

Council Meeting of

July 8, 2008

Honorable Mayor and Members
of the Torrance City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Community Services – Operation of the Wilson Park Batting Cage Facility

Expenditure: Not Applicable

RECOMMENDATION:

Recommendation of the Community Services Director that City Council authorize staff to develop a Request for Proposal (RFP) for the operation of the Wilson Park Batting Cage facility.

Funding

Not applicable

BACKGROUND

In 2000, the City of Torrance and the Torrance Skate Association (TSA) entered into an agreement to develop the former Wilson Park tennis courts into a Skate Park and Batting Cage Facility (Attachment A). The agreement allowed for the construction and operation of the batting cages at no cost to the City. The rent structure included in the agreement required TSA to pay the City a percentage of its gross receipts each year for the duration of the contract. This agreement was in place until 2003 when TSA was found to be in default of payments.

At the time of default, City Council agreed to take over the operation of all three facilities, including the Batting Cages, the Skate Park, and the Roller Hockey Rink, and requested that staff return with an operating plan for the three facilities. Staff returned with an item creating year-round operating plans and budgets for each of the three program areas. The budgets for these facilities included yearly operating costs, along with the costs for the capital improvements necessary for the City to continue operations.

ANALYSIS

The City has been operating the Batting Cages, along with the Skatepark and Roller Hockey Rink, for approximately five years. During this time the conditions of the Batting

Cages have slowly deteriorated. While staff have attempted to maintain the facility at an optimal level, the facility will need significant improvements during the next 24 months. Staff anticipate that two of the pitching machines will need replacement in the next few months, with the remaining machines needing replacement in the next two years. In addition, the safety netting throughout the facility will also need replacement.

In an effort to assist staff in the maintenance of the batting cages, the City entered into a maintenance agreement with Robin Horry for maintenance of the pitching machines. The services provided by the contractor, however, were less than satisfactory and the contract was terminated in 2007. Staff have continued the search for service providers to maintain the pitching machines. Unfortunately, the market for this type of experience is small, and staff have yet to find a vendor to meet the needs of the City.

In addition to the aforementioned maintenance issues, the Batting Cages are currently operating at a net loss. The original operating plan for the facility was to cover the costs of operating the Cages while providing a valued service to the community. This balance has not been achieved, with operating expenses exceeding revenue by roughly \$32,000. The current operating costs/revenues for the Batting Cages are as follows:

Daily Receipts	\$40,000
REVENUE TOTAL	\$40,000
Part-time Staff	\$40,500
Full-time Staff	\$13,600
Parts/Supplies Contract	\$10,000
Maintenance Services	\$6,000
Additional Materials/Supplies	\$2,000
EXPENDITURE TOTAL	\$72,100
NET	(\$32,100)

On April 16, the Director received a letter of interest from Tyler Sports, the owners/operators of the Lakewood Batting Cages and the former Carson Batting Cage facility at Alpine Village (Attachment B). The letter expressed interest in entering into a management agreement for the batting cages at Wilson Park. Staff have met with representatives from Tyler Sports to better understand their letter of interest. Mr. Kevin Tyler has evaluated the Wilson Park Batting Cage facility and feels that while a significant investment may be necessary, Tyler Sports is interested in working with the City to provide a better service to the community.

In trying to determine the best course of action for the City to take regarding the operation of the batting cages, staff have considered the following options:

- A. Continue current operations of the batting cages while exploring opportunities to improve maintenance services
- B. Request a formal proposal from Tyler Sports for the operation of the batting cages
- C. Create a Request for Proposal (RFP) for the operation of the batting cages

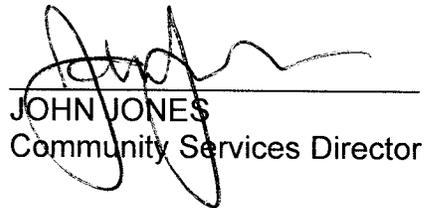
The first option is for the City to continue its operation of the batting cages. As previously mentioned the batting cages are currently operating at a net loss of \$32,000. Coupled with the pending expenses for replacement of pitching machines and netting, the net difference will increase substantially. While the Community Services Department prides itself in offering top quality programs, operating the facility without the necessary maintenance experience is proving to be difficult. Without local vendors available to perform these critical maintenance services, the City has not been able to operate the facility at an acceptable level of service. In addition, the success of the batting cage facility is dependent on properly working equipment, as the safety and satisfaction of the customers are at risk.

The second option to request a formal proposal from Tyler Sports, is based on the initial letter of interest received in April. The City has an opportunity to work with an experienced batting cage operator to improve the service level of the batting cages. Tyler Sports is a local operator, with many years of experience in the South Bay Community. While awaiting the formal proposal and the completion of an agreement, the City would continue to operate the facility as efficiently as possible, without a break in service. This process could be complete in 1-2 months.

The final option is to develop a Request for Proposal (RFP), which would allow Tyler Sports and other potential operators to bid on the operation of the batting cages. The RFP process takes approximately 2-3 months to complete. Services at the batting cages will not be interrupted as the City would continue to operate the facility until a time in which an agreement is in place.

At this time it is the recommendation of the Community Services Director that your honorable body consider the creation of an RFP for the operation of the Batting Cages. The City currently uses the RFP process for the operation of the Las Canchas Tennis Facility, and feels that the process, while time consuming, presents a fair and equitable opportunity to all potential vendors. Staff have also included additional information that pertains to the operation of the batting cages (Attachment C).

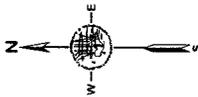
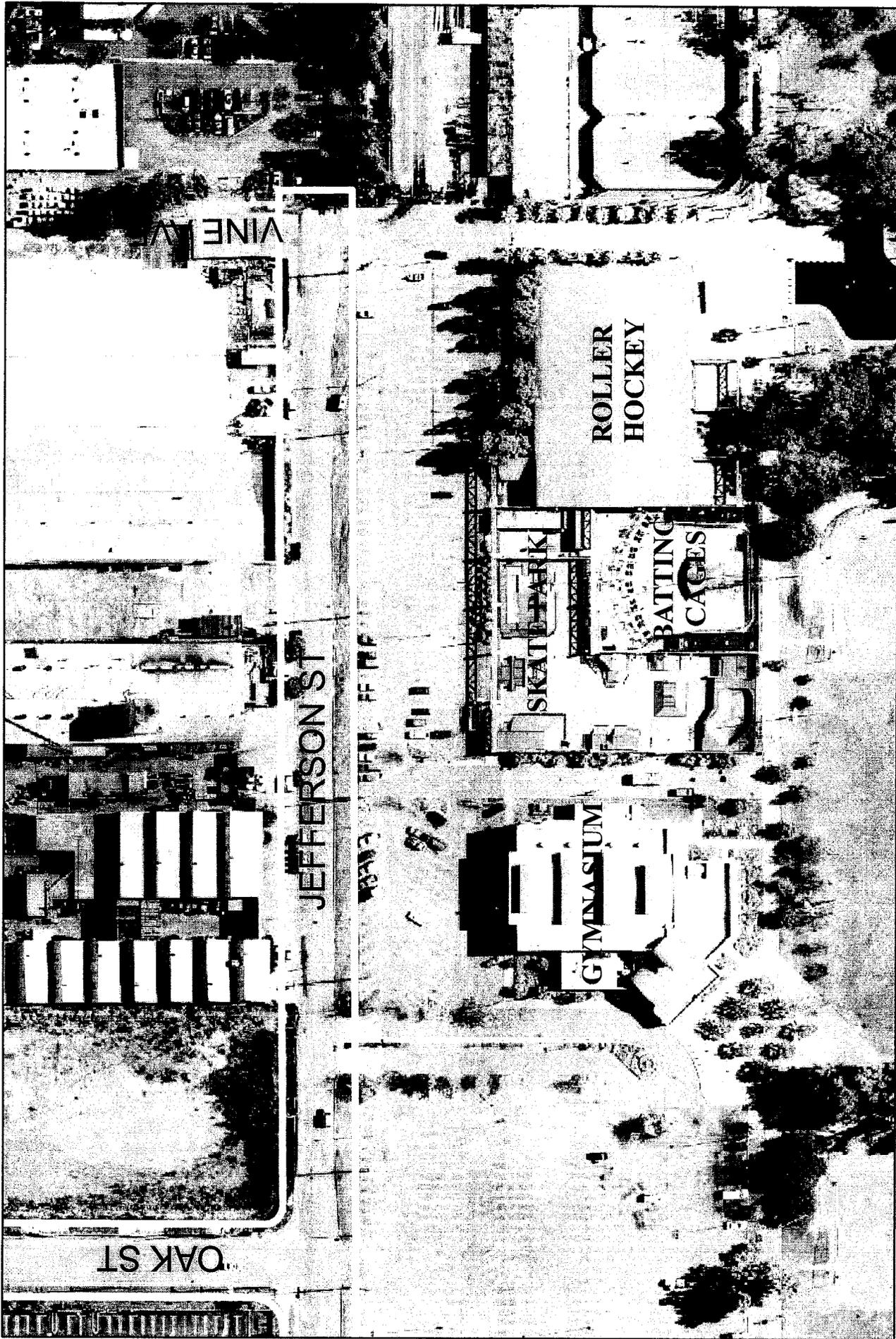
Respectfully submitted,


 JOHN JONES
 Community Services Director

CONCUR:


 LeROY J. JACKSON
 City Manager

- Attachment: A) Map of Wilson Park Facilities
 B) Letter of interest from Tyler Sports
 C) Additional information provided to Council



2200 Crenshaw Blvd., Torrance CA

Wilson Park Sport Facilities

Gymnasium, Skate Park, Batting Cages, and Roller Hockey.

Lines and photos are approximate, not to be used for establishing absolute or relative positions

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Jeffery W. Gibson
Community Development Department

ATTACHMENT B

Tyler Sports Inc
PO Box 3606
Torrance, Ca 90510
April 16,2008

City of Torrance
John Jones: Community Services Director

Dear John:

With this letter we would like to take the opportunity to express our interest in entering into a management agreement with the City of Torrance to operate the Batting Cage facility at Wilson Park.

As successful owner/operators of the Carson Batting Cages since 1979 and the Lakewood Batting Cages since 1988, we feel that we are more than qualified to manage and operate the Wilson Park Batting Cages in a successful and profitable manner. We are confident that with our many years of experience we can help the batting cage facility realize its potential and thus become a profit center for the City of Torrance.

We have recently completed temporary repairs at the batting cage site, and this gave us an opportunity to assess and evaluate the current condition of the facility. In our best judgment, we have concluded that the facility will need significant repairs to the batting cage netting and computer boards, as well as mechanical maintenance performed on all of the current pitching machines. In our estimation the cost of these repairs will run upwards of ten to fifteen thousand dollars.

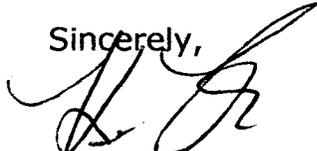
If we are able to successfully engage in a management/operating agreement with the City of Torrance, Tyler Sports would be willing to upgrade and/or replace the existing pitching machines as well as perform the aforementioned repairs and maintenance at our own cost. We estimate the total cost to be absorbed by Tyler Sports to be in the range of forty to fifty thousand dollars.

We are currently looking to relocate our Carson Batting Cage facility to Torrance and think that a partnership with the City of Torrance provides the

perfect synergistic opportunity to make the Wilson Park Batting Cages a viable, vibrant and profitable operation. Additionally we think that making this facility a success cannot help but benefit the surrounding skate park and hockey rink. With needed upgrades completed and experienced management in place, the Wilson park facilities will draw not only our significant existing customer base but additional Torrance residents as well.

As proud Torrance residents for over fifty-five years, we would consider it an honor to be able to work in partnership with the City of Torrance to serve the community in the operation of the Wilson Park facility. With our impeccable business and personal reputations and our significant business experience and acumen in the batting cage business, we feel that we are we would be the right choice as partners for the city in this endeavor. We look forward to the opportunity to further discuss this partnership.

Sincerely,



Kevin Tyler

Darrel Tyler

Tyler Sports Inc

**Background information with regard to
Batting Cage Facility at Wilson Park**

- City costs of operation for the Batting Cages

Staff have been working with the Finance Department to break out the operational costs for all three entities (Batting Cages, Skateboard Park and Roller Hockey Facility) in order to identify the cost centers associated with each of them.

The Batting Cages are broken into two program areas: operations and contracts. The operations area includes the 8 batting cage lanes that are offered to the public on a daily basis. The operational costs for this program are \$72,000 a year.

The contract area includes the Baseball/Softball Training Academy. This portion is not included under the operating costs associated with the Batting Cages.

The operating revenue for the batting cages consists of rental fees/tokens for the use of the batting cages. Year-to-date revenue is approximately \$36,000, with an expected \$4,000 for the month of June.

The Operating Expenditures include part-time staff of approximately 3000 hours per year at \$15.00 per hour, and full time staff equivalent to a 0.2 FTE Program Coordinator at approximately \$13,6000. There are two maintenance and repair contracts totaling \$16,000, and a materials and supply budget of \$2,000.

Batting Cages

Revenue		
	Daily Receipts	\$40,000
Expenditures		
	Part-time staff	\$40,500
	Full-time staff	\$13,600
	ABC Contract	\$10,000
	Maintenance Contract	\$6,000
	Materials/Supplies	\$2,000
	Total	\$72,100
Difference*		\$32,000

*A portion of saving would need to be applied to a facility replacement account to maintain fixed assets (i.e. pitching tunnels, chain link fence material, lights, etc.)

- Current annual losses

Staff has confirmed that the operational area of the Batting Cage is running a negative \$32,000 a year.

- Impact on personnel if this operation is taken over by another operator

Part Time: The part-time employee impact on these facilities would be minimal, as the Batting Cage daily operational part-time staff would be absorbed by the skatepark and roller hockey facilities.

Full Time: There is a full-time Program Coordinator who is responsible for all three entities, staff have identified that the loss of the Batting Cage entity would decrease his workload by approximately 20%, as this staff will still be required to oversee the contract area.

- Potential benefits and risks of joint operation of both facilities by a single operator

Benefits:

Staff believes that if an independent operator has the skill sets to run both types of operations, this could be beneficial to the city. This would then allow this operator to have a centrally located base of operations to handle both of these facilities.

Risks:

Staff believes that if an operator is singularly focused on one specific type of operation, and has no skill sets operating the other type, this would cause some real challenges for this operator. Both these entities are very different and require different skill sets in managing these operations, and both cater to completely different clientele. Another concern is that if both entities were run by the same operator, we could be in the same situation as we were in when Torrance Skate Association went bankrupt.

Summary:

Staff believes that in order to provide the most effective service to the community there should be separate operators with expertise in their respective fields running each facility.