

# APPROVED

JAN 16 2020

## BOARD OF RECREATION AND PARK COMMISSIONERS

BOARD REPORT

NO. 20-002

DATE January 16, 2020

C.D. 4

### BOARD OF RECREATION AND PARK COMMISSIONERS

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

AP Diaz	_____	S. Piña-Cortez	_____
H. Fujita	_____	C. Santo Domingo	_____
V. Israel	_____	*N. Williams	<u>NDW</u>

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

Approved X

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

#### RECOMMENDATIONS:

Approve the requested increase in the price of pitches at the Sherman Oaks Castle Park (SOCP) Batting Cages, from 25 pitches for \$4.00, to 28 pitches for \$5.00 (a per-pitch increase from \$0.16 to \$0.1786 cents), effective January 1, 2020, 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 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 the 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 since 2007 as the result of a Request for Proposal process and a subsequent Supplemental Agreement extending the Agreement's expiration date from May 16, 2017 to May 16, 2022. A price increase for this concession was approved in February 2018, when the Board of Recreation and Park Commissioners approved a contract extension for a period of five (5) years through the approved Supplemental Agreement

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(Report No. 18-031). This contract is subject to the City’s Living Wage Ordinance.

The Concessionaire has requested another price increase due to a 22% increase in the City of Los Angeles Living Wage rates over the last two years. In 2017 the Living wage minimum requirement was \$12.73/hr. and at present, the Living Wage is \$15.50/hr. The Concessionaire states that the living wage increases have resulted in additional payroll costs of \$26,000 annually. This, as well as a rise in Workers Compensation premiums and increases to the overall cost of business operations was cited by the operator to justify the increase. This proposed increase per pitch will assist to offset the rising costs.

A recent survey of four Los Angeles area batting cages demonstrated that the current price of \$0.16 cents is under the current market rate. The rates at these comparable facilities ranged from \$0.15 cents to \$0.21 cents per pitch with an overall average of \$0.18 cents per pitch. The proposed price of \$0.1786 cents per pitch will be in line with other local facilities, yet still remain below average as is consistent with a public facility. A sampling of the price points is below:

Facility	Number of Pitches/Rate (2019)	Per Pitch Cost (2019)
Batcade (Burbank)	30/\$5.00	\$0.166
So Cal Hitting Zone (Chatsworth)	20/\$3.00	\$0.150
On Deck Baseball (North Hollywood)	40/\$8.50	\$0.2125
Mulligan’s Family Fun Center (Torrance)	10/\$2.00	\$0.200
Average Per Pitch Cost		<b>\$0.1821</b>
<b>Castle Park Batting Cage (Current Rate)</b>	<b>25/\$4.00</b>	<b>\$0.160</b>
<b>Castle Park Batting Cage (Proposed)</b>	<b>28/\$5.00</b>	<b>\$0.1786</b>

RAP staff recommends approval of this rate increase to make the pricing competitive with other Los Angeles area batting cages.

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 \$26,175.00 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

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

Report prepared by Rahulan Kathir, Management Assistant, and Mark Stipanovich, Management Analyst, Finance Division, Concessions Unit.