

REPORT OF GENERAL MANAGER

NO. 04-113

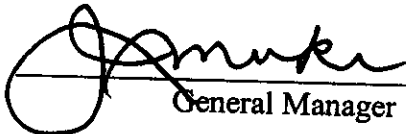
DATE April 7, 2004

C.D. _____

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: ECONOMIC CONSULTANT CONTRACTS – AMENDMENTS TO INCREASE FEE SCHEDULES ON EXISTING CONTRACTS FOR AS-NEEDED CONSULTING SERVICES – ECONOMIC RESEARCH ASSOCIATES (ERA) AND ARTHUR M. MANASK AND ASSOCIATES, INC.

H. Fujita _____	F. Mok _____
J. Koib _____	K. Regan _____
*G. Stigile <u>AS</u>	K. Chan _____
M. Mariscal _____	J. Combs _____



 General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

It is recommended that the Board:

1. Approve the attached amendments to increase the fee schedules of existing contracts for as-needed economic consulting services with Economic Research Associates (ERA) and Arthur M. Manask and Associates, Inc. for the remaining terms of Amendments No. 1 (April 7, 2004 through April 4, 2006); and,
2. Direct the Board Secretary to transmit the proposed amendments to the Mayor in accordance with Executive Directive No. 16, and concurrently to the City Attorney for review as to form, prior to execution by the Board.

SUMMARY:

In April 2000, the Board executed several contracts for as-needed economic research and analysis services. Each contract was for a term of three (3) years, with a maximum compensation to the consultant of \$150,000.00. These consultants provide services at Department facilities where expert economic evaluation is required including marketing feasibility studies, portfolio and investment analysis, income stream and other financial analysis. Most notably, these services have assisted staff in the completion of a financial analysis in connection with the Greek Theatre Agreement, a feasibility study and conceptual design for a potential food concession at the Cabrillo Beach Bathhouse, a market analysis for Sherman Oaks Castle Park, and a feasibility study of a potential food concession at Pershing Square.

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On February 5, 2003, Board Report No. 03-41, the Board authorized amendments to extend the term of Contract No. 2938 with ERA and Contract No. 2942 with Arthur M. Manask and Associates, Inc., each three years beyond the original three year term to accomplish required work. The amendments were requested because both consultants were still working on projects started in the prior year, but were not expected to be finished prior to contract expiration. They have continued to receive occasional engagements under the amendments.

Gene Krekorian of ERA and Arthur Manask of Arthur M. Manask, Inc. have requested revisions to the fee schedules listed under Section 3. FEES/PAYMENTS, Paragraph A., of their respective contracts to reflect their current hourly rates. The new fee schedule would be effective for all future work from this date through expiration on April 4, 2006.

The fee schedule increases were requested by the consultants in response to increased expenses due to inflation and escalating insurance costs. Staff recommends approval of the new fees, not only for these reasons but, because the fee schedules approved in the initial contracts were based on work of a more general and routine nature, such as financial analysis, Request for Proposals analysis and evaluation, feasibility and marketing analysis, etc. These two consultants have more recently been engaged in projects regarding specialized expertise for which each has a high degree of recognition in their respective fields. ERA has extensive expertise in the world of golf and is now engaged by the Golf Division to assist in the economic dimension of master planning each golf facility leading to a comprehensive master plan for the Department's golf program. Arthur M. Manask and Associates, Inc., is currently involved in the feasibility study of a destination restaurant in Griffith Park, for which his recognition in his field is valuable with prospective operators.

Section 3. FEES/PAYMENTS, Paragraph A. for Contract No. 2938 with ERA would be changed as follows:

<u>Position</u>	<u>Hourly Rate</u>	to	<u>Position</u>	<u>Hourly Rate</u>
Vice Presidents/Principals	\$110 - \$135		Vice President/Principal	\$165 - \$195
Senior Associates	75 - 95		Senior Associate	125 - 160
Associates	60 - 75		Associate	105 - 130
Support/Publications Staff	35 - 40		Publications	45

Section 3. FEES/PAYMENTS, Paragraph A. for Contract No. 2942 with Arthur M. Manask and Associates, Inc. would be changed from Principals at an hourly rate of \$150 - \$175 to the following better defined fee schedule:

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<u>Position</u>	<u>Hourly Rate</u>
Principal (A. Manask)	\$225
Principals (Other)	185
Associates	165
Design Associates	125
Other Staff	85

The Board should note that compensation to the consultants would not exceed one-hundred thousand dollars (\$100,000.00) per year and will not impact the Department's General Fund as these services are paid from the Department's Concession Improvement Account, Golf Improvement Account, or Golf Surcharge Account, as applicable. Additionally, these amendments are recommended in compliance with all Department and City procedure policies and laws applicable to contract amendments. Principals of these firms are not employees or officials of the City; are free to make recommendations or perform the services specified in the contract(s); and have no authority, with respect to the City's decisions relating to the project, beyond fulfilling the provisions of the contract.

Report prepared by: Heather Tarumoto and Michael Honan, Administrative Resources Division.