

REPORT OF GENERAL MANAGER

NO. 11-232

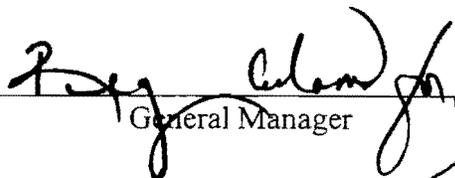
DATE September 7, 2011

C.D. ALL

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: CAMP HIGH SIERRA – AGREEMENT BETWEEN THE DEPARTMENT OF RECREATION AND PARKS AND MAMMOTH MOUNTAIN SKI AREA, LLC, FOR THE DEVELOPMENT, OPERATION, AND MAINTENANCE OF THE CAMPGROUND

R. Adams	_____	K. Regan	_____
H. Fujita	_____	*M. Shull	<u><i>M. Shull</i></u>
V. Israel	_____	N. Williams	_____



 General Manager

SEP 05 2012

Approved _____ Disapproved _____ Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Approve a proposed Agreement, substantially in the form on file in the Board Office, between the City of Los Angeles Department of Recreation and Parks (RAP), acting by and through its Board of Recreation and Park Commissioners, and Mammoth Mountain Ski Area, LLC (MMSA), relative to the development, operation, and maintenance of Camp High Sierra (Camp), subject to the approval of the Mayor and City Council and of the City Attorney as to form;
2. Find, in accordance with Charter Section 1022, that RAP does not have sufficient personnel available in its employ to provide the level of professional services necessary to develop, operate, and maintain the Camp and, due to the City's current budgetary constraints, RAP is unable to hire the personnel required to perform these specialized tasks;
3. Find, in accordance with Charter Section 371, and for the reasons stated herein, that obtaining competitive proposals or bids for the development, operation, and maintenance of the Camp would be undesirable and impractical;
4. Direct the Board Secretary to transmit the proposed 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,

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5. Authorize the General Manager to execute the Agreement, subsequent to the approval of the City Attorney as to form

SUMMARY:

Camp is a 41.50 acre campground facility located at 869 Lake Mary Road in the Town of Mammoth Lakes, Mono County, California. The Town of Mammoth Lakes is a mountain resort community located on the east side of the Sierra Nevada mounting range, approximately 300 miles north of Los Angeles. The Town of Mammoth Lakes is surrounded by the Inyo National Forest, which is administered by the United States Department of Agriculture Forest Service (Forest Service).

The Camp was opened to the public in the 1920's. It was developed by the City of Los Angeles (City) as a rural mountain wilderness campground. The City acquired the majority of the Camp property in 1944. An additional parcel was added to the Camp, via a land swap with the Forest Service, in 1985. The entire present day Camp property is owned by the City and is dedicated parkland.

The Camp is surrounded by single family homes and condominiums to the north, east, and west, and by Forest Service's Inyo National Forest to the south. The Forest Service's property, which is directly adjacent to the southern boundary of the Camp property, is currently under permit to Mammoth Mountain Ski Area, LLC (MMSA) for the operation of a winter sports resort. MMSA's winter sports resort is known as Mammoth Mountain.

Staff is recommending the approval of the Agreement between the City of Los Angeles, RAP and MMSA, relative to the development, operation, and maintenance of the Camp. Execution of the proposed AGREEMENT would maintain the current use of the Camp as a public place for all to enjoy, reduce RAP's long-term maintenance and operation costs, and provide increased funding and resources that could be used to support a variety of recreational services and programs.

Camp High Sierra

The Camp is operated by RAP staff. The facility features forty-three (43) camp sites and ten (10) cabins, and includes amenities such as campsite tables and fire pits, hot showers and restroom facilities, picnic areas, and a recreation lodge building with a kitchen and dining room (Exhibit A – High Sierra Camp Property Map). While there are no recreational facilities at the Camp, the nearby Inyo National Forest and Town of Mammoth Lakes offer an abundance of scenic wilderness and opportunities for hiking, swimming, fishing, horseback riding, backpack trips and bicycling.

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To support the operation of the Camp, RAP leases nearby a property, known as Whitmore Hot Springs, from the City of Los Angeles, Department of Water and Power (LADWP). Whitmore Hot Springs is used by City staff as an off-site storage, housing, and staging area for the Camp.

The Camp is open during the summer months for trailer, cabin, and tent camping. Generally, the summer camp season runs from July through September. July is typically the busiest month for the Camp. The Camp is closed in the winter months due to the cold mountain climate and the fact that the cabins are not winterized. In the 2010 camp season, the Camp accommodated approximately 8,000 visitors and guests.

The day to day staffing at the Camp primarily consists of part-time, seasonal, employees. The primary duties and responsibilities of Camp staff include the processing of camp rentals and the maintenance of the Camp property and its facilities. Camp staff does not provide organized recreational programming or activities. In the past, RAP had a full-time staff member on-site at the Camp as a caretaker in residence but, for a variety of reasons, including reductions in resources and staffing, no longer does.

Additionally, RAP regularly deploys construction and maintenance staff to the Camp twice a year; once in the spring to conduct routine inspections, preparations, and repairs necessary to open the Camp for the summer camping season, and again at end of the camping season to close the Camp and prepare it for the winter. Typical activities conducted during these trips include the removal of fallen trees, brush clearance and fuel load reduction for fire safety, and repairs to cabins and campsites. The type, extent, and cost, to conduct these activities varies significantly from year to year depending on conditions in and around the Camp and the amount of damage, if any, the Camp may have received over the winter.

In Fiscal Year 2009-2010, the Camp generated approximately \$70,000 in revenue for RAP. The revenue generated by the Camp primarily comes from camping fees and the rental of the recreation lodge building. The rental fees for overnight camping vary from a low of \$35, for the use of a campsite without electricity, to a high of \$75, for the use of a cabin with indoor plumbing. Camp users are also assessed a Transient Occupancy Tax, which is in addition to RAP's rental fees for overnight camping, that is passed on to the Town of Mammoth Lakes. The rental rate for the day use of the lodge building's kitchen and dining room is \$100 and the rental rate for the day use of Camp picnic areas is \$10.

In Fiscal Year 2009-2010, RAP expended approximately \$90,000 to operate the Camp. The primary expenses associated with the operation of the Camp are staff salaries for day to day Camp operations, labor and materials for maintenance and construction activities necessary to support the opening and closing of the Camp each camping season, utility and service charges, and property taxes that are paid to the Town of Mammoth Lakes. For example, in Fiscal Year

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2009-2010 these expenses included the expenditure of \$32,000 for part-time salaries for Camp operations, \$32,000 for construction and maintenance staff salaries to support the opening and closing of the Camp, \$22,000 for property taxes paid to the Town of Mammoth Lakes, \$2,600 for refuse services, \$600 in materials and supplies, and \$500 to lease the Whitmore High Springs property from LADWP.

Mammoth Mountain Ski Area, LLC.

MMSA operates and maintains Mammoth Mountain, which, at 3,326 acres, is one of the nation's largest developed ski and recreational areas. Mammoth Mountain is located directly adjacent to the Camp on federally-owned land under the jurisdiction of Forest Service's Inyo National Forest. Mammoth Mountain is operated by MMSA under permit from the Forest Services for the operation of a winter sports resort.

Mammoth Mountain is recognized, by both peers and national publications, as one of the premier winter sports resorts in the United States. Mammoth Mountain features over 3,500 acres of skiable acreage, 28 ski lifts, over 150 named trails, a ski and snowboard school, multiple lodges, restaurants, bars, as well as slope-side hotel and condominium accommodations. During the winter ski season, which typically runs from November to June, MMSA offers alpine skiing, snowboarding, cross-county skiing, and scenic tours. Although MMSA operations and facilities are largely oriented towards the winter ski season, MMSA does offer a number of activities, including hiking, golfing, horseback riding, summer camps, backpacking, and mountain biking, during the summer season.

MMSA has extensive experience in operating a wide variety of winter and summer seasonal sports activities and has the marketing, finance, point-of-sale, and booking/ticketing infrastructure necessary to administer a high level of programming.

MMSA has considerable experience in the design, construction, and maintenance of ski lifts, ski trails, restaurant and lodging facilities, and related amenities. Additionally, as Mammoth Mountain is located on Forest Service property, MMSA is familiar with the variety of unique issues and types of limitations associated with the operation of recreational programming on public land.

Agreement

MMSA recently approached the City and engaged in discussions with RAP staff relative to RAP's long-term plans for the operation and maintenance of the Camp. Through those discussions, MMSA indicated that it was willing and interested in entering into a long-term agreement with RAP for the development, operation, and maintenance of the Camp.

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Pursuant to the terms and conditions of the proposed Agreement, MMSA would develop, operate, and maintain the Camp for the purpose of providing a wide range of summer and winter recreational programming designed to serve individuals and families visiting from across the nation. MMSA proposes to develop the Camp with the additional equipment and facilities necessary to provide additional summer and winter seasonal sports activities, transient rentals, food and beverage sales, and related services. Some of the improvements MMSA may potentially develop at the Camp include ski lift(s) and trail(s), ski school facilities, cabins, campsites, and winterization of existing structures. The term of the Agreement would be for forty (40) years, effective on the date of execution of the Agreement, with one ten (10) year option to renew.

Upon execution of the Agreement, MMSA would take possession of Camp, and its existing improvements, on an as-is, where-is basis. MMSA would take responsibility for the maintenance of the Camp and all of its improvements, whether those improvements were installed by RAP or MMSA. MMSA would also take responsibility for all utility and service charges and would pay any and all taxes levied on the property.

The Agreement would require MMSA to submit any proposed facility improvements at the Camp to the Board of Recreation and Park Commissioners (Board) for review and approval. MMSA would, at its own expense, be required to develop an "Improvement Plan" and a "Preventative Maintenance Plan" for the Camp. The "Improvements Plan" would identify any improvements MMSA intends to make to the Camp and set forth a general schedule for the development of those improvements. The "Preventative Maintenance Plan" would set forth a program and schedule for the maintenance of the existing facilities and improvements at the Camp to ensure the improvements remain in as good a condition as when MMSA took possession of the Camp. Both the "Improvement Plan" and the "Preventative Maintenance Plan" would be subject to the review and approval of the Board.

As detailed in the proposed Agreement, MMSA would be required to pay RAP an annual fee and provide additional consideration, in the form of an annual Wonderful Outdoor World ("WOW") Program visit to Mammoth Mountain, for the use of the Camp. The annual fee to be paid by MMSA to RAP would be equal to the greater of (a) "Minimal Annual Fee" of Forty-Eight Thousand Dollars (\$48,000) or (b) a "Percentage Fee" equal to 1.232% of the Total Fee Due that is annually paid by MMSA to the Forest Service. It should be noted that the "Minimal Annual Fee" would be subject to an annual increase of either three percent (3%) or an increase identical to the Consumer Price Index for the Los Angeles area (CPI), whichever is higher, but would be capped at six percent (6%) per year. The "Minimal Annual Fee" would be capped at one hundred fifty thousand dollars (\$150,000) for any one year. Additionally, as an additional consideration, MMSA would also be responsible for hosting, at its own expense, one annual WOW Program visit to Mammoth Mountain. The purpose of the WOW Program visit would be to introduce youth from the City to the outdoors and outdoor activities. MMSA would be

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responsible for providing accommodations, food, and recreational activities for up to 15 people for up to five nights per year. The potential mix of youth and program staff is unknown at this time.

It should be noted that, per the Agreement, the Board would retain the right to review and approve the fees charged by MMSA for the public use of the 43 campsites and 10 cabins that currently exist at the Camp. The fee schedule for any other goods and services offered by MMSA at the Camp would be within the sole discretion of MMSA.

Charter Section 1022 Finding

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 has completed a Charter Section 1022 review and determined that there are City classifications that could provide some of the professional services required to develop, operate, and maintain the Camp; however, RAP does not have sufficient staff available at this time to do so (Exhibit B – Personnel Department 1022 Review Report). Additionally, due to the City's current budgetary constraints, RAP is subject to a hiring freeze and is unable to obtain the personnel necessary to perform these specialized tasks. It is therefore more feasible to secure these services through an independent contractor.

Charter Section 371 Finding

Los Angeles City Charter Section 371(a) requires a competitive bid or proposal process unless there is an applicable exception under Section 371(e). Los Angeles City Charter Section 371(e)(10) provides an exception that “subject to the requirements of Section 1022, contracts (including without limitation those, as determined by the contracting authority, for the performance of professional, scientific, expert, technical or other special services), where the contracting authority finds that the use of competitive bidding would be undesirable, impractical or impossible or where the common law otherwise excuses compliance with competitive bidding requirements.”

Los Angeles Administrative Code Section 10.15(a)(10) states that “for purposes of this Section, and for construing the same term in Charter Section 371(e)(10), the term “undesirable” shall mean and include only such situations in which the nature of the subject of the contract is such that competitive bidding would work an incongruity or be unavailing or would not produce an advantage, with sole reference to the public interest and in light of the purposes to be accomplished.”

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If a competitive bid or proposal process is initiated for the operation and maintenance of the Camp it is highly unlikely that the City will be able to identify an operator as uniquely situated to improve, operate, and maintain the Camp as MMSA. As MMSA's existing operations at Mammoth Mountain are located directly adjacent to the Camp, MMSA has the ability to utilize and leverage its existing contacts, contracts, and partnerships to provide services and recreational activities at the Camp. Furthermore, even if a suitable operator could be identified through a competitive bid process, the City would be unlikely to find one that possesses both the expertise to develop and maintain modern, state-of-the-art, camping facilities and the ability to provide a wide variety of recreational and outdoor activity and programming.

MMSA is capable and willing to operate and maintain the Camp. MMSA has the experience and contacts necessary to oversee the development and construction of the type of improvements needed at the Camp in order to provide modern, state-of-the-art, camping facilities and recreational programming. MMSA is recognized as a highly qualified and experienced recreational service provider, and partnering with MMSA to operate the Camp may make the Camp a more compelling and competitive vacation destination. MMSA's unique and highly regarded recreational programs, such as its alpine skiing, snowboarding, cross-county skiing programs, would enable the Camp to provide the type of high impact recreational activities and programming RAP is currently unable to provide.

The development of a long-term operation and maintenance agreement with MMSA would provide the City its best opportunity to provide unique, high quality, wilderness camping experiences at the Camp. Implementation of the proposed Agreement would make it possible for the Camp to be open to the public year round and would result in a significant expansion in the type of outdoor activities and the level of services provided at the Camp. Under the Agreement, the Camp would continue, as it has since the 1920's, to be open and available for the use and enjoyment of City residents. Therefore, staff has determined that it would be undesirable and impractical to bid for the operation of the Camp at this time.

Environmental Review

Staff has determined that for the action of entering into a Agreement for the purpose of coordinating planning activities is exempt pursuant to the General Exemption described in California Environmental Quality Act (CEQA) Guidelines Sections 15061(b)(3). General Exemptions apply in situations where it can be seen with reasonable certainty that there is no possibility that the activity in question will have any effect on the environment. California Environmental Quality Act (CEQA) for any future improvements at the Camp will be addressed when the complete project scope for each project has been determined and sufficient funds have been identified and secured to begin the project.

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FISCAL IMPACT STATEMENT:

The approval and execution of the proposed Agreement would have a positive impact on the General Fund as it would result in a net fiscal benefit to RAP of approximately \$48,000 or more, annually throughout the term of the Agreement.

RAP is currently responsible for all of the costs associated with the operation and maintenance of the Camp, including any capital improvement costs, and receives all the revenue derived from the operation of the Camp. In Fiscal Year 2009-2010 the total cost to operate the Camp was approximately \$90,000 and the total revenue generated by the Camp was approximately \$70,000; a net loss of approximately \$20,000. Upon execution of the Agreement, MMSA would take possession of Camp and its existing improvements and would be responsible for the operation and maintenance of the Camp and all of its improvements, including all utility and service charges, required taxes, and any capital improvement costs. Under the terms of the Agreement, RAP would no longer be responsible for any of the costs associated with the operation and maintenance of the Camp and would be guaranteed a minimum payment of \$48,000 annually. Therefore, the net fiscal benefit to RAP from the approval and execution of the proposed Agreement would be approximately \$48,000 annually and RAP would no longer be responsible for absorbing the Camp's estimated annual net operating loss of \$20,000.

This report was prepared by Darryl Ford, Management Analyst II, Planning, Construction, and Maintenance Division.



HIGH SIERRA CAMP
869 LAKE MARY RD. (MAMMOTH LAKES)



Exhibit A



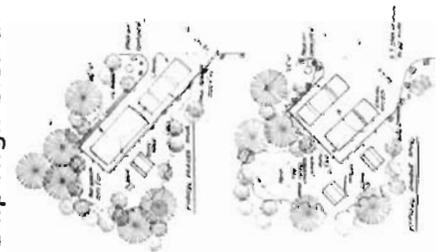
REGIONAL MAP

Located in Mammoth Lakes
In Mono County
Currently owned by
Recreation and Parks
Circa 1924's



SITE PLAN

Camp High Sierra:



**Camp High Sierra Amenities:
CONGRESSIONAL DISTRICT 25**



- Approximately 42 acres
- 10 Cabins
- 40 Tent and/or RV sites
- 3 Restrooms
- Dining Hall with kitchen
- Historical Lodge
- Seasonal campgrounds-
July through September
- Camp rents out cabins
and campsites on an individual basis

PERSONNEL DEPARTMENT CONTRACT REVIEW REPORT

1. Requesting Department: Department of Recreation and Parks

2. Contacts:

Department: Michael A Shull Phone No. (213) 202-2655 Fax No. (213) 202-2611
 CAO: Veronica Salumbides Phone No. 213 473-7561 Fax No. 213 473-7514

3. Work to be performed:

The Department of Recreation and Parks seeks services of a contractor for the operation and maintenance of Camp High Sierra, which is a public campground located in a remote mountain setting approximately 300 miles north of Los Angeles. The contract includes design, operation, and maintenance of a public campground; programming summer and winter sports activities; operation and oversight of transient rentals, food and beverage sales, other related services including marketing, promotion, and public relations management.

Is this a contract renewal? Yes No

4. Proposed length of contract: Forty years
 (Renewal) Start Date: August 2011

6. Proposed cost of contract (if known): Unknown; contract is expected to generate revenue.

7. Name of proposed contractor: Mammoth Mountain Ski Area, LLC.

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

The contract requires expertise in managing a summer and winter campground along with programming summer and winter sporting activities. The contractor must manage and maintain the facilities as well as well as market, promote, and furnish food, beverages, and other related services.

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

Yes (**some of the work**) No

If yes,

<i>Classification</i>	<i>Departments</i>	<i>List Expires</i>
<i>Architect</i>	<i>Airports, DWP, GSD, Harbor, Planning, PW Engineering, and Rec and Parks</i>	<i>No list</i>
<i>Camp Manager</i>	<i>Rec and Parks</i>	<i>No list</i>
<i>Carpenter</i>	<i>Various</i>	<i>No list</i>
<i>Civil Engineering Drafting Technician</i>	<i>Airports, DWP, GSD, Harbor, Planning, PW Engineering, Rec and Parks, Transportation</i>	<i>No list</i>

Construction and Maintenance Supervisor	Airports, DWP, Harbor, PW, Rec and Parks, Zoo	No list
Development and Marketing Director	Cultural Affairs, Library, Rec and Parks, and Zoo	No list
Electrical Engineer	Airports, DWP, GSD, Harbor, Planning, PW Engineering, Rec and Parks, Transportation	2/23/2011
Electrician	Airports, Convention Center, DWP, GSD, Harbor, PW, Police, Rec and Parks, and Zoo	5/18/2013
Gardener Caretaker	Airports, Convention Center, DWP, GSD, Harbor, PW, Rec and Parks, and Zoo	8/25/2011
Graphic Designer	Airports, Cultural Affairs, Harbor, ITA, Library, Personnel, Planning, Police, PW, Rec and Parks, Transportation, and Zoo	No list
Landscape Architect	Harbor, PW Sanitation, Rec and Parks, and Zoo	No list
Maintenance and Construction Helper	Various	7/20/2012
Painter	Airports, Convention Center, DWP, GSD, Harbor, PW, Police, Rec and Parks, and Zoo	10/31/2012
Park Services Attendant	Rec and Parks and Zoo	Reserve list
Public Relations Specialist	Airports, Animal Services, Convent Center, DWP, Emergency Preparedness, Harbor, Library, Police, PW Sanitation, and Zoo	9/23/2011
Recreation Facility Director	Recreation and Parks	3/7/2013
Residential Camp Counselor	Recreation and Parks	No list
Senior Residential Camp Counselor	Recreation and Parks	No list
Structural Engineer	Building and Safety, DWP, Harbor, and PW Engineering	No list

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? Unknown due to hiring freeze.
- Can the requesting department continue to employ staff hired for the project after project completion? Yes No (Not applicable since concession is ongoing)
- Are there City employees currently performing some of the work? Yes No

10. Findings

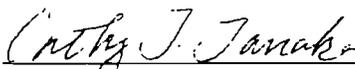
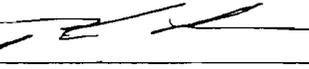
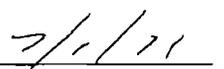
- City employees DO NOT have the expertise to perform the work
- City employees DO have the expertise to perform **some of** the work

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:

The Department of Recreation and Parks wishes to enter into a contract with Mammoth Mountain Ski Area, LLC, to develop, manage, operate, and maintain Camp High Sierra, a public campground owned by the City of Los Angeles. There are several City classifications that can perform duties outlined in the contract, however, the Department states that it does not have sufficient staff to run the concession during the recreational seasons and to maintain the venue year-round.

			
Submitted by	Reviewed by	Approved by	Date
Cathy T. Tanaka	Shelly Del Rosario	Raul Lemus	
Sr. Personnel Analyst I	Sr. Personnel Analyst II	Chief Personnel Analyst	