

**APPROVED**

APR 17 2013

BOARD OF RECREATION  
AND PARK COMMISSIONERS

REPORT OF GENERAL MANAGER

NO. 13-097

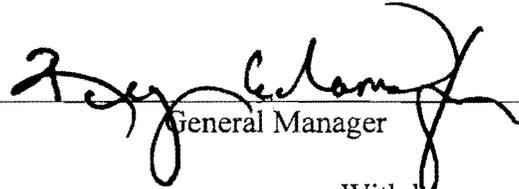
DATE April 17, 2013

C.D. 5

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: POINSETTIA TENNIS PROFESSIONAL CONCESSION – AWARD OF CONCESSION AGREEMENT TO STEVEN AND MAURICA KATZ

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

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

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATIONS:

That the Board:

1. Award a proposed Concession Agreement, as described herein, substantially in the form on file in the Board Office, between the City of Los Angeles Department of Recreation and Parks and Steven and Maurica Katz, dba Poinsettia Tennis Center, for the operation and maintenance of the Poinsettia 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, 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 the Department does not have personnel available in its employ with sufficient time and expertise to undertake these specialized tasks and that it is more feasible and 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. Find that in order to select the best proposer for this concession, 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 that the narrower and more specialized competitive sealed proposal process authorized

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but not required by Charter Section 371, subsection (b), would not meet the Department's needs, and therefore opt to utilize the standard request for proposals process;

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,
5. Authorize the Board President and Secretary to execute the Agreement upon receipt of the necessary approvals.

### SUMMARY:

The Poinsettia Tennis Professional Concession is located at the Poinsettia Recreation Center, 7341 Willoughby Avenue, in Hollywood which is home to eight (8) lighted tennis courts. The proposed Concession will offer tennis lesson services on courts 1 and 2 and tennis professional shop services.

A tennis professional, Steve and Maurica Katz, dba The Katz's, currently conducts lessons on court numbers 1 and 2, which are fenced and separate from the other six (6) courts, and operates a small tennis professional shop providing tennis related merchandise, services and snack foods and beverages.

A Pay Tennis Reservation System (Pay Tennis) that operates on court numbers 3 through 8 at the Poinsettia Recreation Center, where tennis patrons pay to play tennis, is also run by the current concessionaire, Steve and Maurica Katz.

The on-going Poinsettia Tennis Professional Concession has been operated by Steve and Maurica Katz through Concession Agreement No. 3260 (Current Agreement) since September 17, 2008, operating lesson services on courts 1 and 2 and Pay Tennis on courts 3 through 8. The Current Agreement expired September 16, 2011 and has been continued on a month to month basis, pending the completion of a RFP process and the award of a new Concession Agreement.

On February 2, 2011, the Board approved the release of a RFP in order to enter into a multi-year Concession Agreement to provide professional tennis services (lessons and tennis professional shop) at the Poinsettia Recreation Center in Los Angeles (Board Report No. 11-034). Pay Tennis was not one of the tennis services offered for bid in the RFP. Pay Tennis at the Poinsettia Recreation Center will be operated by the Department with the execution of the new contract.

The RFP was released on February 23, 2011, advertised in the L.A. Daily Journal, made available on the Department's website and posted on the Los Angeles Business Assistance

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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.

On April 13, 2011, a Pre-Proposal Conference was held at the Department's Central Service Yard (CSY) and attended by twelve (12) companies. A walk-through of the concession premises was conducted on April 14, 2011.

Two addendums to the RFP were released in order to extend the proposal submittal deadline and to include the First Source Hiring Ordinance (FSHO) as a required contract compliance item in the RFP.

On July 19, 2011, one (1) proposal was received from the following proposer:

- Steven and Maurica Katz, dba Poinsettia Tennis Center

As stipulated in the RFP, evaluation of the bid proposals was to occur on 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) Revenue Sharing Payment
- 7) On-Going Refurbishment, Improvements, and Maintenance
- 8) Concession Improvements

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

- Steven and Maurica Katz were found Responsive in all eight (8) compliance documents and in six of eight submittal documents (Attachments A-1 and A-2). The proposer failed to submit the required organizational chart and Pro Forma Financial Statement on a compact disc as required by the RFP. However, the proposer did submit a description of the organization's staffing in the proposal and a hard copy of the Pro Forma Financial Statement was submitted with the proposal.
- Department staff finds that the proposer's submittals of a description of the organization and a hard copy of the Pro Forma Financial Statement satisfy the intent of the RFP requirements to provide an organizational chart and the Pro Forma Financial Statement placed on a compact disc.

### Level II Evaluation

One (1) proposal was received and evaluated by Department staff which found the proposal to be responsive to each of the following proposal items:

- 1) Ability to Finance – The proposer demonstrated adequate financial capability to fund start-up, inventory and concession improvement costs by submitting savings and checking account statements showing available funds. As the incumbent concessionaire, proposer has an existing tennis professional shop inventory, as well as, a performance deposit with the Department.
- 2) Background and Experience – Proposer has demonstrated the capability of operating the various aspects of a professional tennis concession. Proposer has operated the tennis professional concession at the Poinsettia Recreation Center for over ten (10) years and has maintained most of the same instructional and operational staff over those years.
- 3) Proposed Business Plan – Proposer submitted a business plan that provides on-going private, semi-private and group tennis lessons for adults and children at the facility. The proposer will continue to offer tennis related services and food and beverage items at the tennis pro shop. The proposer has developed a comprehensive marketing plan reaching potential patrons through newspaper and periodical articles and advertising, sponsoring a free tennis carnival, offering discounts to children's groups during the fall and winter seasons and establishing a Poinsettia Tennis Center website. Proposer has outlined a program to conduct minority community outreach activities and to initiate a tennis club at the location. The five-year Pro Forma Financial Statement submitted with the proposal provides optimistic projections, but given the on-going renovation of the Poinsettia

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Recreation Center park area, cooperation with the Los Angeles Police Department regarding local gang members and the homeless population, and nearby new construction of a shopping center and condominium complex, an increase in tennis patron traffic and revenue seems feasible.

- 4) Proposed Revenue Sharing Payment – The RFP stated that the minimum acceptable percentage for the revenue sharing payments for lesson services was ten percent (10%) of gross receipts and the minimum acceptable percentage for the revenue sharing payments for tennis professional shop business (merchandise and services) was twelve percent (12%) of gross receipts. In their proposal, Steven and Maurica Katz proposed paying a monthly revenue sharing payment of 12% of gross receipts for lesson services and 12% of gross receipts for tennis professional shop business, which exceeds the minimum RFP required rate of 10% of gross receipts for lesson services and meets the minimum RFP required rate of 12% of the gross receipts of tennis professional shop business.
- 5) On-going Refurbishment, Improvements and Maintenance – Proposer committed \$1,000.00 annually towards on-going maintenance and refurbishment of machinery, equipment and furnishings.
- 6) Concession Improvements – Proposer will fulfill the RFP required improvements of painting the interior and exterior and re-flooring the interior of the tennis professional shop. In addition, the proposer committed to add three (3) benches and a bulletin board in the outdoor area of the tennis professional shop.

Steven and Maurica Katz have an established track record and have demonstrated proficiency in all aspects of operating a professional tennis concession in their operation of the Poinsettia Tennis Professional Concession since 1998 under various permits and agreements. Staff finds that the proposer possesses the necessary experience and background and financial ability to successfully operate the Concession and recommends that they be awarded the Concession Agreement for the Poinsettia Tennis Professional Concession.

### Proposed Concession Agreement Contract Language Issues

During a review of a similar Proposed Concession Agreement by the office of the City Administrative Officer (CAO), two (2) contract language issues were discovered and discussed with the City Attorney. The City Attorney recommended as follows:

- 1) Contract language in Section 6 of the Sample Concession Agreement (Sample Agreement) approved by the Board on February 2, 2011 concerning the minimum annual revenue sharing payment requirement had been inadvertently omitted from the Proposed Agreement with Steven and Maurica Katz sent in correspondence dated November 8, 2011.

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The City Attorney recommended that the Department make changes to Section 6 of the Proposed Agreement to restore the omitted language.

The omitted language from the Sample Agreement, Section 6.A (“Revenue Sharing Fee and Payment”) states:

“The minimum annual revenue sharing payment for this concession is (refer to Pro Forma section of the proposal) per calendar year. If the minimum annual revenue sharing payment is not met by December 31 of each calendar year, the difference between the actual revenue sharing payments received by the City of Los Angeles and the minimum annual revenue sharing payment will be due to the City of Los Angeles by January 15 of the following subsequent year. If the agreement has not been in effect a full calendar year, the minimum annual revenue sharing payment due will be pro-rated accordingly.”

The revised language in the Revised Agreement will require minimum annual revenue sharing payments from the contractor.

- 2) Section 6.G (“Annual Accounting Adjustment”) found in both the Sample and the Proposed Agreements contains language that is inconsistent with contract language in Section V.A.4 (“Proposed Revenue Sharing Payment”) of the RFP regarding minimum annual revenue sharing payments.

The City Attorney recommended the elimination of Section 6.G (“Annual Accounting Adjustment”) of the Proposed Agreement.

Section 6.G (“Annual Accounting Adjustment”) states:

“At the end of each twelve (12) month period during the term hereof, Concessionaire shall prepare and submit to City a statement showing the total gross receipts for the said twelve (12) month period and the revenue sharing payments paid for the said twelve (12) months. If the sums paid by Concessionaire during the period exceed the minimum annual fees as well as the annual percentage charges computed as set forth in this Section, whichever is greater, such overpayment shall be credited to the revenue sharing payment thereafter due from Concessionaire.

Any breach of this condition for the revenue sharing fee and payment shall be a material breach of this Concession Agreement.”

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Section V.A.4 (“Proposed Revenue Sharing Payment”) of the RFP states:

“The minimum annual revenue sharing payment for this concession per calendar year will be set by the revenue sharing payments specified by the proposer in the Pro Forma section of the selected proposal. If the minimum annual revenue sharing payment is not met by December 31 of each calendar year, the difference between the actual revenue sharing payments received by the City of Los Angeles and the minimum annual revenue sharing payment for the preceding year will be due to the City of Los Angeles by January 15 for the preceding year, pro-rated as necessary of the first year of operation, or fractional part thereof.”

The proposed Agreement incorporates both City Attorney recommended contract language changes to Section 6 (“Revenue Sharing Fee and Payment”) of the Proposed Agreement with Steven and Maurica Katz.

The Department notified Steven and Maurica Katz (Proposers) via written correspondence dated January 15, 2013 about the need for the contract language changes to Section 6 (“Revenue Sharing Fee and Payment”) incorporated in the proposed Agreement. The letter asked Steven and Maurica Katz to submit a signed statement indicating acceptance of the revised terms and conditions as indicated in the letter. The Department is in receipt of a signed statement dated January 26, 2013 from the Proposers indicating acceptance of the terms and conditions of the letter.

### Concession Agreement

The term of the Agreement will be five (5) years, with two (2) five-year renewal options exercisable at the sole discretion of the General Manager. Steven and Maurica Katz will pay the revenue sharing payment percentages of twelve percent (12%) of the gross receipts for lesson services and twelve percent (12%) of the gross receipts for tennis professional shop business as proposed in their RFP proposal submittal of July 19, 2011.

Steven and Maurica Katz will pay a monthly utility fee of One Hundred Dollars (\$100.00) to the Department during the term of the Agreement to cover the expense of utilities (water, gas and electricity) for this location until a separate meter is installed, at which time the operator will pay directly to the utility company.

In their submitted RFP proposal, Steven and Maurica Katz stated that they would perform the following required concession improvements: 1) paint and repair the interior and exterior of the tennis professional shop; and 2) re-floor (carpeting or tile) the interior of the tennis professional shop; and provide the optional concession improvements of installing three (3) benches and a bulletin board in the outdoor area of the tennis professional shop within six (6) months of the

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execution of the concession agreement. All three items are included as required concession improvements in Section 11 ("Improvements") of the Revised Agreement.

A Faithful Performance Deposit will be required to be maintained for the duration of the Revised Agreement in the amount of Four Thousand Dollars (\$4,000.00).

The City will enter into a Revised Agreement whereby the City has no financial responsibility or liability for the operation and the City will share in profits in the form of a percentage of gross revenues.

### 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 December 3, 2010, the Personnel Department completed a Charter Section 1022 review (Attachment B) and determined that the Department had City classifications which met some of the minimum qualifications to provide tennis concession management. However, the ability to provide tennis lessons and manage a tennis program on a day-to-day basis requires expertise that a Park Services Attendant is unable to provide. Also, the tennis instructors are required to hold certifications from the United States Professional Tennis Association. Compensation at the rate of the City classifications would make it extremely difficult to find and retain qualified instructors; 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 Concession (Attachment C), staff determined that it would cost the Department \$285,991.62 to initially stock the pro shop, purchase start-up equipment and supplies and perform services in-house during the first year of the Agreement. With projected gross concession revenue of \$119,553.56 the Department would operate at a loss of \$166,438.06.

Based on the contract cost analysis, with Steven and Maurica Katz operating the concession, with a projected first year rent of \$14,346.43 and a cost of \$13,396.42 for the Department to monitor the contract, the profit to the City would be \$950.01; it is therefore more economical to contract out the service.

### Minimum Annual Revenue Sharing Payment

Based on the July 19, 2011 proposal, the minimum annual revenue sharing payment, as stated in Section 6.A ("Revenue Sharing Fee and Payment") of the Revised Agreement, is per calendar year and will generate \$22,440.00 in payments during the first year of the Revised Agreement, as represented by the Pro Forma Financial Statement submitted with the proposal. The initial term

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of the Agreement is for five (5) years, with two (2) five-year renewal options, solely at the discretion of the General Manager.

### Revised Agreement

The Revised Agreement will provide professional level tennis instruction to patrons of the park, improvements to the facility, continued services to the public, and will ensure adequate and appropriate rent is paid to the City. The Revised Agreement is revenue generating.

### FISCAL IMPACT STATEMENT:

During the initial five-year term of the Revised Agreement, it is projected that a minimum of \$117,120.00 will be paid in rent to the Department, as stated in the proposer's Pro Forma Financial Statement. Of that amount, \$105,408.00 will be deposited in the Department's General Fund and \$11,712.00 will be deposited into the Concession Improvement Account (Fund 302, Department 89, Account 070K).

During the initial five-year period of Park Services maintaining the Poinsettia Recreation Center Pay Tennis operations, after start-up and operational costs are deducted, it is estimated that approximately \$180,327.50 will be paid in Pay Tennis use fees to the Department. Of that amount, \$144,262.00 will be deposited in the Department's General Fund and \$36,065.50 will be deposited into the Tennis Revenue Surcharge Account (Fund 302, Department 89, Account 090K).

Report prepared by Mark Stipanovich, Management Analyst II, Concessions Unit, Finance Division.

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

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 Questionnaire	Yes	Yes	
5.	Equal Benefits Ordinance Statement	Yes	Yes	
6.	Living Wage/Service Contract Worker Retention Ordinance Forms	Yes	Yes	
7.	Good Faith Effort Outreach	Yes	Yes	scored 91 points; 75 is passing score
8.	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	Proposer demonstrated adequate assets to fund start-up, inventory and concession improvements costs. As current concessionaire, proposer has existing inventory and performance deposit with the City.
4.	Background Experience	Yes	No	<u>Proposer did not submit the required organizational chart</u> , but did note that there were two principals and three employees with two additional instructors to be hired. Proposer has been providing tennis services at the location for over twenty five years.
5.	Business Plan	Yes	No	<u>Proposer did not submit the required CD containing financial spreadsheet but did submit a hard copy with the proposal</u> . Proposer will continue private and group lessons for children and adults and clinics for children and outreach to minority communities. Has proposed the initiation of a tennis club at the concession. Has comprehensive marketing plan. Will develop a concession website.
6.	Proposed Revenue Sharing Payment	Yes	Yes	12% for lesson services; 12% for pro shop business
7.	On-Going Refurbishment, Improvements, and Maintenance	Yes	Yes	Proposer committed \$1,000 annually towards on-going maintenance and refurbishment of machinery, equipment and furnishings.
8.	Concession Improvements	Yes	Yes	Has proposed the addition of three (3) benches and a bulletin board to the premises.

**CITY OF LOS ANGELES  
DEPARTMENT OF RECREATION AND PARKS  
GOOD FAITH EFFORT OUTREACH SCORING**

**POINSETTIA RECREATION CENTER TENNIS PROFESSIONAL CONCESSION RFP (ARS-T11-01)  
STEVEN AND MAURICA KATZ**

	Indicator	Possible Points	Awarded Points	Comment
1.	Level of Anticipated MBE/WBE/OBE Participation	0	0	
2.	Attended Pre-Bid Meeting	10	10	
3.	Sufficient Work Identified for Subconsultant	10	10	
4.	Advertisement	9	0	Proposer did not submit the advertisement with proof of publication, only a copy. No points awarded.
5.	Written Notices to Subconsultant	15	15	
6.	Follow-Up on Initial Solicitation	10	10	
7.	Plans, Specifications, and Requirements	5	5	
8.	Contacted Recruitment / Placement Organizations	10	10	
9.	Negotiated in Good Faith	26	26	
10.	Bond, Lines of Credit, and Insurance	5	5	
	<b>TOTAL SCORE:</b>	100	91	<i>Less than 75 points is failing</i>

## PERSONNEL DEPARTMENT CONTRACT REVIEW REPORT

1. Requesting Department: Department of Recreation and Parks

2. Contacts:

Department:	Robert Morales & Mark Stipanovich	Phone No.	(818) 243-6488	Fax No.	818-243-6451
CAO:	Veronica Salumbides	Phone No.	213-473-7561	Fax No.	213-473-7514

3. Work to be performed:

The Department of Recreation and Parks is seeking a Concessionaire to operate the Professional Tennis Concession at the Poinsettia Recreation Center. The Concessionaire will offer tennis instruction to patrons at reasonable rates and operate the pro tennis shop including the maintenance and upkeep of the facility, providing staff to manage the facility, stocking it with merchandise, and managing the flow of cash and inventory.

4. Is this a contract renewal? Yes  No

5. Proposed length of contract: 5 years

Proposed Start Date: February 2012

6. Proposed cost of contract: No cost; \$150,000 in revenues expected.

7. Name of proposed contractor: Unknown

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

The operator must have knowledge and proficiency in tennis instruction, concession management, marketing and operations of an automated tennis court reservation system. Tennis instructors must be certified by the United States Professional Tennis Association.

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

Yes  No

<b>Classification</b>	<b>Department(s)</b>	<b>List Expires</b>
Concessions Manager (9247)	Airports	Exempt class
Park Services Attendant	Rec & Parks and Zoo	Reserve 6/30/2015
Public Relations Specialist	Airports, Animal Services, Cultural Affairs, Convention Center, DWP, Disability, Harbor, Library, Police, PW Sanitation, Zoo	3/23/2011
Senior Clerk Typist	Various	Reserve List (indefinite)
Custodian	Airports, GSD, Harbor, PD, Sanitation, Rec & Parks, Zoo	1/22/2011
Maintenance Laborer	Public Works, Airports, other	2/25/10
Maintenance and Construction Helper	Public Works, Airports, other	7/20/12

If yes,

- a. Which class(es) and Department(s): Please see above.
- 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  Please see above.
- d. Estimated time to fill position(s) through CSC process? Unknown due to hiring freeze.
- e. Can the requesting department continue to employ staff hired for the project after project completion? Yes  No  N/A  (concession is continuous)
- f. Are there City employees currently performing some of the work? Yes  No

10. Findings

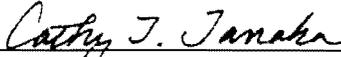
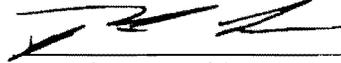
- City employees DO NOT have the expertise to perform the work
- City employees DO have the expertise to perform some of the work

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 is seeking a contractor for concession services at the Poinsettia Recreation Center which includes, operating an on-line tennis court reservation system, offering tennis instruction, and running a pro tennis store. The instructor must be certified by United States Professional Tennis Association. There are several City classifications that may perform some of the duties outlined in the contract. However, there is not a City Classification that includes tennis instruction or managing a pro-tennis shop as a core function. The Concession contract is expected to generate an average annual sum of \$150,000 in revenue to the City in the form of rental payments.

			<u>12/3/10</u>
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	

CITY OF LOS ANGELES  
DEPARTMENT OF RECREATION AND PARKS  
PONSETTIA RECREATION CENTER TENNIS PROFESSIONAL CONCESSION  
CONTRACT COST ANALYSIS

Cost to the Department to Self Operate									
Position Title	Hourly Rate	Annual Salary	Fringe Benefits (52.35%)	Indirect Costs - CAP 32			TOTAL ANNUAL COST		
				Central Services (28.32%)	Dept. Admin & Support (12.21%)				
Park Service Aderand (Pro Shop)	\$ 17.71	\$ 36,978.48	\$ 19,358.23	\$ 10,472.31	\$ 4,515.07	\$	\$ 71,324.08		
Sr. Park Service Attendant (half time)	\$ 22.48	\$ 23,479.56	\$ 12,281.55	\$ 8,849.41	\$ 2,886.85	\$	\$ 45,287.37		
							\$ 116,611.45		
Total Full/Part Time Cost: \$								\$ 116,611.45	
Position Title	Hourly Rate	Hours Per Month	Monthly Cost	Annual Cost	Dept. Admin & Support (53.80%)	TOTAL ANNUAL COST			
Recreation Instructor (Lessons)	\$ 14.70	400	\$ 5,880.00	\$ 70,560.00	\$ 37,820.16	\$ 108,380.16			
Total Part Time Cost: \$							\$ 108,380.16		
TOTAL LABOR COSTS: \$							\$ 224,991.62		
Advertising / Marketing / Promotion							\$ 3,000.00		
Operating Supplies (Maintenance)							\$ 3,000.00		
Cost of Goods to be Sold (Pro Shop Merchandise)							\$ 30,000.00		
Start-Up Expense (initial balls, bats/bats, machine)							\$ 25,000.00		
							\$ 61,000.00		
Total Cost to Self Operate Concession (1 Year): \$							\$ 285,991.62		
Projected Gross Revenue (1 year/based on FY 2011-12 Actual) - Note 1: \$							\$ 119,553.58		
Cost to Self Operate: \$							\$ (166,438.04)		
Cost to Contract Out the Operation									
Position Title	Pro-Rated Hourly Rate (\$41.11/12.5)	Annual Salary	Fringe Benefits (52.35%)	Central Services (28.32%)	Dept. Admin & Support (12.21%)	TOTAL ANNUAL COST			
Management Analyst II	\$ 3.29	\$ 6,843.20	\$ 4,671.20	\$ 1,046.37	\$ 835.55	\$ 13,396.42			
Projected Rent to Department based on Project Gross Revenue (1 Year) - Note 2: \$							\$ 14,346.43		
Cost to monitor contract (1 Year): \$							\$ (12,936.42)		
Cost to Contract Out Operations: \$							\$ 950.01		

Basis of Gross Revenue and Rent			
Revenue based on FY 2011-12 Actual:	Gross Revenue (Note 1)	Rent (Note 2)	
Tennis Lessons/ Rent at 12%	\$ 78,783.50	\$ 9,875.22	
Tennis Pro Shop/ Rent at 12%	\$ 38,760.08	\$ 4,771.21	
TOTAL	\$ 119,553.58	\$ 14,646.43	