REPORT OF GENERAL MANAGER

DATE August 13, 2014

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: POINSETTIA RECREATION CENTER TENNIS PROFESSIONAL CONCESSION – RESCISSION OF AWARD OF POINSETTIA RECREATION CENTER TENNIS PROFESSIONAL CONCESSION AGREEMENT TO STEVEN AND MAURICA KATZ; AWARD OF INTERIM CONCESSION AGREEMENT TO LA TENNIS INCORPORATED

RECOMMENDATIONS:

That the Board:

1. Rescind the award of the Poinsettia Recreation Center Tennis Professional Concession to Steven and Maurica Katz, dba Poinsettia Tennis Center, for the operation and maintenance of the Poinsettia Recreation Center Tennis Professional Concession (General Manager’s Report No. 13-097);

2. Direct staff to return the Two Thousand Dollars ($2,000.00) proposal deposit to Steven and Maurica Katz, the sole proposer in the 2011 Poinsettia Recreation Center Tennis Professional Concession Request for Proposals (ARS-TI1-01) process;

3. Approve a proposed Interim Concession Agreement between the City of Los Angeles Department of Recreation and Parks (Department) and LA Tennis Incorporated, (Concessionaire), substantially in the form on file in the Board Office, for the operation and maintenance of the Poinsettia Recreation Center Tennis Professional Concession for a term of one (1) year with two (2) one-year extension options, exercisable at the General Manager’s sole discretion, subject to the approval of the Mayor and of the City Attorney as to form;
4. Find, in accordance with Charter Section 1022, that the Department does not have personnel available in its employ with the expertise to undertake these specialized professional tasks and that it is more feasible and more economical to secure these services by contract than by employees. (Pursuant to Charter Section 1022, see attached Personnel Department Contract Review Report, dated June 13, 2014);

5. Find, in accordance with Charter Section 371(e)(10) and Los Angeles Administrative Code Section 10.15(a)(10), that in order to provide continued, uninterrupted service to the public and avoid a revenue shortfall, a competitive bidding process is not practicable or advantageous at this time, and that it is therefore in the City’s best interest to enter into an Interim Concession Agreement until the completion of a formal Request of Proposals (RFP) process when a multi-year agreement can be executed;

6. Find, in accordance with Charter Section 372, that obtaining competitive proposals or bids for work to be performed pursuant to this Agreement is not reasonably practicable or compatible with the Department’s interests of offering tennis lessons and tennis professional shop services to the public while the Department conducts a formal RFP process;

7. Direct the Board Secretary to transmit the proposed Interim Concession Agreement with LA Tennis Incorporated, to the Mayor in accordance with Executive Directive No. 3, and to the City Attorney for approval as to form;

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

9. Authorize the Department to make technical changes as necessary to implement the Board’s intentions.

SUMMARY:

The Poinsettia Recreation Center Tennis Professional Concession (Concession) is located at the Poinsettia Recreation Center, 7341 Willoughby Avenue, in Hollywood which is home to eight (8) lighted tennis courts. The Concession offers tennis lesson services on Courts Number 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 and services, as well as snack foods and beverages for sale.

A Pay Tennis Reservation System (Pay Tennis) operates on the other six (6) courts, Numbers 3 through 8, where tennis patrons pay the Department to play tennis on public courts.
The Poinsettia Recreation Center Tennis Professional Concession RFP (ARS-T11-01) process began in 2011 and concluded with the award of a long-term concession agreement by the Board of Recreation and Park Commissioners (Board) on April 17, 2013 (General Manager’s Report No. 13-097) to Steven and Maurica Katz. On August 8, 2013, Steven and Maurica Katz, the long-term tennis professional concessionaire at the Poinsettia Recreation Center, requested that the Department not execute the Concession Agreement due to personal reasons. The last day of business for Steven and Maurica Katz was March 31, 2014.

Staff recommends that the Board rescind the award to Steven and Maurica Katz and return the Two Thousand Dollar ($2,000.00) proposal deposit to the sole proposer, who had been awarded the Concession Agreement.

Interim Permit

On March 25, 2014, an interim concession permit between the Department and LA Tennis Incorporated for the operation of the Poinsettia Recreation Center Tennis Professional Concession was executed.

Under the interim tennis professional concession permit, the current operator, LA Tennis Incorporated, has been providing quality service to the community since April 1, 2014. LA Tennis Incorporated also operates the Griffith Riverside and Vermont Canyon Tennis Professional Concessions for the Department. To date, LA Tennis Incorporated has performed in a responsible manner, submitting monthly concession remittance advices and working towards replicating revenue levels of the previous concessionaire.

Concession Agreement

The Board’s approval of the award of a one (1) year interim concession agreement, with two (2) one (1) year extension options, exercisable at the General Manager’s sole discretion, to LA Tennis Incorporated, will allow the concessionaire the exclusive right and obligation to staff, equip, and operate the tennis professional concession offering tennis lessons and tennis merchandise and services out of a tennis professional shop to the public until completion of a formal RFP process when a multi-year agreement can be executed.

Staff will develop and, with approval from the Board, release an RFP for this concession. With the RFP, the Department will seek a qualified, experienced, and financially sound operator who will meet or exceed the Department’s expectations in all operational and financial areas, and optimize service to the public and profitability to the business.

The Concessionaire will offer individual and group tennis lessons and tennis related goods and services, with snack food and beverages for sale in the tennis professional shop. The hours of
operation will be daily from 7:00 a.m. to 10:00 p.m., except it will be closed on holidays as specified in the agreement.

The Concessionaire shall pay a monthly revenue share of twelve percent (12%) of gross receipts from tennis lessons and twelve percent (12%) of gross receipts from sales and services from the tennis professional shop. The twelve percent (12%) rate for each category was originally proposed by Steven and Maurica Katz in their 2011 RFP (ARS-T11-01) proposal for the Concession and accepted by the Department when the Board awarded the proposed Concession Agreement to the Katzes (Board Report No. 13-097). L.A Tennis Incorporated has agreed to pay the twelve percent (12%) revenue share for both categories, tennis lessons and tennis pro shop sales and services.

The minimum annual revenue sharing payment for this Concession is Fifteen Thousand Dollars ($15,000.00). If the total rent paid after each twelve (12) month period is less than Fifteen Thousand Dollars ($15,000.00), the Concessionaire will remit the difference to the Department.

Charter Section 1022 Determination

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 June 13, 2014, the Personnel Department completed a Charter Section 1022 review and determined that there are some City classifications that can perform some of the work requested. However, the report stated that there are no City classifications that include duties to provide tennis instruction or manage and operate a professional tennis shop. In addition, the tennis instructors must be certified by the United States Professional Tennis Association. The Department continues to lack the appropriate expertise and experience to perform the work in its entirety. The Contractor currently employs staff with the necessary expertise and experience with the existing system in order to perform the required services. Therefore, it is more feasible to contract out the services to ensure the needs of the public are met in a timely and efficient manner.

FISCAL IMPACT STATEMENT:

During the one (1) year term of this concession agreement, the Department will receive a minimum of Fifteen Thousand Dollars ($15,000.00) in revenue share. Of that amount, ninety percent (90%), Thirteen Thousand Five Hundred Dollars ($13,500.00) will be deposited into the Department’s General Fund, Fund 302, Dept. 88, Account 4150 and ten percent (10%), One Thousand Five Hundred Dollars ($1,500.00) will be deposited into the Concession Improvement Account, Fund 302, Dept. 89, Account SP070K00.
This report was prepared by Mark Stipanovich, Management Analyst II, Finance Division, Concessions Unit.
PERSONNEL DEPARTMENT CONTRACT REVIEW REPORT

1. Requesting Department: Recreation and Parks

2. Contacts:
   Department: Mark Stipanovich  Phone No. 213-202-4304
   CAO:            Jay Shin          Phone No. 213-473-7559

3. Work to be performed:
The Department of Recreation and Parks is seeking a contractor to operate the Professional Tennis Concession at the Poinsettia Recreation Center. The contractor will provide professional tennis instruction (private and group lessons), and tennis-related services such as racquet stringing. The contractor will also operate the professional tennis shop offering tennis related merchandise and snacks and drinks for sale.

Is this a contract renewal? Yes ☐ No ☒

4. Proposed length of contract: One year, with two one-year renewal options
   Start Date: June 2014

6. Proposed cost of contract (if known): Unknown (may generate revenue)

7. Name of proposed contractor: To be determined

8. Unique or special qualifications required to perform the work:
The contractor must have knowledge of the rules and regulations of the game of tennis; the ability to provide tennis instruction to the general public (all instructors must be certified by the United States Professional Tennis Association); experience in providing related services such as racquet stringing; and experience in operating a professional tennis shop.

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. 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
   d. Estimated time to fill position(s) through CSC process?
   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 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 work. (Please see summary below.)

    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
SUMMARY:
Recreation and Parks is seeking a contractor to operate the tennis concession at the Poinsettia Recreation Center including offering tennis instruction and running the professional tennis shop. There are some City classifications that may perform some of the work. However, there are no City classifications that include tennis instruction as part of their duties, or that provide overall expertise in managing and operating a professional tennis shop. The instructors must be certified by the United States Professional Tennis Association. The concession generates an estimated $50,000 over a three-year period in revenue to the City.

Submitted by: Elizabeth A. Terry
Reviewed by: Don Harrahill
Approved by: Raul Lemus
Date: 6/9/14
Sr. Personnel Analyst I Sr. Personnel Analyst II Chief Personnel Analyst