

**APPROVED**  
JUN 23 2008

REPORT OF GENERAL MANAGER

NO. 08-190

DATE June 23, 2008

**BOARD OF RECREATION  
and PARK COMMISSIONERS**

C.D. 15

**BOARD OF RECREATION AND PARK COMMISSIONERS**

**SUBJECT: WILMINGTON RECREATION CENTER - AGREEMENT WITH THE COMPANY, INC., FOR THE DEVELOPMENT AND OPERATION OF A STREET-SKATE PLAZA, PROGRAMMING, AND SPECIAL EVENTS; AND ALLOCATION OF SUBDIVISION/QUIMBY FEES FOR SKATE PLAZA RENOVATIONS**

R. Adams _____	J. Kolb _____
H. Fujita _____	F. Mok _____
S. Huntley _____	K. Regan _____
V. Israel _____	*M. Shull _____

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\_\_\_\_\_  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board:

1. Approve the proposed three (3) year Agreement (Agreement), substantially in the form on file in the Board Office, with The Company, Inc., dba: The Billion Group accepting a donation of a skate plaza designed materials valued at \$100,000 for the development of a street-skate plaza and programming promotions and skate related products valued at approximately \$480,000 to replace the existing skate park at the Wilmington Recreation Center;
2. Authorize the Chief Accounting Employee to transfer \$53,694 in Subdivision/Quimby Fees, which were collected in 2004-2005 Fiscal Year, from the Subdivision/Quimby Fees Account 460K-00 to the Wilmington Recreation Center Account 460K-WY;
3. Authorize the Chief Accounting Employee to transfer \$84,778 in Subdivision/Quimby Fees, which were collected in 2006-2007 Fiscal Year, from the Subdivision/Quimby Fees Account 460K-00 to the Wilmington Recreation Center Account 460K-WY;
4. Approve the allocation of \$161,182 in Subdivision/Quimby Fees from the Wilmington Recreation Center Account 460K-WY for the skate plaza renovations at Wilmington Recreation Center, as described in the Summary of this report;

## REPORT OF GENERAL MANAGER

PG. 2

NO. 08-190

5. Authorize the Department to enter into a contract with Spohn Ranch, Inc., the donor's required installer, with a fixed price of \$160,000, for the installation of skate plaza materials and complete development of the skate plaza at the Wilmington Recreation Center in accordance with plans and specifications approved by the Department;
6. Direct the Board Secretary to transmit forthwith the proposed Agreement to the Mayor in accordance with Executive Directive No. 3, and concurrently to the City Attorney for review and approval as to form; and,
7. Authorize the Board President and Secretary to execute the Agreement upon receipt of the necessary approvals.

### SUMMARY:

The Department of Recreation and Parks (Department) and The Company, Inc., dba: The Billion Group (TBG), have negotiated mutually acceptable terms and conditions for an Agreement providing a donation of skate plaza designed materials valued at \$100,000 for the development of a skate plaza (Project) at the Wilmington Recreation Center (Center) located at 325 Neptune Avenue in the Fifteenth Council District. TBG is an established developer, promoter, and marketer of professional street-skate products, and representative of well-known sports and entertainment professionals such as Paul "P-Rod" Rodriguez (professional street skater); and creator of the "Destination Spot Series" through which TBG and its corporate partners intend to develop a series of destination spot, street-skate plazas located throughout the United States and dedicated 100% to the art of street style skating.

TBG recently approached the Department with a proposal to replace the existing, traditional skate park at the Center with a more modern street-skate plaza which would better reflect the culture and needs of today's urban-youth, street skater. "Street skating" is the newest and now most popular form of skating among youth around the world. Street skating has grown so much in popularity over recent years that it is now a professional sport and industry. Street skating grew in popularity among urban youth primarily due to the lack of accessible and/or challenging skate parks within urban neighborhoods, and the abundance of benches, platforms, handrails, stairways, and other "usable things" found regularly on the street, which served perfectly as challenging obstacles for the modern youth skater to maneuver around, on, and over. The traditional skate park does not reflect the culture of the modern street skater, nor does it reflect the style and attitude of industry professionals who dictate the wants and needs of today's youth. Through the proposed Agreement, TBG and the Department will provide Los Angeles youth with access to a true destination spot, street-skate style plaza, to be known as the "The Ambassador Plaza"; which through its unique design, attached industry celebrity-professional affiliation, proposed programming, and national media campaign, will create a non-traditional, culturally reflective, and youth responsive street-skate venue.

## REPORT OF GENERAL MANAGER

PG. 3

NO. 08-190

Wilmington Recreation Center is a 6.91 acre park, which features a gymnasium/auditorium, indoor and outdoor basketball courts, baseball diamonds, children's play area, community room, picnic area, horseshoe pit, teen room and a skate park. Center provides a variety of services to the surrounding community by offering baseball, adult basketball, karate, soccer clinics, ballet, and dance programs. It further serves the community by providing after school programs for children, teen programs, tutoring, L.A. Kids Program, and free summer lunch program. Wilmington Recreation Center is a Los Angeles Police Department stop-in center, as well as a Clean and Safe Spaces (CLASS) Park facility. Due to the facility's features, programs and services it provides, Wilmington Recreation Center meets the standard for a community park, as defined in the City's Public Recreation Plan.

Currently, \$22,710 is available in Subdivision/Quimby Fees in the Wilmington Recreation Center Account 460K-WY. Upon the approval of this report, Subdivision/Quimby Fees in the amount of \$53,694 collected during Fiscal Year 2004-2005 and \$84,778 collected during Fiscal Year 2006-2007 can be transferred from the Subdivision/Quimby Fees Account 460K-00 to Wilmington Recreation Center Account 460K-WY. The total Subdivision/Quimby Fees allocation for the skate plaza renovation project is \$161,182. These Subdivision/Quimby Fees were collected within two miles of Wilmington Recreation Center, which is the standard distance for the allocation of Subdivision/Quimby Fees for community parks.

Exhibit A shows the location of the proposed skate plaza within the Center. Also attached is Exhibit-B which shows the rendering of the proposed Ambassador Plaza design. The street-skate plaza design and "skate-able" materials shall be installed through a City contract with Spohn Ranch, Inc. (SRI). SRI was selected by TBG for the design and installation of Destination Spot Series skate plazas, of which Ambassador Plaza will be the first, due to their unique capability to install the skate-able materials to be donated by TBG forming the primary elements of the skate plaza. As a requirement of the Agreement, the Department will enter into a contract with SRI for a fixed price of \$160,000 for the installation of the donated materials and complete development of the skate plaza according to plans and specifications approved by the Department. Any cost overruns shall be the responsibility of SRI. The Department's Planning and Development Division will prepare the construction contract and will oversee and support SRI throughout the installation process.

The Department will prepare the site by performing preliminary concrete boring and cutting of the existing concrete slab, pursuant to specifications provided by SRI. The Project is anticipated to be completed within thirty (30) days from the point of commencement.

REPORT OF GENERAL MANAGER

PG. 4

NO. 08-190

In addition to the Department's contribution of funding and preliminary site work, the Department also agrees to the following:

- A. During the Term of the Agreement (three years), City shall make the Skate Plaza available to TBG for special events and programming, including but not limited to, fund raising events, demonstrations, promotional events, and instructional classes, subject to the prior approval of the Department.
- B. During the Term of the Agreement, City shall recognize the Skate Plaza as the "Ambassador Plaza". Upon the expiration or termination of the proposed Agreement, City shall no longer use, or have the rights to use, the name "Ambassador Plaza".
- C. City shall authorize TBG to sell a maximum of four (4) corporate sponsorships at a cost of \$3,000 to \$25,000. Corporate sponsorships shall receive in return of their contribution inclusion of a corporate sign at the Skate Plaza and/or a corporate logo bench. Signs shall be no larger than 5 feet x 7 feet and the benches shall comply with all Department standards for benches.
- D. City shall allow selected Department staff to participate and/or allow the Skate Plaza site to be used for camera filming; specifically, for the filming of a promotional show for purposes of promoting the Skate Plaza and programming to be provided by TBG.
- E. Authorize TBG to use City name and City seal for promotional purposes related to the Skate Plaza site and materials; such as, on TGB's website, flyers, schedules, digital promotions, cards, invitations, and like media, subject to reasonable approval by the City.

All TBG programming at the site shall be approved in advance by the Department, and shall not interfere with the Center's normal or planned operations.

In exchange for the Department's contribution to the project, TBG has agreed to the following:

- A. TBG shall donate to the City, exclusive design plans and "Skate-able" materials collectively valued at a minimum of \$100,000.
- B. TBG shall provide City with documentation defining its contractual relationship with Spohn Ranch, Inc. (SRI), as related to the preparation of exclusive design plans and materials for Ambassador Plaza development and SRI's agreement with TBG to execute a fixed price contract with the City.
- C. TBG shall provide \$350,000 worth of promotion for the site during the Term of the Agreement. Promotional event schedules shall be provided to City in writing at least sixty (60) days in advance prior to the promotional program and/or event launch. TBG shall provide City with reports of promotional and advertising activities on a quarterly basis, commencing three (3) months from the date of execution of the Agreement.

## REPORT OF GENERAL MANAGER

PG. 5

NO. 08-190

- D. TBG shall furnish at no cost to the City, an appropriate "Industry Celebrity" (a notable celebrity or professional affiliated with the skate industry, such as Paul Rodriguez Jr., aka "P-Rod"), utilizing his/her name and likeness for the promotion of the site; including celebrity's appearance at a minimum of two (2) site events per year; product giveaways of celebrity endorsed products for educational purposes at the site; and the promotion of the Department of Recreation and Parks on the professional website of the Ambassador Series.  
Site event schedules and activity descriptions shall be provided in writing to Department staff sixty (60) days in advance prior to the commencement of the subject event or activity.
- E. TBG shall provide annually during the term of the Agreement, professional instruction classes taught by industry professionals on a voluntary basis under the administration of TBG. Instructors for said classes shall consist of professional skateboard pros, professional camera instructors, and professional art instructors. The value of the instructional services provided will be at least \$10,000 annually. Classes shall be held a minimum of once per month and conducted subject to the prior approval of Department staff.  
TBG shall provide the Department with a written schedule of events at least sixty (60) days in advance of the date of any scheduled classes.
- F. TBG shall provide skate related educational products valued at a minimum of \$60,000, directly to the Skate Plaza through Department staff. The products shall be distributed exclusively at special events, professionally instructed classes, and to program participants at the site, subject to the approval and supervision of Department staff. Educational products shall consist of, but not be limited to, photo cameras, skateboards, art supplies, and skate wear.  
Details of the manner in which the products will be distributed shall be mutually determined by TBG and Department staff during the advance planning of the particular event or activity.
- G. TBG shall furnish the site with \$10,000 worth of promotional products annually, including but not limited to, watches, shirts, sweats, shoes, sunglasses, wristbands, and sweaters. Promotional products shall be distributed on-site in a manner agreed upon by City and TBG prior to promotional product distribution.
- H. TBG shall remit to City, 65% of all gross revenue received by TBG from site fund raiser events and activities, which funds shall be used by City exclusively for programming, additional improvements, or repairs to the Skate Plaza. Donations shall be made to TBG on behalf of the Department. The Department shall deposit said funds in a special account specifically for Ambassador Plaza.
- I. TBG shall provide portable skate materials to be used at the initial site launch event, which shall occur at an off-site location. TBG will be responsible for the cost of transporting said materials to the initial site launch, as well as their subsequent removal following completion of the site launch event.

## REPORT OF GENERAL MANAGER

PG. 6

NO. 08-190

- The portable materials shall be made available for celebrity and industry demonstrations during the site launch. The general public may be allowed to use said materials during the site launch event, subject to the approval of Department.
- J. TBG shall not assign or sublet use of the Skate Plaza to any other entity without prior written authorization from the Department.

Upon expiration of the proposed Agreement, the Department and TBG will discuss continuing the relationship at the site, and if continuing the relationship is found to be beneficial, a subsequent agreement may be negotiated and prepared for review and appropriate approval(s) consistent with legal requirements pertaining to competitive bidding.

Staff has determined that this project will consist of an Agreement between the Department and TBG for the installation of a street-skate plaza at the Wilmington Recreation Center, to replace the existing traditional skate park. The skate plaza will be an accessory facility to the existing recreational uses at the park and is consistent with the existing use. Therefore, the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article III, Section 1d, Class 1, Category 14 and Section 1k, Class 11, Category 3 of the City CEQA Guidelines.

Staff has discussed the proposed project with the Assistant General Manager of Operations East, the Superintendent of the Pacific Region, and the Office of Councilmember Janice Hahn of the Fifteenth Council District, and each supports the project and concurs with staff's recommendations.

### FISCAL IMPACT STATEMENT:

Aside from the Quimby funds allocated to the initial installation and development of the skate plaza, there will be no fiscal impact to the Department's normal operating budget as the proposed skate plaza will replace an existing facility of the same nature, like components, and similar maintenance requirements. The special events and programming at the site will be funded entirely by TBG. The cost of installation of the skate plaza, including installation of \$100,000 worth of materials donated by TBG, shall come entirely from allocated Quimby Funds. The Department is expected to receive skate plaza design valued at approximately \$100,000, promotions valued at \$350,000, programming and products valued at approximately \$30,000 and an unknown amount of cash representing 65% of all revenue generated from the skate plaza by TBG during the 3 year term of the Agreement.

This report was prepared by Joel Alvarez, Management Analyst II, of the Department's Real Estate and Asset Management Section.

Exhibit – A

**Ambassador Plaza at Wilmington Recreation Center**

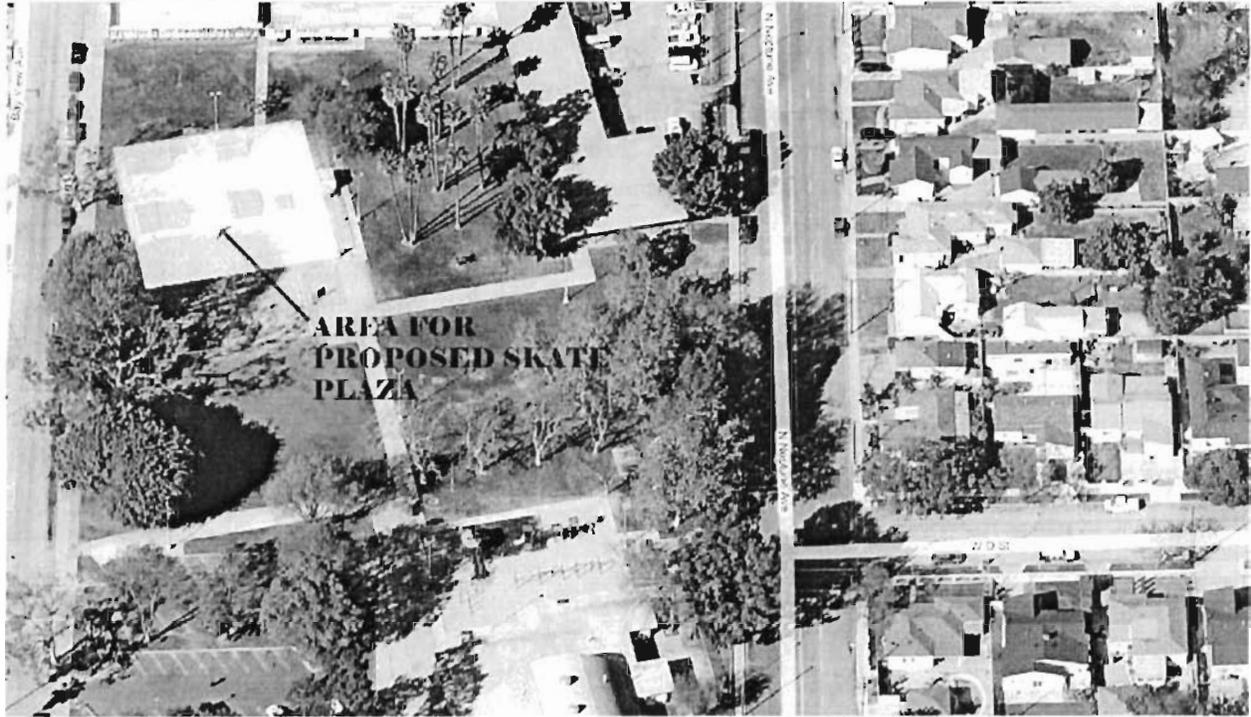


**Ambassador Plaza - Los Angeles Harbor**



# Exhibit B

## Ambassador Plaza at Wilmington Recreation Center



**WILMINGTON  
RECREATION  
CENTER**  
VUS 06-12-2008

SKATE PLAZA

