

REPORT OF GENERAL MANAGER

APPROVED
FEB 04 2009

NO. 09-022

DATE February 4, 2009

C.D. 12

BOARD OF RECREATION
and PARK COMMISSIONERS

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: BALBOA PARK TENNIS PROFESSIONAL CONCESSION – REQUEST FOR PROPOSALS

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

as amended

V. Israel
General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

and subject to the immediate release of an Interim Agreement to be established within the next month,

1. Approve the Balboa Park Tennis Professional Concession Request for Proposals (RFP) for a five-year Concession Agreement, with two (2) five-year renewal options exercisable at the sole discretion of the General Manager, substantially in the form on file in the Board Office, subject to review and approval of the City Attorney as to form;
2. Direct the Board Secretary to transmit the RFP, concurrently, to the City Attorney for review and approval as to form, and United States Army Corps of Engineers; and
3. Direct staff, subsequent to City Attorney review and approval as to form, to advertise the RFP and conduct the RFP process for the Concession.

SUMMARY:

The Balboa Park Tennis Professional Concession is located at 5651 Balboa Boulevard, Encino, CA 91316, in the southern part of the Sepulveda Basin Recreation Area in the San Fernando Valley. 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.

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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. 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. 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.

Staff has developed and is now ready to release, at the direction of the Board, an RFP for this concession. With this RFP, the Department will seek a qualified, experienced, and financially sound operator who will meet or exceed the Department's expectations in all operational and financial areas, and optimize service to the public and profitability to the business.

Proposal and Contractual Provisions

1. Proposal Deposit: A \$5,000 proposal deposit will be required with the submission of each proposal.
2. Term: Five years, with two (2) five-year renewal options at the sole discretion of the General Manager.
3. Rental Terms: Rental percentage of gross revenue from Lesson Services and Pro Shop business.
4. Concession Improvements: Required improvements include painting the interior and exterior of the facility and providing new flooring. Optional requirements by the proposer will be evaluated and scored by the panel.
5. Utilities: The operator will be required to submit a monthly utility fee of \$250.00 to the Department to cover the expense of electricity for this location until a separate meter is installed, at which time the operator will pay directly to the utility company.

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6. **Contractual and Financial Terms:** The City will enter into an Agreement whereby the City has no financial responsibility or liability for the operation and the City will share in profits in the form of a percentage of gross revenue.
7. **Faithful Performance Deposit:** A Faithful Performance Deposit will be required to be maintained for the duration of the Agreement in the amount of Five Thousand Dollars (\$5,000). The Deposit will be in the form of a cashier's check made out to the City of Los Angeles.

Evaluation Process

Proposals will be evaluated in two Levels. Level I will be a check and review by staff for required compliance and submittal documents; Level II will be a comprehensive evaluation of the proposals by a panel of non-City employees. Proposers must successfully pass Level I to proceed to Level II.

RFP Evaluation Criteria Areas

For the purposes of evaluation, the responsive proposals to Level I will be evaluated on the criteria below (Level II):

- 1) Ability to Finance (15 points)
- 2) Background and Experience (20 points)
- 3) Business Plan (20 points)
- 4) Proposed Rent Payment (20 points)
- 5) On-Going Refurbishment, Improvements, and Maintenance (15 points)
- 6) Concession Improvements (10 points)

The RFP documents will be advertised in several periodicals; available on the Department's website; posted on the Los Angeles Business Assistance Virtual Network (BAVN); and a letter inviting bids will be mailed to over one hundred organizations and individuals from a mailing list maintained by the Concessions Unit. The anticipated time of completion for the RFP process is approximately eight to twelve months. Park Services, who oversees the tennis facilities, has reviewed the RFP and provided input.

A conference will be held approximately one month after the release of the RFP in order to provide potential proposers with a review of the submittal documents, compliance documents, and requirements for the Good Faith Effort Subcontractor Outreach as required by Executive Directive No. 2001-26, Riordan Series and the Board's policy (Board Report No. 177-89).

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FISCAL IMPACT STATEMENT:

Releasing the Request for Proposals has no impact on the Department's General Fund.

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