



CITY COUNCIL AGENDA REPORT

MEETING DATE: January 17, 2005

ITEM NUMBER: Item Number

SUBJECT: COSTA MESA TENNIS CENTER AGREEMENT RENEWAL

DATE: DECEMBER 7, 2004

FROM: ADMINISTRATIVE SERVICES DEPARTMENT / RECREATION DIVISION

PRESENTATION BY: JANA M. RANSOM, RECREATION MANAGER

FOR FURTHER INFORMATION CONTACT: JANA M. RANSOM, 714-754-5300

RECOMMENDATION:

City Council extend the Costa Mesa Tennis Center concession agreement for the first of two 5-year option terms and authorize the Mayor to sign on behalf of the City.

BACKGROUND:

In February 1998, the City entered into an agreement for the operation of the Costa Mesa Tennis Center with Hank Lloyd's Orange County Tennis (HLOCT). At that time, HLOCT was selected over several other candidates as a result of an extensive Request for Proposal process.

The term of the agreement was 5 years, with two 5-year options (15 total years). The initial 5-year contract period (February 1998 – February 2003) has expired and HLOCT has been operating on a month-to-month basis, according to Section 2.02. This holdover, with mutual consent, is due to several reasons; however, the primary reason is that the planning of the skate park was in process and staff wanted to wait in order to assess the impact of the skate park on Tennis Center operations. Staff has met several times with Mr. Hank Lloyd regarding the impact of the skate park on the Tennis Center. Now that the planning and design process is completed and construction is underway, staff is confident that the skate park will have minimal impact and the Tennis Center renewal can move forward.

ANALYSIS:

Since 1998 when HLOCT began operation of the Costa Mesa Tennis Center, they have done a very good job of maintaining the Center and programming tennis to the community. HLOCT successfully completed the capital improvements as required in the initial agreement which included resurfacing and re-striping all 12 courts, replacing all windscreens, replacing all nets, replacing pro-shop doors and installing an alarm system.

Hank Lloyd Orange County Tennis has consistently maintained the Tennis Center to a very high standard, and in 2001 was awarded the "Best Public Tennis Facility" award by the Orange County Tennis Association. In addition, HLOCT has been very active in the

community with many tournaments, classes and junior events to help the community learn and play the sport of tennis.

For this first extension option the only change to the agreement would be to modify the language under the maintenance section so that resurfacing of the courts and replacement of the nets and windscreen would be considered routine maintenance, which are done at Hank Lloyd Orange County Tennis' expense.

ALTERNATIVES CONSIDERED:

Produce and Issue a new Request for Proposal for tennis center operations.

Maintain agreement on a month-to-month basis.

FISCAL REVIEW:

The existing agreement specifies payment of rental. Currently Hank Lloyd Orange County Tennis pays \$1,000 or 10% of the gross amount received from court rental use and 5% of the gross amount received from pro shop sales, whichever is greater. HLOCT has consistently paid greater than the minimum, with an average monthly payment of \$1,949. Annual revenue for the City has been, by fiscal year,

FY 99-00	\$20,721
FY 00-01	\$25,208
FY 01-02	\$25,626
FY 02-03	\$23,677
FY 03-04	\$24,689
FY 04-05	\$23,700 (Proposed)

LEGAL REVIEW:

The City Attorney's office has reviewed the documents and approved them as to form.

CONCLUSION:

Hank Lloyd's Orange County Tennis has provided quality tennis programming to the community during the initial contract term. They have met all of the contractual obligations, including the CIP improvements, of the concession agreement and staff has been pleased with Hank Lloyd's Orange County Tennis performance. It is therefore recommended that the City Council extend the Costa Mesa Tennis Center concession agreement for the first of two 5 year option terms and authorize the Mayor to sign on behalf of the City.

Signatures on Following Page

JANA M. RANSOM
Recreation Manager

HOWARD PERKINS
Acting Administrative Services Director

MARC R. PUCKETT
Director of Finance

KIMBERLY HALL BARLOW
City Attorney

DISTRIBUTION: City Manager
Assistant City Manager
Public Services Director
Maintenance Services Manager
Hank Lloyd's Orange County Tennis

ATTACHMENTS: 1 [Extension and Amendment to Costa Mesa Tennis Center Agreement](#)

File Name

Date

Time