

Request for Qualifications/Request for Proposals



Investors and Operators of Commercial Recreation and Event Center Uses for the Santa Clara County Fairgrounds

Issued by:

The County of Santa Clara

RFQ Issued June 21, 2016

Responses Due No Later Than 9:00 AM, August 23, 2016

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1. *PURPOSE OF RFQ*

The County of Santa Clara (County) is issuing this Request for Qualifications/Request for Proposals (RFQ/RFP) to solicit responses from qualified business operators prepared to invest in business enterprises that will contribute to the County's efforts to develop the 150-acre Fairgrounds (Fairgrounds) into a high-quality, vibrant community and regional gathering place focused on providing active and passive recreational opportunities for the County's residents and visitors. It is expected that various community events currently taking place on approximately 30 acres of the Fairgrounds will be able to continue to host their events at the Fairgrounds. In addition, the Fairgrounds will continue to host the annual County Fair. If appropriate, and except as otherwise allowed by applicable law, the County will issue a Request for Proposals after the completion of the initial RFP process.

Summary of County Objectives

There likely is no single ideal candidate for this project. Ultimately, the County is seeking one or more lessees who: (a) share the vision for the Fairgrounds and whose business concepts) for the site would contribute to the successful implementation of the vision; (b) have the financial capacity to pay a market-rate lease and invest in their own facilities; and (c) have the qualifications and experience to successfully plan, design, develop, and manage the proposed concept through its full implementation. At this RFQ stage, the County is focused on identifying business operators whose business concepts are consistent with the vision for the Fairgrounds.

The Fairgrounds land is owned by the County, and the County does not intend to sell the land. The County intends to enter into one or more ground leases with successful respondents, the terms of which will be negotiated upon selection. The 136 acres of contiguous land south of Tully Road is all within the County and is zoned for public uses. The 14-acre parcel north of Tully Road, which is part of the 150-acre Fairgrounds, is not contiguous with the 136 acres south of Tully Road and lies within the incorporated area of the City of San Jose. It is zoned for commercial uses by the City of San Jose. The County may elect to consider an alternative disposition of the 14-acre parcel across Tully Road, if it is deemed to be in the best interest of the County and the County's residents and/or if it will support successful implementation of the development and use of the Fairgrounds. Respondents may propose alternative, yet complementary, uses for the 14-acre parcel as part of a plan for the overall District.

It is the County Board of Supervisors' intention that the revenue generated through the lease of the Fairgrounds will be considered as one of the potential revenue sources available to fund capital improvements and ongoing operations and maintenance related to the overall site. The County will not fund capital improvements related to private business activities or subsidize the operations of individual private business interests.

The County is focused on supporting the development of the Fairgrounds as a home for the annual County Fair, an accessible and financially self-sustaining Community Events Center, and a destination for active and passive recreational opportunities. Overall concepts for the Fairgrounds and individual business operations should adhere to and be consistent with the Guiding Principles that were developed by the Board of Supervisors and which are presented below.

Guiding Principles

The County Board of Supervisors developed the following Guiding Principles to direct the development of community outreach, analytical studies, creation of options and concepts, and future planning for the Fairgrounds.

Transparency

The process of planning for the future of the Santa Clara County Fairgrounds shall be conducted with the maximum amount of visibility to the various stakeholders with interest in the Fairgrounds, to the neighbors surrounding the Fairgrounds, and to the general public.

Inclusion

Throughout the process of research and development of alternatives, every effort shall be made to assure that all interested parties have an opportunity to have their voices heard, and their opinions and advice included in the reporting and consideration of alternatives.

Heritage

Planning for the future of the Fairgrounds shall be done in a manner that is respectful of the history, traditions, and agricultural heritage of this cherished community asset, without compromising the future needs of the County.

Community

Consideration shall be given to existing community utilization of the Fairgrounds. Planning will include an analysis of programs and functions that may be impacted by changes in the design or utilization of parts of the Fairgrounds and what options there are through either alternative methods or locations for accommodating those functions.

Economic Growth

Plan the future uses of the Fairgrounds property in such a way as to create and support economic growth.

Maximization

The goal of the master-planning effort shall be to maximize the overall usefulness of the County Fairgrounds in meeting the mission of the County. The objective is to achieve the optimum balance between on-site services to the community, such as the County Fair and community event programming, and revenue generation to sustain high-priority County programs.

Open Space and Recreation

Any and all proposals for alternative uses for any portion of the Fairgrounds shall include a component of open space and recreational use, available to the adjoining neighborhoods and to Santa Clara County residents wherever they may reside.

Long Horizon

The County has a long-term focus on this treasured resource and seeks to preserve its ownership and control of the property. Therefore, long-term leasing of any portion of the Property not currently needed will be given preference over the sale of land.

Description of the Solicitation Process

This RFQ represents the first stage in a competitive process that, except as otherwise allowed by applicable law, will be followed by a mandatory pre-Request for Proposals (RFP) meeting and the subsequent issuance of an RFP. Based on the RFP responses, one or more business investors/operators will be selected to enter into negotiations regarding the business terms of a ground lease(s) for the development and use of some or all of the Fairgrounds, subject to the requirements to continue to host community events and the County Fair. The length of the lease(s) and other terms will be negotiated taking into account the amount of investment being contributed; the acreage required; the value of the proposed uses to the public; the quality and useful life of the proposed improvements; and the contributions being made to infrastructure, open space/parkland, and other non-income producing assets. A lease template will be developed by the County and shall establish the baseline for all negotiations; some County terms may be nonnegotiable.

This RFQ/RFP process is designed to achieve the following:

- 1) Identify end-users with business concepts that may be appropriate for the Fairgrounds;
- 2) Create an open and transparent opportunity for end-users to selectively partner with one another, if so desired, and to work together to develop an overall concept for the Fairgrounds, identifying land use synergies and opportunities to take advantage of shared assets and shared public spaces; and
- 3) Solicit proposals from single entities or teams of entities that offer a set of uses and a management plan for the full 150-acre Fairgrounds (or a substantial portion of the District) that creates a regional destination for high-quality active and passive recreational opportunities for the families of and visitors to Santa Clara County.

Phased Solicitation Process

Stage 1: Request for Qualifications

In Stage 1, the County issued this RFQ, casting broadly for end-users with appropriate business concepts who would like to invest in their business enterprises and operate on the site. The County is looking for qualifications and evidence of successful track records from experienced business operators rather than fully developed concepts for the full Fairgrounds acreage. The objective of this stage is to encourage interest and participation by a variety of potential end-users regardless of the size of the operation and the resources of the entities. Respondents will have approximately 60 days to respond to the RFQ. RFQ responses will be opened at a publicly-noticed meeting. Following receipt of RFQ responses, all qualified respondents to the RFQ will be required to participate in a mandatory, pre-RFP meeting.

Stage 2: Mandatory Pre-RFP Meeting

At the mandatory, publicly-noticed, pre-RFP meeting, scheduled for Tuesday, August 30, 2016 at 6:30 p.m., each respondent will have a 10 to 15 minute opportunity at this public meeting to present his/her business concept and make a case for why and how the business concept is consistent with the vision for the Fairgrounds. While the pre-RFP meeting will be publicly noticed and open to the public, only RFQ respondents, or representatives of the respondents, will have the opportunity to present their concepts at the pre-RFP meeting.

The brief presentation should describe the business enterprise concept and the respondent's experience with similar activities, address acreage requirements and site/location needs, and describe potential opportunities to share facilities and shared spaces. These presentations will allow other respondents in the audience to develop a sense of where there are synergies among the respondents and how the business concepts being presented may be able to function and operate together on the site in a complementary manner.

This mandatory meeting is intended as an opportunity to introduce respondents and share concepts and information to facilitate the assembly of teams for purposes of responding to the RFP. The County will be looking for individual RFQ respondents to assemble themselves (either at the meeting or in the following weeks) into teams, with each entity contributing to the implementation of the overall vision for the Fairgrounds.

Teaming at the RFP stage is voluntary. Single-entity proposals will be accepted during the RFP stage, but proposals that represent a more comprehensive approach to use of the Fairgrounds will factor higher in the evaluation process.

This opportunity is being provided to maintain the transparency of the process and to allow respondents to partner and assemble teams based on the quality of the concepts and potential synergies, so that the overall concepts are cohesive and efficient in terms of site planning, capital improvements, and operations.

Stage 3: Outline of the Subsequent Request for Proposals

RFQ responses will be reviewed for completeness, broad compatibility with the vision for the Fairgrounds, the County's Guiding Principles, and the qualifications and track record of the business entity. The responses will be reviewed by County staff and advisors and, ultimately, the Board of Supervisors. Some, none or all of the respondents may be asked to initiate negotiations with County or alternatively County may elect to initiate the RFP. . The Board reserves the right to set aside any potential respondent whose proposed use is determined to be an inappropriate use for the Fairgrounds or does not reflect a desirable approach to managing the District.

If the County issues an RFP, then the RFP will be designed to solicit proposals from single business entities or teams of businesses and/or other entities for the full 150-acres of Fairgrounds land or a substantial portion thereof. At the RFP stage, proposals will be evaluated and ranked according to specific criteria which will be identified in the RFP. The RFP will ask for a detailed business plan for implementing the concept and component uses, including a more articulated preliminary land use plan, a financing plan and financial pro forma, and preliminary estimates of lease revenues and other considerations to the County.

Respondents to the RFP should propose a management structure and overall financing strategy for the site as a whole that will support the implementation and operation of the mix of uses and end users they are proposing. Ultimately, it will be up to the County to determine whether to adopt this final structure, and to negotiate the terms of agreements needed to implement it, but RFP respondents should set forth their best thinking on the framework for implementation, including, but not limited to:

- Is there one master lessee, or is it proposed that the County would have individual leases with multiple tenants?

- What entity will have management responsibility for the overall continuing quality of the Fairgrounds?
- How will continuing operations of the District be funded?

At the RFP stage, and to the extent that a proposal represents a team of end-users, it will be up to the respondents to select a "Lead Respondent." The Lead Respondent may reach out to additional end-users and include them on the team regardless of whether the end-user participated in the RFQ process. It will be up to the Lead Respondent to recommend end-users whose business concepts are compatible with the overall vision for the Fairgrounds.

At the RFP stage, proposals may be accepted, at the discretion of the County, from respondents that did not participate in the RFQ process, providing they meet all other qualifications in the RFP. However, interested parties are **STRONGLY ENCOURAGED** to participate in the RFQ process, in order to:

- 1) Receive updates to the process as it goes along
- 2) Share concepts with other respondents and assemble cohesive and complete teams
- 3) Provide early exposure to County officials for your ideas, your company and your concept
- 4) Receive useful feedback from County staff, consultants, other proposers and the public
- 5) Have your concept presented and modeled as part of the community input process

Ideally, the County would then select a preferred concept or concepts and enter into negotiations with the Lead Respondent(s) of one or more entities, or individual end-users, as appropriate.

Stage 4 (Only If Needed): County-Assembled Concept

If the RFP process (Stage 3) does not yield one or more appropriate concepts for the full Fairgrounds, the County retains the option of reaching out to select end-users (identified through the RFQ/RFP process) to assist in assembling a viable group of end-users and enter into negotiations with one or more entities.

RFQ Organization

The following sections of this RFQ provide additional background and detail about the site, the opportunity that is being offered, and the requirements and schedule for responding to this RFQ.

Supplemental information regarding the site's existing conditions and market context may be found in the Existing Conditions Report which was prepared in 2015 as part of the Fairgrounds Outreach and Vision process. The Existing Conditions Report, historical background, this RFQ and other supporting documents are available on the Fairground District project website: **www.fairgroundsvision.net**. Any future addenda will be posted to this website as well.

2. ABOUT THE FAIRGROUNDS

About the Fairgrounds

The approximately 150-acre Fairgrounds site is located in the relative geographic center of the City of San Jose, south of downtown San Jose and immediately south of the Tully Road/Monterey Road intersection. The Fairgrounds comprises approximately 150 acres of land, consisting of approximately 136 acres of unincorporated land located at 344 Tully Road (APN 497-38-001) and an additional 14 acres across Tully Road, known as the North Parking Lot A (APN 477-21-089), which is incorporated within the City of San Jose.

Figure 1 Location and Regional Context of Santa Clara County Fairgrounds

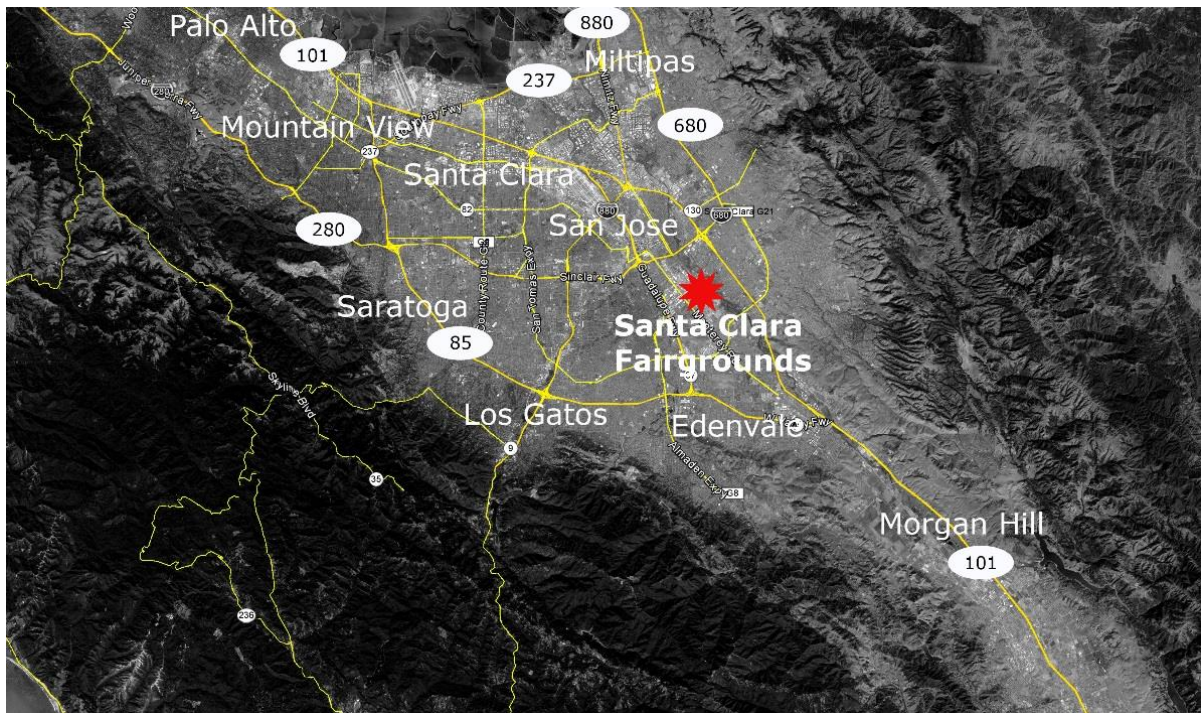
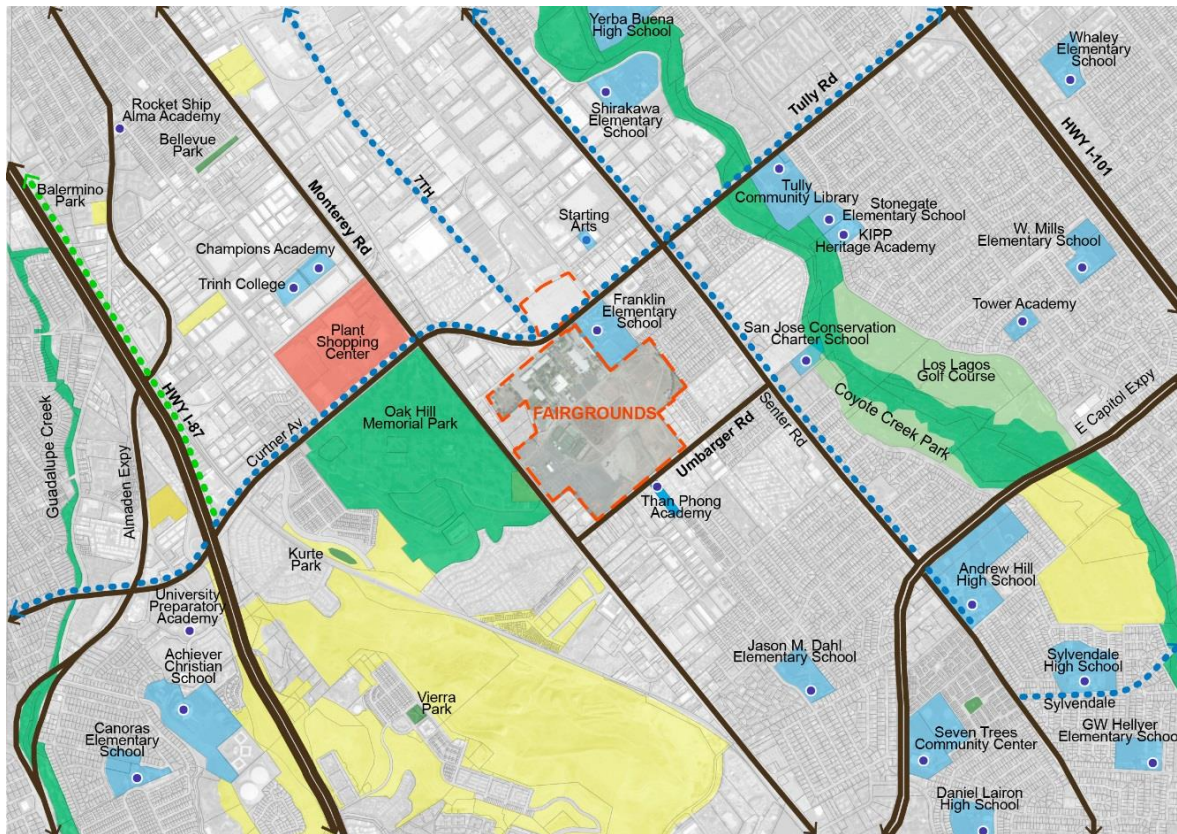


Figure 2 Community Context



As evident on **Figure 2**, the Fairgrounds is one of the larger contiguous sites in Silicon Valley. As described below, in recognition of its value and its generally underutilized condition, the County has attempted several efforts to improve the property over the last 20 years.

History

The initial 97 acres of the current Santa Clara County Fairgrounds was acquired from the Macomber family in October 1940. The first County Fair was held there in 1941, and additional parcels were acquired over time.

At its peak, the Fairgrounds consisted of almost two hundred acres. Today, it consists of approximately 150 acres, 136 of which are located on the south side of Tully Road and the remainder to the north. Other acreage has been repurposed over time, most recently for affordable residential housing for both families and seniors. As a result of previous attempts to redevelop all or parts of the property, many of the earlier Fairgrounds structures were demolished, and much of the land is currently unused or used for short-term, temporary uses, as a way to earn revenue for the site's operation and upkeep.

At the height of its popularity as a central County site for hosting public and private events in the 1970s, over 1.4 million people per year passed through the Fairgrounds' front gates. With competition from other venues and a deterioration of the Fairgrounds infrastructure and funding base, these figures declined throughout the 1990s, and in 2003 attendance had dropped to slightly over 850,000. The Fairgrounds declined throughout the 1980s and 1990s in its physical

infrastructure, causing a reduction in its revenues from events. In 1994, the financial condition deteriorated to the point where the Fair Association filed for bankruptcy. In 1995, the Board of Supervisors formed a new governance structure for the Fairgrounds, the Fairgrounds Management Corporation (FMC). The FMC is a nonprofit, public benefit corporation, legally separate from the County. The *Fairgrounds Heritage Foundation of Santa Clara County* was recently formed to support fundraising efforts for the Fairgrounds.

Revitalization Projects

In 1997, the Board acknowledged the need for significant revitalization of the Fairgrounds, and the County began planning a revitalization project. The FMC issued an RFP for consultants and selected the A&M Group to prepare the Fairgrounds Revitalization Plan. The Santa Clara County Revitalization Plan, dated May 1998 and accepted by the Board in June 1998, called for a Fairgrounds Theater (or concert venue), a new Expo Center, a community recreation facility, infrastructure improvements, and future disposition of the Tully Road parking lot.

The County Board of Supervisors formally adopted the Final Environmental Impact Report (EIR) by Resolution on April 18, 2000 and approved the Revitalization Project, including the Fairgrounds Theater Project. The Board also approved a long-term ground lease between the County and the House of Blues Concerts, Inc. for the development and operation of the new theater. A downturn in the economy and a lawsuit filed by the City of San Jose, however, undermined the financial viability of the project, causing the Board to cancel the project in August 2006 rather than provide the necessary \$15 million of additional County General Funds.

On May 22, 2007, the Board directed the administration to issue a RFQ/RFP for national and local developer teams to propose scenarios for the Fairgrounds property. The selected team, led by Catellus Development, entered into an Exclusive Negotiating Agreement (ENA) with the County in December 2008. By April 2009, however, the economy had deteriorated and Catellus withdrew from the ENA.

2014/2015 Vision Process

In March 2013, the Finance and Government Operations Committee (FGOC) of the Board of Supervisors directed the Administration to suggest a process for examining ways to improve the use of the Fairgrounds. On April 29, 2014, the Board authorized the release of an RFP for consulting services and subsequently embarked on a multi-phase, community-based planning effort to develop a vision for the future of the 150-acre Santa Clara County Fairgrounds. This initial visioning phase of the planning effort included three key work components:

1. A consolidation of existing background information on the Fairgrounds property, including an overview of current land uses and the County Fair and Fairgrounds operations, along with existing economic and demographic conditions, natural features, and transport and infrastructure facilities.
2. An inclusionary, multi-layered process for community input and involvement engaging the local community, stakeholders, businesses, and government partners, and
3. A market study addressing possibilities for expanded existing and new uses at the Fairgrounds, including both event-related and other real estate opportunities.

Findings from Community Outreach

Between October 2014 and June 2015, Group 4 Architecture, Research + Planning (Group 4) conducted outreach and engagement with Santa Clara County residents and users of the County Fairgrounds. Ten event kiosks at various local and county markets, meetings, and festivals, and an online questionnaire accessed at the Santa Clara County website, prompted over 5,500 people to express their personal favorite uses of the Fairgrounds and their aspirations for a renovated Fairgrounds site, future uses and neighborhood amenities.

Community-focused kiosks solicited feedback by prompting passersby to place stickers on their preferences from among a menu of concept and event images. The demountable structures were present at ten events throughout the County, in each of the County's five Supervisorial districts. At each event, Group 4 staff was on hand to guide participation and raise awareness of the study. The kiosks captured a robust cross-section of Santa Clara County residents, couples, and families, young and old, and from many ethnic backgrounds.

An online Fairgrounds Vision planning questionnaire completed by self-selected respondents asked 12 questions relating to use and vision for the Fairgrounds, preferences of activities, other fairgrounds visited, and basic demographic information (age, zip code), including a free response option for most questions. The questionnaire was accessed from the County website, and available in English, Spanish, and Vietnamese. As of April 2016, 3,044 people had responded; each County district was well-represented, as were residents from surrounding counties stretching from Santa Cruz to Sacramento.

The most popular preferences for future use of underutilized Fairgrounds land, netting over 1,500 votes each, were Play spaces, Passive Use Park space, and Active Park space (Trails). Active Park space (Sports) and Community Centers logged around 950 and 850 responses, respectively; Neighborhood Retail, Housing, and Café each netted more than 500 responses. The four most popular choices were all park and recreation oriented, from among a dozen categories including Community, Residential Housing, Office, Industrial, and Retail themes.

The most popular desired Fairgrounds activity was the County Fair, collecting about 2,100 responses – followed by Concerts/Entertainment with 1,500 responses, Farmers Market /Community Garden with 1,350 responses, and Paintball and Motocross both with over 1,000 responses. Animal Shows, Education Events, Special Events, Trade Shows, and Rodeo/Equestrian uses made it into the Top 5 Event Preferences lists of each of the five Supervisorial Districts.

Current Property and Land Use Considerations

Zoning

The main Fairgrounds property, south of Tully Road is an unincorporated area of land, owned by the County of Santa Clara, zoned for Public use. As such, public uses of the site are under the jurisdiction of the County. The City of San Jose General Plan designates the main Fairgrounds property as OHPS- Open Space, Parklands, and Habitat. The 14-acre parcel north of Tully Road, although owned by the County, is incorporated in the City of San Jose and is zoned Light Industrial.

Existing Facilities

The core of the Fairgrounds facilities consists of approximately 167,000 square feet of indoor building space, 20 acres of lawn and paved outdoor spaces, and 40 acres of parking (see **Figure 3**). The primary Fairgrounds venues, including the concert arena and a complex of six event halls, are concentrated in the northern portion of the site adjacent to Tully Road. Main entrances to the Fairgrounds (Gates A, B, and C) are likewise located along Tully Road. Gate D provides access from Monterey Road into the Paintball, RV Lot, Auto Auction, and other destinations within the middle portion of the site, while Gates E and F provide access from Umbarger Road into the southern areas.

Figure 3 Map of the Core Fairgrounds Facilities



In general, the building facilities at the Fairgrounds are in a deteriorated condition. Outdated building designs, including insufficient size and awkward shape, as well as inefficient site layout, limit the current potential for competing with other trade and convention venues or attracting large crowds and customers.

Figure 4 Fairgrounds Buildings

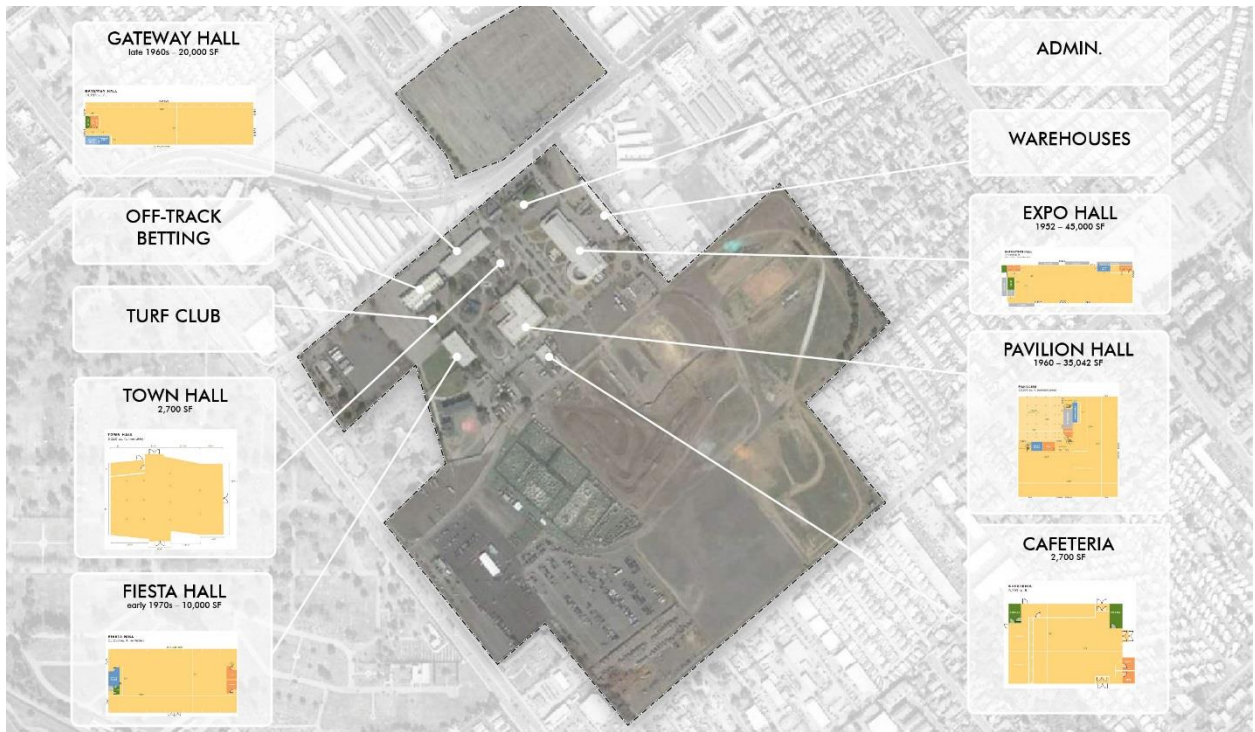


Table 1 Summary of Existing Buildings

Santa Clara County Fairgrounds Summary of Existing Facilities				
	Size (SF)	Capacity (# of Persons)		
		Reception	Banquet	Sports/ Entertainment
Events Facilities				
Exposition Hall	45,000	4,850	3,000	-
Pavilion Hall	33,042	2,200	3,000	-
Gateway Hall	20,000	2,100	1,258	-
Fiesta Hall	10,000	1,000	424	-
Cafeteria	2,700	150	100	-
Town Hall	2,700	150	100	-
Arena	-	-	-	5,500
Additional Facilities				

Fair Downs Off Track Betting (OTB) and Turf Club

Source: Santa Clara County Fairgrounds, Johnson Consulting

- **Exposition Hall** is 45,000 square feet and has a maximum capacity of 4,850, or 3,000 dining. The ceiling height is 29.5 feet. In addition to the main room, the building has office space, green rooms, and a sports bar. Recommended uses for this facility include trade and home shows, concerts and performances, and large public and private gatherings.
- **Pavilion Hall** is 33,042 square feet and has a maximum capacity of 3,000, or 2,200 dining. The ceiling height is 18 feet. In addition to the main room, the building has office space, a 60 foot x 80 foot dance floor and a 10,000 square foot patio. Recommended uses for this facility include trade and home shows, concerts and performances, pet shows, collectible shows, sales, and retirement parties.
- **Gateway Hall** is 20,000 square feet and has a maximum capacity of 2,100 or 1,258 dining. The ceiling height is 12 feet. In addition to the main room, the building has office space and a box office ticket window. Recommended uses for this facility include corporate and group meetings, educational and training classes, and large parties.
- **Fiesta Hall** is 10,000 square feet and has a maximum capacity of 1,000, or 424 in a dining setup. The ceiling height is 18 feet. Recommended uses for this facility include quinceañeras, receptions, and bridal showers.
- The **Cafeteria** is 2,700 square feet and has a maximum capacity of 150, or 100 dining. The ceiling height is 9 ½ feet. In addition to the main room, this building has a 470 square foot patio. Recommended uses for this facility include small family parties, and Christenings.
- **Town Hall** is 2,700 square feet and has a maximum capacity of 150, or 100 dining. The ceiling height is 11 feet. In addition to the main room, this building has a 470 square foot patio. Recommended uses for this facility include bridal showers and birthday parties.
- The **Arena** is an outdoor venue with seating for 5,500 people and includes a 3,000 square foot event floor. The Arena is adjacent to the Fairgrounds parking area and also has ticket booths. Recommended uses for the Arena include concerts, rodeos, motorsport events, religious gatherings and revivals, equestrian events, and graduations.

Outdoor Facilities

In addition to the buildings described above, the Fairgrounds includes outdoor event-related facilities including the outdoor arena referenced above and an animal storage area in the central eastern portion of the site. Current tenant facilities include a motocross course in the approximate center of the site, and a paintball/laser tag facility in the central western portion of the site. The site also has open areas not designated for a specific use.

Most of the landscaping on the Fairgrounds property, including 70 mature landscaping trees, is located in the northern portion of the site in the areas surrounding the event halls.

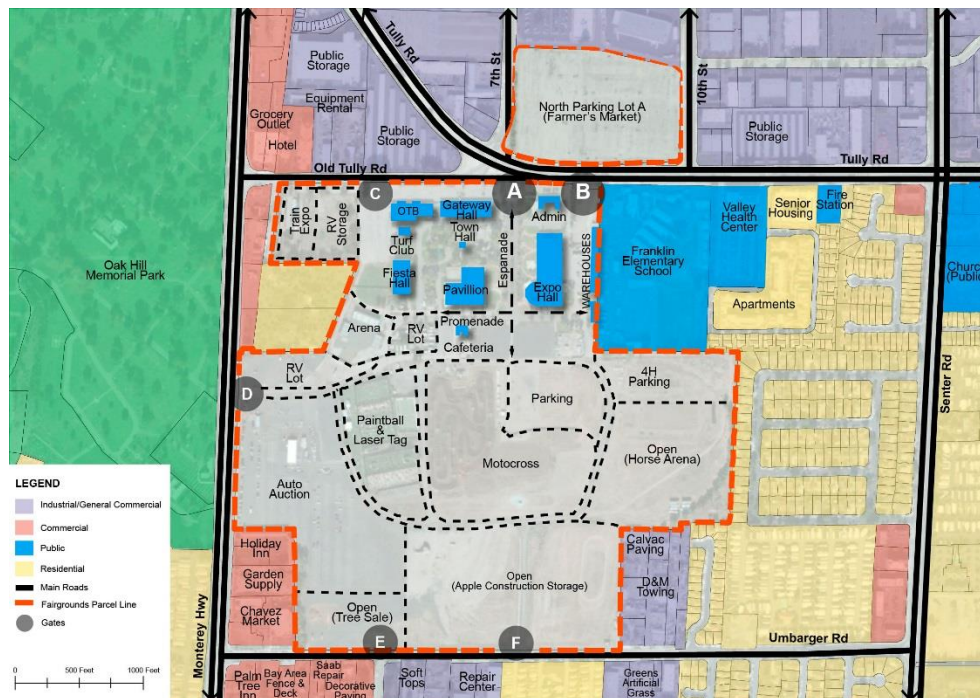
Three main axes provide orientation and circulation within the Fairgrounds. The north-south Esplanade serves as the main processional route, while Fiesta Lane and the Promenade serve for east-west circulation. A well-maintained but aging tree grove behind the Pavilion Hall provides shade and biodiversity. A lawn area between the Fiesta Hall and the Arena is used for youth performances.

Current/Long-Standing Uses and Tenants

The Fairgrounds has been called home to several user groups that provide income to the FMC on a continuing basis, as follows:

- Farmers Market: Year-round on Wednesdays, Fridays and Sundays; average of 150 total stalls.
- Dog Training: Over 50 years of year-round, dog training classes held on a weekly basis.
- Santa Clara Paintball and Laser Tag: Utilizes 10 acres at the Fairgrounds and looking to invest in new facilities to grow their business.
- 408 MX: Regular motocross and BMX practice and racing events.
- Brashers San Jose Auto Auction: Held year-round, every Thursday at the Fairgrounds.
- RV and Boat Storage.
- Temporary staging for area construction projects.
- RV Park.

Figure 5 Current Site Uses



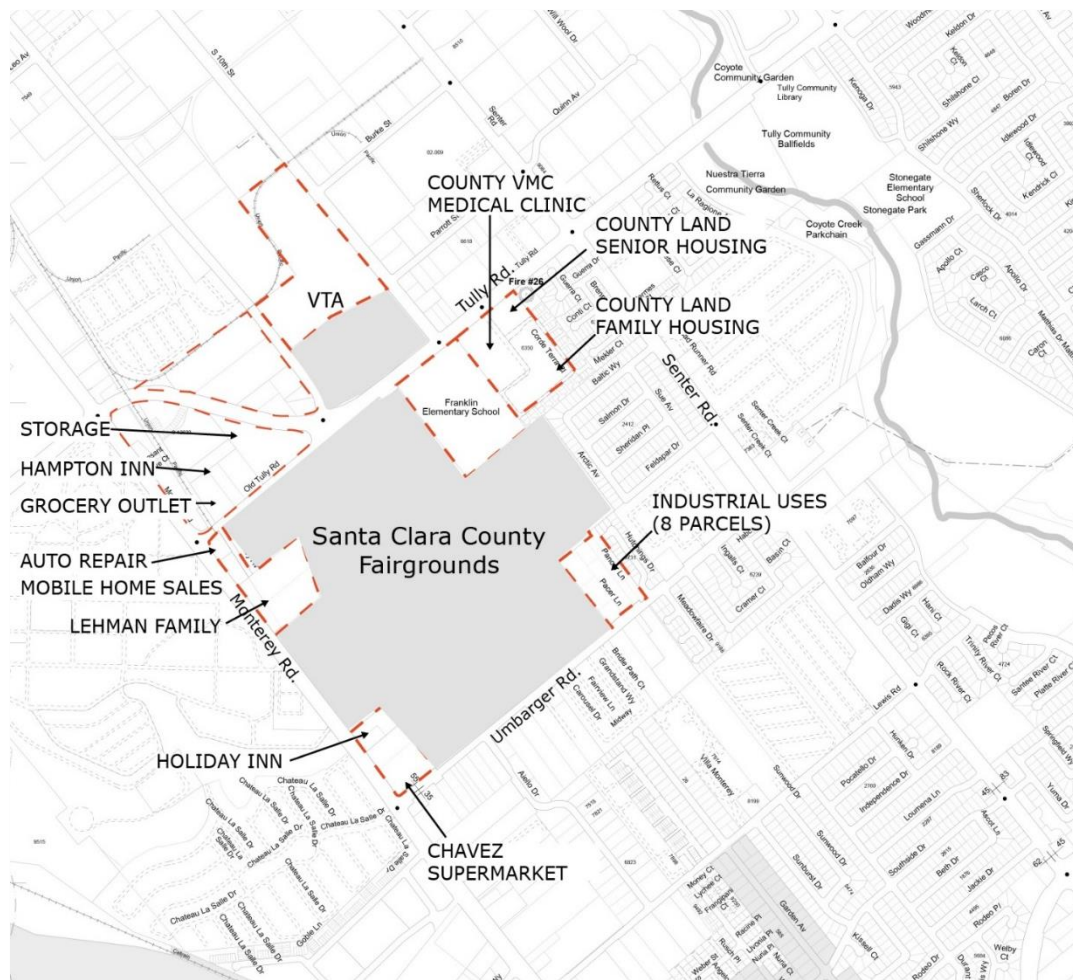
Neighboring Property Considerations

Properties surrounding the property include a diverse mix of uses as shown in **Figure 6**. Parcels to the north, along Tully Road, are primarily occupied by commercial and industrial development. Franklin McKinley Elementary School is located adjacent to the northeastern corner of the Fairgrounds property. Residential neighborhoods occupy most of the lands immediately east of

the Fairgrounds, with the Coyote Creek Park corridor beyond. A mix of residential, light industrial, and commercial development lies to the south. Commercial development borders much of Monterey Road, with the Oak Hill Memorial Park cemetery and additional residential development further to the west.

Community destinations and services include the Plant Shopping Center at the northwest intersection of Curtner Avenue and Monterey Road, the Coyote Creek Park that runs north-south to the east of the Fairgrounds, and numerous public and charter schools. The Fairgrounds is surrounded by a fence and does not currently act as public community open space, nor does it provide connectivity between land uses in the area.

Figure 6 Adjacent Uses



3. THE VISION AND THE OPPORTUNITY

Vision for the Fairgrounds

Consistent with the Guiding Principles established by the Board of Supervisors, and direction provided by the Board on September 29, 2015 and January 26, 2016, the vision for the Fairgrounds is to provide a regional destination comprised of high-quality active and passive recreational opportunities for families of and visitors to Santa Clara County. While the Board of Supervisors has not made any decisions with respect to the reuse potential of any of the existing facilities, it is expected that current community events will continue to be hosted at the Fairgrounds, utilizing all or some portion of existing facilities, or new facilities built and operated by the proposer, or both. The Fairgrounds is an important and accessible location for regional and community organizations to host events. In addition, the Fairgrounds will continue to be home to the County Fair each year, building on the County's agricultural heritage and tradition while looking to the future of the Silicon Valley innovation economy.

As described previously, the Fairgrounds comprises approximately 150 acres of land, consisting of approximately 136 acres of unincorporated land located at 344 Tully Road (APN 497-38-001) and an additional 14 acres across Tully Road, known as the North Parking Lot A (APN 477-21-089), which is incorporated within the City of San Jose.

The Opportunity

The opportunity described in this RFQ (and the subject of the future RFP) includes the full 150 acres of land that comprise the Fairgrounds. The County would like to see a continuation of the existing Event Center function, currently primarily concentrated on approximately 30 acres adjacent to and south of Tully Road. The Board has expressed a preference to see half the remaining acreage, or approximately 60 acres, allocated to passive recreation and open space uses. It is desired that the Event Center and the passive recreational areas serve as shared spaces, designed and programmed in a way to "flex" activities into common areas and open space to accommodate the County Fair and other large-scale, community events each year. Together, the Event Center and the passive recreation areas are referred to as shared spaces or shared assets.

While there are myriad ways for the site to be planned and programmed, the considerations described above leave approximately 60 acres for privately-sponsored commercial recreational uses. Preliminary site illustrations do not account for all of the parking that is likely to be required. During the RFP stage, respondents will need to identify a shared parking solution that meets the needs of the specific proposal. The shared assets described above may be a parking resource, especially for large events.

At this time, the County is soliciting responses from business entrepreneurs whose business enterprises may represent appropriate uses for the site. Those business concepts that can temporarily and fluidly expand and contract to use the shared spaces when available are invited to propose concepts that take advantage of these shared assets. Proposals that offer privately constructed facilities that also can lend themselves to multiple uses that flex to be part of larger

events are particularly attractive. In addition, leasing and management of the Event Center may be proposed as part of a comprehensive program for the Fairgrounds.

Site Considerations

During the visioning work conducted over the last year, SWA Group prepared a sample rendering of a potential new infrastructure (roadway) configuration and an illustration of how passive and active recreation uses might fit on the site. Respondents to the RFP are not bound by this concept. However, the County will look favorably on proposals that achieve similar results.

This sample rendering, **Figure 7** below, shows a curving “Esplanade Drive” that could serve as an extension of 7th Street to Umbarger, which can be used both as a main access roadway and closed off for major events such as the County Fair, festivals, parades or races. In this rendering, the 30-acre Event Center lies east of Esplanade Drive. The Off-Track Betting facility is located on the west side of the new proposed roadway, thus providing separation from the community events at the Event Center. This alternative provides direct access into the Fairgrounds from a signalized intersection of a north/south street connecting the Fairgrounds to Downtown San Jose. It can improve traffic flow and help mitigate the current flaws at that intersection. The curving arc of the Esplanade through the Fairgrounds serves as a design amenity emphasizing the casual recreational focus of the District. The connection to 7th Street also provides the opportunity for a more dramatic sense of arrival and placemaking.

Figure 7 Preliminary Site Plan: Esplanade Drive



Source: SWA Group

Incidental Commercial Use

Some level of commercial use, complementary to active and passive recreation, is often included within projects of this type to help pay for capital investment and operating expenses. Ancillary commercial uses that complement the recreation components may be considered. In addition, the 14-acre parking lot located across Tully is a possible candidate for incidental commercial uses, such as a hotel, restaurants, snack bars, recreation retail, etc.

At the RFP stage, RFP respondents may include ancillary commercial uses in their proposal as long as the use is incidental to and not inconsistent with the community and recreation uses proposed on site. All incidental commercial use proposals will be evaluated on a case-by-case basis.

Preliminary Business Terms

Preliminary business terms are described below.

- 1. Lease Payments:** RFP respondents should expect to negotiate certain ground lease terms with the County from County's lease template, which will take into account the amount of investment being contributed, the acreage required, the public value being provided, the quality and useful life of the proposed improvements, and the contributions being made to infrastructure, open space, parkland, and other non-income producing assets. The County will consider a ground lease for all or a substantial portion of the 150 acres, depending on the type and scope of proposals received as part of the RFP process. A decision on whether to enter into a single lease for the entire site or a substantial portion of it, or to enter into multiple leases with individual business enterprises, will be made at a later date depending on the nature of the proposals received.
- 2. Common Area Maintenance (CAM):** All RFP respondents should be prepared to participate in funding the maintenance of the common areas of the Fairgrounds, similar to a Business Improvement District (BID).
- 3. Capital Investment:** At a minimum, each respondent should expect to fund its own capital costs and potentially share in contributing capital to improve shared spaces. The amount of capital required will vary depending on the use proposed, and the amount of investment will have an impact on the terms of the lease. The County will allow third party financing, but will not subordinate its fee interest in the land.
- 4. Use of Revenue:** It is the County Board of Supervisors' intention that the revenue generated from the Fairgrounds district will be available as one of the potential revenue sources to fund capital improvements and ongoing operations and maintenance related to the overall site. The County will not fund capital improvements related to private business activities or subsidize the operations of individual private business interests.

4. RFQ SUBMISSION REQUIREMENTS AND EVALUATION PROCESS

Respondents shall submit one original, reproducible original, ten (10) copies bound or in binders, and one electronic copy submitted on a CD/DVD or flash drive of their Statement of Qualifications and Expression of Interest. Responses must be submitted by mail or hand delivered. The responses should be organized according to the following outline in order to facilitate a thorough review and evaluation of the submittals.

1. Transmittal Letter

Provide an executive summary style transmittal letter summarizing whether the respondent is responding as an end-user with a compatible business concept, or wishes to assume overall responsibility for the Fairgrounds, or both. The transmittal letter should provide a summary overview of the respondent's business concept (if applicable), anticipated approach to the opportunity, and the respondent's experience and qualifications. The transmittal letter should identify the primary contact person for the response so that they can be notified if there are any potential changes to the date, time and location of the mandatory pre-RFP meeting, or other announcements.

2. Concept, Approach and Respondent's Objectives

Responses should provide a narrative description of the proposer's understanding of the stated vision for the Fairgrounds and the specific contribution(s) proposed by the respondent toward implementing the vision. The response should address the respondent's specific motivations, goals, and priorities for undertaking the project.

Acknowledging that the County, as lessor, intends to enter into one or more ground lease(s) with one or more entities, as tenants, the respondent should indicate a willingness to enter into such a ground lease with the County.

Formal site plans are not required at this stage; however, support graphics and images are encouraged.

If respondent is a business operator:

Provide a narrative description of the proposed business concept focusing on the ways in which the concept is consistent with the County's Guiding Principles (see Chapter 1) and consistent with the vision for the Fairgrounds. Indicate approximate space requirements (in acres) as well as any locational requirements, such as adjacencies, access, frontage, etc. If applicable, describe how the concept might use any of the District's shared spaces, particularly the Event Center and the spaces designated for passive recreation. Alternatively, if the concept will create new spaces that are intended to be shared with other users, please include a description.

If respondent wishes to assume overall responsibility for the Fairgrounds:

Recognizing the considerations outlined in this RFQ, the respondent's familiarity with the context, the objectives of the County, and the County's requirement for a ground lease, provide a description of your assessment of the overall Fairgrounds concept, your approach

to development of the site, your initial thoughts on the potential mix of uses and their organization on the site, your approach toward use of the Event Center, other uses/users of the site, and shared spaces.

3. Relevant Experience

In narrative form, please demonstrate your experience developing and operating relevant business concepts and/or managing similar organizations and entities. The County will be looking for relevant experience with respect to the development and operation of undertakings of similar use and scale as envisioned at the Fairgrounds where the respondent held a financial interest throughout the duration of the project.

Please provide three references who can attest to the respondent's capacity to contribute to the development and operation of the Fairgrounds. Include the reference's name, title, company, relationship to the respondent, address, e-mail address, and telephone number.

4. Staffing and Organizational Approach

Identify the business entity and describe its organizational status including company name, legal status, and company address.

Identify the key individuals with responsibility for executing the business concept and ensuring compatibility with the vision for the Fairgrounds. Describe the management structure, along with the roles and responsibilities of each of the key individuals. Provide an organizational chart showing the organizational structure, including the reporting and operational relationships between individuals. Identify any organizational changes planned during the development and management of the project. Provide resumes for each of these key individuals.

From the respondent's perspective, describe the optimal County/management entity/business operator/relationship and the nature of County participation sought by the respondent in connection with the development and use of the Fairgrounds and how that will contribute to the success of the project.

5. Financial Capacity and Commitments

Without providing any confidential financial information, provide information necessary to demonstrate that the respondent has the necessary financial standing, capacity, experience and resources to undertake, finance and deliver on this opportunity. The response should indicate affirmatively that the respondent is willing and able to fund its own capital improvements and pay a market-rate lease for the land. A more specific business and financial plan will be required as part of the RFP process.

RFQ Evaluation Process

Responses will be reviewed for completeness and broad compatibility with the vision for the Fairgrounds and the County's Guiding Principles. Selected Respondents will be invited to participate in the next stage, the RFP stage, based on factors including track record, compatibility of use, and management approach. The Board may invite all, some, or none of the RFQ respondents to submit proposals, but reserves the right to eliminate from further

consideration any respondent whose proposed use is determined to be inconsistent with the guiding principles adopted for the Fairgrounds.

Anticipated RFP Evaluation Process

At the RFP stage, proposals will be evaluated and ranked according to more specific criteria, which may include, among others:

1. Understanding of the opportunity, the quality and thoughtfulness of the proposed concept for the entire Fairgrounds (or a substantial portion of it), including familiarity with the regional context.
2. The approach to achieving the vision for the Fairgrounds and experience working in partnership with public sector entities to successfully implement a common vision.
3. Business acumen, resource capacity, and a willingness to implement the proposed concept.
4. Experience with ground leases and a willingness to enter into a ground lease with the County as the lessor.
5. Breadth, depth and quality of relevant experience.
6. Level, quality, and experience of proposed key individuals.
7. Evidence of capacity to provide necessary capital for this project. Disclosure of current uncommitted equity capital on hand, lines of credit available, and estimates of how much debt and equity could be made available for this project. Include audited financial statements for all development partners in the submittal.

Schedule

Step 1: Issue RFQ

This RFQ was issued on June 21, 2016.

Step 2: Deadline to Submit Questions and Requests for Clarification of the RFQ

Written questions or requests for clarification regarding the opportunity generally, and/or the RFQ/RFP process and requirements specifically, may be submitted by email **no later than 2:00 p.m. on August 8, 2016**. Questions should be e-mailed to:

Mr. Glen Williams
Asset Development Manager
Office of the County Executive
County of Santa Clara
Email: glen.williams@ceo.sccgov.org

The County will post written addenda and responses to written inquiries on the County Fairgrounds website, www.fairgroundsvision.net, as well as BidSync. The County will review all written questions and requests for clarification and will endeavor to respond within one week from receipt. The County may decline to answer any inquiries at its discretion.

Step 3: Deadline to Submit RFQ Responses

Statements of qualification must be **received** by the County **no later than 9:00 a.m. on August 23, 2016**. One reproducible original and ten (10) bound copies, plus an electronic pdf on a CD/DVD or flash drive, shall be hand-delivered or sent by mail to the following address:

Glen Williams
Asset Development Manager
Office of the County Executive
County of Santa Clara
70 West Hedding Street, 11th Floor
San Jose, CA 95110

At the date and time stated above, all responses to the RFQ will be opened in a publicly-noticed meeting at the above address, where the names of the respondents to the RFQ will be listed and read aloud. Oral responses will also be considered.

Step 4: County Review of RFQ Responses

The County will review RFQ responses for overall completeness and appropriateness of concept.

Step 5: Mandatory Pre-RFP Meeting

The mandatory pre-RFP Meeting will be held on Tuesday, August 30, 2016 at 6:30 p.m. in Fiesta Hall at the Fairgrounds. While the pre-RFP meeting will be publicly noticed and open to the public, only RFQ respondents, or representatives of the respondents, will have the opportunity to present their concepts at the pre-RFP meeting.

Step 6: Issue RFP

Following the mandatory, pre-RFP meeting, and upon approval by the Board of Supervisors, the County will issue the RFP.

Step 7: Deadline to Submit Questions and Requests for Clarification of the RFP

Written questions or requests for clarification regarding the opportunity generally, and/or the RFP process and requirements specifically, may be submitted by email during the term of the RFP. A cut-off date for questions will be posted at the time the RFP is released, so that there is adequate time for all respondents to consider the answers to all questions prior to their response. Questions should be emailed to:

Mr. Glen Williams
Asset Development Manager
Office of the County Executive
County of Santa Clara
Email: glen.williams@ceo.sccgov.org

The County will issue addenda as appropriate and post responses to Fairgrounds website. The County will review all written questions and requests for clarification and will endeavor to respond within one week after the above deadline. The County may decline to answer any inquiries at its discretion.

Step 8: Deadline to Submit RFP Responses

The deadline for responses to the RFP will be announced at the time the RFP is released. Respondents will have approximately 90 days from the release of the RFP to respond. One reproducible original and ten (10) bound copies, plus an electronic pdf on a CD/DVD or flash drive, will need to be hand-delivered or sent by mail to the following address:

Glen Williams
Asset Development Manager
Office of the County Executive
County of Santa Clara
70 West Hedding Street, 11th Floor
San Jose, CA 95110

Step 9: Notification of Selection of Preferred Concept

The County will notify the selected respondent(s).

Future Steps

Negotiations with Selected Respondent(s)

The County will enter into negotiations with the Selected Respondent(s), and Selected Respondent(s) will commence with more detailed planning and due diligence efforts required to implement the selected concept. The County, its consulting team, and County Counsel will then proceed to negotiate the terms of one or more ground lease(s) and other associated agreements/documents to allow the planning and development to go forward.

Negotiation Process

Starting with County's lease template, select the business terms of the ground lease and associated documents will be negotiated with the Selected Respondent(s). Terms to be negotiated include, among others, the following:

1. Base lease rates, participation, in-kind provision of facilities, and other consideration for the land.
2. Infrastructure needs, phasing, and financing.
3. Respondent and County roles and obligations.
4. Key elements of the site plan and program.
5. Performance requirements and milestones.
6. Defaults and remedies.

The County retains the option to suggest changes in the composition of end users included in the Selected Respondent's proposal, if necessary, to achieve a more viable outcome consistent with the guiding principles adopted by the Board of Supervisors, and/or in the event that acceptable terms cannot be reached with any particular user that is part of the original proposal.

5. *GENERAL TERMS, CONDITIONS AND LIMITATIONS*

General Caveat

All concepts and plans depicted in this RFQ are conceptual and subject to change.

Revisions to RFQ

The County may modify this RFQ solicitation at any time by issuance of an addendum or addenda to prospective respondents. The County may change the dates and the schedule contained in this RFQ solicitation in the County's sole discretion.

Cancellation of Solicitation and Rejection of Offers

The County may, when deemed in the best interest of the County, cancel this solicitation and reject the responses submitted, in whole or in part, seek new responses, or require amendments or modifications to the RFQ or any of the responses, with no liability whatsoever, all in the County's sole discretion.

Ownership of Submittals

Any and all information submitted in response to this RFQ will be the property of the County and will not be returned to the respondent. The County shall have the right to use any documents and information submitted in response to this RFQ.

Incurred Expenses

Any costs or expenses incurred by the respondent in preparing and submitting a response to this RFQ solicitation will be the sole responsibility of the respondent. The County assumes no risk and shall not be responsible for any costs or expenses incurred by respondents in connection with this RFQ process.

Confidentiality of Documents

Prior to County's opening of the RFQ responses, the contents of any response shall not be disclosed to parties other than the County and its consultant team. All information and documents submitted to County are subject to the California Public Records Act and other applicable laws in determining whether they are subject to public disclosure.

Nondiscrimination

The County supports the principles of equal opportunity, will not discriminate, and will not allow or permit discrimination on the basis of gender, race, color, national origin, religion, sexual orientation, age, or disability in this solicitation process. The County encourages the participation of small, women-owned, minority-owned, and locally-based businesses.

Other Miscellaneous

1. The County assumes no obligations, responsibilities or liabilities to reimburse any or all of the costs incurred by respondents considering a response to and/or responding to this RFQ or the RFP. All of such costs shall be borne solely by each respondent and its team. The RFQ/RFP does not commit the County to award, nor does it commit the County to pay any cost or expense incurred in the submission of any bid, materials, studies, responses, or in making necessary studies or designs for the preparation thereof, nor lease, procure or contract for services, supplies or use of County property. Furthermore, no reimbursable cost may be incurred in anticipation of an award of a lease or contract.
2. The RFQ/RFP and the selection process shall in no way be deemed to create a binding contract or agreement of any kind between the County of Santa Clara and any respondent submitting a proposal, bid, offer or information, nor shall any information herein be construed as a representation or warranty on behalf of the County or as a statement on which the respondent may justifiably rely in executing a final agreement or lease or creating a relationship. The legal rights and obligations of each party shall at that time be only those rights and obligations which are set forth in a written agreement executed by authorized representatives of the County and approved by the Board of Supervisors.
3. County of Santa Clara officials are subject to several legal and policy limitations regarding receipt of gifts from persons, firms or corporations either engaged in business with the County of Santa Clara or proposing to do business with the County of Santa Clara. The offering of any gift may be grounds for disqualification. To avoid even the appearance of impropriety, respondents submitting a proposal shall not offer any gifts or souvenirs, even of minimal value, to County of Santa Clara officers, employees or advisors.
4. The County reserves the right to do the following at any time:
 - Cancel, withdraw, postpone or extend this RFQ or the subsequent RFP in whole or in part at any time prior to execution of a transaction by the County without the County incurring any obligations or liabilities. Reject any or all bid(s), without indicating any reason for such rejection.
 - Waive or correct any minor or inadvertent defect, irregularity or technical error in a bid, in the RFQ/RFP, or the RFQ/RFP process, or as part of or before any subsequent contract negotiation.
 - Request that any or all respondents supplement or modify all or certain aspects of their bid or other documents or materials submitted.
 - In County's sole and absolute discretion, with or without reason, terminate the RFQ/RFP, and/or at its option, issue a new RFQ/RFP without liability or obligation of the County.
 - Modify the selection process, the specifications or requirements, or the contents or format of the bids, the RFP or the RFP process.
 - Extend a deadline specified in this RFQ/RFP, including deadlines for accepting bids.
 - Negotiate with any or none of the respondents.

- Modify in the final agreement any terms and/or conditions described in this RFQ/RFP.
- Terminate failed negotiations with a respondent or respondents without the County incurring liability, and negotiate with other Respondents.
- Disqualify any respondent on the basis of a real or apparent conflict of interest, or evidence of collusion that is disclosed by the bid or other data available to the County.
- Eliminate, reject, or disqualify a bid of any respondent who fails to submit a responsive bid as determined solely by the County in its absolute discretion

5. Neither you, your organization nor any of your representatives shall have any claims whatsoever against the County or any of its respective officials, agents, or employees arising out of or relating to a bid, County's selection of a bid, this RFQ/RFP or these RFQ/RFP procedures.

6. All documents, information and records provided to or made available to County in response to the RFQ or RFP, or otherwise provided, become the sole and exclusive property of the County. The County is a public agency subject to the disclosure requirements of the California Public Records Act ("CPRA"). If proprietary information is contained in documents submitted to County, and the submitter expressly claims that such information falls within one or more CPRA exemptions, the submitter must clearly mark such information "CONFIDENTIAL AND PROPRIETARY," and identify the specific lines containing the confidential information. In the event of a request for such information, the County will make reasonable efforts to provide notice to submitter prior to such disclosure if the submitter has provided County with current contact information. If the submitter contends that any documents are exempt from the CPRA and wishes to prevent disclosure, it/he/she is required at its own cost, liability and expense to obtain a protective order, injunctive relief or other appropriate remedy from a court of law in Santa Clara County at least two (2) days before the County deadline to respond to the CPRA request. If the submitter fails to obtain such a remedy before the County responds to the CPRA request, County will disclose the requested information and shall not be liable or responsible for such disclosure.

Each submitter of information or documents agrees that it shall defend, indemnify and hold County harmless for, from and against each and every loss, damage (whether general, punitive or otherwise), liability, action, administrative proceedings, claim, demand, lawsuit, cause of action, judgment, settlement amount, mediation cost, attorneys' fees, court cost, , litigation, injury, allegation and penalties (the "CPRA Claims") that may or do result from denial by County of a CPRA request for any information arising from any representation, or any action (or inaction), by submitter or any of the submitter's representatives.

7. CEQA. Any and all proposed development at the Fairgrounds may constitute a "project" under the California Environmental Quality Act ("CEQA"), in which case, the tenant shall pay for all costs associated with County's compliance with and liability for CEQA obligations. In addition, if any third party commences or threatens administrative appeal or litigation against County objecting to or otherwise challenging any action or omission under CEQA by County with respect to the Fairgrounds, the tenant(s) shall indemnify, hold harmless and defend County (with defense counsel selected by County) for any and all liabilities, losses, costs or expenses, including attorney fees or fees for the use of experts or consultants, incurred as a result of any

such actual or threatened litigation or administrative challenge in relation to tenant's proposed use, project or development at or near the Fairgrounds.