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**CITY OF LA HABRA  
INTEROFFICE MEMORANDUM**

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**To:** Community Services Commission  
**From:** Kelly Fujio, Director of Community Services  
**Date:** December 9, 2020  
**Subject:** Request for Information for Portola Park

**Reviewed By:**

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**BACKGROUND:**

The City of La Habra conducted a Request for Information (RFI) to renovate and develop Portola Park that is 10.08 acres and was last developed in 1975. The park site includes the following activities and programs:

- Children's Museum (Operates as an Enterprise Fund and is a cooperative partnership with the Friends of the Museum)
- Depot Theater (Currently unoccupied and previous Operator had a month to month lease agreement)
- Tennis Center (Operates on a month to month lease agreement with iTennis, LLC and the City receives a monthly rent payment of \$3,500)
- Two Child Care Centers (State and Federally funded)
- Three baseball diamonds (Utilized for field practice and games by Little League and the La Habra Challenger League. The City maintains the fields and there is no revenue to the City that is generated from this program)
- The City also hosts several major special events including Concerts in the Park, National Night Out and the Tamale Festival
- Playground
- Picnic benches and green space
- Restrooms

The City was approached by a Developer to consider other alternative options for a multiuse sports complex. Staff developed the RFI and identified the areas below to be considered:

Areas for development and/or enhancement:

- The La Habra Tennis Center (12 courts, pro shop and locker facilities);

- Green space with picnic benches and grass;
- Youth playground;
- 1 baseball field for physically challenged youth;
- Parking for 138 vehicles;
- Redesign parking lot to include cut outs to assist with traffic mitigation

Areas we would like to preserve or improve:

- Two youth baseball fields (currently unlighted);
- Two Child Development Preschool and School Age Learning Centers;
- The Depot Theater (a 134-seat community theater;
- The Children’s Museum at La Habra (a two wing, 16,000 square foot museum); and
- Brio Park Splash Pad is located across Euclid Street from Portola Park

City staff is very interested in designing and developing a Portola Park Sports and Cultural Arts Complex. There are some areas of the park that are underutilized. The City received a grant from UC Berkley and conducted a traffic assessment. Its findings noted that parking is insufficient and the area needs better traffic mitigation options. Capital improvement projects for this park are not currently included in the general fund budget.

The purpose of the RFI is to investigate options that will implement best practices, enhance and improve Portola Park at a minimal or no cost to the City, increase programming and usage, evaluate operator lease terms and revenue opportunities. The proposed recreational development will benefit community members including toddlers, youth, teens, adults and seniors of all ages and abilities. Businesses, corporations and community groups will be able to rent the facilities. There is a need for a Sports and Cultural Arts Complex that will offer multi-purpose uses and a stable infrastructure. We anticipate that the La Habra community and surrounding cities will promote this regional destination that will help with the economic growth and development.

The Community Services Department received five responses to the Request for Information. Below are the different options that were submitted for consideration:

<b>Operator</b>	<b>Type of Proposed Activity</b>	<b>Capital Investment</b>	<b>Fiscal Impact</b>	<b>Lease Terms</b>
<b>1</b>	Produce youth and adult performances in the La Habra Depot Theater. Develop a 750-seat outdoor amphitheater, coffee shop, arts education	Proposes new annex building that includes scenic building shop, costume storage, rehearsal space that can be converted to a 60-seat black box, media studio,	City to receive 10% of the gross revenues of all shows, performances and classes and 30% of any gross revenue of any class, workshop or	Long term agreement for the operations of the Depot Theater, amphitheater, coffee shop, annex building and arts

	<p>building in lieu of tennis center. Parking improvements include expanding to 325 spaces.</p> <p>Preliminary sketch design plans submitted.</p>	<p>dressing rooms, green room, additional wing space for stage, office space and courtyard/garden.</p>	<p>camp promoted and registered by the City.</p> <p>Annual rental rate \$4,800 for Depot Theater and \$7,500 for other proposed rental amenities.</p> <p>City to invest and operate the Sports Complex.</p>	<p>education building.</p>
<b>2</b>	<p>Operate Tennis Center and open a cafeteria for tennis players and other park visitors to patron.</p> <p>Tournament event donation to the City</p>	<p>Install two shade structures to create semi indoor courts = \$100,000 and build an observation deck = \$50,000.</p>	<p>\$5,500 a month or \$66,000 flat rental rate.</p>	<p>10+10-year lease option with upfront capital investment \$150,000</p>
<b>3</b>	<p>Convert the Tennis Center into a multisport entertainment complex featuring tennis, pickleball and futsal/soccer.</p>	<p>Installation of 4-6 new artificial grass soccer fields, LED lighting upgrade throughout facility and tennis court resurfacing.</p> <p>\$472,000 - \$712,000</p>	<p>First year, \$3,750 increasing by 2% starting in third year of lease agreement.</p>	<p>10-year lease with optional 10-year renewal</p>
<b>4</b>	<p>Convert the Tennis Center into a multimillion state of the art sports facility with a café to be funded, maintained,</p>	<p>\$4.5 million investment</p>	<p>\$110,000 annual lease fee and \$20,000 annual donation to City event.</p>	<p>20-year lease + 10-year renewal option</p>

	staffed and operated at the sole cost and expense of Operator.		Rent will increase per CPI index every five years of lease renewal.	
<b>5</b>	Create a family and recreation area within the already existing Tennis Center footprint. The multi-sports complex will include 5X5 soccer, E-Sports games, tennis and pickleball.	\$1.5 - \$2.5 million investment. Additional investments will be considered for other portions of the park depending on a long-term lease agreement.	Collaboration with iTennis, LLC.  Annual City donation	10-15-year lease agreement
<b>OTHER ACTIVITY OPTIONS</b>				
<b>6</b>	Aquatic Center	No general funds available, need to research grant opportunities, seek a developer or building sponsor	Operate as an Enterprise Fund or generate revenue through memberships, classes, swim meets, rentals, etc., sponsorships	City Operated/Lease Option
<b>7</b>	Sports Activity Center  Basketball, volleyball, fitness gym, yoga, racquet ball	No general funds available, need to research grant opportunities, seek a developer or building sponsor	Operate as an Enterprise Fund and generate revenue through a variety of activities, programs and events, sponsorships	City Operated/Lease Option
<b>8</b>	Outdoor Amphitheater	No general funds available, need to research grant	Operate as an Enterprise Fund or	City Operated/Lease Option

		opportunities, seek a developer or building sponsor	generate revenue through a variety of activities including season subscriptions, annual passholder, ticket sales and sponsorships.	
<b>9</b>	Tennis Center	Operate as is with minimal improvements and investments	Operate as an Enterprise Fund or generate revenue through classes, tournaments, memberships, sponsorships, rentals, etc.	City Operated/Lease Option

**ANALYSIS:**

None of the RFI proposals included all aspects of the park as it relates to improvements and enhancements, investments and operations of the Tennis Center, Depot Theater, parking lot and baseball fields. It will take a more experienced developer and investor to complete such an extensive project with a diverse scope of work.

Parks provide intrinsic environmental, aesthetic and recreation benefits to communities. This particular area will significantly benefit families that live in the immediate surrounding areas. Recent studies have shown that youth in this area have not been academically well prepared for kindergarten and there is a steady increase in child obesity. A concerted effort is being made to address these concerns.

Based on the information provided, the park improvements can be divided into separate sections: 1. Sports 2. Cultural Arts. They can also operate independently on the same site which is similar to when iTennis, LLC and Mysterium Theater co-existed.

It is important to establish a strong base in the number of partnerships between the public, private and non-profit sectors in an attempt to bring the best recreation amenities to the La Habra community.

## **FISCAL IMPACT:**

The proposed capital improvement projects include investments ranging from \$150,000 to \$4.5 million dollars. All Operators want a long-term lease agreement to demonstrate a commitment and partnership on their investment. The lease fee options vary from \$4,800 to \$110,000 a year in revenue to the City. Operator will be responsible for all costs associated with operating facility including custodial services, utilities, insurance, possessory interest tax and other required operating expenses.

If the City decides to independently operate any of these options, the revenue will be far less than a lease rental fee. This is due to standard routine maintenance costs, administrative overhead and operating expenses associated with the City.

## **STAFF RECOMMENDATION:**

A community survey is currently being conducted to help identify key components, recreational needs and level of participation that residents would like to see be incorporated into a park renovation.

Staff recommends redesigning Portola Park to offer a mixed multiuse “state of the arts” sports complex. A Request for Proposals will be created to include a full renovation of the park site with ten and twenty year lease options that demonstrate viable revenue contributions to the City.

The selected proposal will encompass a detailed park design that addresses all aspects of the project, a business plan and long-term lease agreement.

After discussion with the Community Services Commission, this report will be updated and presented to the City Council for their review and input as part of the formal RFP process.