

APPROVED

REPORT OF GENERAL MANAGER

NOV 19 2007

NO. 07-278

DATE November 19, 2007

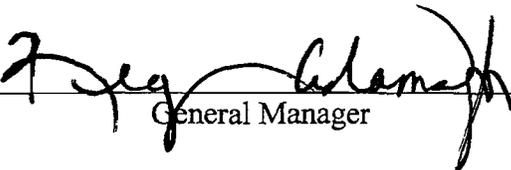
BOARD OF RECREATION  
and PARK COMMISSIONERS

C.D. 5

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: POINSETTIA RECREATION CENTER – CONCESSION AGREEMENT  
FOR PROFESSIONAL TENNIS

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

  
\_\_\_\_\_  
General Manager

Approved \_\_\_\_\_ Disapproved \_\_\_\_\_ Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board:

1. Award the Poinsettia Recreation Center Tennis Professional Concession to Steve and Maurica Katz;
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. Approve a proposed three-year concession agreement, substantially in the form on file in the Board Office, subject to approval of the Mayor, in accordance with Executive Directive No. 3, and approval of the City Attorney as to form;
4. Direct the Board Secretary to transmit the proposed agreement to the Mayor and City Attorney for approval as to form; and,
5. Authorize the Board President and Secretary to execute the subject agreement subsequent to the necessary approvals.

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### SUMMARY:

The Poinsettia Recreation Center is a pay tennis facility located in Hollywood and is home to eight resurfaced, lighted tennis courts. A tennis professional conducts lessons on courts 1 and 2, which are fenced and separate from the other six courts, and also operates the pay tennis reservation system.

The Poinsettia Tennis Professional Complex (PTPC) has been operated by Steve and Maurica Katz on a 30-day revocable permit since August 2, 2001. In calendar year 2006 the facility generated over \$206,570 in gross receipts and \$35,870 in rent to the Department.

On January 8, 2006, a Request for Proposal (RFP) was advertised to the public to solicit proposals for the operation of professional lessons, the on-site professional shop, and the pay-tennis reservation system. On February 28, 2006, the following proposals were received:

- Steve and Maurica Katz
- Steve Joyner

As stipulated in the RFP, staff performed a Level I review of the following required documents:

#### Compliance Documents:

- 1) Affidavit of Non-collusion
- 2) Disposition of Proposals
- 3) Affirmative Action Plan
- 4) Living Wage Ordinance (LWO) and Service Contractor Worker Retention Ordinance (SCWRO) exemptions, *if applicable*
- 5) Contractor Responsibility Questionnaire
- 6) Equal Benefits Ordinance Statement

#### Submittal Documents:

- 1) Business Plan
- 2) Qualifications and Experience
- 3) Pro Forma
- 4) Capital Improvements (optional)
- 5) Equipment and Furnishings
- 6) Proposed Rental Percentage
- 7) Proposal Deposit

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

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- Steve and Maurica Katz were found Responsive in all six compliance documents and all seven submittal documents (Attachment A).
- Steve Joyner was found Responsive in all six compliance documents and all seven submittal documents (Attachment B).

On May 1, 2007, the Minority Business Opportunity Committee (MBOC) granted a waiver for the Good Faith Effort Outreach due to the lack of available subcontractors and lack of subcontracting opportunities (Attachment C).

On May 17, 2007, the Personnel Department completed a Charter Section 1022 review (Attachment D) 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, Recreation Assistant, or a Recreation Instructor is unable to provide. The tennis instructors are required to hold certification 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.

Based on a cost benefit analysis, it would cost the Department \$179,448 to perform the service in-house (Attachment E). With gross concession revenue of \$206,570 for calendar year 2006, the Department would have realized a surplus of \$27,122 per year if operating in-house. However, the concessionaire's rent is proposed to be \$34,840 per year, therefore it is more economical to contract out the service.

A two-member panel with backgrounds in tennis, finance, and contract management was assembled to evaluate proposals, interview the proposers, and recommend an operator. The panel members were:

- David Estrada, Recreation Facility Director, Department of Recreation and Parks
- Armando Bolivar, Senior Management Analyst I, Public Works – Bureau of Sanitation

The panel 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 Katz's received the highest recommendation from both panel members. The panel noted that the Katz's had implemented innovative programs when they took over from the previous PTPC operator and they were able to successfully deal with several challenges over the years. The panel was impressed by the Katz's willingness to work with the City in various ways, including monitoring activity on the site and providing special programs for interested patrons from the nearby recreation facility. The evaluation panel's final general average score and ranking are as

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follows:

<u>Proposer</u>	<u>Score</u>	<u>Rank</u>
Steve and Maurica Katz	58	1
Steve Joyner	56	2

Steve and Maurica Katz have proposed to pay the City rent in the following percentages: 10% of gross receipts from retail sales, tennis clinics, and facility rental/filming; 18% of gross receipts from lessons; and 20% of gross receipts from tennis reservation revenue and reservation cards. They also proposed approximately \$6,000 in capital improvements in the first six months which would go towards painting the pro shop, replacing the flooring, and installing storage shelves and counter tops.

Subsequent to the panel's ranking, staff continued their analysis of the proposals and reviewed trade and financial references. As a result, staff supports the panel's recommendation of Steve and Maurica Katz for the award of this concession.

FISCAL IMPACT STATEMENT:

During the three-year term of the concession agreement, it is estimated that approximately \$104,520 will be paid in rent to the Department. Of that amount, \$94,068 will be deposited in the Department's General Fund and \$10,452 will be deposited into the Concession Improvement Account (Fund 302, Department 89, Account 070K). Capital improvements will be made at the contractor's expense.

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

**STEVE AND MAURICA KATZ  
POINSETTIA RECREATION CENTER TENNIS PROFESSIONAL RFP  
LEVEL I EVALUATION**

<b>I. Compliance Documents</b>		<b>Submitted</b>	<b>In Compliance</b>	<b>Comments</b>
	Affidavit of Non-Collusion	Yes	Yes	
	Disposition of Proposals	Yes	Yes	
	Affirmative Action Plan (Non-Discrimination / Equal Employment / Affirmative Action)	Yes	Yes	
	Living Wage / Service Contractor Worker Retention	No	Yes	Submittal of documents is only required if an exemption is requested. Non-submittal indicates acceptance of requirements.
	Contractor Responsibility Questionnaire	Yes	Yes	
	Equal Benefits Statement	Yes	Yes	
	Good Faith Effort Outreach (Minority, Women, Other Business Enterprises Schedule)	waived	waived	Due to the lack of subcontractor outreach availability - item was waived by LAMBOC

<b>II. Submittal Documents</b>		<b>Submitted</b>	<b>In Compliance</b>	<b>Comments</b>
	Business Plan	Yes	Yes	
	Qualifications and Experience	Yes	Yes	
	Pro Forma	Yes	Yes	
	Capital Improvements (optional)	Yes	Yes	
	Equipment and Furnishings	Yes	Yes	
	Proposed Rental Percentage	Yes	Yes	
	Proposal Deposit	Yes	Yes	

**STEVE JOYNER  
POINSETTIA RECREATION CENTER TENNIS PROFESSIONAL RFP  
LEVEL I EVALUATION**

<b>I. Compliance Documents</b>	<b>Submitted</b>	<b>In Compliance</b>	<b>Comments</b>
Affidavit of Non-Collusion	Yes	Yes	
Disposition of Proposals	Yes	Yes	
Affirmative Action Plan (Non-Discrimination / Equal Employment / Affirmative Action)	Yes	Yes	
Living Wage / Service Contractor Worker Retention	No	Yes	Submittal of documents is only required if an exemption is requested. Non-submittal indicates acceptance of requirements.
Contractor Responsibility Questionnaire	Yes	Yes	
Equal Benefits Statement	Yes	Yes	
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Proposed Rental Percentage	Yes	Yes	
Proposal Deposit	Yes	Yes	

INTER DEPARTMENTAL CORRESPONDENCE

Attachment C

DATE: 5/1/2007

TO LA MBOC, MAYOR'S OFFICE OF ECONOMIC DEVELOPMENT
ATTN: DAVID MORA FAX#: 213/978-0690
FROM: Robert N. Morales Phone: (818) 243-6421 Fax: (818) 243-6451
Dept/Div: Recreation & Parks / Finance Divisions / Concessions E-mail: robert.morales@lacity.org

SUBJECT: MBE/WBE/OBE RECOMMENDATION FOR GOOD FAITH EFFORT CONTRACT NO.
In compliance with Executive Directive No. 2001-26, City of Los Angeles Minority, Women and Other
Business Enterprise (MBE/WBE/OBE) Program, please fill out the following:

- 1. Title of Project: Poinsettia Tennis Professional - Concession Agreement
2. This project will be advertised as an: RFB X RFP RFQ Other:
3. Type of Contract: Procurement X Personal Services Construction
4. Projected total amount of the contract: \$617,772 Estimated duration of project: 3 years
5. Significant Dates:
Estimated date of pre-bid or job walk meeting:
Estimated date that bids or proposals are due:
6. Recommendations:
MBE/WBE/OBE encouragement:

Justify why encouragement:
Technical Requirement x Lack of available subcontractors
x Lack of available subcontract sub-supply opportunities One product single point of distribution
Other:

- 7. MBE/WBE/OBE Good Faith Effort required:
Level of participation is as follows: %MBE %WBE %OBE
8. Is this a: X New Contract Renewal Other
9. Name of previous contractor: Steve Katz & Maurice Katz Length of previous contract 3 years Value of previous \$617,772

TO:
ATTN: Robert Morales
FROM: LA MBOC, MAYOR'S OFFICE OF ECONOMIC DEVELOPMENT
SUBJECT: RESPONSE TO ABOVE REQUEST

X Recommendation approved Available Subs AR Initials
Recommendation disapproved Available Opportunities Initials

Other/Comment:

By: Date: 5/1/2007 Tel. No. 213/978-1494

# PERSONNEL DEPARTMENT CONTRACT REVIEW REPORT

1. Requesting Department: Recreation and Parks

Attachment D

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 an individual or vendor to operate the tennis professional concession at Poinsettia Park. The services to be provided consist of: top-quality instruction, including private and group lessons; junior programs; operation of the park's pay-tennis reservation system; 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: 3 years Proposed Start Date: May 2, 2007

6. Proposed cost of contract (if known): \$150,000 (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.

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

Yes  No

If yes,

a. Which class(es) and Department(s): \_\_\_\_\_

<b>Class</b>	<b>Departments</b>	<b>Eligible list expires</b>
Park Service Attendant	El Pueblo, Rec & Parks, Zoo	7/28/07
Recreation Assistant	Rec & Parks	No list
Recreation Instructor	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

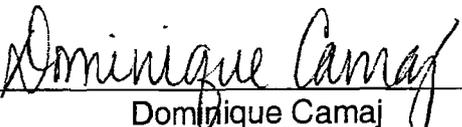
10. Findings

- City employees DO NOT have the expertise to perform the work
- City employees DO have the expertise to perform 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, Recreation Assistant, and Recreation Instructor can perform the work described above. For instance, the sale of tennis merchandise can be done by a Park Service Attendant. A Recreation Instructor conducts specialized classes in sports and can specifically instruct tennis at a professional level. A Recreation Assistant can assist in the delivery of services and employ specialized skills, such as racquet stringing.

Submitted by:   
Dominique Camaj

Reviewed by:   
Shelly Del Rosario

Approved by:   
Shannon C. Pascual

Date: 5/17/07

**POINSETTIA RECREATION CENTER PROFESSIONAL TENNIS - COST BENEFIT ANALYSIS  
CONTRACT COST ANALYSIS FORM (PSG Fund)**

Attachment E

<b>DEPARTMENT/BUREAU:</b> Recreation and Parks	<b>CONTACT:</b> Shaun Larsuel
<b>DIVISION SECTION:</b> Finance Division, Concessions Unit	<b>PHONE:</b> (818) 243-6488
<b>WORK TO BE PERFORMED:</b> Offering paid tennis instruction to <u>Poinsettia Park</u> patrons, selling court reservations, related equipment, snacks, and beverages	<b>CONTRACT START &amp; END DATES</b> (include info on renewal options): 12-1-07 through 11-30-10
<b>TYPE OF CONTRACT:</b> NEW ( <input checked="" type="checkbox"/> ) AMENDMENT ( <input type="checkbox"/> ) If amending contract, please provide the following: <b>Orig. Contract Start Date:</b> _____ <b>End Date:</b> _____ <b>Amount of Orig Contract &amp; All Prior Amendments (labor component only):</b> _____	<b>SOURCE OF FUNDS:</b> Revenue from lessons offered at the facility

**1. COST OF CITY FORCES REQUIRED TO PERFORM PROPOSED CONTRACTED WORK**

**a. Positions Required** (list all)

A Position Title <small>(Unhide formatted rows below/attach sheets as necessary)</small>	B No. of Positions	C Monthly Salary of Each Position <small>(Step 5)*</small>	D Total Monthly Salary Cost <small>[D = B x C]</small>	E Overhead Rate <small>[D x % from Table 2] {Insert rate from Table 2 in box below}</small>	F Duration <small>(in mos.)</small>	G TOTALS <small>[G = (D + E) x F]</small>
				<b>117.31%</b>		
Recreation Instructor (full time)	1	\$3,600	\$3,600	\$4,223	12	\$93,876
Recreation Assistant (part time)**	3	\$1,063	\$3,189	\$775	12	\$47,568
Park Services Attendant (full time)	1	\$1,227	\$1,227	\$1,440	12	\$32,004
<b>Total Salary &amp; Overhead Costs</b>						<b>\$ 173,448</b>

\*calculated at \$22.50 per hour for 15 hours per week 4 weeks a month

\*\*Part time Overhead Rate is calculated at 24.29%

<b>b. Total Other Pertinent Costs</b> (if applicable; attach separate sheet with \$ amount for each item)	<b>\$ 6,000</b>
Tennis equipment (balls, buckets, racquets, etc.): \$500 per month	\$6,000

<b>TOTAL ESTIMATED IN-HOUSE COSTS (a + b)</b>	<b>\$ 179,448</b>
Total Estimated Revenue Generated by City Forces (if applicable)	\$ -
<b>NET IN-HOUSE COST (COSTS MINUS REVENUE)</b>	<b>\$ 179,448</b>

2006 Gross Revenue: \$ 206,570

Cost-Benefit to Perform Service In-House: \$ 27,122

2006 Rent to the City: \$ 35,870

Proposed Annual Contract Rent: \$ 34,840