

APPROVED
AUG 12 2009

REPORT OF GENERAL MANAGER

NO. 09-218

DATE August 12, 2009

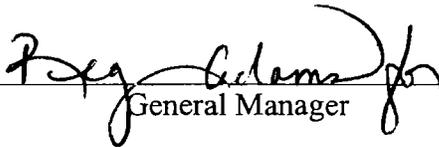
**BOARD OF RECREATION
and PARK COMMISSIONERS**

C.D. 12

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: **BALBOA PARK TENNIS PROFESSIONAL – AWARD OF INTERIM
CONCESSION AGREEMENT TO MATCH POINT MANAGEMENT**

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Withdrawn _____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 Department of Recreation and Parks and Match Point Management for the operation and maintenance of the Balboa Park Tennis Professional Concession, for a term of one (1) year with one (1) one-year renewal option 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 Corp 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 feasible and 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 previously selected operator rejecting the concession, and that in order to provide continued service to the public and avoid a 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 the completion of a formal Request for Proposal (RFP) process when a multi-year agreement is executed;

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4. Find, in accordance with Charter Section 371 (e)(2), that the services to be provided by the contractor are professional services of a temporary character for which competitive bidding is not practicable or advantageous while the Department conducts a formal RFP process;
5. Find, in accordance with Charter Section 372, that obtaining competitive proposals or bids for work to be performed pursuant to this agreement is not reasonably practicable or compatible with the Department's interests of having professional tennis lessons and a tennis pro shop available to the public while the Department conducts a formal RFP process;
6. Direct the Board Secretary to transmit the proposed Concession Agreement, concurrently, to the Mayor in accordance with Executive Directive No. 3, the City Attorney for approval as to form, and the Army Corps of Engineers, as required by the Sepulveda Flood Control Basin Lease No. DACW09-1-67-11; and,
7. Authorize the Board President and Secretary to execute the Concession Agreement upon receipt of the necessary approvals.

SUMMARY:

The Balboa Park Tennis Professional Concession is located at 5651 Balboa Boulevard, Encino, CA 91316 and is part of the Sepulveda Basin Recreation Area. The Balboa Sports Center has sixteen newly-resurfaced lighted tennis courts, making it one of the largest tennis court complexes in the City of Los Angeles. The City-operated pay-tennis system at this park is among the busiest in the Department. In addition to the tennis activities, the Balboa Sports Center is home to a gymnasium, basketball courts, baseball diamonds, soccer fields, playgrounds, and picnic areas.

The concession has operated under various concessionaires over the years, with each operator bringing their unique style of teaching to the concession. On-Court Tennis Management Systems operated the concession on a 30-day revocable permit from June 2000 through December 2006, offering numerous programs, including private lessons, adult clinics, and junior programs. In 2006, the concession generated over \$97,030 in gross receipts and paid \$9,706 in rent to the Department.

On November 19, 2007, the Board approved the award of the concession agreement to Innovative Tennis, LLC (Board Report No. 07-276). In May 2008, staff received the agreement and made preparations for execution. On October 31, 2008, Innovative Tennis, LLC, sent a formal notification to the Department of their intent to not proceed with the concession agreement.

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On February 4, 2009, the Board approved the release of a Request for Proposal (Board Report No. 09-022) in order to select a proposer to enter into a multi-year agreement. As the RFP process is expected to take up to one year to complete, it is recommended that an interim agreement be approved in order to continue service at the concession.

On February 12, 2009, staff sent a letter inviting interim proposals to all interested parties from a mailing list maintained by the Concessions Unit to operate the Balboa Park Tennis Professional Concession on an interim basis (approximately twelve months). This was not a formal process, but was designed to deal with an unexpected situation that arose on a temporary basis until formal proposals could be obtained.

On March 2, 2009, staff received the following eleven (11) proposals:

1. Daniel J. Mabe
2. Elaine Lampert
3. iTennis, Inc.
4. LA Tennis, Inc.
5. Match Point Management
6. Mommy, Daddy and Me Tennis
7. Nicole Robbins and Stacey Cohen
8. Northridge Tennis Patrons
9. Sergiu Boerica
10. The Tennis Key
11. Tito Arenal

Staff reviewed the proposals and found that while several of the proposals were highly qualified to run the concession operation, Match Point Management (MPM) was the overall best responsive proposer meeting the immediate needs of the Department. With over twenty-five years of combined experience in the tennis industry, the two members of MPM bring their business and teaching experience directly to the concession and the community.

Tennis Instruction and Business Experience

Mr. Tim Schnaible is a USPTA certified instructor with over 11 years experience as owner and operator of the Schnaible Tennis Academy. He is the primary coach to over 15 number 1 high school ranked players and has taught players who have become USTA National Open champions. Mr. Daryl Ahrens is a USPTA certified instructor with over 15 years experience in tennis instruction and in pro shop operations. Both Mr. Schnaible and Mr. Ahrens will provide tennis instructions directly to the patrons and will be hands on operators of the concession.

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Business Plan

MPM plans on advertising in local publications, recreation centers, Boys and Girls clubs, YMCAs, and to local schools. MPM will promote the tennis professional business through a website that will be created for this concession and through the United States Tennis Association. MPM plans on holding monthly professional exhibits to expose the public to the benefits of tennis and showcase tennis accessories and services. MPM plans on reaching out to the community to build a strong junior tennis program and senior tennis program in order to expose the community to the benefits of tennis, primarily improved cardiovascular ability, muscle tone and improvement mobility.

Concession Agreement

For this concession, the operator is permitted to use four courts Monday through Saturday and two courts on Sundays. The remaining courts are for pay-tennis reservations and/or free play by the public during specified hours. Under the terms of the interim concession agreement, MPM will provide professional tennis lessons and operate the tennis professional shop at Balboa Park and pay 12% of gross revenue produced from lessons and pro shop sales as monthly rent.

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.

The Personnel Department previously completed a Charter Section 1022 review for another Tennis Professional Concession and determined that the Department had City classifications which met the minimum qualifications to provide tennis lessons to the public. However, the quality of the lessons and the ability to independently manage a tennis program on a day-to-day basis requires expertise that a Park Service Attendant, Recreation Assistant, or a Recreation Instructor is unable to provide. Also, the tennis instructors are required to hold certifications from the United States Professional Tennis Association (USPTA). Compensation at the rate of the City classifications would make it extremely difficult to find and retain qualified instructors; it is therefore more feasible to contract out the service to ensure a sufficient level of instruction to meet the needs of the public.

Contract Cost Analysis

Based on a contract cost analysis performed for this interim agreement, staff determined that it would cost the Department \$97,413.33 to perform the service in-house (Attachment B). With gross concession revenue of \$97,030 for calendar year 2006, the Department would operate at a loss of \$383.33. The concessionaire's rent is proposed to be twelve percent (12%) of the gross revenue, or \$11,643.60. After contract administrative costs are considered, the Department would realize a net gross of \$2,784.95 by contracting out the operation; it is therefore more economical to contract out the service.

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Formal Competitive Bid

In order to ensure that the level of tennis service is continued to the public and to avoid 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 while an RFP process is conducted and a multi-year concession agreement is executed.

The concession agreement is to enhance the recreational experience at Balboa Park by providing professional level tennis instruction to patrons of the park. The agreement is revenue generating and the Department will not incur costs for the operation of a tennis professional concession at the location.

Staff has reviewed the submittal documents, verified background and experience, reviewed financial documents, and interviewed MPM. It is recommended that the interim concession agreement be awarded to MPM as the interim operator for the Balboa Park Tennis Professional Concession until a formal RFP process may be completed and a multi-year concession agreement executed.

FISCAL IMPACT STATEMENT:

It is estimated that during the term of this concession agreement, the Department will receive approximately \$11,644 in rent during the first year of operation. Of that amount, \$10,480 will be deposited into the Department's General Fund and \$1,164 will be deposited into the Concession Improvement 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: Recreation and Parks

2. Contacts

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

3. Work to be performed:

The Department of Recreation and Parks is seeking an individual or vendor to operate the tennis professional concession at Balboa Park. The services to be provided consist of: top-quality instruction, including private and group lessons; junior programs; and may provide other tennis-related services such as racquet stringing, tennis merchandise sales, etc. In addition, the Department expects the contractor to optimize visitor participation; assess, provide and install any necessary furnishings or equipment; and display awareness of the demographics and special needs of the community.

4. Is this a contract renewal? Yes No

5. Proposed length of contract: 3 years Proposed Start Date: May 2, 2007

6. Proposed cost of contract (if known): \$103,000 (gross revenue generating)

7. Name of proposed contractor: Unknown

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

Knowledge of the rules and regulations for the game of tennis and experience in providing tennis instruction, racquet stringing, etc.

9. Are there City employees that can perform the work being proposed for contracting?
 Yes No

If yes,

a. Which class(es) and Department(s):

Class	Departments	Eligible list expires
Park Service Attendant	El Pueblo, Rec & Parks, Zoo	7/28/07
Recreation Assistant	Rec & Parks	No list
Recreation Instructor	Rec & Parks	No list

- b. Is there sufficient Department staff available to perform the work? Yes No
- c. Is there a current eligible list for the class(es)? Yes No Expiration Date See above
- d. Estimated time to fill position(s) through CSC process? Unknown
- e. Can the requesting department continue to employ staff hired for the project after project completion? Yes No
- f. Are there City employees currently performing the work? Yes No

0. Findings

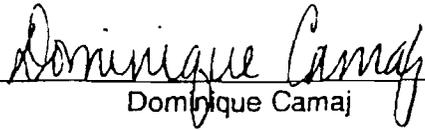
- City employees DO NOT have the expertise to perform the work
- City employees DO have the expertise to perform the work

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: A Park Service Attendant, Recreation Assistant, and Recreation Instructor can perform the work described above. For instance, the sale of tennis merchandise can be done by a Park Service attendant. A Recreation Instructor conducts specialized classes in sports and can specifically instruct tennis at a professional level. A Recreation Assistant can assist in the delivery of services and employ specialized skills, such as racquet stringing.

Submitted by:



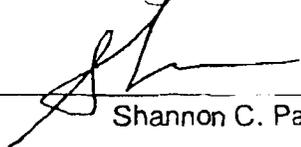
Dominique Camaj

Reviewed by:



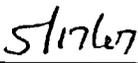
Shelly Del Rosario

Approved by:



Shannon C. Pascual

Date:



**DEPARTMENT OF RECREATION AND PARKS
CONTRACT COST ANALYSIS**

Attachment B

BALBOA TENNIS PROFESSIONAL CONCESSION

Cost to the Department to Self Operate

Position Title	No. of Positions	Monthly Salary	Total Monthly Salary Cost	Overhead Cost (4.5%)	Flex Costs	Duration (months)	TOTAL COST
Recreation Instructor (Lessons)	6	\$ 1,000.50	\$ 6,003.00	\$ 270.14	\$ -	12	\$ 75,277.62
Park Service Attendant (Pro Shop)	1	\$ 1,430.28	\$ 1,430.28	\$ 64.36	\$ -	12	\$ 17,935.71
Equipment (Tennis Balls, Racquets, Buckets)							
Total Cost to Operate and Maintain the Concession (1 year): \$ 97,413.33							
Projected Revenue (1 year): \$ 97,030.00							
TOTAL PROFIT/LOSS TO CITY: \$ (383.33)							

Cost to Contract Out the Operation

Position Title	No. of Positions	Monthly Salary	Total Monthly Salary Cost	Overhead Cost (22.4%)	Flex Costs	Duration (months)	TOTAL COST
Management Analyst II	0.077	\$ 6,230.40	\$ 479.26	\$ 107.35	\$ 57.06	12	\$ 7,724.09
Accounting Clerk I	0.019	\$ 4,171.20	\$ 77.24	\$ 17.30	\$ 13.74	12	\$ 1,134.57
TOTAL SALARIES: \$ 8,858.65							

Expected Revenue from Contracting Concession (12% of Projected Revenue): \$ **11,643.60**
 Management Analyst II (monitor contract) and Accounting Clerk I (monitor ren): \$ **(8,858.65)**

TOTAL PROFIT/LOSS TO CITY: \$ 2,784.95