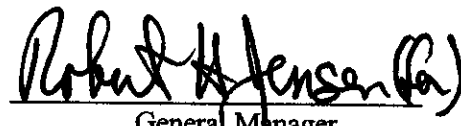


DATE December 14, 2005CD 5

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: WESTWOOD PARK - REQUEST FOR PROPOSALS FOR THE TENNIS PROFESSIONAL CONCESSION

J. Combs _____
H. Fujita _____
S. Huntley _____
R. Jensen _____J. Kolb _____
*F. Mok am
K. Regan _____
M. Shull _____


General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

1. Approve the Westwood Park Tennis Professional Concession Request for Proposals (RFP) for a five-year concession Agreement, with one five-year renewal option exercisable at the City's sole discretion, substantially in the form on file in the Board Office, subject to review and approval of the City Attorney as to form;
2. Direct the Board Secretary to transmit the RFP to the City Attorney for review and approval as to form; and,
3. Direct staff, subsequent to City Attorney review and approval as to form, to advertise the RFP and conduct the RFP evaluation for the subject Concession.

SUMMARY:

The Westwood Park Tennis Professional Concession provides instruction at all levels of participation, including private and group lessons, junior programs, racquet stringing, and other tennis-related services as needed. These services compliment the existing activities offered by the Westwood Park Recreation Center, which include basketball, gymnastics, volleyball, karate, and programs such as ballet, performing arts for youth, yoga, and music. Various concessionaires have operated the concession over the years, with each operator bringing their unique style of teaching to the concession; the current concessionaire began operating in January 2001, under a 30-day Revocable Administrative Permit. Public use of the courts at this park is regulated by the City's pay tennis system.

REPORT OF GENERAL MANAGER

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Since 2001, revenue has increased steadily at this concession, reaching nearly \$400,000 in 2004; revenues will likely reach record highs by the end of 2005. Below are the revenues at this concession for each year since 2000:

Year:	Lessons	Other Misc. Sales ⁽¹⁾	Total
2005 (thru Oct.)	\$331,988	\$9,657	\$341,645
2004	\$372,905	\$8,200	\$381,105
2003	\$294,302	\$2,306	\$296,608
2002	\$258,193	\$3,548	\$261,741
2001 ⁽²⁾	\$103,414	\$400	\$103,814
2000	\$117,215	--	\$117,215

Notes:

1. Includes sales of merchandise.
2. Current operator began in January 2001.

The RFP seeks to select a qualified, experienced, financially sound operator who will meet or exceed the City's and the Westwood Park visitors' expectations in all operational, financial and service areas, and to optimize profitability. Because of the history of steady growth at this concession during the last six years, staff believes it is now appropriate to seek a longer term contract in order to allow the operator to fund a much needed roof repair to the existing facility, as well as to market and develop the concession to continue to maximize tennis court usage at this facility.

Significant Proposal and Contractual Provisions

1. **Standard Conditions:** All provisions of the Department's Standard Conditions and Regulations for the Operation of Concessions (Revised November 2003) will be applicable to this Agreement.
2. **Term:** Five (5) years, with one five-year renewal option, at the sole discretion of the City.
3. **Rental Terms:** The starting rental percentage to be paid must be at least ten percent (10%) of gross receipts.
4. **Capital Investment:** The operator will be required to provide a Capital Improvement contribution of \$20,000, payable upon execution of the Agreement, and shall be used by the Department to fund the replacement of the pro shop/office and restroom roofs at this facility. No additional capital improvements are required in this RFP; however, any additional improvements that would enhance the public's enjoyment of the facility will be considered.
5. **Utilities:** The operator shall submit a monthly utility fee of 1% of the total gross receipts from this concession to the Department to cover the expense of electricity, unless the General Services Department installs separate utility meters for this operation.

REPORT OF GENERAL MANAGER

PG. 3

NO. 05-320

6. **Contract and Financial Terms:** As typical with our concessions, the City will enter into an 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 revenue.
7. **Faithful Performance Deposit:** A Faithful Performance Deposit will be required to be maintained for the duration of the Agreement in the amount of Nine Thousand Five Hundred Dollars (\$9,500).

Evaluation Process

Department Staff will conduct a preliminary evaluation of all proposals to determine completeness and submission of all compliance documents, and evaluate each firm's financial ability to fund the required capital investment for this project. Responsive proposals will be evaluated by staff according to the criteria below. The Department reserves the right to request additional information to clarify proposals.

RFP Evaluation Criteria:

- Qualifications and experience of proposer applicable to the tennis industry
- Proven performance and quality of current comparable operations
- Vision for Concession, including business plan and marketing
- Capital Improvements (if any, in terms of appropriateness, reflection of entrepreneurship, monetary value)
- Reasonable, viable financial return to the City in the form of proposed rental terms and additional capital investment
- Financial capability to operate all aspects of the concession as proposed, as supported by the proposer's pro forma, financial statements, and other financial information

The main RFP documents will be available on the Department's website. The anticipated time of completion for the RFP process and award of the Agreement is approximately four to six months.

FISCAL IMPACT STATEMENT:

Gross receipts have increased steadily at this concession during the past six years, reaching \$381,105 in 2004, and generating \$38,110 in rental payments to the Department for that same year. Based on the rate of increase, gross receipts are likely to exceed \$400,000 each year in the coming years. Assuming a rental percentage of 10%, rental payments over the entire five-year term of the new Agreement will likely yield \$200,000 in rental payments to the Department (\$20,000 to the Department's Concession Improvement Account, and \$180,000 to the Department's General Fund).

Report prepared by Anthony Sanchez, Administrative Resources Division.