



# INFORMAL STAFF REPORT

## MEMORANDUM

**To:** Margie C. Rose, City Manager *MR*

**Thru:** Jay Ellington, Interim Assistant City Manager *(Signature)*

**From:** Stacie Talbert Anaya, Interim Director of Parks & Recreation *(Signature)*  
Kim Baker, Assistant Director of Financial Services – Purchasing Division

**Date:** February 28, 2017

**Subject:** Al Kruse Tennis Center Management Agreement

### Issue/Problem

During the February 14, 2017 City Council meeting several Council Members requested clarification about the agenda awarding the management service agreement for Al Kruse Tennis Center. Specifically the Council asked for clarification on the following issues:

1. Identify Tops Tennis LLC previous experience in successfully managing tennis facilities.
2. Demonstrate why Ronald Elizondo's proposal was deemed nonresponsive.
3. Provide information on the Interim Management Agreement previously held by Ronald Elizondo.
4. Provide a table of revenues for Al Kruse Tennis Center.

In addition to the questions from the February 14, 2017 City Council Meeting additional emails have been sent to the City in various forms that need to be addressed as follows:

5. Ronald Elizondo sent an email on February 14, 2017 to Council Members indicating that he was not allowed to run a Pro Shop at Al Kruse and that the Evaluation Matrix indicated that he did not have a current USPTA certification. Included with the email were two expired UPSTA certifications one from 2013 and one from 2016.
6. Ronald Elizondo sent an email on February 15, 2017 to Council Members indicating that a Parks and Recreation employee had put a stop to his activities at the Al Kruse Tennis Center, which included a number of calendars attached.
7. Ronald Elizondo sent on February 20, 2017 an email to the City Secretary from with a number of attached documents and an implication that staff did not receive Mr. Elizondo's entire proposal based on comments made at the City Council Meeting of February 14, 2017.

Each item above will be discussed below:

**Item 1:**

**Issue/Problem**

Identify Tops Tennis LLC previous experience in successfully managing tennis facilities

**Background & Findings**

**Tops Tennis Qualifications and Experience:**

Tops Tennis LLC was the highest scoring qualifying proposal reviewed by the committee based on their experience and proposed operational plans.

TOPs Tennis LLC is a newly formed company started by two Tennis Professionals, Brett Marcotte and Chris Foltz. Both professionals previously managed their own companies BDM Tennis and McKinnley Tennis LLC respectively, but have joined forces under their new company TOPs Tennis LLC to pursue work together. BDM has been providing the same scope of services as required at Al Kruse for the City of Carrollton Texas for the last seven years and were recently awarded a new five-year agreement. Chris under McKinley Tennis has done similar work for the Cities of Rowlett, Little Elm and the Colony since 2009. The business is operated from Brett's home, as all services are provided onsite.

TOPs Tennis LLC provided a proposal that meet all the requirements of the solicitation. They provided a full proposal, which outlined every item in the evaluation criteria and included a number of programs they would like to develop for Al Kruse. The proposal also included projected revenues as requested. Staff has checked references as required by the process and has spoken to the City of Carrollton's Parks and Recreation department about their experiences with Brett and his company.

The City of Carrollton's Parks and Recreation Director has confirmed a very positive experience with Brett and his company. The City indicated that they have a successful program with increased revenue that has been led by Brett since 2003, first as a Tennis Pro and then as manager of tennis operations as of seven years ago. The City awarded a new contract to Brett for another five years in April 2016.

**Conclusion**

The department has a need for a company that is experienced in managing a tennis center that includes a pro shop that generates money for the City. A procurement process was followed that was fair and without bias to select the most qualified respondent to manage Al Kruse Tennis Center. Tops Tennis LLC, through their proposal, demonstrated they are the most qualified respondent.

**Item 2:**

**Issue/Problem**

Demonstrate why Ronald Elizondo's proposal was deemed nonresponsive

**Background & Findings**

**Ronald Elizondo's Proposal**

Mr. Elizondo's proposal was deemed non-responsive based on the following issues.

The first item was a pass/fail requirement. Page 2, Section 2.2B. of the RFP calls for the minimum requirements for the proposer:

"The Proposer must have operated continuously for a minimum of five years providing Tennis Center Management Services which includes management, supervision and operation of a tennis facility. Contractor must submit the following with its proposal: contact information of the person that will be in charge of this contract. Include name, title, phone number, cell number, mailing address and e-mail address for each."

It's important to note this was not a new requirement for the Al Kruse Tennis Center Management, as this five years of experience requirement has existed in this solicitation for many years including back to 2005 and 2010 solicitations. It is also a fairly common requirement in most of the City's other solicitations. To date has not been an issue to get qualified firms that meet this requirement as was demonstrated in this latest solicitation, as all other proposers met this requirement.

This information was not included in Mr. Elizondo's proposal, which creates an area of non-responsiveness. However, staff still reached out to him to determine if he had the five continuous years of experience required, he affirmed that he did not. This made his proposal non responsive and ineligible for further review.

Had the proposal not failed to meet the minimum requirements and progressed on in the process to the technical proposal review stage, the second issue involves a failure to submit the required number of copies per the Request for Proposal (RFP). Page 20, Section 5.1.C. of the RFP states:

"The Proposer shall provide one electronic copy, via flash drive or compact disk, along with 3 bound hard copies of the proposal before the DUE DATE FOR PROPOSALS."

Mr. Elizondo submitted one unbound hard copy of his proposal, which consisted of a three page technical proposal the required forms, letters of recommendation, his USPTA certificate and a signed sample contract.

The third issue was a failure to submit the proposal in the format that was outlined in the RFP. The significance of this is that key pieces of information were left out of Mr. Elizondo's submittal leaving the evaluation team unable to evaluate his experience and plan forward. Page 21 Section 5.3.A. of the RFP states:

"The transmittal letter shall be the first item in your proposal and shall indicate the intention of the Proposer to adhere to the provisions described in the RFP. The transmittal letter SHALL:

1. Be presented on company letterhead;
2. Identify the submitting organization;
3. Acknowledge receipt of any addenda to this RFP;
4. Identify, by name and title, and be signed by the person authorized by the organization to obligate the organization contractually.
5. Statement indicating willingness to sign Service Agreement as written.
6. Provide list of references on forms provided.

For item 6 above, Page 2, Section 2.2.F. of the RFP went on to state:

"The Proposer's must provide references on the two-page "REFERENCES" form provided in the bid. The Proposer must provide three current client references and three former client references (or as many current and former client references as Proposer has available) for which the same services have been provided. This information will be used to determine the extent to which the Proposer is able to provide the services described herein to an entity the size of the City of Corpus Christi, as well as the level of customer service exhibited by the Proposer."

Mr. Elizondo did not provide a response to first five items listed above. In response to item six, his references did not include organization or company names. All of his references were private customers, demonstrating limited or no experience running a business with clients. The purpose of requesting this information was to determine things such as, how the proposer runs the current business, how they have grown the business, how they interact with customers and the Owner, and what programs were developed. In other words, were they successful and would you hire them again.

The fourth issue related to a requirement on Page 21, Section 5.3E. of the RFP which included the following requirements for the format and content of the proposal:

"The sixth item in your proposal shall be your actual proposal and associated documents. The proposal shall be organized in the same manner as the evaluation criteria and should address all items outlined in the criteria. Include client references with contract information that can be verified by the Evaluation Committee."

Mr. Elizondo's technical proposal consisted of a cover sheet, second page contained two paragraphs on target audience and one sentence on development plan referencing the third page, which contained a chart of, proposed programs titled "business growth and profitability", however neither were defined. The proposal did not cover the material outlined in the

Evaluation Criteria published in the RFP and therefore, could not have been evaluated even had he been declared responsive under the other items.

### **Conclusion**

Mr. Elizondo's proposal did not meet the minimum requirements established in the RFP, nor does his experience as tennis professional meet the minimum qualifications in order to be considered for review.

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### **Item 3:**

#### **Issue/Problem**

Provide information on the Interim Management Agreement previously held by Ronald Elizondo.

#### **Background & Findings**

##### **Temporary Management Agreement:**

The Parks & Recreation Department entered into a temporary management agreement with Ronald Elizondo beginning June 1, 2016 after interviewing a number of local firms that turned down the temporary agreement. The agreement outlined the following duties and requirements:

- Contractor at contractor's expense, shall employ sufficient employees to assist Contractor and pay all payroll taxes
- Maintain and promote a continuing program to attract citizens and tourists to use the Al Kruse Tennis Center
- Deposit all City Revenue on a daily basis and provide record keeping
- Pay monthly security bill for the Tennis Center building.
- Must have and maintain a Class 1 Rating from the United States Professional Tennis Association.

The contract also specifically prohibited the contractor from operating a pro shop without a separate written agreement due to his lack of experience managing a facility. The initial term of the agreement ran through November 2016.

Initially, the contractor had success operating the center and participation increase. However, a few months after the temporary agreement was executed, the department began to field complaints about the contractor. Tennis players and past colleagues of Mr. Elizondo called or emailed complaints about poorly run tournaments, his lack of respect for existing leagues and programs in the area, as well as his interactions with other members of the tennis community. One email from a Corpus Christi Tennis Association member and Tennis Success board member stated "Ronald's actions have a polarizing effect on the tennis community. I know he is doing some good things at Al Kruse but I fear for the future of the overall tennis community."

In October, staff learned the contractor was operating a Pro Shop at the center. When presented with the information, the contractor claimed ignorance despite several conversations with staff about the issue. In response, the Legal Department drafted an amendment to the original agreement was executed leaving no doubt the prohibition of operating a Pro Shop. Mr. Elizondo signed the amendment and chose not only to cease selling merchandise but also ceased scheduling tournaments, leagues and lessons, thereby reducing revenue to the City.

In December and January, staff received notification that the security bill for the tennis facility had not been paid. Upon notifying Mr. Elizondo of the delinquency, he continuously stated it had been paid and there must be an error on the security agency side. However, Mr. Elizondo could not produce proof of payment and the service payments were three months in arrears. Staff is currently working to rectify the situation and get the bill paid.

The Parks and Recreation Department extended Mr. Elizondo's contract through January 2017 due to delays in the RFP process. On February 1, 2017 the Parks and Recreation Department assumed temporary operations of the Al Kruse Tennis Center within its current staffing complement. Other programs under the responsibility of these staff members will be compromised should this become a long-term situation.

### **Conclusion**

Ronald Elizondo had issues performing the services outlined in the temporary contract as outlined above. His inability to follow the contract has been reflected in his inability to follow the solicitation process now creating a delay in getting a qualified firm under contract to enhance the program at the Al Kruse Tennis Center. Mr. Elizondo had many months to prepare his proposal while anticipating the release of the RFP and a first hand look at what it would take to run the Al Kruse center while performing the temporary services. This should have allowed him to take advantage of the situation to meet all the necessary requirements for the award. However, the proposal does not reflect these requirements and the evaluators can only evaluate what was provided.

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### **Item 4:**

#### **Issue/Problem**

Provide a table of revenues for Al Kruse Tennis Center.

#### **Background & Findings**

**History of Revenues Collected at Al Kruse Tennis Center:**

Below is a table demonstrating the revenue collected from the Al Kruse Tennis Center during Mr. Elizondo's temporary management agreement:

| YR FY 16      | JUN   | JUL   | AUG   | SEP   | Total FY 16 | YR FY 17      | OCT | NOV | DEC | JAN | Total FY 17 |
|---------------|-------|-------|-------|-------|-------------|---------------|-----|-----|-----|-----|-------------|
| Pro           | 317   | 545   | 250   | 262   | 1,374       | Pro           | 56  | 0   | 0   | 0   | 56          |
| Tennis Center | 1,556 | 2,837 | 1,485 | 1,330 | 7,208       | Tennis Center | 638 | 362 | 321 | 517 | 1,838       |
| Total         | 1,873 | 3,382 | 1,735 | 1,592 | 8,582       | Total         | 694 | 362 | 321 | 517 | 1,894       |

The Pro revenue is comprised of the city's share of merchandise sales and fees generated through leagues, tournaments and lessons. The tennis center revenue is the city's share of court fees and locker fees. Mr. Elizondo retained 95% of activities associated with lessons and leagues; 50% of the court fees per his agreement.

Below is a table demonstrating the revenue collected from the Al Kruse Tennis Center by Susan Torrence since fiscal year 2014 through the time she resigned in 2016:

| YR   |       | Oct  | Nov | Dec | Jan  | Feb  | Mar  | Apr  | May  | Jun  | Jul  | Aug  | Sep  | Total |
|------|-------|------|-----|-----|------|------|------|------|------|------|------|------|------|-------|
| FY16 | Pro   | 246  | 210 | 248 | 318  | 298  | 359  | 379  | 501  |      |      |      |      | 2559  |
|      | TC    | 537  | 517 | 646 | 857  | 689  | 851  | 659  | 1258 |      |      |      |      | 6009  |
|      | Total | 783  | 724 | 894 | 1175 | 987  | 1210 | 1037 | 1759 |      |      |      |      | 8568  |
| FY15 | Pro   | 373  | 189 | 236 | 218  | 193  | 293  | 458  | 340  | 436  | 436  | 338  | 308  | 3818  |
|      | TC    | 704  | 566 | 385 | 382  | 957  | 539  | 907  | 489  | 716  | 808  | 404  | 740  | 7596  |
|      | Total | 1077 | 754 | 620 | 599  | 1150 | 832  | 1365 | 829  | 1152 | 1243 | 742  | 1048 | 11414 |
| FY14 | Pro   | 463  | 252 | 237 | 277  | 252  | 323  | 356  | 320  | 474  | 575  | 398  | 317  | 4244  |
|      | TC    | 1623 | 491 | 488 | 630  | 919  | 465  | 1231 | 619  | 653  | 537  | 794  | 878  | 9318  |
|      | Total | 2086 | 743 | 728 | 907  | 1171 | 788  | 1597 | 939  | 1117 | 1112 | 1192 | 1195 | 13562 |

Please note that the center was undergoing renovations February – June 2016 to make repairs and resurface to courts that had limited use prior to renovations. Our reporting documents do not include participant numbers only register information.

### **Conclusion**

Although revenues appear to have increased during the peak summer months after Ronald Elizondo took over the freshly renovated center, the revenues are declining to about half of what they had been in the fall/winter months. Staff has been concerned about Al Kruse and wants to make the programs stronger and increase participation and revenue to reduce the subsidies from the City budget. Staff believes getting a fresh perspective on the center by a team that has been successful in significantly increasing a similar City's revenue while maintaining the community involvement and pride in the center would be in the best interest of the City for the long term.

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## **Item 5:**

### **Issue/Problem**

Ronald Elizondo sent an email on February 14, 2017 to Council Members indicating that he was not allowed to run a Pro Shop at Al Kruse and that the Evaluation Matrix indicated that he did not have a current USPTA certification. Included with the email were two expired UPSTA certifications one from 2013 and one from 2016.

### **Background & Findings**

The information on Ronald's temporary contract is outlined in Item 6 below. The Pro Shop activities were excluded from the temporary contract that Ronald signed.

The evaluation matrix did have an error in that an additional x was placed in the line for Ronald's USPTA certificate. The Senior Buyer for the City that was handling this solicitation had placed the x there as Ronald's USPTA certificate listed a different level of certification than the solicitation required; however the Buyer did proceed to contact the USPTA and they confirmed that the certification is valid. She inadvertently missed removing the box after verification, but everyone involved in the solicitation review was aware that Ronald's certification meets the intent of the RFP. Staff takes responsibility for the box not being removed however no issues have ever been raised by staff on this topic and due to the fact that all five minimum requirements had to be met in order to be deemed responsive, this one item did not affect that outcome. Ronald was deemed non responsive based on a number of items as outline in Item 2 above.

As for the two USPTA certificates that were provided with this email, they were both expired. The one that expired in 2016 had been submitted with the proposal and was deemed acceptable at that time as explained above.

### **Conclusion**

Staff administered the contract as written and the contract did not include Pro Shop activities.

There was a clerical error on the evaluation matrix, but that error did not affect the evaluation of the proposal nor did it affect the determination that Ronald Elizondo's proposal was nonresponsive to the RFP.

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**Item 6:****Issue/Problem**

Ronald Elizondo sent an email on February 15, 2017 to Council Members indicating that a Parks and Recreation employee had put a stop to his activities at the Al Kruse Tennis Center, which included a number to calendars attached.

**Background & Findings**

The Parks & Recreation Department entered into a temporary management agreement with Ronald Elizondo beginning June 1, 2016. Please see Item 3, which explains the terms of the temporary agreement and the issues related to the Pro Shop.

**Conclusion**

Staff were providing the appropriate level of contract administrative oversight required by the City to monitor the activities on the contract. Staff took appropriate action to bring to Ronald Elizondo's attention that he was out of compliance with the contract and issued an amendment to the contract to make sure it was absolutely clear what those duties entailed since Ronald indicated he was confused by the language and discussions upon his hiring so that no misunderstanding would occur going forward. Staff handles all contracts in the same manner and this level of oversight is not unique to this one facility.

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**Item 7:****Issue/Problem**

Ronald Elizondo sent an email to the City Secretary from on February 20, 2017 with a number of attached documents and an implication that staff did not receive Mr. Elizondo's entire proposal based on comments made at the City Council Meeting of February 14, 2017.

**Background & Findings**

Upon receiving the email from Mr. Elizondo, both Mr. Ellington and Kim Baker asked for clarification from the Purchasing Department as to what had been received from Mr. Elizondo in is original submission for the RFP.

Kim Baker, Assistant Director of Finance – Purchasing, confirmed that Mr. Elizondo had submitted all of the documentation included in the email with the exception of the updated 2017 certification from the United States Professional Tennis Association and the flyer. However, the majority of the documents were not requested for nor responsive to the RFP. The RFP did not ask respondents to submit a signed contract nor a flyer demonstrating marketing for a league or program. The document titled "Al Kruse Tennis Center Proposal 2016-2017" is three pages long and does not provide all of the information required in the RFP and fails to list Mr. Elizondo's work experience to demonstrate he meets minimum qualifications to be considered for the agreement.

**Conclusion**

Mr. Elizondo's email dated 2/20/2017 further demonstrates that he did not adequately respond to the RFP.