

APPROVED

JAN 9 2023

BOARD REPORT

**BOARD OF RECREATION
AND PARK COMMISSIONERS**

NO. 23-023

DATE January 19, 2023

C.D. 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: SHERMAN OAKS CASTLE PARK BATTING CAGES CONCESSION --
AGREEMENT NO. 254 – APPROVAL OF PRICE INCREASE

*B. Aguirre BA
H. Fujita _____
B. Jackson _____

M. Rudnick _____
C. Santo-Domingo _____
N. Williams _____



General Manager

Approved X

Disapproved _____

Withdrawn _____

If Approved: Board President  Board Secretary 

RECOMMENDATIONS:

Approve the requested increase in the per pitch price at the Sherman Oaks Castle Park (SOCP) Batting Cages Concession, from the current 30 pitches for \$5.50, to 30 pitches for \$6.00 (a per pitch price increase from \$0.18 cents to \$0.20 cents), effective February 1, 2023, subject to the approval of the U.S. Army Corps of Engineers (USACE).

SUMMARY:

SOCP is a five-acre family entertainment center in Sherman Oaks featuring three (3) landscaped 18-hole miniature golf courses, an arcade, a food service concession, and batting cages. The food service concession is currently closed due to the COVID-19 pandemic but will reopen in February 2023 at the earliest.

The center of the property features a 7,500 square-foot medieval castle themed building which houses the arcade, food concession and miniature golf administration. Each year approximately three hundred thousand (300,000) guests visit the facility, which is open every day of the year. Parking for approximately one hundred forty (140) vehicles is available at the facility.

The miniature golf portion of the park is operated by Department of Recreation and Parks (RAP). The batting cages, arcade, and food service are each operated by independent, private business entities under concession agreements with RAP.

The batting cages concession features the latest pitching machines with pitch speeds from 40 miles per hour (mph) to 80 mph for both slow (softball) and fast pitch (hardball and softball).

A.J. Family Entertainment LLC (Concessionaire), the current batting cages concessionaire, has been operating the SOCP Batting Cages (Concession) since 2007 on a ten year Concession

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Agreement (Agreement) as the result of a Request for Proposals (RFP) process (BR No. 06-219). A subsequent Supplemental Agreement extended the Agreement’s expiration date from May 16, 2017 to May 16, 2022 (BR No. 18-031). Additionally, due to the batting cages closure and limited operations during the COVID-19 pandemic, the Concession Agreement was further extended by fifteen months to August 16, 2023 (BR No. 22-103).

The last price increase for the Concession was approved in January 2020 (BR No. 20-002) which provided for a per pitch increase from sixteen cents (\$0.16) to eighteen cents (\$0.18) cents, or twenty-eight pitches for five dollars (\$5.00) (which was subsequently changed to thirty pitches for five dollars and fifty cents (\$5.50), remaining at the eighteen cents (\$.18) per pitch rate).

The Concessionaire has submitted a request for a per pitch price increase due to recent business related cost increases, including: the rise of the City’s Living Wage rate for batting cage employees from \$16.25 to \$17.29 per hour, an increase in property taxes due to a reassessment by the L.A. County Assessor’s Office, equipment price increases due to supply chain issues during the pandemic, and an increase in storage costs. The proposed increase per pitch will assist in offsetting these rising business costs.

The Agreement requires concession prices to “not exceed prevailing market prices at similar venues in the surrounding community.” A recent survey of three Los Angeles area batting cages demonstrated that the operator’s current price of \$0.18 cents per pitch is less than the current market rate. The rates at comparable facilities have an overall average of \$0.20 cents per pitch. The proposed price of \$0.20 cents per pitch will be in line with these local facilities. A sampling of the price points is below:

Facility	Number of Pitches/Rate (2022)	Per Pitch Cost (2022)	Proposed Number of Pitches/Rate (2023)	Proposed Per Pitch Cost (2023)
Batcade (Burbank)	50/\$10.00	\$0.20		
So Cal Hitting Zone (Chatsworth)	20/\$4.00	\$0.20		
Hitting Zone (Westlake Village)	20/\$4.00	\$0.20		
Average Per Pitch Cost		\$0.20		
Castle Park Batting Cages	30/\$5.50	\$0.18	30/\$6.00	\$0.20

Staff recommends approval of this rate increase to allow the operator to recover some of the increased operational costs while remaining competitive with other Los Angeles area batting cages.

The U.S. Army Corps of Engineers (USACE) has reviewed and approved the recommended price increase.

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FISCAL IMPACT:

Approval of this request positively impacts RAP's General Fund. RAP staff anticipates revenue growth with the price increase and an increase in deposits to RAP's General Fund and Concession Improvement Account of approximately \$15,000.00 to \$18,000.00, depending on patronage, over the remainder of the term.

STRATEGIC PLAN INITIATIVES AND GOALS

Approval of this Report advances RAP's Strategic Plan by supporting:

Goal No. 6: Build Financial Strength & Innovative Partnerships

Outcome No. 2: Improved management of rental facilities and concessions

This report was prepared by Mark Stipanovich, Management Analyst, Special Operations Branch, Concessions Unit.