

APPROVED
AUG 11 2010

REPORT OF GENERAL MANAGER

NO. 10-223

DATE August 11, 2010

BOARD OF RECREATION
and PARK COMMISSIONERS

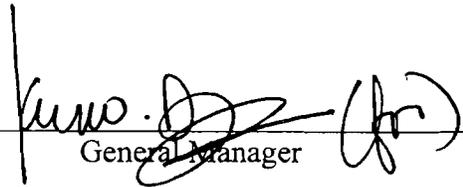
C.D. 12

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: BALBOA PARK TENNIS PROFESSIONAL – AWARD OF CONCESSION AGREEMENT TO MATCH POINT MANAGEMENT, INC.

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

*F. Mok no ✓
K. Regan _____
M. Shull _____



General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Approve a proposed Concession Agreement, between the City of Los Angeles Department of Recreation and Parks (Department) and Match Point Management, Inc., for the operation and maintenance of the Balboa Park Tennis Professional Concession for a term of five (5) years 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 the approval of the Mayor, City Council, and of 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 received based upon the criteria included in the Request for Proposals (RFP). Also find

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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 to the Mayor in accordance with Executive Directive No. 3 and, concurrently, to the City Attorney for review and 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 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 Sport Center is home to a gymnasium, basketball courts, baseball diamonds, soccer fields, playgrounds, and picnic areas.

On-Court Tennis Management Systems (OCTMS) 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. On November 19, 2007, the Board approved the award of the concession agreement to Innovative Tennis, LLC (Board Report No. 07-276), at which time OCTMS abandoned the concession. 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.

On February 4, 2009, the Board approved the release of the Request for Proposals (RFP) in order to enter into a multi-year concession agreement (Board Report No. 09-022). The Board also instructed staff to find an interim operator until a contract resulting from the RFP was executed. On August 12, 2009, the Board approved a short-term concession agreement with Match Point Management, Inc., to operate and maintain the Balboa Park Tennis Professional Concession (Board Report No. 09-218).

The RFP was released on June 1, 2009 and advertised in L.A. Daily Journal, La Opinion, The Korean Journal, and Chinese Daily; made available on the Department's website and posted on Los Angeles Business Assistance Virtual Network (BAVN). In addition, a letter inviting bids was mailed to over a hundred (100) organizations and individuals from a mailing list maintained by the Concessions Unit.

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On July 9, 2009, a Pre-Proposal Conference was held at the Central Service Yard and attended by six companies.

Five addendums to the RFP were release in order to clarify items in the RFP and provide staff additional time to respond to questions asked by potential proposers, and for potential proposers to adequately prepare the necessary documents in order to submit. On May 18, 2010, one proposal was received from the incumbent, Match Point Management, Inc.

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.

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

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) Proposed Business Plan
- 6) Proposed Rental Payment
- 7) On-Going Refurbishment, Improvements, and Maintenance
- 8) Concession Improvements

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

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- Match Point Management, Inc., was found Responsive in seven compliance documents, non-responsive in one compliance document (Good Faith Effort Subcontractor Outreach), and responsive in all eight submittal documents (Attachments A-1 and A-2).

With one proposal submitted in response to the RFP, staff reviewed the proposal and finds that Match Point Management, Inc., (MPM) has the experience, background, and financial capability to successfully operate the concession inspite of inadequate Good Faith Effort Subcontractor Outreach documentation.

MPM has been the incumbent operator at the Balboa Park Tennis Professional Concession since October 2009. The two primary members have over 40 years of combined experience in providing professional tennis instruction and tennis professional sales and services.

MPM has proposed to pay twelve percent (12%) of gross revenue from all tennis lessons and pro shop sales of goods and services. MPM also proposed to pay eight (8%) of gross revenue from all tournaments and five percent (5%) from all sponsorship agreements. Upon execution of the Concession Agreement, MPM will install a small patio area adjacent to the pro shop, paint the interior and exterior of the pro- shop, and install new flooring.

As the incumbent operator, MPM has repaired the ceiling of the pro shop and overhead lighting fixtures, painted and patched the interior walls, replaced weathered flooring with new baseboards, and purchased a pressure washer to clean the on-court benches and picnic tables.

As the sole proposal was received from MPM, no other proposer would be disadvantaged by the award of a concession agreement to MPM, even if MPM was non-responsive to one compliance document. Staff therefore recommends that the concession agreement be awarded to MPM for a term of five (5) years, with two (2) five-year options to renew, exercisable at the sole discretion of the General Manager.

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 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;

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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 agreement, Staff determined that it would cost the department \$1,088,866.51 to perform the service in-house over the five-year term of the agreement (Attachment B). With estimated gross concession revenue of \$709,694.00, the Department would operate at a loss of \$379,172.51. The concessionaire's rent is proposed to be twelve percent (12%) of the gross revenue, or \$85,163.28. After contract administrative costs are considered, the Department would realize a net gross of \$25,253.25 by contracting out the operation; it is therefore more economical to contract out the service.

FISCAL IMPACT STATEMENT:

During the five-year term of the concession agreement, it is estimated that approximately \$85,163 will be paid in rent to the Department. Of that amount, \$76,647 will be deposited in the Department's General Fund and \$8,516 will be deposited into the Concession Improvement account (Fund 302, Department 89, Account 70K).

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

**DEPARTMENT OF RECREATION AND PARKS
LEVEL I EVALUATION**

**BALBOA PARK TENNIS PROFESSIONAL RFP
MATCH POINT MANAGEMENT, INCORPORATED**

I. Compliance Documents		Submitted	In Compliance	Comments
1.	Affidavit of Non-Collusion	Yes	Yes	
2.	Disposition of Proposals	Yes	Yes	
3.	Affirmative Action Plan	Yes	Yes	
4.	Contractor Responsibility Ordinance 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 Subcontractor Outreach	Yes	No	46 points awarded. 75 points required to pass.
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.	Proposed Business Plan	Yes	Yes	
6.	Proposed Rental Payment	Yes	Yes	
7.	On-Going Refurbishment, Improvements, and Maintenance	Yes	Yes	
8.	Concession Improvements	Yes	Yes	

**DEPARTMENT OF RECREATION AND PARKS
GOOD FAITH EFFORT OUTREACH SCORING**

**BALBOA PARK TENNIS PROFESSIONAL RFP
MATCH POINT MANAGEMENT, INCORPORATED**

	Indicator	Possible Points	Awarded Points	Comment (Reason for Failing)
1.	Level of Anticipated MBE/WBE/OBE Participation	0	0	
2.	Attended Pre-Bid Meeting	10	10	
3.	Sufficient Work Identified for Subconsultant	10	0	No published ads or letters were submitted with the proposal.
4.	Advertisement	9	0	No published ads or letters were submitted with the proposal.
5.	Written Notices to Subconsultant	15	0	No documentation of notices sent to subconsultants were submitted with the proposal.
6.	Follow-Up on Initial Solicitation	10	10	
7.	Plans, Specifications, and Requirements	5	0	No published ads or letters were submitted with the proposal.
8.	Contacted Recruitment / Placement Organizations	10	0	No documentation of contact with agencies were submitted with the proposal.
9.	Negotiated in Good Faith	26	26	
10.	Bond, Lines of Credit, and Insurance	5	0	No published ads or letters were submitted with the proposal.
TOTAL SCORE:		100	46	<i>Less than 75 points is failing - Passed</i>

**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 Cost	Duration (Months)	TOTAL COST
Recreation Instructor (Lessons)	6	\$ 2,088.00	\$ 12,528.00	\$ 563.76	\$ -	60	\$ 785,505.60
Park Service Attendant I (Pro Shop)	1	\$ 2,945.82	\$ 2,945.82	\$ 132.56	\$ 741.75	60	\$ 229,207.91
Total Labor:							\$ 1,014,713.51
Equipment (Tennis Balls, Racquets, Buckets, String Equipment, Store Merchandise)							Total Goods and Equipment: \$ 74,153.00
Total Cost to Operate and Maintain the Concession - Self Operation (5 Years):							\$ 1,088,866.51
Projected Revenue:							\$ 709,694.00
TOTAL PROFIT / LOSS TO CITY:							\$ (379,172.51)

Cost to Contract Out the Operation							
Position Title	No. of Positions	Monthly Salary	Total Monthly Salary Cost	Overhead Cost (4.5%)	Flex Cost	Duration (Months)	TOTAL COST
Management Analyst II	0.111	\$ 6,979.14	\$ 774.68	\$ 34.86	\$ 82.42	60	\$ 53,517.92
Accounting Clerk I	0.019	\$ 4,673.64	\$ 88.80	\$ 4.00	\$ 13.74	60	\$ 6,392.11
Contract Administrative Costs:							\$ 59,910.03
Anticipated Revenue from Contracting Concession (Rent to City):							\$ 85,163.28
TOTAL PROFIT / LOSS TO CITY:							\$ 25,253.25