

**Council Meeting: December 14, 2010****SUBJECT: Award of Contract to Provide Children's Dance Classes for the City's Recreation Program (F1011-52)****BACKGROUND**

Approval is requested for the award of a two-year contract, with an option to extend the contract for one additional year, to Dance Force LLC of San Jose to provide children's dance classes for the City's Recreation Program. Staff anticipates that the cost of the contract will not exceed \$90,000 per year, for a total not-to-exceed amount of \$180,000.

DISCUSSION

For many years, the City has offered children's dance classes to the public through its Recreation Program. Council awarded a contract to Dance Force LLC on November 27, 2007 (RTC 07-394) for these classes. This contract was issued for a two-year period and extended for an additional one year period, as authorized by Council. The contract will expire on December 31, 2010.

Since December 2007, approximately 3,200 children have participated in the dance classes provided by Dance Force. Staff has been satisfied with the services provided by Dance Force and recommends continuation of these services for at least two more years. Under the terms of both the current and requested contract, the company is paid 60% of the resident registration fees collected for dance classes, minus any refunds. The remaining 40% is retained by the City to offset the cost of handling class and registrations. The percentage of revenue split between the City and Dance Force is within the range of industry standards.

Section 2.08.070(b) of the Sunnyvale Municipal Code exempts professional services, including instructors, from the City's competitive bidding requirements.

FISCAL IMPACT

Although difficult to predict, it is anticipated that total payments to Dance Force for its share of program revenue will not exceed \$90,000 per year. Based on this estimate, the City anticipates retaining approximately \$56,000 (based on projected gross revenue of \$140,000 per year from participant registration fees as follows:

<u>Contractor</u>	<u>Total Fee Revenue</u>	<u>Amount Paid to Contractor</u>	<u>Amount Retained by City</u>
Dance Force LLC	\$ 140,000	\$ 84,000	\$ 56,000

The amount retained by the City (including non-resident differential) offsets the cost of providing facilities and equipment, promoting programs, registering participants, contract management and responding to customer service comments. Net revenue received by the City covers all direct costs.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

RECOMMENDATION

It is recommended that Council:

1. Award a two-year contract to Dance Force LLC, in substantially the same form as the attached draft and in an amount not to exceed \$90,000 per year, to provide children's dance classes for the City's Recreation Program; and
2. Delegate authority to the City Manager to exercise an option to extend the contract for one additional year, provided that pricing and service remain acceptable to the City.

Reviewed by:

Grace K. Leung, Director of Finance
Prepared by: Pete Gonda, Purchasing Officer

Reviewed by:

Robert Walker
Assistant City Manager

Approved by:

Gary M. Luebbbers
City Manager

Attachments

Draft Services Agreement

**ATTACHMENT A
DRAFT
SERVICE AGREEMENT
BETWEEN THE CITY OF SUNNYVALE AND DANCE FORCE LLC
TO PROVIDE CHILDREN'S DANCE CLASSES**

THIS AGREEMENT, dated _____, is by and between the CITY OF SUNNYVALE, a municipal corporation ("CITY"), and DANCE FORCE LLC, a California limited liability company ("CONTRACTOR").

WHEREAS, the CITY is in need of services to provide children's dance classes; and

WHEREAS, CONTRACTOR has the skill and ability to provide the required services;

NOW, THEREFORE, THE PARTIES ENTER INTO THIS AGREEMENT.

1. Services

CONTRACTOR shall provide services in accordance with Exhibit "A" attached and incorporated by reference. CONTRACTOR shall determine the method, details and means of performing the services.

2. Time for Performance

The term of this Agreement shall be two years, commencing on January 1, 2011, and continuing through December 31, 2012, unless otherwise terminated. CONTRACTOR shall deliver the agreed upon services to CITY as specified in Exhibit "A". Agreement may be extended for one additional one year period, at the option of CITY.

3. Duties of CITY

CITY shall provide a facility within CONTRACTOR shall perform the required services, include a listing for each of CONTRACTOR's classes and camps in each Sunnyvale Recreation Activity Guide published during the term of this Agreement, and provide class and camp registration services.

4. Compensation

CITY agrees to pay CONTRACTOR as full compensation for the services rendered pursuant to this Agreement, the amounts set forth in Exhibit "A". Total compensation shall not exceed Ninety Thousand and no/100 Dollars (\$90,000) per year.

5. Conflict of Interest

No officer or employee of CITY shall have any interest, direct or indirect, in this Agreement or in the proceeds thereof. During the term of this Agreement CONTRACTOR shall not accept employment or an obligation which is inconsistent or incompatible with CONTRACTOR's obligations under this Agreement.

6. Compliance with Laws

(a) CONTRACTOR shall not discriminate against any participant, student, employee or applicant for employment under this Agreement because of race, religion, creed, color, gender, age, disability, national origin or any other basis to the extent prohibited by federal, state or local law.

- (b) CONTRACTOR shall comply with all federal, state and city laws, statutes, ordinances, rules and regulations and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of the Agreement.

7. Tuberculosis Testing Requirement

CONTRACTOR shall provide a certificate to CITY showing that CONTRACTOR'S employees have been examined by a physician or other qualified medical provider and have been found to be free of communicable tuberculosis (Public Resources Code 5163).

8. Background Checks

CONTRACTOR shall not permit any employee to provide services to CITY under this Agreement until such employee has undergone criminal background screening through the California Department of Justice as provided in Penal Code 11105.3. No person who has been convicted to a violation or attempted violation of any offense specified in Penal Code 11105.3 or Public Resources Code 5164 shall be permitted to provide services to CITY under this Agreement. CONTRACTOR shall provide CITY, on an ongoing basis, a current list of all employees or other persons acting on CONTRACTOR's behalf.

9. Independent Contractor

CONTRACTOR is acting as an independent contractor in performing the work required by this Agreement and is not an agent, servant or employee of CITY. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between CITY and CONTRACTOR. CONTRACTOR is responsible for paying all required state and federal taxes.

10. Indemnity

CONTRACTOR shall indemnify, defend, and hold harmless the CITY, its officers, officials, employees and volunteers from and against all claims, damages, losses and expenses, including attorney fees, arising out of the performance of the services described in Exhibit "A", caused in whole or in part by any negligent act or omission of CONTRACTOR, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence or willful misconduct of the CITY.

11. Insurance

CONTRACTOR shall take out and maintain during the life of this Agreement policies of insurance as specified in Exhibit "B" attached and incorporated by reference, and shall provide all certificates or endorsements as specified in Exhibit "B."

12. CITY Representative

Nancy Bolgard Steward, Recreation Superintendent, as City Manager's authorized representative, shall represent CITY in all matters pertaining to the services to be rendered under this Agreement, other than invoices for payment as defined in Section 14. All requirements of CITY pertaining to the services and materials to be rendered under this Agreement shall be coordinated through the CITY representative.

13. CONTRACTOR Representative

Kathy Welch, Director, shall represent CONTRACTOR in all matters pertaining to the services and materials to be rendered under this Agreement. All requirements of CONTRACTOR pertaining to the services to be rendered under this Agreement shall be coordinated through the CONTRACTOR representative.

14. Notices

All notices required by this Agreement, other than invoices for payment which shall be sent directly to Accounts Payable, shall be in writing, and shall be personally delivered, sent by first class with postage prepaid, or sent by commercial courier, addressed as follows:

To CITY: Nancy Bolgard Steward
Recreation Superintendent
Department of Parks and Recreation
CITY OF SUNNYVALE
P. O. Box 3707
Sunnyvale, CA 94088-3707

To CONTRACTOR: Kathy Welch, Director
DANCE FORCE LLC
4512 Tomrick Ave
San Jose, CA 95124

Nothing in this provision shall be construed to prohibit communication by more expedient means, such as by telephone or facsimile transmission, to accomplish timely communication. However, to constitute effective notice, written confirmation of a telephone conversation or an original of a facsimile transmission must be sent by first class mail or commercial carrier, or hand delivered.

Each party may change the address by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of three days after mailing, unless such date is a date on which there is no mail service. In that event communication is deemed to occur on the next mail service day.

15. Assignment

Neither party shall assign or sublet any portion of this Agreement without the prior written consent of the other party.

16. Termination

If CONSULTANT defaults in the performance of this Agreement, or materially breaches any of its provisions, CITY at its option may terminate this Agreement by giving written notice to CONSULTANT. If CITY fails to pay CONSULTANT, CONSULTANT at its option may terminate this Agreement if the failure is not remedied by CITY within thirty (30) after written notification of failure to pay.

Without limitation to such rights or remedies as CITY shall otherwise have by law, CITY also shall have the right to terminate this Agreement for any reason upon ten (10) days' written notice to CONTRACTOR. In the event of such termination, CONTRACTOR shall be compensated in proportion to the percentage of services performed or materials furnished (in relation to the total which would have been performed or furnished) through the date of receipt of notification from CITY to terminate. CONTRACTOR shall present CITY with any work product completed at that point in time.

17. Entire Agreement; Amendment

This writing constitutes the entire agreement between the parties relating to the services to be performed or materials to be furnished hereunder. No modification of this Agreement shall be effective unless and until such modification is evidenced by writing signed by all parties.

18. Miscellaneous

Time shall be of the essence in this Agreement. Failure on the part of either party to enforce any provision of this Agreement shall not be construed as a waiver of the right to compel enforcement of such provision or any other provision. This Agreement shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement.

ATTEST:

CITY OF SUNNYVALE ("CITY")

By _____
City Clerk

By _____
City Manager

APPROVED AS TO FORM:

DANCE FORCE LLC
("CONTRACTOR")

By _____
City Attorney

By _____

Name and Title

EXHIBIT "A"
SCOPE OF SERVICES

CONTRACTOR shall:

- Provide children's dance classes at various CITY facilities.
- Throughout the term of this Agreement, comply with the requirements of CITY's Handbook for Independent Contract Instructors, dated 12/1/04 and/or as amended.

CONTRACTOR shall not solicit business in class nor use the class roster or other information obtained in class to create a mailing list or for any other business purpose.

COMPENSATION

CONTRACTOR shall be compensated at the rate of 60% of the resident rate per registered student minus any refunds and coupons. Payment will be made within three weeks of the end of each session.

EXHIBIT "B"
INSURANCE REQUIREMENTS

CONTRACTOR shall obtain, at its own expense and from an admitted insurer authorized to operate in California, the insurance coverage detailed below and shall submit Certificate(s) of Insurance to the City of Sunnyvale, Purchasing Division, 650 West Olive Ave, PO Box 3707, Sunnyvale, CA 94088-3707; fax (408) 730-7710.

CONTRACTOR shall take out and maintain during the life of the contract **Workers' Compensation** insurance coverage to statutory limits as may be required by law.

CONTRACTOR shall take out and maintain during the life of the contract such **Commercial General Liability Insurance** as shall protect CONTRACTOR, CITY, its officials, officers, directors, employees and agents from claims which may arise from services performed under the contract, whether such services are performed by CONTRACTOR, by CITY, its officials, officers, directors, employees or agents or by anyone directly or indirectly employed by either. The amount of insurance shall not be less than the following: Single Limit Coverage Applying to Bodily and Personal Injury Liability and Property Damage: \$1,000,000.

The liability insurance shall include, but shall not be limited to:

- Protection against claims arising from bodily and personal injury and damage to property, resulting from CONTRACTOR's or CITY's operations and use of owned or non-owned vehicles.
- Coverage on an "occurrence" basis.
- Broad form property damage liability. Deductible shall not exceed \$5000 without prior written approval of CITY.
- Notice of cancellation to CITY's Purchasing Division at least thirty (30) days prior to the cancellation effective date.

The following endorsements shall be attached to the liability insurance policy, and copies shall be submitted with the Certificate(s) of Insurance:

- The policy must cover complete contractual liability. Exclusions of contractual liability as to bodily injuries, personal injuries and property damage must be eliminated.
- CITY must be named as additional named insured with respect to the services being performed under the contract. *Simply indicating on the certificate that the certificate holder is named as additional insured is not acceptable; an endorsement must be provided.*
- The coverage shall be primary insurance so that no other insurance effected by CITY will be called upon to contribute to a loss under this coverage.