

SOUTH GATE CITY COUNCIL SPECIAL MEETING AGENDA

Tuesday, October 21, 2008 at 4:00 p.m.

The meeting will be traveling to the City of Santa Fe Springs located at the following address and then returning to the City of South Gate:

Little Lake Park
Santa Fe Springs Diamonds
10900 Pioneer Blvd.
Santa Fe Springs, CA 90670

**CALL TO ORDER:
ROLL CALL:**

Gil Hurtado, Mayor
Carmen Avalos, City Clerk

MAYOR
Gil Hurtado

CITY CLERK
Carmen Avalos

VICE MAYOR
Henry C. Gonzalez

CITY TREASURER
Rudy Navarro

COUNCIL MEMBERS
Maria Davila
Bill De Witt
Greg Martinez

CITY MANAGER
Ronald Bates

CITY ATTORNEY
Raul F. Salinas

Materials related to an item on this Agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office
8650 California Avenue, South Gate, California 90280
(323) 563-9510 * fax (323) 563-5411 * www.cityofsouthgate.org

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OPEN SESSION AGENDA

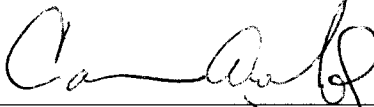
Tuesday, October 21, 2008 PM

1. Study Session -Batting Cages and Soccer Field Operations at South Gate Park

The City Council will hold a study session to discuss and provide direction to staff on the following issues:

- a. **Batting Cages** -How the City should develop and operate battings cages at South Gate Park;
- b. **Concession Agreement**- Should the City use a concession agreement;
- c. **Additional Uses**- Should additional uses to be located at the area of South Gate Park known as the “Old Tweedy School Site be considered (e.g. Speed Soccer Field or other).

I, Carmen Avalos, City Clerk, certify that a true and correct copy of the foregoing Meeting Agenda was posted on October 16, 2008 at 5:30 p.m., as required by law.



Carmen Avalos, City Clerk

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OCT 14 2008

CITY OF SOUTH GATE
OFFICE OF THE CITY MANAGER

City of South Gate

CITY COUNCIL

Item No. 1

AGENDA BILL

For the Special Meeting of: October 21, 2008

Originating Department: Parks & Recreation

Dept. Head: Paul L. Adams

City Manager Ronald Bates

SUBJECT: STUDY SESSION – BATTING CAGE AND SOCCER OPERATIONS AT SOUTH GATE PARK

ACTION: Provide staff with direction on the following issues:

- 1) How should the City develop and operate batting cages at South Gate Park;
- 2) Should the City use a concession agreement; and
- 3) Should additional uses (e.g. speed soccer fields) to be located at the area of South Gate Park known as the “Old Tweedy School Site”?

FISCAL IMPACT: Unknown. It is unlikely that any action will be taken at this study session that will have a direct fiscal impact. Direction received will most likely result in a specific recommendation be returned to Council for approval. Development costs of the proposed facilities could be as high as several million dollars with operations and maintenance potentially reaching several hundred thousand dollars per year. A concession agreement could result in zero capital costs and a positive net revenue for the City. The City operation the City Council will be reviewing in Santa Fe Springs covers the cost of operations but does not generate a positive cash flow.

REPORT SUMMARY: On September 23, 2008, the City Council received a report regarding the plans for development of batting cages and soccer facilities at South Gate Park utilizing land which had previously been leased to the Los Angeles Unified School District (LAUSD) for use as a temporary location for Tweedy Elementary School. At the conclusion of the report, staff requested permission to proceed with the plan, which had been approved by the City Council in 2004, and seek a concessionaire to partner with the City to reduce or eliminate the City’s capital expenses and future operating expenses related to this project and generate a positive cash flow to support park operations.

The City Council had several questions and concerns regarding the specific facilities, scope of proposed project and details of a concession agreement of this nature. This study session is scheduled to provide the City Council with an opportunity to hear more information regarding some of the proposed facilities and the nature and benefits of concession agreements for this type of operation.

Concession agreements or public/private partnerships are typically seen as a method of providing additional facilities or recreational opportunities to the public while reducing the capital outlay or operating costs normally associated with that facility by shifting those costs to a private business entity. Many cities have successfully concessioned the operation of their golf course, theater, community center or other specialized facility. Along with deferring certain costs, most cities find that they can create an agreement that provides the desired services to the community, and that also generates additional funds that can then be used to support other programs.

To be successful, the City needs to provide resources to the agreement not readily available to the concessionaire, either land, a complete facility, or exclusive access to a desired clientele, as with a caterer providing food service at a public facility. In the case currently being reviewed by the City Council, the City would be providing tenancy on City land that is also desirable for a commercial sports operation because of the existing surrounding facilities and high amount of traffic.

A successful concessionaire will bring experience and expertise in the areas necessary to operate the proposed business successfully, often experience and knowledge that the City may not have available through its staff resources. In some cases, the concessionaire may also bring additional financing or other financial resources that would be unavailable to the City. Finally, the concessionaire will bring to the agreement a for-profit business model that will provide a high likelihood that the concessionaire, the City and the public will all profit from the arrangement.

Certainly, any public\private partnership or concession agreement must have some restrictions that protect the public's interest. However, a successful concession agreement must also allow enough opportunity for the concessionaire to operate a successful business and generate a reasonable profit for their efforts. In particular, when a concessionaire is being asked to provide capital outlay as well as a return to the City, the business model and associated restrictions must be such that the concessionaire can generate significant cash flow to cover all expenses, including lease payments to the City and be of an adequate length to ensure repayment of capital expenses over time.

In determining reasonable restrictions within any concession agreement, City representatives need to look at the overall goals of the agreement and the value of the programs or opportunities provided to the residents. These need to be balanced against reasonable protections of the public interests in the land or facilities being concessioned and the difference in fees or costs associated with a commercial operation versus a tax supported operation. Officials must also remember that all restrictions are likely to have a negative impact on the services provided to the public, the fees paid by the participants, and the fees paid to the City as a result of the agreement. An agreement that places too many restrictions on the concessionaires operation will result in no willing operators or worse, an operation that will fail.

To begin the Study Session, the City Council will travel to Little Lake Park in Santa Fe Springs. Santa Fe Springs has operated a public batting cage operation at Little Lake Park through City resources for approximately fourteen years. The City Council will have opportunities to ask questions of City of Santa Fe Springs staff familiar with the development and operation of the batting cages. The batting cages have historically generated program fees equal to the cost of staffing the batting cages. Maintenance is covered through the general fund. Fees charged are less than those charged by most commercial batting cages.

After returning to South Gate, the City Council will receive a presentation from Les Allen with Goals Soccer Centers. Mr. Allen will share with the City Council his proposal for partnering with the City to create a sports center that would include speed soccer facilities, batting cages and a food concession/pro shop. Mr. Allen will also share with the City Council information regarding the benefits for a City to partner with private business through concession agreements.

Staff has also prepared information for the City Council as to the expected costs associated with development and operation of a batting cage operation without a concessionaire. Staff will be available to answer questions regarding this proposal. Staff believes that it may be possible to develop limited facilities within existing resources with further development dependent upon availability of additional funding.

Because of the City's current financial situation and expected financial outlook for the next few years, staff has evaluated the most cost effective solutions available. Currently, there is \$303,000 available which was part of the final settlement of the lease agreement from the LAUSD. This money was to be used in restoring the area with no specific restrictions. Staff has also made the assumption that development of batting cages is the City Council's first priority.

In evaluating the batting cages at Santa Fe Springs, staff believes that the nine cages at this facility would represent both a reasonably sized operation for the City's needs as well as the minimum sized facility to provide adequate variation of machines to meet our diverse users from youth to adult, baseball and softball, and a cost effective model for operations. Cost of building a nine cage operation without support facilities would be approximately \$300,000. Restrooms and a control office would be at an additional cost, depending on size and need.

The original target area for this project was the north-east corner of Parking Lot 2 at the corner of Pinehurst and Southern. If the proposed batting cages are to be operated by City staff, staff is recommending that the location of the batting cages be moved to the south-west corner of Parking Lot 2, adjacent to the golf course. This would locate the cages more convenient to the existing ball diamonds and allow for the cages to be serviced by existing facilities at the golf courses starters shack. The parking spaces lost from Lot 2 would be restored from the Old Tweedy School site to retain adequate parking.

Although some improvements would still need to be made to the existing starters shack to allow it to service the golf course and the batting cages, staff believes that the necessary improvements could be accomplished for approximately \$200,000, considerably less than the cost of building an entirely new building. This plan would also allow for savings in staffing as, at most times, one staff person could manage both the golf course and batting cages from the one location. This could result in a total cost savings of as much as \$36,000 per year over separate operating locations, leaving revenues to offset more of the maintenance costs associated with the operation.

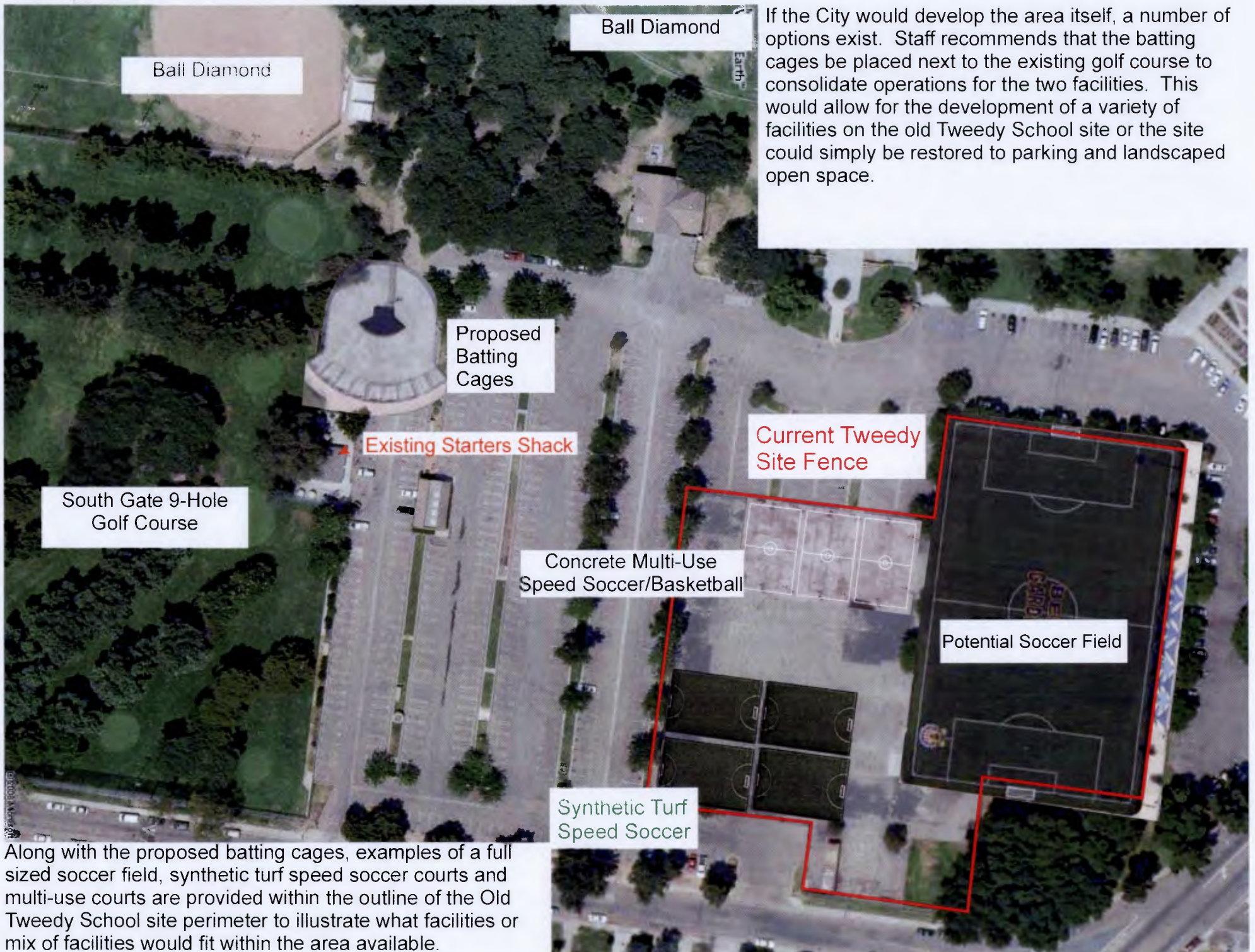
If the City Council chooses to pursue development and operation of a City operated batting cage facility as suggested, this does not address the development of soccer facilities or other uses for the Old Tweedy School site. This area would continue to be available for a concession or future City development. Currently the area is partially landscaped with a large, flat turf area that is used as a practice field. The paved areas could be returned to use as parking with minimal repairs to the asphalt and removal of the existing fence.

To provide additional accommodation for soccer play, the existing turf area could be expanded to provide for a full sized, synthetic turf soccer field which would also accommodate several youth size fields or practice areas. Cost of such a facility would be approximately \$2,000,000, if

lighted. Some grants may be available, but there is no single source for funding for the entire project at this time. Use of artificial turf would allow for maximum use with a minimum of maintenance costs. Speed soccer facilities could also be added. Construction costs are currently estimated at \$100,000 per court.

Staff will be available to answer questions and is seeking direction from the City Council as to its desired outcomes and methods. Staff will then complete further research and return to the City Council with a proposal for approval.

ATTACHEMENT: Map of proposed batting cages at South Gate Park



Ball Diamond

Ball Diamond

If the City would develop the area itself, a number of options exist. Staff recommends that the batting cages be placed next to the existing golf course to consolidate operations for the two facilities. This would allow for the development of a variety of facilities on the old Tweedy School site or the site could simply be restored to parking and landscaped open space.



Proposed Batting Cages

Existing Starters Shack

South Gate 9-Hole Golf Course

Current Tweedy Site Fence

Concrete Multi-Use Speed Soccer/Basketball

Potential Soccer Field

Synthetic Turf Speed Soccer

Along with the proposed batting cages, examples of a full sized soccer field, synthetic turf speed soccer courts and multi-use courts are provided within the outline of the Old Tweedy School site perimeter to illustrate what facilities or mix of facilities would fit within the area available.