

REPORT OF GENERAL MANAGER

APPROVED
APR 16 2008

NO. 08-100

DATE April 16, 2008

**BOARD OF RECREATION
and PARK COMMISSIONERS**

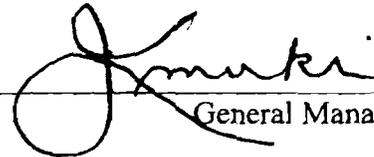
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BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: SHERMAN OAKS CASTLE PARK ARCADE CONCESSION -
AMENDMENT TO THE CONCESSION AGREEMENT TO EXTEND THE
MONTHLY DUE DATE FOR PAYMENT OF RENT

R. Adams _____
H. Fujita _____
S. Huntley _____
V. Israel _____

J. Kolb _____
*F. Mok FM
K. Regan _____
M. Shull _____



General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

1. Approve the proposed Amendment to Concession Agreement No. 256, substantially in the form on file in the Board Office, to extend the monthly due date for payment of rent, subject to approval of the Mayor, in accordance with Executive Directive No. 3, the City Attorney for approval as to form, the City Council, and the United States Army Corps of Engineers, as required by the Sepulveda Flood Control Basin Lease No. DACW09-1-67-11;
2. Direct the Board Secretary to transmit the proposed amendment, concurrently, to the Mayor, in accordance with Executive Directive No. 3, City Attorney, for approval as to form, and Army Corps of Engineers, as required by the Sepulveda Flood Control Basin Lease No. DACW09-1-67-11; and,
3. Authorize the Board President and Secretary to execute the Amendment, upon receipt of the necessary approvals.

SUMMARY:

The Sherman Oaks Castle Park (SOCP) is a five-acre family entertainment center in Sherman Oaks featuring three landscaped 18-hole miniature golf courses, an arcade, a food service concession, and batting cages. In the center of the property is a 7,500 square-foot medieval

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castle-themed building which houses the arcade, food concession, and miniature golf administration. The miniature golf portion is operated by the Department; the batting cage, arcade, and food service are each operated under separate concession agreements with the Department. The Arcade concession has been operated by Butterfield Games, Inc., under Concession Agreement No. 256 since June 8, 2007. In calendar year 2007, the Arcade concession generated \$1,306,312 in gross receipts and \$640,749 in rent to the Department.

Pursuant to Section 7B of the Concession Agreement, the Arcade is required to participate in group and party package promotions. The Concessionaire provides tokens for the promotions. Department staff collects payments from the patrons and submits the necessary documents in order to issue a check to the Concessionaire for participating in the promotion. The Concessionaire then includes this payment as part of the total gross revenue and pays a percentage as monthly rent. The Concessionaire has informed the Department that more time is required to reconcile group and party package promotions.

Pursuant to Section 7.C.2 of the Standard Conditions and Regulations for the Operation of Concessions (Revised December 2005), the Concessionaire is required to pay rent to the Department by the 15th of the following month. It is recommended that an additional fifteen (15) days be allowed in order for the Concessionaire to receive payment for promotion participation and reconcile monthly gross revenue. The Amendment to the Concession Agreement will allow the Concessionaire to pay rent thirty (30) days after the end of each previous month.

FISCAL IMPACT STATEMENT:

There is no impact to the Department's General Fund as the Concession Agreement is revenue generating.

Report prepared by Robert N. Morales, Senior Management Analyst II and Shaun Larsuel, Management Analyst II, Concessions Unit, Administrative Resources Section, Finance Division