

APPROVED
APR 15 2009

REPORT OF GENERAL MANAGER

NO. 09-097

DATE April 15, 2009

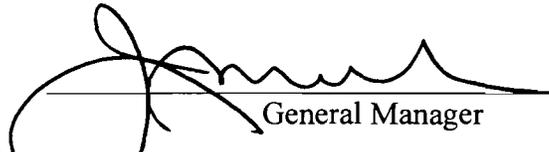
**BOARD OF RECREATION
and PARK COMMISSIONERS**

C.D. 6

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: LAKE BALBOA BICYCLE RENTAL – AWARD OF CONCESSION AGREEMENT TO FREETIME, INC. DBA WHEEL FUN RENTALS

R. Adams	_____	J. Kolb	_____
H. Fujita	_____	*F. Mok	<u>FM</u>
S. Huntley	_____	K. Regan	_____
V. Israel	_____	M. Shull	_____



 General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

1. Approve the proposed Concession Agreement between the City of Los Angeles and Freetime Inc., dba Wheel Fun Rentals for the operation and maintenance of the Lake Balboa Bicycle Rental concession for a term of one (1) year with two (2) one-year renewal options exercisable at the General Manager's sole discretion, substantially in the form on file in the Board Office, subject to the approval of the Mayor, the City Attorney as to form, and the United States Army Corps of Engineers, as required by the Sepulveda Flood Control Basin Lease No. DACW09-1-67-11;
2. Find, in accordance with Charter Section 1022, that the Department does not have personnel available in its employ with sufficient time and expertise to undertake these specialized professional tasks and that it is more economical to secure these services by contract;
3. Find, in accordance with Charter Section 371(e)(10) and Los Angeles Administrative Code Section 10.15(a)(10), that obtaining proposals would not be reasonably practicable or desirable due to the previous operator abandoning the concession, and that in order to provide continued service to the public and avoid a potential revenue shortfall, a competitive bidding process is not practicable or advantageous at this time. It will therefore be in the City's best interest to enter into this Concession Agreement until a formal Request for Proposal (RFP) process may be completed;

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4. Direct the Board Secretary to transmit the proposed Concession Agreement, concurrently, to the Mayor in accordance with Executive Directive No. 3, to the City Attorney for approval as to form, and to the United States Army Corps of Engineers, as required by the Sepulveda Flood Control Basin Lease No. DACW09-1-67-11; and,
5. Authorize the Board President and Secretary to execute the Concession Agreement upon receipt of the necessary approvals.

SUMMARY:

The Lake Balboa Bicycle Rental Concession is located at 6200 Balboa Boulevard, Van Nuys, CA 91316. This concession includes the exclusive right and obligation to furnish, equip, and operate a bicycle and skate rental service, including mountain bikes, tandem bikes, children's bikes, surrey bikes, beach cruisers, bikes with child seats, in-line skates and traditional skates, and all requisite safety equipment. Concessionaire will provide full maintenance to all equipment and supply storage facilities of a type and location satisfactory to the General Manager.

The Concession had been operated by Beach Ventures, Inc. on a month-to-month basis since November 30, 2005. In 2008, the concession generated \$54,391 in gross receipts and paid \$8,158.65 in rent to the Department. On January 21, 2009, Beach Ventures, Inc. gave a 30-day notice that they would abandon the concession due to the inability to remain profitable. On February 28, the operator abandoned the concession. The operator had been paying 15% of gross revenue as rent and \$25.00 per month for utilities.

On February 9, 2009, staff sent a letter inviting proposals to all interested parties from a mailing list maintained by the Concessions Unit to operate the Lake Balboa Bicycle Rental Concession on an interim basis. This was not a formal process due to the urgent need to deal with an unexpected situation so that the City could ensure continued service was provided to the public and to avoid a potential revenue shortfall. On February 23, 2009, staff received three (3) proposals. Staff reviewed the proposals and determined that Freetime, Inc., dba Wheel Fun Rentals (Wheel Fun Rentals) was the most responsive proposer meeting the immediate needs of the Department. Under the terms of the interim concession agreement, Wheel Fun Rentals will provide continued bicycle rental services for the patrons of Lake Balboa and pay the greater of 15% of gross revenue or an annual minimum rent of \$12,000 as rent to the Department, plus \$50 per month for utilities.

Charter Section 1022

Los Angeles City Charter Section 1022 prohibits contracting out work that could be done by City employees unless the Board determines it is more economical and/or feasible to contract out the service.

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On February 17, 2009, the Personnel Department completed a Charter Section 1022 review (Attachment A) and determined that various City classifications could perform some of the work. Staff performed a contract cost analysis (Attachment B) and found that it would cost \$349,872.60 for the Department to provide staff and equipment to operate and maintain the concession. With gross concession revenue of \$63,941 for calendar year 2008, the Department would operate at a loss of \$285,931.60. Contracting out the service would generate \$36,000 in rent to the Department over the term of the agreement. It is therefore more economical to contract out the service.

Formal Competitive Bid

In order to ensure that the level of bicycle rental service is continued to the public and to avoid a potential revenue shortfall, a formal competitive bid process, in accordance with Los Angeles Administrative Code Section 10.15(a)(2), was found to be impracticable and disadvantageous due to the need to expeditiously obtain a temporary operator.

Staff has reviewed the submittal documents, verified background and experience, and reviewed financial documents, and selected Wheel Fun Rentals as the most responsive proposer meeting the immediate needs of the Department.

Wheel Fun Rentals was established in 1987 and has extensive experience working with municipal clients, including parks and recreational facilities. The company has over 80 locations across the United States and contributes to the communities it serves via donations and providing free rental passes to charities and underprivileged, disabled, and/or disadvantaged groups. Employees are routinely given extensive training in order to ensure its equipment is safe and well-maintained and that its customers are satisfied. Wheel Fun Rentals' management team has over 30 years of combined experience in the fields of recreation, merchandising, product development and international distribution of bicycles and other related merchandise. It is therefore recommended that the interim concession agreement be awarded to Wheel Fun Rentals as the operator for the Lake Balboa Bicycle Rental Concession.

FISCAL IMPACT STATEMENT:

It is estimated that during the term of this concession agreement, the Department will receive approximately \$12,000 in rent during the first year of operation. Of that amount, \$10,800 will be deposited into the Department's General Fund and \$1,200 will be deposited into the Concession Improvements Account.

Report prepared by Melanie Torres, Senior Management Analyst I, Concessions Unit, Administrative Resources Section, Finance Division.

PERSONNEL DEPARTMENT CONTRACT REVIEW REPORT

1. Requesting Department: Department of Recreation and Parks

2. Contacts

Department:	<u>Robert Morales</u>	Phone No.	<u>(818) 243-6421</u>	Fax No.	<u>818-243-6451</u>
CAO:	<u>Veronica Salumbides</u>	Phone No.	<u>(213) 473-7561</u>	Fax No.	<u>213-473-7514</u>

3. Work to be performed:

At the Beilenson Park/Lake Balboa: Furnish, equip, and operate a rental service for bicycles, roller skates, and all requisite safety equipment to patrons of the park. Concessionaire will maintain the facility, storage, all equipment, supply the inventory, as well as employ, train, and supervise personnel with appropriate qualifications to assist in the bike rental operation.

4. Is this a contract renewal? Yes No

5. Proposed length of contract: Three years
Proposed Start Date: April 2009

6. Proposed cost of contract (if known): \$34,000 (revenue generation during life of contract)

7. Name of proposed contractor: unknown

8. Unique or special qualifications required to perform the work:

Knowledge of rules and regulations of the bike and skate rental operation; experience in providing bicycle and skate rental service to the general public; experience in providing related services, including knowledge of safety equipment and proper maintenance of equipment.

9. Are there City employees that can perform **some** of the work being proposed for contracting?

Yes No

Classification	Departments	List Expires
Park Services Attendant	El Pueblo, Rec & Parks, Zoo	5/27/2010
Painter	Airports, LACC, GSD, Harbor, PD, Sanitation, Rec & Parks, DOT	12/23/2009
Carpenter	Airports, LACC DWP, Fire GSD, Harbor, PD, Sanitation, Street Services, Rec & Parks	2/6/2010
Public Relations Specialist	Airports, Animal Services, LACC, Cultural Affairs, DWP, EL Pueblo, PD, Zoo, Library, Harbor, Disability	3/17/09
Storekeeper	Airports, Building & Safety, City Clerk	No list
Warehouse and Tool Room Worker	Various	Continuous exam
Accountant	Various	Continuous exam

Custodian	Airports, GSD, Harbor, PD, Sanitation, Rec & Parks, Zoo	No list
Maintenance Laborer	Public Works, Airports, other	Continuous exam
Security Officer	Airports, GSD, Harbor, LAPD	10/10/09
Procurement Analyst	Airports, GSD Harbor	8/12/09
Mechanical Repairer	Various	12/29/10

If yes,

- Which class(es) and Department(s): See above.
- Is there sufficient Department staff available to perform the work? Yes No
- Is there a current eligible list for the class(es)? Yes No Expiration Date: See above.
- Estimated time to fill position(s) through CSC process? 2 to 8 months depending on the class.
- Can the requesting department continue to employ staff hired for the project after project completion? Yes No Unknown and may vary depending on the type of work.
- Are there City employees currently performing **some** of the work? Yes No

10. Findings

- City employees DO NOT have the expertise to perform the work
 City employees DO have the expertise to perform **some** of the work

Check if applicable (explanation attached) and send to CAO for further analysis

- Project of limited duration would have to layoff staff at end of project
 Time constraints require immediate staffing of project
 Work assignment exceeds staffing availability

SUMMARY:

Staff has identified several City classifications that could perform some of the work for maintenance of the facility, repair of the equipment, procurement of the supplies, and overhead functions such as accounting, advertising, and providing public safety. The Concession contract is expected to generate an average annual sum of \$34,000 in revenue to the City in the form of rental payments.

Submitted by: Cathy T. Tanaka
Cathy T. Tanaka

Reviewed by: Shelly Del Rosario
Shelly Del Rosario

Approved by: Shannon C. Pascual
Shannon C. Pascual

Date: 2/17/09

DEPARTMENT OF RECREATION AND PARKS
CONTRACT COST ANALYSIS

LAKE BALBOA BICYCLE RENTAL CONCESSION

Resources Required to Operate and Maintain the Concession

Position Title	No. of Positions	Monthly Salary	Total Monthly Salary Cost	Overhead Cost (4.5%)	Flex Costs	Duration (months)	TOTAL COST
Special Program Asst II	2	\$ 2,204.58	\$ 4,409.16	\$ 198.41	\$ -	36	\$ 165,872.60
Equipment Maintenance							\$ 175,000.00 \$ 9,000.00
Total Cost to Operate and Maintain the Concession:							\$ 349,872.60
Projected Revenue:							\$ 63,941.00
TOTAL:							\$ 285,931.60

Expected Revenue from Contracting Concession: \$ 36,000.00