see Section G-2).
5. Rental Offer: For a commercial lease, rent shall be offered as one or more percentage rate categories of gross income versus a guaranteed minimum annual rent. Initial rent proposed should be based on the site in "as is" condition with guaranteed minimum rent starting at no less than \$4,750 per acre, per year. Proposers are welcome to offer a higher minimum. The

City may consider a flat rate rental for a commercial lease if it can be demonstrated to be competitive with a percentage income proposal (see Section G-3). Also indicate any conditions or requirements for rent credits, construction rent, or rent adjustments.

**I. NONCONFORMING PROPOSALS**

The City anticipates leasing the subject property under the terms and conditions outlined in the Request for Proposals (RFP). Proposers are encouraged to offer terms more favorable to the City than those specified in the RFP. Proposers should bear in mind the competitive nature of the proposal process, and the fact that the City will be looking for the one which offers the best advantage to the City. However, the City may also consider proposals offering alternate terms. Proposers requiring reduced rent during construction, rent credits, or other deviations from the provisions of this RFP should specifically address the required changes in their proposals. The City is not obligated to accept any proposal, whether conforming or nonconforming, or to negotiate with any Proposer.

**J. PRE-PROPOSAL CONFERENCE AND SITE INSPECTION**

A pre-proposal conference and site inspection will be held on Wednesday, September 26, 2007, at 10:00 a.m., and will begin at the access gate along College Grove Drive, across from the southern parking lot of the Chollas Reservoir.

The purpose of the pre-proposal conference and site inspection will be to provide an overview of the RFP requirements, to ensure that all participants have a common basis of understanding of the requirements, and to provide information that may be helpful in preparing proposals. Interested Proposers are strongly urged to attend this pre-proposal conference and site inspection. However, the pre-proposal conference and site inspection is not mandatory.

Failure of Proposers to attend the pre-proposal conference and site inspection does not relieve Proposers of the responsibility to comprehend all information contained within this document, information discussed at the pre-proposal conference and site inspection, and/or any issued addenda.

Proposers should estimate duration of the pre-proposal conference and site inspection to be approximately two (2) hours. Proposers who are attending should bring written copies of any questions they may have to the conference.

**K. PROPOSAL SUBMISSION**

1. Due Date:

Proposals must be submitted at the address listed below no later than 5:00 PM, Friday, October 12, 2007. Proposals received after that time will not be considered.

2. Place of Delivery

All proposals should be delivered to:

Real Estate Assets Department  
17<sup>th</sup> Floor, Civic Center Plaza  
1200 Third Avenue, Suite 1700  
San Diego, CA 92101

Attention: Stephen L. Geitz, Supervising Property Agent

3. Faithful Performance Deposit

All proposals must include a twenty thousand dollar (\$20,000) check, payable to the City Treasurer, as a faithful performance deposit to assure that if his/her proposal is selected by the City, the proposer will enter in good faith into a lease agreement containing substantially the same terms and conditions as set out in this Request for Proposals, and in the selected proposal.

4. Number of Copies

Proposers are requested to submit five complete copies of their proposals. All materials submitted by Proposers become the property of the City of San Diego, and may not be returned.

5. Contact Person

The proposal coordinator, Steve Geitz, is the designated contact person for prospective Proposers. He is available to answer questions and to meet individually with Proposers. He may be reached at 619.236.6311, or at [sgeitz@sandiego.gov](mailto:sgeitz@sandiego.gov).

**L. PROPOSAL EVALUATION AND SELECTION**

The City will evaluate the proposals as to which one offers the best advantage to the City. The selection criteria listed below are not necessarily in order of importance, nor are they necessarily weighted equally. The City will be the sole judge of the proposals, and its decision is final. However, community groups may be consulted in the selection process.

1. Responsiveness: The extent to which a proposal clearly addresses the elements of this Request for Proposals is a key factor in selection. A thorough, well-written proposal is essential.
2. Net Rental Offer: The net amount of rent offered the City is an important factor in selection (see Section Q).
3. Professional Experience: The past experience of the proposer in successfully developing and operating similar projects will be a significant factor in proposal evaluation.
4. Financial Capability: The proposer must exhibit the necessary financial responsibility and strength to successfully carry out the development.
5. Development Plan: The quality, attractiveness, and feasibility of the proposed development is another significant factor in selection.
6. Special Public Benefits: Any special public benefits will be considered.

**M. ADDITIONAL INFORMATION FROM PROPOSERS**

The City reserves the right to request additional information from Proposers beyond that specified herein. Proposers may also be requested to appear before an evaluation committee, although none is scheduled at this time. However, the City may make a selection based on the information contained in the proposals alone. Therefore, Proposers are advised to submit thorough, complete proposals.

**N. QUALIFICATION OF PROPOSAL**

THIS IS NOT A BID SOLICITATION, AND THE CITY IS NOT OBLIGATED TO ACCEPT ANY PROPOSAL OR TO NEGOTIATE WITH ANY PROPOSER. THE CITY COUNCIL RESERVES THE RIGHT TO REJECT ANY OR ALL PROPOSALS WITHOUT CAUSE OR LIABILITY. ANY LEASE NEGOTIATED BETWEEN A PROPOSER AND THE CITY IS NOT BINDING ON EITHER PARTY UNTIL THE LEASE IS APPROVED BY THE CITY COUNCIL.

**O. INCURRED COSTS**

All costs incurred by the Proposers in responding to the RFP, preparing proposals, or negotiating a lease, will be the Proposers' responsibility.

**P. RETURN OF FAITHFUL PERFORMANCE DEPOSIT**

All good faith deposits will be returned to unsuccessful Proposers within 30 days of final City Council approval of the selected Proposer. For the selected Proposer, the deposit will be refunded upon completion of lease negotiations and execution of the lease by the Proposer. Should the selected Proposer unilaterally withdraw from lease negotiations, the deposit will be forfeited to the City.

**Q. PUBLIC INFORMATION NOTICE**

The City holds the names of the Proposers and the contents of their proposals in confidence until after the submission deadline has passed and the written Report to Council, recommending a selection of other action, has been issued by the Mayor or his designee. At such time, all proposals become public records and will be available in the Real Estate Assets Department for inspection, except for certain excluded materials which are permanently confidential. These consist of personal financial statements, Application to Lease, Client Release Authorization Form, credit reports, and rating sheets and notes resulting from the evaluation process. Proposers are therefore requested to submit the required financial statements on separate sheets.

**R. NONDISCRIMINATION NOTICE**

It is the policy of the City not to discriminate against the disabled in employment or provision of services. The information contained in this Request for Proposals will be made available in alternative formats to disabled persons upon request.

**S. REAL ESTATE BROKER'S COMMISSION**

The City of San Diego will not pay a broker's commission in this Request for Proposals.

**T. SCHEDULE OF ATTACHMENTS**

1. Maps and Drawings
2. Work Force Report
3. Proposer Acknowledgment Form

For further information, please contact Steve Geitz of the Real Estate Assets Department,  
1200 Third Avenue, Suite 1700, San Diego, California 92101.  
Telephone: (619) 236-6311, or by e-mail at [sgeitz@saniego.gov](mailto:sgeitz@saniego.gov).

**So. Chollas Request for Proposal/slq/08-23-2007**