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**DEPARTMENT OF PARKS
AND COMMUNITY SERVICES**

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March 12, 1991

DIVISIONS:
GOLF
CROCKER ART MUSEUM
HISTORY AND SCIENCE
METROPOLITAN ARTS
SACRAMENTO ZOO
PARKS AND RECREATION

- NORTH
- SOUTH
- CITY-WIDE

**Budget and Finance/Transportation
and Community Development Committee
Sacramento, California**

Honorable Members in Session:

SUBJECT: William Land Park Amusement Rides Services Lease

SUMMARY

This report provides information relating to the Amusement Rides area in William Land Park. This report further requests that the City Council authorize the City Manager to execute a lease for the provision of amusement rides services with Funderland, Inc.

BACKGROUND INFORMATION

The amusement rides area is one of the oldest family entertainment elements not only in William Land Park but in the entire city parks' system. Originally known as Land Park Kiddie Land, the amusement rides area was privately financed and developed by a local citizen in the early 1940's. This amenity, which encompasses approximately two acres, is located on Sutterville Road south of 16th Avenue in close proximity to the pony rides area and Fairytale Town. Commencing in 1946, the amusement rides area was operated under a contract agreement with the City in which a percentage of the gross receipts was paid to the City as rent. The original operator, together with the City, undertook several capital improvements which enabled the rides to operate year-round in the early 1950's. The popularity of this children's ride area has been a constant in the history of William Land Park.

The current operator, Funderland, Inc., has operated the amusement rides area since January 1985. Presently, there are 11 amusement rides at the site, and the focus is on families with small children.

The rides area is open only during daylight hours and closes no later than 6:00 p.m. The current operator has instituted some programmatic improvements including limited refreshment services, all day passes, and planned group activities such as birthday parties. In addition, they have instituted the community service oriented activities including the policy of offering residents of children's homes free group visits. Currently, a percentage of gross receipts from all amusement area activities is paid to the City as rent. The existing contract for the amusement rides area has expired and is being extended on a month-to-month basis pending execution of a new contract.

Zoo-2002: Master Plan for the Sacramento Zoo and Surrounding Area specified that an advisory committee to the Director consisting of one representative each from the Association to Preserve Land Park, the Sacramento Zoological Society, and the Friends of Fairytale Town be established prior to contract execution. The role of this selection advisory committee, which was formed in August 1989, was to review the draft Request for Proposals (RFP) after which staff finalized the RFP prior to seeking Council authorization for its issuance. In October 1989, the City Council approved issuance of the Request for Proposal for Amusement Rides Services. Following City Council authorization, copies of the RFP were mailed to amusement rides operators throughout the state.

The City received one proposal from the existing operator, Funderland, Inc. It was originally intended that the Selection Advisory Committee, comprised of one representative from each of the special interest groups, would also review the amusement rides proposals and assist City staff in selecting a finalist. Given that the City received only one proposal, comparison of responses and subsequent selection of a finalist was a moot process. Instead the Selection Advisory Committee was asked to review and comment on the proposal and to identify specific issues or points for clarification relative to the proposal that staff could be addressed through negotiations.

Lease Negotiations

On March 6, 1990, the City Council authorized the Department of Parks and Community Services to negotiate an Amusement Rides Services lease with Funderland, Inc. A negotiating team composed of a Department of Parks and Community Services' Resource Development and Management staff person, a Finance Department Senior Management Analyst, and the Assistant General Manager of the California State Fair commenced negotiations with Funderland, Inc. A primary objective of the negotiating team was ensuring that the proposed contract fulfill the mitigating obligations of Zoo - 2002, related to the amusement rides area, the first of which is that the rides shall be maintained at the existing site. This requirement as well as the Department of Parks and Community Services imposed requirement that the rides area remain within the existing boundaries have been met. The mitigation mandate that the rides be scaled back so they are primarily aimed towards young children will be accomplished through a replacement of the existing portable, carnival type rides with child-oriented rides which have been customized for the park setting. Following is a comparison of the existing and the negotiated rides:

Existing Rides

1. Merry Go Round
2. Jungle of Fun (carnival version)
3. Rio Grande Train ride
4. Roller Coaster (carnival version)
5. Boat Ride
6. Helicopter
7. Tubs of Fun (carnival version)
8. Auto Ride
9. Waltzing Flower (carnival ride)
10. Fire Engine
11. Bulgy the Whale

Proposed Rides

1. Merry Go Round (customized for Park)
2. Kiddie Play Area
3. Original Land Park Train restored and installed on new tracks
4. Roller Coaster (park version)
5. Boat Ride (on recirculating water track)
6. Red Baron Antique Airplane Ride
7. Teacups (ground level park ride)
8. Car Ride (customized for park)
9. Not replaced
10. Not replaced
11. Not replaced

Additionally, both the existing food trailer and the existing ticket booth are carnival versions. Consequently, these customer service amenities will be replaced by a small, park model food kiosk and a small park oriented ticket booth. Other negotiated improvements to the amusement rides area include the installation of a pedestrian sidewalk and permanent benches and the planting of colorful flowers and shrubs of a type consistent with existing Land Park landscaping. Funderland, Inc. will assume all costs of improvements to the rides area which are estimated at \$632,000 and which under the terms of the contract will be supported by invoices. The proposed lease further stipulates that failure to complete the improvements at the level and in accordance with the timeline negotiated is cause for termination of the lease.

Phase One of the improvements which will include removal of the Waltzing Flower, the Jungle of Fun, and the Rio Grande Train and the ground preparation for the installation of the Antique Car Ride, the Boat Ride, and the Kiddie Play Area will be completed by March 1992. The balance of the improvements which will include installation of the original Land Park train will be completed by March 1993. This phasing of the improvements will allow portions of the amusement rides area to be kept open and thus will not result in a significant loss in service to the public.

Under the proposed contract, quality family recreational services will be afforded the public while concurrently providing a fair return to both the City and the operator. Consistent with this objective and the Department's leasing policy are the following negotiated lease terms:

- * Lessee required to provide all equipment necessary for the operation of the contract.
- * Lessee shall be required to obtain insurance coverage to include Full Workers' Compensation Insurance and Employer's Liability Insurance of at least \$1 million per occurrence and General Liability Insurance of at least \$1 million single limit per occurrence with the City named as additional insured.

- * Lessee shall pay to the City 20 percent gross receipts as rent with a minimum annual guarantee to the City.
- * Lessee shall implement a weekend and holiday differential similar to those currently in existence at the Zoo, Fairytale Town, and the Land Park Amphitheater and ball fields to provide an additional dedicated source of revenue for park land improvements and to encourage attendance during off-peak hours.
- * The length of the contract term will be for 15 years corresponding to the level of capital investment in the amusement rides area.

The third and final mitigation measure of Zoo - 2002 relating to the amusement rides is that the sound proofing shall be improved. In order to determine how to best accomplish this, the Department contracted with Carl Amundson, owner of Associated Sound and an acoustical expert, to analyze the amusement rides area including identification of potential noise concerns and to make specific recommendations for improved soundproofing. This sound study was conducted over a three week period during the months of July and August when attendance is high with the sound reading taken during morning and afternoon periods on both weekends and weekdays in the neighborhood to the South of Sutterville Road and off Riverside Boulevard. According to Mr. Amundson's report, "there is no distinguishable change in the DB level when rides are operating from the normal street readings." Further, he reports that, "the rides do not emit a significantly high level of noise." However, he mentioned that the children's voices do stand out amongst the street and other noises because of the difference in the pitch of their voices rather than the volume. Consequently, he suggested that the construction of a wall adjacent to the present fence line might be advisable to deflect and suppress the sound of children's voices. He recommended that the wall be approximately 12 feet high and treated with a sound absorbent material. The negotiating team and the Director's office decided to allow the special interest groups to determine whether or not the proposed lease should include construction of the soundwall; the proposer was amenable to including or not including the sound wall in accordance with the interests of the City and the neighborhood.

Following completion of the negotiations, in December 1990, staff from the Resource Development and Management section together with the Deputy Director of Parks and Community Services met with the one representative each from the Sacramento Zoological Society, Friends of Fairytale Town and the Association to Preserve Land Park (APLP) to share the key points of the negotiated lease. Each special interest group representative was provided with a written overview of the negotiated terms as well as the proposed amusement area site plan to take back to their representative groups. The three group representatives agreed to respond in writing to the proposed amusement rides area lease terms and to comment on the potential sound wall by mid-January 1991. At their December 1990 meeting, the Sacramento Zoological Board unanimously voted to support finalization of the amusement rides area lease agreement and provided a letter expressing their support. The Friends of Fairytale Town likewise addressed this issue at their December 1990 meeting with a follow-up letter to the Department fully endorsing the lease. Both the Sacramento Zoological Society and the Fairytale Town Board opted not to take a position on the proposed soundwall but rather indicated that they would support the City and the neighbors' position on this element of the lease.

The Association to Preserve Land Park (APLP) requested and received an additional month to respond to the proposed lease terms so as to insure the input of the neighborhood. APLP also requested and received a second briefing on the negotiated lease terms from the Deputy Director and Resource Development and Management staff person. In addition to presenting the proposed lease terms at their regular board meeting, APLP held a special neighborhood meeting targeting those persons whose property abuts the park specifically to solicit comments on the proposed rides lease. Approximately 100 notices were sent to Land Park residents inviting them to this meeting at which the Director of Parks and Community Services would answer questions and address concerns regarding the proposed amusement rides lease. Six citizens attended this meeting. In February 1991, the written endorsement of the proposed amusement rides area lease was received from APLP. The Association to Preserve Land Park strongly recommends construction of a sound wall as detailed in the sound consultant's report. The Department supports this request and has included the appropriate language in the lease requiring the proposer to construct the sound wall in accordance with City standards. The cost of this soundwall, which is estimated at \$64,000, will be fully born by the Lessee. The soundwall will be built within the existing fence and constructed of a noise absorbing material. To further confine the sounds from within the amusement rides area, ivy will be planted on the soundwall. Once the ivy has grown, the existing fence will be removed.

APLP also recommended that the design for the 12' X 28' food kiosk and the 12' x 12' ticket booth be reviewed by the City's Design and Review Board. The Department does not support this request for several reasons. First, these structures were never a part of the Zoo - 2002 Master Plan. The negotiated agreement resulting in Zoo - 2002 included review by the Design and Review Board of the Zoo's educational building because of its location, size, and visibility; however, review of any amusement rides area structural elements was never a part of the negotiated plan. Second, the current design and review guidelines includes certain geographic areas subject to approval by the Design and Review Board. These areas are the Central City, Oak Park and Del Paso Heights. This project does not fall within these areas. Given the fact that the Department has met all of its obligations as required by Zoo - 2002 relative to the amusement rides area, it would be inappropriate to include additional conditions to the plan two and a half years after its adoption.

APLP's final recommendation was that we look into improving the existing unsightly storage shed located on the leased premises. Department staff will work with the lessee and the neighbors to identify how this could best be accomplished within the scope of the proposed lease.

FINANCIAL DATA

Terms of the negotiated lease include rent to the City in the amount of 20 percent of the gross receipts. In addition, the proposed lease also provides a graduated annual guaranteed minimum fee of \$75,000 during the first five years of the contract; \$100,000 during years six to ten of the contract and \$125,00 during the final five years of the contract. Estimated return to the City, based on the projected gross receipts as projected by Funderland, Inc., is as follows:

| <u>Year</u> | <u>Estimated Gross Receipts</u> | <u>Revenue to City</u> | <u>Annual</u> |
|-------------|-------------------------------------|------------------------|---------------|
| 1991 | \$425,000 | \$85,000 | |
| 1992 | \$446,250 | \$89,250 | |
| 1993 | \$468,563 | \$93,713 | |
| 1994 | \$491,991 | \$98,398 | |
| 1995 | \$516,590 | \$103,484 | |

Total revenue to the City during the first five years of the lease as projected by Funderland, Inc. is approximately \$470,000. Last year, revenue to the City from the amusement rides contract was \$120,213. Revenue from the amusement rides contract is divided in thirds and deposited in Land Park, Fairytale Town, and the Sacramento Zoo special revenue accounts where it is used for parkland improvements to offset the cost of operating Fairytale Town and to implement the Zoo master plan.

Also, as recommended in Zoo - 2002, the proposed contract requires the Lessee to implement a weekend and holiday differential fee of \$0.50 to be paid to the City in addition to agreed rent to encourage off-peak attendance and to provide a dedicated source of revenue for parkland improvements. Based on its visitor projections, Funderland, Inc. estimates that revenue from the differential, which will be deposited in the Land Park special revenue account, will approximate \$25,000 annually.

POLICY CONSIDERATIONS

The award of the proposed lease is in accordance with Section 12.39 of the City Code. Further, the proposed lease incorporates all the mitigating measures regarding the amusement rides area required by Zoo - 2002: Master Plan for the Sacramento Zoo and Surrounding Area.

MBE/WBE EFFORTS

All negotiated Department of Parks and Community Services' leases contain contractual language requiring lessee to make a concerted effort to employ a work force which is representative of the minority population of the City.


RECOMMENDATION

It is recommended that the Joint Budget and Finance and Transportation and Community Development Committees review this report and forward it to the full City Council for action. Further, it is recommended that the Council, by resolution, authorize the City


March 12, 1991

Manager to award a lease for Amusement Ride Services with Funderland, Inc. in accordance with Section 12.39 of the Sacramento City Code.

Respectfully submitted,

for 
Robert P. Thomas, Director
Parks and Community Services

Recommendation Approved:


Jack Crist
Deputy City Manager

March 12, 1990
District 4

Staff Contact Person: Tina Lee-Vogt, Resource Development and Management, 449-6276

K:Council/TLRAMuse

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING THE EXECUTION OF A LEASE
BETWEEN THE CITY OF SACRAMENTO AND FUNDERLAND, INC.
FOR THE AMUSEMENT RIDES AREA IN WILLIAM LAND PARK

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

Pursuant to the Sacramento City Code Section 12.39, the City Manager is hereby authorized and directed to execute, on behalf of the City of Sacramento, a lease agreement between the City of Sacramento and Funderland, Inc. for the Amusement Rides Area in William Land Park.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____