

FOR INFORMATION ONLY

CITY OF LOS ANGELES  
DEPARTMENT OF RECREATION AND PARKS

DATE: December 11, 2013

TO: BOARD OF RECREATION AND PARK COMMISSIONERS

FROM: MICHAEL A. SHULL, General Manager 

SUBJECT: WESTCHESTER TENNIS PROFESSIONAL CONCESSION –  
OUTSTANDING RENT, OCCUPANCY TAXES AND LATE FEES ISSUES  
WITH CURRENT CONCESSIONAIRE, THE TENNIS KEY

Background

The Tennis Key (Concessionaire) has been operating the tennis professional concession at the Westchester Recreation Center since 2002, presently under Concession Agreement No. 3259 (Agreement).

On February 2, 2011, the Board of Recreation and Park Commissioners (Board) approved the release of the Request for Proposals (RFP) for the Operation and Maintenance of the Westchester Tennis Professional Concession (Board Report No. 11-035). Two proposals were received. The proposers were The Tennis Key and Z Management.

Z Management was ranked No. 1, and had the best proposal, the highest ranking and score, and was therefore recommended by the evaluation panel as the preferred operator for the concession. On August 18, 2013 the Department received email correspondence from Z Management requesting the withdrawal of their proposal from the RFP process due to a change in their business direction.

The remaining proposer, The Tennis Key, was ranked No. 2. by the evaluation panel. The Tennis Key is the incumbent concessionaire. The Tennis Key was considered to be a qualified and acceptable proposer.

Tennis Key - Outstanding Rent and Late Fees Issues

There have been on-going issues with Concessionaire regarding outstanding rent and late fees since 2012. Letters dated October 11, 2012 and April 3, 2013, were sent from the Department to the Concessionaire regarding the outstanding rent and late fees issues pertaining to May 2012 and June 2012. In addition to the issues addressed in those letters, late payment of 2012 and 2013 occupancy taxes became an issue. A December 2013 letter from the Department to The Tennis Key addresses all outstanding rent, occupancy taxes and late fees issues. The Concessionaire made partial payments covering late fees incurred in 2012 and 2013. However,

payment in the amount of \$3,557.71 is still outstanding for the 2012 rent, 2013 occupancy taxes and 2012 and 2013 late fees.

The December 2013 letter instructs the Concessionaire to submit the full payment due within sixty (60) days. If the Concessionaire does not comply within the sixty (60) day period, the Concessionaire is informed in the letter that the matter will be referred to the office of the City Attorney for their attention to protect the rights and remedies of the City under the Agreement.

As the Department is pursuing resolution of outstanding rent, occupancy taxes and late fees issues, it is recommending a conditional award of the concession agreement for the Westchester Tennis Professional Concession to The Tennis Key in a separate board report, pending full resolution of all outstanding issues.

#### Current Status

A report recommending Conditional Award of the Westchester Tennis Professional Concession Agreement is scheduled for the December 11, 2013 Commission meeting. Following the close of the 60 day payment period stated in the December letter to the Concessionaire, staff will prepare a follow-up report for the Board regarding the status of outstanding rent, occupancy taxes and late fees payment issues to inform the Board if the Concessionaire complied or if the matter was referred to the City Attorney. The report will be tentatively scheduled during the month of March 2014.

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

EXCERPT FROM THE MINUTES OF THE REGULAR MEETING  
BOARD OF RECREATION AND PARK COMMISSIONERS  
DECEMBER 11, 2013

Memorandum: WESTHESTER TENNIS PROFESSIONAL CONCESSION  
– OUTSTANDING RENT, OCCUPANCY TAXES AND LATE FEES  
ISSUES WITH CURRENT CONCESSIONAIRE, THE TENNIS KEY

Noel Williams, amended page two of the report to correct the Concessionaire's due date for outstanding 2012 rent, 2013 occupancy taxes and 2012 and 2013 late fees from sixty (60) days of the Department's December letter to January 7, 2014. The report was received and filed.