



Legislation Text

File #: 19-1225, **Version:** 1

Recommendation to authorize City Manager, or designee, to enter into a permit agreement with Freetime, Inc., dba Wheel Fun Rentals, for the use of Rainbow Lagoon, to offer Swan Pedal Boat rentals, for a term of five years, with the option to renew for two additional two-year periods, at the discretion of the City Manager. (District 2)

City Council approval is requested to enter into a permit agreement with Freetime, Inc., dba Wheel Fun Rentals (Wheel Fun Rentals), to provide Swan Pedal Boat rentals at the Rainbow Lagoon (Attachment). Wheel Fun Rentals is a premier recreational rental company in the United States with over 100 locations across the country and three million customers served annually. Since 2000, Wheel Fun Rentals has operated a bicycle and Segway scooter rental location out of Shoreline Village. The company has seen progressive growth in its annual Shoreline Village sales over the past five years, recently surpassing \$600,000 in annual sales.

It is the intention of Wheel Fun Rentals to enhance the beauty and activity of Rainbow Lagoon and the Pike area by offering attractive, safe and durable Swan Pedal Boat rentals to users of all ages. Similar Swan Pedal Boat operations in the City of Los Angeles have already drawn 250,000 people to the experience since 2018. Wheel Fun Rentals has requested to permit 30 Swan Pedal Boats in Rainbow Lagoon for an initial term of five years, with the option to renew for two additional two-year periods.

The proposed permit agreement will contain the following:

- Term: Five years, from February 1, 2020 to January 31, 2025.
- Renewal Options: Two additional two-year renewal options at the discretion of the City Manager.
- Capacity: Wheel Fun Rentals will be permitted to operate 30 Swan Pedal Boats, with no more than ten boats to be stored together in one location upon Rainbow Lagoon waters or City property. More Swan Pedal Boats may be approved for use in Rainbow Lagoon by written request to and authorization from the City Manager or designee. Placement and occupancy of one kiosk facility will be approved by the City Manager, including size and design, may be placed at the west end of Rainbow Lagoon for Wheel Fun Rentals to conduct business. Hours of operation are 10 a.m. to 10 p.m., seven days per week. Additional hours of operation may be approved via written request to the City Manager.
- Permit Fee: Wheel Fun Rentals will pay a minimum of 18 percent of annual gross

receipts for the first two years of the initial five-year term. Commencing in the second year of the initial five-year term, Wheel Fun Rentals will pay the percentage rate, or annual minimum amount of \$80,000, whichever is greater, for the duration of the initial five-year term, and throughout each of the two additional two-year renewal options.

- Special Events: Permittee operations in and around Rainbow Lagoon may be superseded by City-approved special events with a minimum of 10 business days' notice.
- Property Redevelopment: Permit contract agreement may be suspended or ended with 60 days-notice in the event of redevelopment of Rainbow Lagoon property.

This matter was reviewed by Deputy City Attorney Arturo D. Sanchez on November 13 2019 and by Revenue Management Officer Geraldine Alejo on November 18, 2019.

City Council action is requested on December 10, 2019, to ensure the permit agreement is in place expeditiously and to allow Wheel Fun Rentals to begin concession services on Rainbow Lagoon by February 2020.

The City is estimated to receive annual revenue in the amount of \$80,000 during the initial five-year term. Revenue will accrue to the Tidelands Operating Fund Group in the Parks, Recreation and Marine Department. This recommendation has no staffing impact beyond the budgeted scope of duties and is consistent with existing City Council priorities. The approval of this action will result in a positive impact on jobs, although the number of additional local jobs is unknown at this time.

Approve recommendation.

GERARDO MOUET
DIRECTOR OF PARKS, RECREATION AND MARINE

APPROVED:

THOMAS B. MODICA
ACTING CITY MANAGER