



Agenda Report

MEETING DATE: Tuesday, March 23, 2021

TO: City Council

FROM: PARKS & COMMUNITY SERVICES DIRECTOR CALUBAQUIB

SUBJECT: PINTO LAKE CONSULTANT CONTRACT AND LEASE

STATEMENT OF ISSUES:

A consultant has been identified to assume management of operations of Pinto Lake Park.

RECOMMENDED ACTION:

Staff recommends that the City Council adopt a resolution approving:

1. A Consultant Contract with Main St. Enterprise, Inc. for the management of operations at Pinto Lake Park at 451 Green Valley Road, Watsonville, and
2. A Lease with Main St. Enterprise, Inc. for occupancy of the modular home at Pinto Lake Park.

DISCUSSION:

Background

For many years, Pinto Lake Park was operated by a consultant, with City staff solely responsible for the maintenance of grounds, collection of garbage, and general park clean-up. The Consultant was expected to facilitate park reservations for camping and group picnics; serve as beachmaster in overseeing boating operations, including boat inspections and the rental of rowboats and paddle boats; provide fishing supplies; collect various park fees, including camping, picnic reservation fees and weekend parking fees.

The City provided a modular home for a monthly lease, and an office, including utilities and water, garbage and sewer service as part of the agreement. The modular home serves to house the caretaker/consultant and/or its personnel, 24 hours a day, seven days a week and year-round. A separate Lease was required for occupancy of the modular home located at Pinto Lake Park.

For 23 years, from 1983-2006, the City held an agreement with Patricia McQuade for consultant services. Following Patricia McQuade, Peggy S. Stone then served for a short time as Consultant from 2006-2010. In 2010, the Council re-hired Patricia McQuade through a new Consultant and Lease for a four-year term, with the option of two additional two-year extensions (through August 2018). Patricia McQuade passed away in April 2017, prior to the end of the last extension.

Following the death of Patricia McQuade, the City transitioned to managing operations at the park in-house, utilizing teammates under the Parks and Community Services Department (PCS). A City employee was also identified to serve as the Night Caretaker and occupy the modular home. The intent of this shift was to grow programming at the Park and increase City revenue to support PCS operations. Over the past few years, the City has struggled with maintaining a consistent team at the Park, adversely impacting our ability to grow recreation programs, events and operations, and the full time Recreation Coordinator position assigned to the park has remained vacant the majority of the time.

Net revenue generated at the park has also been inconsistent, as the City, in addition to maintenance responsibilities, assumed responsibility for the costs to operate the entire park operations. While operating under a consultant agreement, the facility generated, on average, a net of \$25,000 in annual revenue, not including administrative and maintenance expenses. Since bringing operation of the park in-house, net revenue has been inconsistent (most years requiring General Fund subsidy), while also requiring a significant amount of administrative oversight.

Net Profit/Loss for Pinto Lake (not including administrative and maintenance expenses)

FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
\$25,056*	\$26,300*	-\$18,614	\$74,000*	-\$18,179	-\$11,145**
Under Consultant Agreement.	City assumed operations mid-year	First full year of City operations	Pinto FTE was vacant for most of year.	Pinto FTE was vacant for most of year. Park closed March-June due to COVID.	**Projected

*Adjusted to account for utilities (average of \$13,000 per year).

Request for Proposals Issued

Due to difficulties in achieving the goal of expanding programming and events at the Park and inconsistencies in net revenue generation to cover City costs of the operation, City staff issued a Request for Proposals (RFP) to identify a new Park Consultant to assist the City in achieving the following goals:

1. Ensure the safe use of Pinto Lake City Park by all City residents, visitors and staff, by applying and enforcing all applicable laws, ordinances, regulations of all local, State and Federal governing bodies.
2. Maximize the use of Pinto Lake City Park by City residents and visitors by
 - a. Prioritizing community access,
 - b. Delivering creative programming and marketing strategies,
 - c. Maintaining facilities and equipment according to high standards, and
 - d. Providing exceptional service that results in high levels of customer satisfaction.
3. Maintain consistent and open communication with City staff on operations, incidents and financial reporting.

Proposals were due on September 11, 2020 and the City received one response from Main St. Enterprise, Inc. The proposal met the RFP qualifications and Main St. Enterprise, Inc. advanced to an interview with an RFP Selection Committee. The Selection Committee used the following criteria for evaluation:

- Understanding of the scope of work to be performed
- Response to the project objectives and scope outlined in the RFP
- Creativity and problem solving provided in proposal
- Ability to meet the goals outlined in the RFP
- Qualifications and experience as it relates to the scope of work in the RFP
- References and satisfactory record of performance
- Proposed compensation to City

The selection Committee recommended Main St. Enterprise Inc. for Management of Pinto Lake Park. Out of a maximum score of 100 points, the Selection Committee rated Main St. Enterprise, Inc. at an overall average score of 84.3.

Experience and Qualifications of Main St. Enterprise, Inc. (MSE)

Main St. Enterprise Inc. is a small business located in Watsonville that was established in 2018. According to the proposal, MSE “strives to increase community unity through the development of events and strong partnerships. Main St. Enterprise Inc. focuses on helping other organizations grow their business through advertisement, event planning, special events and partnerships.” The President of MSE has also served as the Watsonville Farmers Market Manager since 2001, responsible for planning and managing activities for each market, maintaining positive relationships with all vendors, ensuring compliance with all market regulations, keeping records and submitting appropriate paperwork needed to run a certified farmers' market, partnering with the City on special events and providing excellent communication with City Officials, market participants and customers. Staff believes that this experience in managing the operations of the market, advertising, record keeping, working proactively with the City and providing high levels of customer service will aid in MSE's success at Pinto Lake Park. It is expected that the proposer's experience in managing special events will also be instrumental in expanding programs and events offered to the community at the Park.

Park Management Services Contract

The term of the Park Management Services (Consultant Services) Contract is for a period of two (2) years commencing on April 5, 2021, through April 30, 2023.

The Consultant shall collect and retain all fees and revenue collected at Pinto Lake Park. Moreover, the Consultant will make payment to the City for use of the Park in the amount of \$800.00 per month (subject to CPI increase each year of the Contract); pay an annual Telephone Service Fee based upon actual costs incurred by the City; and will pay to the City an annual Bonus Payment Fee that is based upon a percentage of the annual Gross Receipts collected by Consultant as follows:

Gross Receipts	Bonus Payment Percentage
\$0 to \$49,999	3%
\$50,000 to \$99,999	10%
Over \$100,000	14% (Increase to 15% effective January 1, 2022)

Lease for Modular Home

The residential lease by the Consultant is for a three (3) bedroom and two (2) bath modular home located at Pinto Lake Park in the City of Watsonville. The term of the lease will commence on April 5, 2021, and tenancy shall be from month-to-month. The residential lease is contingent upon “tenant” (Consultant and/or its personnel) serving as Consultant of Pinto Lake Park. The tenant shall pay a monthly rent of \$500.00 and a security deposit of \$500.00 will be required to be paid by the tenant.

Park User Fees

The Council last adopted Services Fees for Pinto Lake (fees paid by park users for vehicles, launch fees, RV camping, etc.) on June 14, 2016 (Resolution No. 97-16 (CM)). As we recover from the COVID-19 pandemic, it is recommended that the current Pinto Lake Service Fees remain as is. Fees for use of the baseball field and picnic areas will also remain consistent with PCS rental fees. Staff will revisit these fees as operations normalize.

STRATEGIC PLAN:

02-Fiscal Health – It is anticipated that the Consultant Contract will stabilize the anticipated annual net revenue generated at the Park to support maintenance operations and reduce the administrative support required to operate the Park with City staff.

05-Community Engagement & Well-Being – It is anticipated that the Consultant will develop programs and events that maximize the use of the Park by the community.

FINANCIAL IMPACT:

It is anticipated that the Consultant Contract will stabilize the anticipated annual net revenue generated at the Park to support maintenance operations and reduce the administrative support required to operate the Park with City staff. It is anticipated that in the first year of this contract, the Consultant’s payment to the City will be approximately \$29,000, so long as Park operations are not affected by COVID related closures. Through the FY 21-23 budget development process, staff will adjust the budget accounts for Pinto Lake (687) to reflect these changes.

ALTERNATIVE ACTION:

The Council may elect to not approve this contract. Subsequently, staff would continue to manage operations at Pinto Lake.

ATTACHMENTS AND/OR REFERENCES (If any):

- 1) Resolution No. 97-16 (CM) – Pinto Lake Service Fees