

APPROVED

REPORT OF GENERAL MANAGER

NOV 18 2009

NO. 09-293

DATE November 18, 2009

BOARD OF RECREATION and PARK COMMISSIONERS

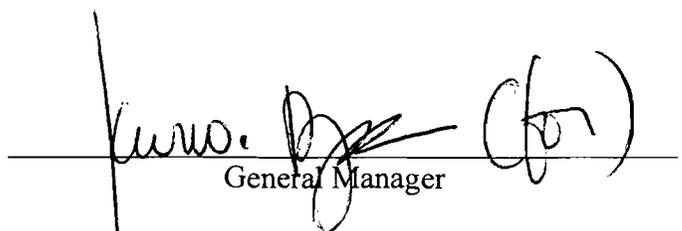
C.D. 11

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: PALISADES RECREATION CENTER TENNIS PROFESSIONAL - AWARD OF CONCESSION AGREEMENT TO ATONAL SPORTS AND ENTERTAINMENT INCORPORATED

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

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


General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

1. Approve the proposed Concession Agreement between the City of Los Angeles and Atonal Sports and Entertainment, Inc. for the operation and maintenance of the Palisades Recreation Center Tennis Professional Concession, for a term of five (5) years with two (2) five-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, City Council, and the City Attorney as to form;
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 the use of competitive bidding would be undesirable, impractical or otherwise excused by the common law and the Charter because, unlike the purchase of a specified product, there is no single criterion, such as price comparison, that will determine which proposer can best provide the services required by the Department for the improvement, operation and maintenance of the Department's concession. In order to select the best proposer for this concession, the Board finds it is necessary to utilize a standard request for proposals process and to evaluate proposals

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received based upon the criteria included in the Request for Proposals (RFP). Also find that the narrower and more specialized competitive sealed proposal process authorized but not required by Charter Section 371, subsection (b), would not meet the Department's needs and therefore opts to utilize the standard request for proposals process;

4. Direct the Board Secretary to transmit the proposed Concession Agreement, concurrently, to the Mayor in accordance with Executive Directive No. 3 and to the City Attorney for approval as to form; and,
5. Authorize the Board President and Secretary to execute the Concession Agreement upon receipt of the necessary approvals.

SUMMARY:

The Palisades Recreation Center is located at 851 Alma Real Drive, Pacific Palisades, CA 90272. The park has eight lighted tennis courts, two of which are reserved for use by the tennis professional concession. The facility also includes a pay tennis operation that is not a part of the concession.

The tennis professional concession offers a variety of tennis programs to the public, including private lessons, adult clinics, and junior programs. For this concession, the operator is permitted to use two courts Monday through Sunday for concession activity, and the remaining courts are for pay-tennis reservations and/or free play by the public during specified hours. The concession also includes a Tennis Pro Shop that sells tennis-related merchandise, pre-packaged food and beverages, and provides services such as restringing of tennis racquets.

The Palisades Recreation Center Tennis Professional Concession has been operated by Atonal Sports and Entertainment since September 6, 2000. In calendar year 2008 the facility generated \$1,233,486 in gross receipts and paid \$144,149 in rent to the Department.

On May 21, 2008, the Board approved the release of an RFP (Board Report No. 08-138) for the Palisades Recreation Center Tennis Professional. The RFP was released on August 14, 2008 and was advertised in several periodicals; available on the Department's website; and posted on the Los Angeles Business Assistance Virtual Network (BAVN). In addition, a letter inviting bids was mailed to over one hundred organizations and individuals from a mailing list maintained by the Concessions Unit.

On September 23, 2008, a Pre-Proposal Conference was held at the Central Service Yard. A walk-through of the premises was conducted on September 30, 2008. Four addendums to the RFP were released in order to allow additional time for potential proposers to prepare the necessary documents in order to submit.

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On December 16, 2008, three proposals were received:

- Scott Wilson Tennis
- Atonal Sports and Entertainment, Inc.
- Kopp International Tennis Management, LLC

As stipulated in the RFP, evaluation of the bid proposals was to occur in two levels. Level I would be a check and review for required compliance and submittal documents and Level II would be a comprehensive evaluation of the proposal. Proposers must successfully pass the first level to proceed to the next level.

Level I Evaluation

Staff performed a Level I review of the following required documents:

Compliance Documents:

- 1) Proposer's Signature Declaration and Affidavit
- 2) Disposition of Proposals
- 3) Affirmative Action Plan
- 4) Contractor Responsibility Ordinance Statement
- 5) Equal Benefits Ordinance Statement
- 6) Living Wage Ordinance/Service Contractor Worker Retention Ordinance
- 7) Good Faith Effort Subcontractor Outreach
- 8) Bidder Certification - CEC Form 50

Submittal Documents:

- 1) Cover Letter
- 2) Proposal Deposit
- 3) Ability to Finance
- 4) Background and Experience
- 5) Business Plan
- 6) Rental Payment
- 7) On-Going Refurbishment, Improvements, and Maintenance
- 8) Concession Improvements

Proposals are either Responsive (pass) or Non-Responsive (fail). The following is the complete Level I findings:

- Scott Wilson Tennis was found Responsive in all eight compliance documents and all eight submittal documents (Attachment A-1).
- Atonal Sports and Entertainment, Inc., (Atonal) was found Responsive in all eight

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compliance documents and all eight submittal documents (Attachment A-2).

- Kopp International Tennis Management, LLC was found Responsive in all eight compliance documents and all eight submittal documents (Attachment A-3).

Level II Evaluation

A Notice Inviting Bids was issued to economic consultants under contract with the Department for purposes of evaluating the proposals. Economic Research Associates (ERA) received the bid and was issued a Notice to Proceed on December 2, 2008. ERA assembled a three-member panel with backgrounds in tennis and contract management to review the written submissions, interview the proposers, and recommend an operator. The panel members were:

- John Hall, General Manager, Palos Verdes Tennis Club
- Kenny James, Parks and Recreation Supervisor, City of Pasadena, CA
- Chip Tarleton, Recreation Supervisor, City of Ventura, CA

The panel interviewed the three proposers on April 22, 2009, and ranked the proposals according to each of the evaluation criteria listed in the RFP, and recommended a proposer that best met the objectives of the RFP. The evaluation panel's final general average score and ranking are as follows:

<u>Proposer</u>	<u>Score</u>	<u>Rank</u>
Atonal Sports and Entertainment, Inc.	100	1
Scott Wilson Tennis	90	2
Kopp International Tennis Management	86	3

Concession Agreement

Steve Bellamy, the principal at Atonal, has operated this tennis concession site since 2000. Atonal proposed to pay the City 10.5% of the gross receipts in rent for lessons and 12% for sales of goods and services from the Tennis Pro Shop. The minimum annual rent will be:

- Year 1: \$ 107,250
- Year 2: \$ 110,550
- Year 3: \$ 114,525
- Year 4: \$ 115,650
- Year 5: \$ 117,975

Atonal proposed improvements to the facilities that are appropriate, feasible and able to be completed quickly. Atonal will paint and install new carpet for the pro shop within 60 days of the execution of the concession agreement. Additional improvements include upgrading and adding tennis lights around the courts, installation of new pro shop lighting, replacing old kiosks with new ones, adding a concrete pad to the marsh area, and upgrading the restroom in the pro shop.

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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.

On March 21, 2008, the Personnel Department completed a Charter Section 1022 review (Attachment B) 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 and Recreation Assistant are unable to provide. The tennis instructors are required to hold certifications from the United States Professional Teachers. Compensation at the rate of the City classifications would make it extremely difficult to find and retain qualified instructors; therefore, it would be 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, it would cost the Department \$366,873 to perform the service in-house (Attachment C). With projected gross concession revenue of \$377,500 for the first year, the Department would operate at a profit of \$10,627. The concessionaire's rent is proposed to be 10.5% of the gross revenue from tennis lessons and 12% of the gross revenue from Pro Shop sales, with an annual first year minimum of \$107,250. After administrative costs are considered, the Department would realize a profit of \$98,391 by contracting out the operation; therefore it is also more economical to contract out the service.

The concession agreement is to enhance the recreational experience at Pacific Palisades Park by providing professional level tennis instruction to patrons of the park. The concession agreement resulting from this RFP process will provide improvements to the concession facility; provide continued service to the public; and ensure adequate and appropriate rent is paid to the City. The recommended concessionaire will be obligated to pay applicable taxes; and obtain and maintain required insurance, licenses and permits. The agreement is revenue generating and the Department will not incur costs for the operation of a tennis professional concession at the location.

Staff reviewed the ERA report, the panel's ranking and scoring sheet, and the proposal submitted by Atonal Sports and Entertainment, and concurs with the recommendation to award the Pacific Palisades Recreation Center Tennis Professional Concession to Atonal Sports and Entertainment.

FISCAL IMPACT STATEMENT:

During the five-year term of the concession agreement, it is estimated that approximately \$565,950 will be paid in rent to the Department. Of that amount, \$509,355 will be deposited in the Department's General Fund and \$56,595 will be deposited into the Concession Improvement

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Account (Fund 302, Department 89, Account 070K).

Report prepared by Shaun Larsuel, Management Analyst II, Concessions Unit, Administrative Resources Section, Finance Division.

**SCOTT WILSON TENNIS
PALISADES RECREATION CENTER TENNIS PROFESSIONAL RFP
LEVEL I EVALUATION**

I. Compliance Documents		Submitted	In Compliance	Comments
1.	Proposers Signature Declaration and Affidavit	Yes	Yes	
2.	Disposition of Proposals	Yes	Yes	
3.	Affirmative Action Plan	Yes	Yes	
4.	Contractor Responsibility Statement	Yes	Yes	
5.	Equal Benefits Ordinance Statement	Yes	Yes	
6.	Living Wage/Service Contract Worker Retention Ordinance Forms	N/A	N/A	
7.	Good Faith Effort Outreach	Yes	Yes	
8.	Bidder Certification CEC Form 50	Yes	Yes	

II. Submittal Documents		Submitted	In Compliance	Comments
1.	Cover Letter	Yes	Yes	
2.	Proposal Deposit	Yes	Yes	
3.	Ability to Finance	Yes	Yes	
4.	Background and Experience	Yes	Yes	
5.	Business Plan	Yes	Yes	
6.	Rental Payment	Yes	Yes	
7.	On-Going Refurbishment, Improvements, and Maintenance	Yes	Yes	
8.	Concession Improvements	Yes	Yes	

PERSONNEL DEPARTMENT CONTRACT REVIEW REPORT

1. Requesting Department: Recreation and Parks

ATTACHMENT B

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 a vendor to provide professional tennis instruction and operate the tennis professional concession at the Palisades Recreation Center. The services to be provided consist of: top-quality instruction, including private and group lessons; junior programs; racquet stringing and other tennis-related services; and operation of a pro shop, which includes a snack and drink service. 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: 5 years Proposed Start Date: January 2009

6. Proposed cost of contract (if known): \$75,000 (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. All instructors must be Certified United States Professional Teachers.

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

Yes No Some of the work

If yes,

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

Class	Departments	Eligible list expires
Park Service Attendant	El Pueblo, Rec & Parks, Zoo	No list
Recreation Assistant	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

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: A Park Service Attendant and Recreation Assistant can perform some of the work described above. For instance, the sale of tennis merchandise can be done by a Park Service Attendant. A Recreation Assistant can assist in the delivery of services and employ specialized skills, such as racquet stringing. However, the City does not require Recreation Instructors to be Certified United States Professional Teachers.

Submitted by: Dominique Camaj
Dominique Camaj

Reviewed by: Shelly Del Rosario
Shelly Del Rosario

Approved by: Shannon C. Pascual
Shannon C. Pascual

Date: 3/2/08

Attachment C

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

PALISADES RECREATION CENTER TENNIS PROFESSIONAL CONCESSION

Cost to the Department to Self Operate

Position Title	No. of Positions	Monthly Salary	Total Monthly Salary Cost	Overhead Cost (22.4%)	Flex Costs	Duration (months)	TOTAL COST
Recreation Instructor (Lessons)	6	\$ 1,000.50	\$ 6,003.00	\$ 1,344.67	\$ -	12	\$ 88,172.06
Park Service Attendant (Pro Shop)	2	\$ 2,860.56	\$ 5,721.12	\$ 1,281.53	\$ -	12	\$ 84,031.81
Sr. Park Service Attendant	1	\$ 4,743.24	\$ 4,743.24	\$ 1,062.49	\$ -	12	\$ 69,668.71
Equipment (tennis balls, racquets, buckets, tennis clothes and merchandise)							
Advertising / Marketing (TV, Internet, print)							
Total Cost to Operate and Maintain the Operation (1 year):							\$ 366,872.58
Projected Gross Revenue (1 year):							\$ 377,500.00
TOTAL PROFIT/LOSS TO CITY:							\$ 10,627.42

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 (10.5% of Lesson Services):							\$ 59,850.00
Expected Revenue from Contracting Concession (12% of Pro Shop and Other):							\$ 47,400.00
Management Analyst II (monitor contract) and Accounting Clerk I (monitor rent):							\$ (8,858.65)
TOTAL PROFIT TO CONTRACT OPERATION							\$ 98,391.35