

APPROVED
JUN 04 2008

REPORT OF GENERAL MANAGER

NO. 08-136

DATE May 21, 2008

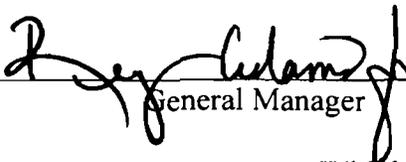
**BOARD OF RECREATION
and PARK COMMISSIONERS**

C.D. VARIOUS

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: ELECTRIC GOLF CARTS RENTAL – AWARD OF CONCESSION AGREEMENT TO MICHAEL LESLIE PRODUCTIONS, INCORPORATED DBA READY GOLF CENTERS

R. Adams _____	J. Kolb _____
H. Fujita _____	*F. Mok <u>pm</u>
S. Huntley _____	K. Regan _____
V. Israel _____	M. Shull _____



General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

1. Award the Electric Golf Carts Rental Concession to Michael Leslie Productions Incorporated dba Ready Golf Centers;
2. Find, in accordance with Charter Section 1022, that it is more economical to secure these services by contract;
3. Approve a ten (10) year concession agreement, with one (1) five-year renewal option exercisable at the City's sole discretion, substantially in the form on file in the Board Office, subject to approval of the Mayor, City Council, U.S. Army Corps of Engineers (Corps), and the City Attorney as to form;
4. Direct the Board Secretary to transmit the proposed agreement, concurrently, to the Mayor, in accordance with Executive Directive No. 3, the City Attorney, and the Corps; and
5. Authorize the Board President and Secretary to execute the agreement upon receipt of the necessary approvals.

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SUMMARY:

The Electric Golf Carts Rental Concession (Concession) provides the golf carts used at the Department's 18-hole golf course facilities. There are five electric golf cart rental locations serving seven courses: Sepulveda Golf Complex (Encino/Balboa Golf Courses), Griffith Park Golf Complex (Wilson/Harding Golf Courses), Hansen Dam Golf Course, Rancho Park Golf Course, and Woodley Lakes Golf Course. Each location consists of a cart rental building/storage facility. The Concession includes the furnishing of all golf carts needed for the operation of the concession, the rental of the golf carts to golf patrons, and the maintenance and repair of the golf carts.

The Concession has been operated by J. H. Kishi Company since January 28, 1991, and has been on a month-to-month basis since Concession Agreement No. 227 expired on January 29, 2003. In calendar year 2006, the five locations together generated \$3,413,908 in gross receipts and \$1,604,536.76 in rent to the Department.

In December 2003, a Request for Proposal (RFP) was released with the condition that no award is made until the Department completed discussions with the Service Employees International Union (SEIU) Local 347, who opposed the outsourcing of this service (Board Report 03-274). On September 1, 2004, the Board was requested to delay receipt of proposals for 120 days to allow staff time to have an independent study of the RFP by a consultant and the Office of the City Administrative Officer completed (Board Report 04-261).

In January 2005, staff recommended the withdrawal of the RFP in order to incorporate changes (Board Report 05-16). On August 9, 2006, the Board approved the release of a second RFP for the Concession (Board Report 06-216).

On August 24, 2006, the RFP was released. On November 7, 2006, four proposals were received. On April 5, 2007, due to the failure of three of the four proposals to provide a Good Faith Effort Subcontractor Outreach as required by the Board's policy (Board Report 177-89), the Board rejected all proposals and directed staff to develop and release another RFP for this concession with an expedited timeline for release of the RFP and receipt of proposals (Board Report 07-87).

On April 20, 2007, the RFP was released to the public to solicit proposals for the operation of the concession. The RFP was advertised in the Daily Journal, posted on the Los Angeles Business Assistance Virtual Network (BAVN), and posted on the Department of Recreation and Park's website. Also, a letter inviting bids was mailed to over two hundred organizations and individuals from a mailing list maintained by the Concessions Unit.

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On May 23, 2007, Addendum No. 1 was released, as a new City compliance document was implemented which required all proposers to complete the Bidder Certification Form (CEC Form 50) requiring disclosure as mandated by the Municipal Lobbying Ordinance (Ord. No. 169,916).

On May 24, 2007, a Pre-Proposal Conference was held at the Griffith Park Golf Complex. A walk-through of the cart barn was conducted after the conference. Site visits for the other locations were conducted at a later date prior to the submittal deadline.

On July 3, 2007, Addendum No. 2 was released to extend the deadline from July 5, 2007 to July 12, 2007 in order to respond to questions from potential proposers. On July 11, 2007, Addendum No. 3 was released to extend the deadline from July 12, 2007 to July 24, 2007 in order to modify a technical requirement that had become obsolete from the time of the release of the RFP.

On July 24, 2007, the following proposals were received:

- Angeles Management Services, LLC
- Billy Casper Golf Management
- GolfLinks Ventures, Inc.
- Margaret Shimizu, Inc., dba J. H. Kishi Co.
- Michael Leslie Productions, Inc., dba Ready Golf Centers

As stipulated in the RFP, evaluation of the bid proposals was to occur in three levels. Level I would be a check and review for required compliance and submittal documents; Level II would be an analysis of the proposers' ability to finance the operation as proposed; and, Level III would be a comprehensive evaluation of the proposals by a panel. Proposers must successfully pass each level to proceed to the next level.

Staff performed a Level I review of the following required documents:

Compliance Documents:

- 1) Proposer's Signature Declaration and Affidavit
- 2) Disposition of Proposals
- 3) Affirmative Action Plan
- 4) Good Faith Effort (Subcontractor Outreach)
- 5) Living Wage Ordinance/Service Contractor Worker Retention Ordinance
- 6) Contractor Responsibility Ordinance
- 7) Equal Benefits Ordinance
- 8) CEC Form 50 (*included in the RFP as Addendum #1*)

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Submittal Documents:

- 1) Cover Letter
- 2) Proposal Deposit
- 3) Ability to Finance
- 4) Qualifications and Background
- 5) Description of Proposed Golf Carts, Cart Maintenance, and Cart Replacement Plan
- 6) Business Plan
- 7) Proposed Rental Payment to City
- 8) Capital Improvements

Proposals are either Responsive (pass) or Non-Responsive (fail). The following is the complete Level I findings:

- Angeles Management Services, LLC was found Responsive in all eight compliance documents and all eight submittal documents (Attachment A-1).
- Billy Casper Golf Management was found Non-Responsive in two of the eight compliance documents and three of the eight submittal documents (Attachment A-2).
- GolfLinks Ventures, Inc. was found Non-Responsive in four of the eight compliance documents and seven of the eight submittal documents (Attachment A-3).
- Margaret Shimizu, Inc. dba J. H. Kishi Co., was found Responsive in all eight compliance documents and all eight submittal documents (Attachment A-4).
- Michael Leslie Productions, Incorporated dba Ready Golf Centers was found Responsive in all eight compliance documents and all eight submittal documents (Attachment A-5).

An economic consultant, Economics Research Associates (ERA), was retained to conduct and oversee the Level II and Level III processes.

Level II Evaluation

ERA reviewed the financial documents and found the three responsive proposers (Angeles Management Services, LLC; Margaret Shimizu, Inc. dba J. H. Kishi Co.; and, Michael Leslie Productions, Incorporated dba Ready Golf Centers) financially able to provide start-up costs, operational costs and financing for capital improvements.

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Level III Evaluation

ERA assembled a five-member panel of individuals currently employed in the field of parks and recreation at municipal agencies located in Southern California and with expertise in golf course management to evaluate proposals, interview the proposers, and recommend an operator for the concession. Employees of ERA and the City of Los Angeles were not utilized on the panel. The panel members were:

- Robert Conrad, Assistant Director of Community Services, City of Victorville
- Steve Duron, Parks and Recreation Operations Manager, County of Los Angeles
- Michael Hentzen, Leasing Manager, Resources and Development Management Department, Orange County Parks, County of Orange
- David Sams, Director of Golf, Rose Bowl Operating Company, City of Pasadena
- Nancy Woods, Business Manager, Department of Parks & Recreation, City of Santa Barbara

On September 11, 2007, the evaluation panel held proposer interviews. The interviews were intended to provide clarification of the proposals; modifications and/or enhancements of the proposals submitted, if any, were not considered by panel members, as stated in the RFP.

The panel reviewed the proposals and the information gathered during the interviews, and was charged with ranking and scoring the proposals in accordance with the RFP, then submitting the information to ERA. ERA collected and tallied the final ranks and scores, and prepared the recommendation based on the ranking and scoring of the panel members (Attachment B).

Rank and Score

Michael Leslie Productions, Incorporated dba Ready Golf Centers (Ready Golf Centers) was unanimously ranked highest by the panel in two criteria, business plan and proposed carts/maintenance/replacement plan. Furthermore, Ready Golf Centers was ranked highest by four out of five panel members in capital improvements, and by three out of five panel members in ability to finance. The evaluation panel's final ranking and general average scores are as follows:

<u>Proposer</u>	<u>Rank</u>	<u>Final General Avg Score</u>
Ready Golf Centers	1	97.0
Margaret Shimizu, Inc., dba J. H. Kishi Co.	2	88.0
Angeles Management Services, LLC	3	83.2

Ready Golf Centers had the highest ranking and score, and is therefore recommended by ERA as the preferred operator for the concession.

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Capital Improvements

Ready Golf Centers proposed the minimum required capital improvements, as stated in the RFP, to be made at the Concession. All improvements shall become property of the City. The minimum required capital improvements are:

1. Installation of Cart Wash Drainage Clarifier System (Griffith Park Golf Complex and Hansen Dam Golf Course)
2. Installation of Adequate Ventilation System (Hansen Dam Golf Course)

Charter Section 1022

As stated in the RFP for the Electric Golf Carts Rental Concession: "In accordance with Los Angeles City Charter Section 1022, the Department will prepare a plan of self-operation to determine whether it is more economical or more feasible to self-operate this concession. Prior to receipt of proposals, the Golf Division will prepare a plan of self-operation. This plan will be considered along with the final evaluation of responsive proposals received."

On October 24, 2007, the Personnel Department completed a Charter Section 1022 review (Attachment C) and determined that the Department had the following City classifications which met the minimum qualifications to provide golf cart rental service to the public: Park Service Attendant, Maintenance Laborer, Equipment Mechanic, and Mechanical Repairer.

To determine whether it is "more economical" for the City to provide the service through a contract, a Charter 1022 Cost Benefit Analysis was performed by the Concessions Unit without an outside consultant (Attachment D), to include: projecting gross revenue for the ten-year agreement period; a comparison of the four (4) responsive rent options as proposed by Ready Golf Centers and the three (3) self-operation options as provided by the Golf Division; and, a summary of the comparison.

Charter 1022 Cost Benefit Analysis Findings

An analysis of the seven options presented for the operation of the Electric Golf Carts Rental operation (3 Golf Division and 4 Ready Golf Centers) produces the following economic Return to the City:

<u>Proposer</u>	<u>Description</u>	<u>Ten-Year Net Return to City</u>
1. Ready Golf Centers	Option I - Carts Only	\$ 14,161,549
2. Golf Division	Option II - 4 Year Lease of Carts	\$ 13,937,547
3. Golf Division	Option I - 3 Year Lease of Carts	\$ 12,921,592
4. Ready Golf Centers	Option III - Carts & Cart Paths	\$ 12,745,055
5. Golf Division	Option III - Purchase of Carts	\$ 12,577,790
6. Ready Golf Centers	Option II - Carts & GPS	\$ 11,951,903
7. Ready Golf Centers	Option IV - Carts, Cart Paths, GPS	\$ 10,535,408

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The cost benefit analysis determines that over a ten year period, Ready Golf Centers, Option I (Carts Only) provides the highest Return to the City. It is therefore more economical to secure these services by contract.

Staff reviewed the ERA report, the panel's ranking and scoring sheets, and Ready Golf Centers' proposal, and concurs with the recommendation to award the Electric Golf Carts Rental Concession to Ready Golf Centers.

Ready Golf Centers has been the operator for the Golf Professional Concession at the Sepulveda Golf Complex since February 17, 2001, and is deemed to have the necessary background and experience to operate the Electric Golf Carts Rental Concession. It is therefore recommended that the Electric Golf Carts Rental Concession be awarded to Ready Golf Centers with Rent Option I, which provides the City with a rental payment of 39% of gross revenue.

FISCAL IMPACT STATEMENT:

Based on the financial projections provided in Attachment D, it is estimated that during the ten-year term of the concession agreement, approximately \$14,161,549 will be paid in rent to the Department using Option I of the proposal submitted by Ready Golf Centers. Of that amount, approximately \$12,745,394 will be deposited in the Department's General Fund and approximately \$1,416,155 will be deposited into the Golf Concession Improvements Account. The contractor will provide capital improvements at the contractor's expense.

Report prepared by Robert N. Morales, Senior Management Analyst II, and Désirée Guzzetta, Management Analyst II, Concessions Unit, Administrative Resources Section, Finance Division.

**ANGELES MANAGEMENT SERVICES, LLC
ELECTRIC GOLF CARTS RENTAL CONCESSION
LEVEL I EVALUATION**

I. Compliance Documents		Submitted	In Compliance	Comments
1.	Proposer's Signature Declaration and Affidavit	Yes	Yes	
2.	Disposition of Proposals	Yes	Yes	
3.	Affirmative Action Plan	Yes	Yes	
4.	Good Faith Effort Subcontractor Outreach	Yes	Yes	
5.	Living Wage / Service Contractor Worker Retention	No	Yes	Submittal of documents is only required if an exemption is requested. Non-submittal indicates acceptance of requirements.
6.	Contractor Responsibility Statement	Yes	Yes	
7.	Equal Benefits Statement	Yes	Yes	
8.	CEC Form 50	Yes	Yes	

II. Submittal Documents		Submitted	In Compliance	Comments
1.	Cover Letter	Yes	Yes	
2.	Proposal Deposit	Yes	Yes	
3.	Ability to Finance	Yes	Yes	
4.	Qualifications and Background	Yes	Yes	
5.	Description of Proposed Golf Carts, Cart Maintenance, and Cart Replacement Plan	Yes	Yes	
6.	Business Plan	Yes	Yes	
7.	Proposed Rental Payment to City	Yes	Yes	
8.	Capital Improvements	Yes	Yes	

**BILLY CASPER GOLF MANAGEMENT
ELECTRIC GOLF CARTS RENTAL CONCESSION
LEVEL I EVALUATION**

I. Compliance Documents		Submitted	In Compliance	Comments
1.	Proposer's Signature Declaration and Affidavit	Yes	Yes	
2.	Disposition of Proposals	Yes	Yes	
3.	Affirmative Action Plan	Yes	No	Pages A-3 through A-6 not included (Section IV.3.A.3)
4.	Good Faith Effort Subcontractor Outreach	Yes	Yes	
5.	Living Wage / Service Contractor Worker Retention	No	Yes	Submittal of documents is only required if an exemption is requested. Non-submittal indicates acceptance of requirements.
6.	Contractor Responsibility Statement	Yes	Yes	
7.	Equal Benefits Statement	Yes	No	The signature page (Page 2) was not included (Section IV.3.A.7)
8.	CEC Form 50	Yes	Yes	

II. Submittal Documents		Submitted	In Compliance	Comments
1.	Cover Letter	Yes	Yes	
2.	Proposal Deposit	Yes	Yes	
3.	Ability to Finance	No	No	A statement was included that stated they "will provide the City with supplemental financial information, if needed, at a later stage"; however, the RFP required the documents to be submitted with the proposal (Section V.A.1.3)
4.	Qualifications and Background	Yes	No	The submitted information was incomplete (Section V.A.2.2.1)
5.	Description of Proposed Golf Carts, Cart Maintenance, and Cart Replacement Plan	Yes	Yes	
6.	Business Plan	Yes	Yes	
7.	Proposed Rental Payment to City	Yes	No	A justification for the proposed rent was not submitted along with the proposed rental payment (Section V.5.2)
8.	Capital Improvements	Yes	Yes	

**GOLFLINKS VENTURES, INC.
ELECTRIC GOLF CARTS RENTAL CONCESSION
LEVEL I EVALUATION**

I. Compliance Documents		Submitted	In Compliance	Comments
1.	Proposer's Signature Declaration and Affidavit	Yes	No	The Proposer's Signature Declaration and Affidavit was not notarized (Section IV, Item A.1)
2.	Disposition of Proposals	Yes	Yes	
3.	Affirmative Action Plan	Yes	No	Pages A-3 through A-6 not included (Section IV.3.A.3)
4.	Good Faith Effort Subcontractor Outreach	No	No	Although Schedule A of the Good Faith Effort was submitted, no other required documentation that a Good Faith Effort was conducted was included.
5.	Living Wage / Service Contractor Worker Retention	No	Yes	Submittal of documents is only required if an exemption is requested. Non-submittal indicates acceptance of requirements.
6.	Contractor Responsibility Statement	Yes	No	Document incomplete (Section IV, Item 3.A.6)
7.	Equal Benefits Statement	Yes	Yes	
8.	CEC Form 50	Yes	Yes	

II. Submittal Documents		Submitted	In Compliance	Comments
1.	Cover Letter	Yes	No	A required statement acknowledging the terms and conditions of the RFP was not included (Section IV.A.1)
2.	Proposal Deposit	Yes	No	GolfLinks submitted a personal check. Only a cashier's check was acceptable for the Proposal Deposit (Section IV.A.2)
3.	Ability to Finance	No	No	Documentation not included (Section V, Item 1)
4.	Qualifications and Background	Yes	No	Insufficient documentation submitted; required elements from the RFP not submitted (Section V, Item 2)
5.	Description of Proposed Golf Carts, Cart Maintenance, and Cart Replacement Plan	Yes	No	The Cart Replacement Plan was not submitted (Section V, Item 3.5)
6.	Business Plan	Yes	No	Required items (Pro Forma Financial Statement) were not submitted (Section V, Item 4)
7.	Proposed Rental Payment to City	Yes	No	A justification for the proposed rent was not included (Section V.5.2).
8.	Capital Improvements	Yes	Yes	

**MARGARET SHIMIZU, INC., DBA J. H. KISHI CO.
ELECTRIC GOLF CARTS RENTAL CONCESSION
LEVEL I EVALUATION**

I. Compliance Documents		Submitted	In Compliance	Comments
1.	Proposer's Signature Declaration and Affidavit	Yes	Yes	
2.	Disposition of Proposals	Yes	Yes	
3.	Affirmative Action Plan	Yes	Yes	
4.	Good Faith Effort Subcontractor Outreach	Yes	Yes	
5.	Living Wage / Service Contractor Worker Retention	No	Yes	Submittal of documents is only required if an exemption is requested. Non-submittal indicates acceptance of requirements.
6.	Contractor Responsibility Statement	Yes	Yes	
7.	Equal Benefits Statement	Yes	Yes	
8.	CEC Form 50	Yes	Yes	

II. Submittal Documents		Submitted	In Compliance	Comments
1.	Cover Letter	Yes	Yes	
2.	Proposal Deposit	Yes	Yes	
3.	Ability to Finance	Yes	Yes	
4.	Qualifications and Background	Yes	Yes	
5.	Description of Proposed Golf Carts, Cart Maintenance, and Cart Replacement Plan	Yes	Yes	
6.	Business Plan	Yes	Yes	
7.	Proposed Rental Payment to City	Yes	Yes	
8.	Capital Improvements	Yes	Yes	

**MICHAEL LESLIE PRODUCTIONS, INC., DBA READY GOLF CENTERS
ELECTRIC GOLF CARTS RENTAL CONCESSION
LEVEL I EVALUATION**

I. Compliance Documents		Submitted	In Compliance	Comments
1.	Proposer's Signature Declaration and Affidavit	Yes	Yes	
2.	Disposition of Proposals	Yes	Yes	
3.	Affirmative Action Plan	Yes	Yes	
4.	Good Faith Effort Subcontractor Outreach	Yes	Yes	
5.	Living Wage / Service Contractor Worker Retention	No	Yes	Submittal of documents is only required if an exemption is requested. Non-submittal indicates acceptance of requirements.
6.	Contractor Responsibility Statement	Yes	Yes	
7.	Equal Benefits Statement	Yes	Yes	
8.	CEC Form 50	Yes	Yes	

II. Submittal Documents		Submitted	In Compliance	Comments
1.	Cover Letter	Yes	Yes	
2.	Proposal Deposit	Yes	Yes	
3.	Ability to Finance	Yes	Yes	
4.	Qualifications and Background	Yes	Yes	
5.	Description of Proposed Golf Carts, Cart Maintenance, and Cart Replacement Plan	Yes	Yes	
6.	Business Plan	Yes	Yes	
7.	Proposed Rental Payment to City	Yes	Yes	
8.	Capital Improvements	Yes	Yes	

ATTACHMENT B

Electric Golf Carts Rental Concession Proposal Evaluation

Submitted to

**City of Los Angeles
Department of Recreation and Parks
Concessions Unit**

Submitted by

**Independent Electric Golf Carts Rental Concession
Panel**

November 2007

INTRODUCTION

The following report presents the panel members' evaluation of the proposals submitted to the City of Los Angeles for the Electric Golf Carts Rental Concession at the Department's 18-hole golf courses (Sepulveda, Griffith Park, Hansen Dam, Rancho Park, and Woodley Lakes). The panel consists of five individuals currently employed in the field of parks and recreation at public sector agencies located in Southern California. The panel members are:

Mr. Robert Conrad, Assistant Director of Community Services, City of Victorville
Mr. Steve Duron, Parks and Recreation Operations Manager, County of Los Angeles
Mr. Michael Hentzen, Leasing Manager, Resources and Development Management
Department, OC Parks, County of Orange
Mr. David Sams, Director of Golf, Rose Bowl Operating Company, City of Pasadena
Ms. Nancy Woods, Business Manager, Department of Parks & Recreation, City of Santa
Barbara

A brief resume for each panel member is contained in Appendix A.

The panel is charged with the responsibility of evaluating, ranking, and scoring the proposals. Based on the results, a recommendation will be made in this report to the General Manager of the City of Los Angeles Department of Recreation and Parks. The panel reviewed the RFP, assessed the proposals submitted, and conducted interviews of the proposers. The panel also relied on information and analysis prepared by the City's contract consultant, Economics Research Associates (ERA).

BACKGROUND

The City of Los Angeles Department of Recreation and Parks (City) issued a Request for Proposals (RFP) on April 20, 2007 for the citywide operation of the electric golf carts rental concession. The concessionaire will provide golf carts at Sepulveda, Griffith Park, Hansen Dam, Rancho Park, and Woodley Lakes.

Facility	Location	Golf Course
Sepulveda	Encino	36-hole
Woodley Lakes	Van Nuys	18-hole
Hansen Dam	Pacoima	18-hole
Griffith Park	Griffith Park	36-hole
Rancho Park	West Los Angeles	18-hole

The Scope of Services requested by the City includes:

- Obtain, whether through lease, purchase, or other method, all golf carts used in this concession;
- Deliver carts to golf patrons at a designated area at each location, and provide instruction in the general operation of the golf carts as needed;
- Maintain, clean, repair, and replace golf carts as required to meet manufacturer's and Department's specifications;

- Ensure the golf cart barns and storage facilities meet, and are maintained to, current safety and fire codes;
- Maintain proper accounting records for the concession (by location and as a total of the concession);
- Work with Department staff to develop a method to reconcile concessionaire's cart rental records with fees collected at Starter Windows (to include tracking and reconciliation of complimentary and discounted rentals); and
- Provide for all staffing, including all hiring, training, and supervision.

The concessionaire is to provide a minimum of 490 carts for the concession. The following are estimates of the minimum number of golf carts to be provided at each location (subject to change based on public demand at each course, dimensions of carts and facilities, arrangement of carts stored at facility, etc.):

Golf Complex	Number of Carts
Sepulveda	120
Griffith Park	150
Hansen Dam	75
Rancho Park	80
Woodley Lakes	65

As well, the concessionaire is required to ensure that sufficient golf carts are available for tournaments or other special events in which greater quantities of carts are required, and to provide a minimum of one (1) electric golf cart that complies with all provisions of the Americans with Disabilities Act (ADA) at each of the five (5) facilities.

The RFP set forth a three-level evaluation and award process. Level I addresses “compliance with RFP Submission Requirements”; Level II assesses the proposer’s “ability to finance” the entire operation, as well as mandatory and optional improvements; and Level III entails the overall independent “evaluation and scoring” of the proposal responses. Five proposals from golf course management companies were submitted in August 2007, of which three were accepted by the City as in compliance with the RFP (i.e., satisfied Levels I and II requirements):

- Ready Golf Centers (Ready Golf)
- J.H. Kishi Company (Kishi)
- Angeles Management Services, LLC (AMS)

The panel is responsible for only the Level III evaluation. The proposals contain the proposer’s management plan for the golf cart concession, reporting process, projected operating budget, capital improvements plan, proposed rent structure, financing capability/plan, and firm experience and qualifications.

REQUEST FOR PROPOSAL

In addition to providing the minimum 490 golf carts, the RFP identified the following two required capital improvements:

1. **Installation of Cart Wash Drainage Clarifier Systems**. Two of the locations – Griffith Park and Hansen Dam – require installation of cart wash drainage clarifier systems. The wash drainage clarifier systems at the remaining three locations may require improvements to ensure compliance with environmental requirements and/or to ensure functioning at full capacity. All such systems must meet all environmental requirements.
2. **Installation of Adequate Ventilation Systems**. The Hansen Dam facility requires installation of additional ventilation, which must meet all safety and environmental requirements.

The proposer also had the option to provide additional physical improvements which potentially would improve the concession's quality, safety, and customer service level.

The RFP stipulated the term at 10 years. One five-year option also is allowed, with the option solely at the discretion of the City.

The RFP called for proposers to submit proposed rent in the form of "percentage of gross receipts." The percentage may vary by source of revenue, year of the agreement, and annual revenue level, but the structure must be the same at each of the five golf facilities. There is no fixed minimum annual rent requirement. The concessionaire is responsible for gas and electric utilities, insurance, daily maintenance and possessory interest taxes. The RFP does not specify a requirement for the annual funding of a capital improvement/golf cart replacement reserve, although the RFP does request submission of a plan for periodic reinvestment.

The RFP also specified required compliance with several city ordinances including worker retention, living wage, equal benefits, and child support obligation.

Increases in the price for golf cart rentals are subject to approval by the Board of Recreation and Parks Commissioners. The current 18-hole cart rental is \$24 per cart (\$16 single rider), and \$16 per cart for twilight rental.

HISTORICAL PERFORMANCE

Annual gross revenue from golf cart rentals for the 2002-2006 period at each facility is summarized below:

Annual Gross Revenue (thousands of dollars)						
Year	Sepulveda (36 holes)	Griffith Park (36 holes)	Hansen Dam (18 holes)	Rancho Park (18 holes)	Woodley Lakes (18 holes)	Total
2002	\$849.7	\$908.1	\$466.1	\$533.5	\$511.7	\$3,269.1
2003	835.7	863.3	480.7	541.7	501.2	3,222.6
2004	878.1	791.7	494.6	572.3	521.7	3,258.4
2005	805.1	929.8	486.1	542.2	508.8	3,272.0
2006	864.1	966.3	485.0	568.5	530.0	3,413.9

Annual gross revenue from cart rentals at selected Los Angeles County and other Southern California municipal courses is presented for comparison purposes in Exhibit 1.

For 2006, the average cart rental revenue per round for the City courses is calculated as follows:

Facility	Annual Rental Income	Cart Revenue per Round
Sepulveda	\$864,100	\$5.19
Griffith Park	966,300	4.87
Hansen Dam	485,000	5.38
Rancho Park	568,500	4.78
Woodley Lakes	530,000	5.85

At present, golf cart rental fees are:

18 Holes	
Two Rider	\$24.00
Single Rider	16.00
Twilight	16.00
9 Holes	16.00

Presently, the citywide golf cart rental concessionaire, who is on a month-to-month agreement, pays rent equal to 47 percent of gross cart rental revenue.

PROPOSALS

Capital Improvements

Proposed capital improvements by the three proposers are summarized below. Ready Golf effectively submitted two options (with rent variations on each option), while AMS and Kishi each submitted one option.

	Capital Improvements		
	Ready Golf	AMS	Kishi
Required			
Cart Wash Drainage Systems	\$ ---	\$ 50,466	\$ 32,000
Ventilation System	---	<u>7,923</u>	<u>6,000</u>
Subtotal	\$ 100,000	\$58,388	\$ 38,000
Optional			
Cart Path Construction	}	---	---
Other Miscellaneous	}	<u>156,030</u>	<u>162,000</u>
Subtotal	\$2,266,250	\$156,030	\$162,000
Total	\$2,366,250	\$214,418	\$200,000

Ready Golf, as an option, has proposed commitment of approximately \$2.3 million in golf cart path improvements at Griffith Park, Sepulveda, Woodley Lakes, and Rancho Park. The investment would allow enhancement, repair, and improvement to the existing cart path systems at these courses, rather than a completely new tee-to-green network.

Equipment

As noted, minimum equipment as indicated in the RFP is 490 electric golf carts which meet the City's specifications. As an optional equipment item, Ready Golf and AMS offer Global Positioning System (GPS) equipment for each cart and facility (note that AMS does not provide an option of "carts only," i.e., no GPS).

Cart equipment is summarized as follows:

	Ready Golf	AMS	Kishi
Number of Carts	490 ¹	495 ²	520 ¹
Manufacturer	EZ-Go	Yamaha	Club Car
Service Period	36 mos.	40 mos.	48-60 mos.
Warranty Period	36 mos.	36-48 mos.	36-48 mos.
Sun Canopy	Yes	Yes	Yes
New Electric Chargers	Yes	Yes	Yes
Golf Cart Purchase	Leased	Leased	\$1,982,240
Annual Lease Payment			
Golf Carts	\$415,320	\$438,173	Purchase
GPS	<u>\$210,000</u>	<u>\$454,057</u>	---
Total Lease Payment	\$625,320	\$892,230	---

¹Proposer states every cart can accommodate an ADA flag.

²Includes five "solo-rider" carts that are compliant with ADA requirements.

Proposed Rent Structure

Ready Golf offers numerous rent structure variations, while AMS and Kishi offer a single rent structure only:

Annual Rental Revenues	Rent as a Percentage of Gross Revenue					
	Ready Golf			AMS		Kishi
	Carts Only	With GPS	GPS & Cart Paths	Years 1-5	Years 6-10	Years 1-10
Up to \$5.0 mm	39.0%	33.0%	23.0%	34.0%	28.0%	50.0%
\$5+ mm	39.0	33.0	23.0	50.0	50.0	50.0

Ready Golf, in addition to the three rent structures noted above, offers numerous variations of rent options relating to a potential GPS rental program. The program labeled “Play Three for Free” entails free use of the GPS for the first three holes with a rental “deposit.” If the golf cart user elects to continue with the GPS beyond the third hole, the operator keeps the deposit as full payment. If the user does not wish to have use beyond Hole 3, the deposit is returned in full. According to the proposal, the Play Three for Free program is patented by ProLink.

Ready Golf’s rent structure shown above, where GPS is included, is based on no charge for the GPS (free use). The various options proposed by Ready Golf represent tradeoffs of the GPS fee and rent paid to the City. In effect, the program is offering greater rent to the City if Ready Golf is allowed to charge for the use of the GPS. The authority to charge between \$1 and \$5 increases the cart rent paid by the program from 33 percent up to 61 percent.

GPS Fee	Cart Rent Percentage	
	With GPS	GPS & Cart Paths
None	33%	23%
\$1	39	29
\$2	45	35
\$3	51	41
\$4	57	47
\$5	61	51

The City does not share directly in the GPS revenue, but receives a higher percentage of cart revenue.

The AMS proposal includes a reduction in the rental percentage from 34 percent in years 1-5 to 28 percent in years 6-10 on the first \$5 million in rental revenue. It should be noted that the AMS pro forma projections assume no increase in the cart rental fee over the 10-year term, while expenses are increased with inflation. The AMS proposal also shows advertising income related to the GPS, with rent equal to 20 percent of advertising revenue proposed.

The Kishi proposal indicates willingness to pay rent equal to 50 percent of miscellaneous revenues from ice chest rental, club washing, and other sources, if allowed by the City.

Pro Forma Projections

The proposers were requested to submit pro forma projections for the 10-year term. The Year 2 (stabilized) projections provided by the proposer, along with a standardized baseline compiled by ERA for analysis purposes, are shown below:

**Year 2 Annual Gross Revenue
(\$000)**

	Carts	GPS	Advertising/ Other	Total
Current 2006	\$3,414	---	---	\$3,414
Ready Golf				
Carts only	3,566	---	---	3,566
With GPS (free)	3,566	---	---	3,566
GPS & Cart Paths	3,566	---	---	3,566
AMS	4,109	---	\$210	4,319
Kishi	3,745	---	65	3,810
ERA Baseline				
Carts only	3,600	---	50	3,650
With GPS (free)	3,960	---	100	4,060

ERA's baseline shows two revenue options – one with carts only and a second with a free GPS included with the cart rental. For analysis purposes, a 10 percent increase in cart utilization (from about 50 to 55 percent) is projected with the free GPS.

Projected Rent

Based on the proposed rent structure, the Year 2 annual rent to the City under the proposer rent structure, as well as ERA's baseline revenue, is calculated as follows:

	Annual Rent – Year 2 (\$000)	
	Proposer Projections	ERA Baseline Projections
Ready Golf		
Carts only	\$1,391	\$1,404
With GPS (no fee)	1,177	1,307
AMS – with GPS (no fee)	1,439	1,366 ¹
Kishi – carts only	1,905	1,825 ¹

¹Includes rent on ancillary revenue.

Importantly, the rent projections reflect the assumption that play levels remain unchanged with a free GPS provided. An argument can be made that providing enhanced golfer service by offering GPS at no additional cost would increase the desirability and utilization (more golf rounds) of the facilities, generating additional greens fees for the City.

Under Ready Golf's "Play Three for Free" program, there appears to be limited, if any, financial downside for the City. The risk of acceptance of the GPS use is shifted primarily to the concessionaire. Assuming cart utilization is unchanged under the elective GPS "Play Three for Free" program and utilizing ERA baseline projections, Year 2 Ready Golf rent is projected as follows:

GPS Fee	Ready Golf Year 2 Annual Rent (\$000)
Carts only – no GPS	\$1,404
With GPS – no fee	1,307
\$1	1,544
\$2	1,782
\$3	2,020
\$4	2,257
\$5	2,416

With regard to cart path improvements, Ready Golf’s proposal offers \$2.26 million in additional capital improvements in return for a reduction of 10 percentage points in rent (from 39 percent to 29 percent, assuming no GPS), which would reduce projected rent by approximately \$360,000 per year (plus inflation).

Based on the proposed rent structure, the present value of the projected rent stream to the City under the proposer rent structure, as well as ERA’s baseline revenue, over the 10-year term is calculated as follows:

Proposer	Present Value of 10-Year Rent Stream¹ (\$000)	
	Proposer Projections	ERA Baseline Projections
Ready Golf		
Carts only	\$ 9,764	\$10,330
With GPS (no fee)	8,262	9,614
AMS – with GPS (no fee)	8,986	9,387
Kishi – carts only	14,480	13,427

¹Based on 8 percent present value discount rate.

The present value of Ready Golf’s 10-year rent stream under the “Play Three for Free” program is calculated as follows (based on ERA baseline projections):

GPS Fee	Ready Golf Present Value¹ of 10-Year Rent Stream (\$000)
Carts only – no GPS	\$10,330
With GPS – no fee	9,614
\$1	11,363
\$2	13,111
\$3	14,859
\$4	16,607
\$5	17,772

¹Based on 8 percent present value discount rate.

The present value of Ready Golf’s 10-year rent stream under the cart path investment option would be reduced by \$2.5-2.8 million.

Improvement Reserve

The RFP does not require funding a capital improvement reserve. The Ready Golf proposal indicates a \$5,000 annual capital improvement reserve. It is not clear whether this sum would be placed in an escrow account, require City discretion on when and what improvements would be made, and what the disposition of unspent funds at the conclusion of the lease term would be.

Similarly, AMS states that their pro forma projections include \$450,000 over the 10-year term for future improvements to be made on facilities, security equipment, and software. This funding is shown under “Repair and Maintenance of Premises.” The pro forma show \$25,000 annually, with an additional \$50,000 in improvements in Years 3, 5, 7, and 9. Again, specific improvements approval by the City and disposition of remaining funds, if any, is not specified.

LEVEL II – REVIEW

With regard to the Level II evaluation, the RFP states: “Proposer must provide evidence of financial capability to fund the entire operation in the amount indicated in the pro forma; evidence of sufficient funding will be verified by the Department, but will not be scored. If evidence of sufficient funding is provided and verified, the proposer will be passed to Level III for evaluation and scoring.”

The evaluation of “ability to finance” is based on the information submitted in the proposer’s proposal. While, in most cases, the financial statements submitted have not been certified or audited, the information has been sufficiently verified or validated. According to a review process conducted by ERA, Ready Golf, Kishi and AMS have provided sufficient evidence of available funding for the entire operation as well as proposed capital improvements.

Ready Golf Centers

Ready Golf offers two alternative proposals regarding capital improvements – one addressing cart equipment and required capital improvements, and a second which adds golf cart path improvements at Sepulveda, Woodley Lakes, Griffith Park, and Rancho Park.

		Capital Improvements (\$000)	
		Alt. 1	Alt. 2
Golf Carts		--- ¹	--- ¹
GPS		--- ²	--- ²
Required Capital Improvements	}	<u>\$100</u>	<u>\$2,366</u>
Golf Cart Paths	}		
Total		\$100	\$2,366

¹Golf carts leased with an annual lease payment indicated at \$475,000.

²GPS equipment leased with an annual lease payment indicated at \$210,000.

Ready Golf states that the cost of improvements will be funded entirely from private capital (cash reserves), and that Michael Bernback (President of Ready Golf Centers) will “guarantee” all of the required capital.

According to the financial statement of Michael Leslie Bernback, dated March 31, 2007, Bernback’s net worth is approximately \$9.1 million, including cash/liquid securities valued at \$2.89 million. Excluding personal residence, Bernback’s net worth is reported at \$7.0 million. The financial statement was prepared by a CPA, but was based on information submitted by the individual, and not reviewed nor audited by the accountant.

The proposal does not indicate any intent to borrow funds and has no contingencies.

Based on the information submitted in the proposal, there is reasonable evidence to suggest that Ready Golf has the ability to finance the proposed capital improvements, and fund any start-up costs and unforeseen operating deficits.

Ready Golf currently is on a month-to-month agreement with the City to operate the Sepulveda Pro Shop, and has submitted a proposal to operate the Sepulveda complex for a 10-year term. If successful, capital investment requirements for Sepulveda total about \$1.3 million (based on Ready Golf Option I proposal). Based on the information provided, Ready Golf has sufficient financial resources to fund/finance requirements at both Sepulveda and the Electric Golf Carts Rental Concession.

J.H. Kishi Company

Margaret Shimizu, Inc. is a California company doing business as “J.H. Kishi Company.” Margaret Shimizu is indicated as the President and sole owner of the company.

Under the Kishi Company proposal, capital improvements are estimated as follows:

Golf Carts	\$1,982,000
Required Improvements	37,825
Optional Improvements	<u>162,000</u>
Total	\$2,181,825

The proposal states that all of the capital improvements will be funded with cash.

A financial statement for the Kishi Company and financial information relating to Margaret Shimizu are submitted in the proposal.

The net worth of the Kishi Company is largely equal to the market value of the existing fleet of carts. The book value of this equipment is about \$200,000, although the market value is indicated at about \$400,000.

In addition to the estimated \$400,000 in golf cart trade-in value, submitted financial statements show approximately \$2 million in liquid assets (cash/marketable securities).

Based on the information provided, J.H. Kishi Company has sufficient financial resources to fund/finance requirements for the Electric Golf Carts Rental Concession.

Angeles Management Services

Angeles Management Services (AMS) is a newly formed business entity apparently created to seek the golf cart concession contract with the City of Los Angeles. The entity consists of five ownership members -- Mr. Jong Jin Lee, Mr. James C. Lee, Mr. James W.S. Han, Mr. Mike S. Kim, and Mr. In Chun Lee.

The cost of proposed capital items is summarized as follows:

Golf Carts	\$1,848,000
GPS System	1,494,400
Capital Costs	
Required	58,400
Optional	156,000
Start-Up Equipment	<u>58,200</u>
Total	\$3,615,000

AMS proposes funding the capital improvements through a combination of equity contributions, lease financing, and bank debt, totaling approximately \$4,120,000.

It is customary to lease (or secure lease financing) for operating equipment such as golf carts and GPS systems, and thus the approximately \$1 million proposed equity commitment from the business entity appears sufficient to meet minimum lease equipment deposits and fund capital improvements and working capital requirements.

The approximately \$1 million equity contribution would derive from the combined commitments of the five LLC shareholders. Collectively, the financial statements included in the proposal show available cash of about \$300,000 and lines of credit totaling about \$1.2 million. The lines of credit are secured by equity in personal residences.

The financial information shown suggests that the stock ownership group has sufficient resources to fund cash requirements and secure debt for equipment (golf carts and GPS). A finance commitment letter from a major bank also is included in the proposal expressing access to \$1.7 million in credit. It is noted that due to the time lapse since the submission of the proposal, the commitment has expired. Also, the required collateral for the credit included personal guarantees from four of the principals and trust deeds (in second and third positions). It is unclear as to how these credit guarantees would affect the \$1.2 million lines of credit. Notwithstanding this issue regarding collateralized lines of credit, it appears that AMS has sufficient financial resources to fund/finance requirements for the Electric Golf Carts Rental Concession.

PROPOSER INTERVIEWS

Interviews were held on Tuesday, September 11, 2007 at the Los Angeles Equestrian Center, near Griffith Park. The interview panel consisted of five highly qualified public sector officials who have extensive golf experience and knowledge:

- Mr. Robert Conrad – City of Victorville
- Mr. Steve Duron – County of Los Angeles
- Mr. Michael Hentzen – County of Orange
- Mr. David Sams – City of Pasadena
- Ms. Nancy Woods – City of Santa Barbara

A one-hour interview with each proposer was scheduled. The interview generally consisted of a 15- to 20-minute presentation of proposal highlights, followed by 40 to 45 minutes of panel member questions. It should be emphasized that the proposal interview was intended to provide clarification of proposals. Modifications and/or enhancements of the proposals submitted, if any, were not considered by panel members as stated in the RFP.

EVALUATION CRITERIA AND SCORING

The City defined the evaluation and proposal scoring process in the RFP. There were six criteria identified with a “points awarded by ranking” required.

The criteria include:

- Ability to finance
- Qualifications and background
- Proposed carts, maintenance program, and cart replacement plan
- Business plan
- Proposed rent
- Capital improvements

The weighting of the criteria and point awards by rank are as follows:

Criterion	Points Awarded by Rank		
	1	2	3
Ability to Finance	15	13-14	11-12
Qualifications & Background	20	18-19	16-17
Proposed Carts, Maintenance, Replacement Plan	15	13-14	11-12
Business Plan	20	18-19	16-17
Rent	15	13-14	11-12
Capital Improvements	15	13-14	11-12

At the conclusion of each and all interviews, panel members had the opportunity to discuss the proposer’s proposal and interview responses. Each panel member then independently completed and signed a summary scoring matrix.

PROPOSAL RANKING

A summary of the panel members' relative ranking of the proposals is presented in Exhibit 2. (The complete set of ranking forms by panel member is provided in Appendix B.) Ready Golf ranked first by all panel members in two of the six evaluation criteria — proposed carts/maintenance/replacement plan, and business plan — ranked first by four of the five panel members in one of the six criteria — capital improvements — and ranked first by three of the five panel members on one of the six criteria — ability to finance.

Kishi ranked first by all panel members in one of the six criteria — rent — ranked first by four panel members in one of the six criteria — qualifications/background — and ranked first by one panel member for ability to finance.

AMS ranked first by one panel member in two of the six criteria — ability to finance and capital improvements.

Ability to Finance

The panel relied upon ERA's Level II Analysis which examined the financial capability of the proposer to fund the proposed improvements and ongoing operation, and information included in the proposal. Both Ready Golf and AMS appear to have access to sufficient resources to undertake the financial obligations of the concession and have proposed to lease the cart fleet. Kishi proposes to purchase the golf carts. For this criterion, Ready Golf was ranked highest by three panel members. Kishi and AMS were ranked highest by one panel member each. It was noted by two panel members that Kishi's net worth would be equal to the market value of the cart fleet that they own.

Qualifications and Background

While all three proposers demonstrated reasonable qualifications and experience necessary to perform the concession functions, Kishi was ranked first on this criterion by four panel members, primarily due to its experience working within a municipal golf system and familiarity with the concession as the current concessionaire.

Ready Golf received the highest ranking in this category by one panel member and was noted as the current golf concessionaire at Sepulveda. AMS' lack of experience in public sector golf was cited as a limitation.

Proposed Carts, Maintenance, Replacement Plan

All proposers proposed a commitment of resources to ongoing refurbishment and capital reinvestment. Ready Golf was unanimously ranked first by the panel members; Kishi was ranked second by three panel members; and AMS was ranked third by three panel members.

Both Ready Golf and AMS propose to lease the cart fleet – Ready Golf would lease EZ-Go carts and AMS proposes to lease from Yamaha. Kishi proposes to purchase a fleet of Club Car carts. It was noted that Yamaha has only 3 percent of cart market share in the U.S.

Business Plan

Ready Golf was unanimously ranked first by the panel members, presenting a well-thought-out and innovative marketing plan with knowledge of the current concession and customer base.

AMS was unanimously ranked second. Panel members noted that AMS' marketing plan was not as well defined and appeared less comprehensive.

Kishi was unanimously ranked third on this criterion. Kishi's business plan focused on continuing to emphasize responsiveness to their customer base. While the panel clearly endorses this strategy and acknowledges the challenges faced by a contractor on a month-to-month agreement, the panel feels performance may be improved through a more proactive, innovative approach in business development.

Proposed Rent

The panel relied upon ERA's economic analysis of the proposed rent structure and information contained in the proposals. Kishi was unanimously ranked first under this evaluation criterion. Ready Golf was unanimously ranked second with AMS unanimously ranked third.

Capital Improvements

All three proposers complied with the minimum capital improvements requirement of the RFP. The panel believes that the additional optional improvements proposed by Ready Golf (specifically, cart path improvement) were appropriate and reasonable, but any such capital expenditure would have to be considered in the context of master plans for the facilities, alternative funding mechanisms, and other related issues, which require further analysis to measure full benefit to the City.

PROPOSAL POINTS AWARDED

Based on the relative rankings displayed above, and the weighting of each criterion assigned in the City's RFP, points awarded to each bidder by criterion are presented in Exhibit 3 and summarized as follows:

Panelist	Total Points Awarded		
	Ready Golf	Kishi	AMS
Robert Conrad	98	89	82
Steve Duron	97	88	83
Michael Hentzen	98	92	80
David Sams	95	91	83
Nancy Woods	<u>97</u>	<u>80</u>	<u>88</u>
Total	485	440	416
Average	97.0	88.0	83.2

The complete set of points awarded by each panel member is provided in Appendix C.

RECOMMENDATION

Based on the panel's ranking and scoring, Ready Golf Centers is recommended as the preferred proposer for the Electric Golf Carts Rental Concession at the Department's 18-hole golf courses (Sepulveda, Griffith Park, Hansen Dam, Rancho Park, and Woodley Lakes).

Exhibit 1
CART REVENUE AT SELECTED
LOS ANGELES COUNTY MUNICIPAL COURSES
2006

	Annual Cart Revenue (\$000)	Annual Rounds	Average Revenue per Round
City of Los Angeles			
Sepulveda	\$ 864.1	\$ 166.6	\$5.19
Griffith Park	966.3	198.2	4.87
Hansen Dam	485.0	90.1	5.38
Rancho Park	568.5	119.0	4.78
Woodley Lakes	<u>530.0</u>	<u>90.6</u>	<u>5.85</u>
Subtotal – Regulation 18	\$3,413.9	\$ 644.6	\$5.30
City of Long Beach*			
Skylinks	568.3	76.2	7.46
Recreation Park (18)	660.8	111.7	5.92
El Dorado	<u>555.1</u>	<u>94.0</u>	<u>5.91</u>
Total	\$1,784.2	\$ 281.9	\$6.33
County of Los Angeles			
Alondra (18-hole)	498.5	112.7	4.42
Diamond Bar	688.1	104.4	6.59
Knollwood	617.9	89.9	6.87
Lakewood	690.4	110.2	6.27
La Mirada	798.4	119.7	6.67
Los Amigos	511.6	81.9	6.25
Los Verdes	811.7	120.5	6.74
Marshall Canyon	443.3	61.7	7.18
Mountain Meadows	664.9	86.9	7.65
Santa Anita	594.4	108.4	5.48
Victoria	371.7	99.9	3.72
Chester Washington	632.5	99.9	6.33
Whittier Narrows*	<u>651.0</u>	<u>105.7</u>	<u>6.16</u>
Total	\$7,974.4	\$1,301.8	\$6.13

*2005.

Source: Economics Research Associates.

Exhibit 2

CITYWIDE GOLF CARTS PROPOSER RANKING

Criterion/Proposer	Panelist				
	Conrad	Duron	Hentzen	Sams	Woods
Ability to Finance					
Ready Golf	1	1	1	2	2
Kishi	3	2	2	1	3
AMS	2	3	3	3	1
Qualifications/Background					
Ready Golf	2	2	2	2	1
Kishi	1	1	1	1	3
AMS	3	3	3	3	2
Proposed Carts, Maintenance, Replacement Plan					
Ready Golf	1	1	1	1	1
Kishi	2	2	2	3	3
AMS	3	3	3	2	2
Business Plan					
Ready Golf	1	1	1	1	1
Kishi	3	3	3	3	3
AMS	2	2	2	2	2
Rent					
Ready Golf	2	2	2	2	2
Kishi	1	1	1	1	1
AMS	3	3	3	3	3
Capital Improvements					
Ready Golf	1	2	1	1	1
Kishi	2	3	2	3	3
AMS	3	1	3	2	2

Exhibit 3

CITYWIDE GOLF CARTS PROPOSER POINTS AWARDED

Criterion/Proposer	Panelist					Total
	Conrad	Duron	Hentzen	Sams	Woods	
Ability to Finance						
Ready Golf	15	15	15	14	14	73
Kishi	12	13	14	15	11	65
AMS	13	12	11	11	15	62
Qualifications/Background						
Ready Golf	19	19	19	18	20	95
Kishi	20	20	20	20	16	96
AMS	16	16	16	16	18	82
Proposed Carts, Maintenance, Replacement Plan						
Ready Golf	15	15	15	15	15	75
Kishi	13	13	14	12	11	63
AMS	12	11	12	13	13	61
Business Plan						
Ready Golf	20	20	20	20	20	100
Kishi	16	16	16	17	16	81
AMS	18	18	18	18	18	90
Rent						
Ready Golf	14	14	14	13	13	68
Kishi	15	15	15	15	15	75
AMS	11	11	11	11	11	55
Capital Improvements						
Ready Golf	15	14	15	15	15	74
Kishi	13	11	13	12	11	60
AMS	12	15	12	14	13	66
Total						
Ready Golf	98	97	98	95	97	485
Kishi	89	88	92	91	80	440
AMS	82	83	80	83	88	416

Appendix A
RESUMES OF GOLF CONCESSION EVALUATION
PANEL MEMBERS

Appendix A

RESUMES OF GOLF CONCESSION EVALUATION PANEL MEMBERS

Mr. Robert Conrad, City of Victorville, Assistant Director of Community Services.

Mr. Conrad has substantial municipal golf operations experience. He formerly served as the Golf Administrator for the City of Ventura (1986-1993), and the Golf Manager for Boulder City, Nevada (1993-2007). He currently is the Assistant Director of Community Services for the City of Victorville, and has responsibility for the City's municipal golf courses.

Mr. Steve Duron, County of Los Angeles, Parks and Recreation Operations Manager.

Mr. Duron was the former golf operations contract administrator for the County of Los Angeles. He was responsible for administering contracts for all of the County golf course lessees and concessionaires. He has extensive experience in all aspects of golf course operations through his more than 30 years with the County. Mr. Duron has the unique combination of expertise in contract management, facility operation, and recreation programming.

Mr. Michael Hentzen, County of Orange, OC Parks, Resources and Development Management Department, Leasing Manager.

Mr. Hentzen has been with Orange County's Harbors, Beaches, and Parks Division for about 18 years. He is responsible for executing and administering the County's more than 100 revenue leases. Included in this portfolio are several golf courses including Mile Square, Strawberry Farms, and David Baker Golf Course.

Mr. David Sams, Rose Bowl Operating Company, Director of Golf. Mr. Sams has many years of experience in administering golf operations. He currently is the Golf Course Administrator for the Rose Bowl Operating Company, responsible for managing the 36-hole Brookside Golf Course in Pasadena, and still provides assistance to the City of San Leandro where he oversaw the golf course renovation and golf operations at the City's Monarch Dunes course. The Rose Bowl Operating Company is a City of Pasadena agency responsible for managing the Rose Bowl stadium, Brookside Restaurant, and Brookside Golf Course. Between 1978 and 1996, Mr. Sams served as the Golf Course Contracts Coordinator for the City of Pasadena.

Ms. Nancy Woods, City of Santa Barbara, Business Manager. Ms. Woods has served since 1999 as the Business Manager for the City of Santa Barbara Parks and Recreation Department. She is the liaison with the golf course operations concessionaire and directly involved in establishing golf course policies and all business matters involving the City's municipal golf course.

Appendix B
RANKING FORMS

Concession: City of Los Angeles Electric Golf Carts Rental

Panel Member: Bob Conrad

Interview Date: Tuesday, September 11, 2007

Criterion	Rank		
	Ready Golf	Kishi	AMS
Ability to Finance	1	3	2
Qualifications & Background	2	1	3
Proposed Carts, Maintenance, Replacement Plan	1	2	3
Business Plan	1	3	2
Rent	2	1	3
Capital Improvements	1	2	3

By: 

Name (print): Bob Conrad

Date: 9/18/07

Concession: City of Los Angeles Electric Golf Carts Rental

Panel Member: Steve Duron

Interview Date: Tuesday, September 11, 2007

Criterion	Rank		
	Ready Golf	Kishi	AMS
Ability to Finance	1	2	3
Qualifications & Background	2	1	3
Proposed Carts, Maintenance, Replacement Plan	1	2	3
Business Plan	1	3	2
Rent	2	1	3
Capital Improvements	2	3	1

By:  _____

Name (print): Steve Duron _____

Date: 9/21/07 _____

Concession: City of Los Angeles Electric Golf Carts Rental

Panel Member: Michael Hentzen

Interview Date: Tuesday, September 11, 2007

Criterion	Rank		
	Ready Golf	Kishi	AMS
Ability to Finance	1	2	3
Qualifications & Background	2	1	3
Proposed Carts, Maintenance, Replacement Plan	1	2	3
Business Plan	1	3	2
Rent	2	1	3
Capital Improvements	1	2	3

By: 

Name (print): Michael Hentzen

Date: 9/24/07

Concession: City of Los Angeles Electric Golf Carts Rental

Panel Member: David Sams

Interview Date: Tuesday, September 11, 2007

Criterion	Rank		
	Ready Golf	Kishi	AMS
Ability to Finance	2	1	3
Qualifications & Background	2	1	3
Proposed Carts, Maintenance, Replacement Plan	1	3	2
Business Plan	1	3	2
Rent	2	1	3
Capital Improvements	1	3	2

By: David Sams

Name (print): David Sams

Date: 9/21/07

Concession: City of Los Angeles Electric Golf Carts Rental

Panel Member: Nancy Woods

Interview Date: Tuesday, September 11, 2007

Criterion	Rank		
	Ready Golf	Kishi	AMS
Ability to Finance	2	3	1
Qualifications & Background	1	3	2
Proposed Carts, Maintenance, Replacement Plan	1	3	2
Business Plan	1	3	2
Rent	2	1	3
Capital Improvements	1	3	2

By: Nancy Woods

Name (print): Nancy Woods

Date: September 17, 2007

Appendix C
POINTS AWARDED FORMS

Concession: City of Los Angeles Electric Golf Carts Rental

Panel Member: Bob Conrad

Interview Date: Tuesday, September 11, 2007

Criterion	Points Awarded		
	Ready Golf	Kishi	AMS
Ability to Finance	15	12	13
Qualifications & Background	19	20	16
Proposed Carts, Maintenance, Replacement Plan	15	13	12
Business Plan	20	16	18
Rent	14	15	11
Capital Improvements	15	13	12
Total	98	89	82

By: 

Name (print): Bob Conrad

Date: 9/18/07

Concession: City of Los Angeles Electric Golf Carts Rental

Panel Member: Steve Duron

Interview Date: Tuesday, September 11, 2007

Criterion	Points Awarded		
	Ready Golf	Kishi	AMS
Ability to Finance	15	13	12
Qualifications & Background	19	20	16
Proposed Carts, Maintenance, Replacement Plan	15	13	11
Business Plan	20	16	18
Rent	14	15	11
Capital Improvements	14	11	15
Total	97	88	83

By:  _____

Name (print): Steve Duron _____

Date: 9/21/07 _____

Concession: City of Los Angeles Electric Golf Carts Rental

Panel Member: Michael Hentzen

Interview Date: Tuesday, September 11, 2007

Criterion	Points Awarded		
	Ready Golf	Kishi	AMS
Ability to Finance	15	14	11
Qualifications & Background	19	20	16
Proposed Carts, Maintenance, Replacement Plan	15	14	12
Business Plan	20	16	18
Rent	14	15	11
Capital Improvements	15	13	12
Total	98	92	80

By: 

Name (print): Michael Hentzen

Date: 9/24/07

Concession: City of Los Angeles Electric Golf Carts Rental

Panel Member: David Sams

Interview Date: Tuesday, September 11, 2007

Criterion	Points Awarded		
	Ready Golf	Kishi	AMS
Ability to Finance	14	15	11
Qualifications & Background	18	20	16
Proposed Carts, Maintenance, Replacement Plan	15	12	13
Business Plan	20	17	18
Rent	13	15	11
Capital Improvements	15	12	14
Total	95	91	83

By: David A Sams

Name (print): David Sams

Date: 9/21/07

Concession: City of Los Angeles Electric Golf Carts Rental

Panel Member: Nancy Woods

Interview Date: Tuesday, September 11, 2007

Criterion	Points Awarded		
	Ready Golf	Kishi	AMS
Ability to Finance	14	11	15
Qualifications & Background	20	16	18
Proposed Carts, Maintenance, Replacement Plan	15	11	13
Business Plan	20	16	18
Rent	13	15	11
Capital Improvements	15	11	13
Total	97	80	88

By: Nancy Woods

Name (print): Nancy Woods

Date: September 17, 2007

ATTACHMENT C

PERSONNEL DEPARTMENT CONTRACT REVIEW REPORT

1. Requesting Department: Recreation and Parks

2. Contacts

Department: Robert Morales Phone (818) 243-6421 Fax No. (818) 243-6451
 CAO: Veronica Salumbides Phone (213) 473-7561 Fax No. (213) 473-7514

3. Work to be performed:

The Department of Recreation and Parks is seeking a vendor to operate the Electric Golf Carts Rental Concession. The services to be provided consist of: providing and maintaining a fleet of electric golf carts at seven City courses; hiring, training, and supervising all staff; interacting with the public by giving instructions on the carts; ensuring the golf cart barns and storage facilities meet current safety and fire codes; and maintaining accounting records for the concession.

4. Is this a contract renewal? Yes No

5. Proposed length of contract: 10 years Proposed Start Date: Unknown

6. Proposed cost of contract (if known): \$3,400,000 (gross revenue generating)

7. Name of proposed contractor: Unknown

Unique or special qualifications required to perform the work:

Sound business knowledge of golf cart rental concessions; staff with the expertise to maintain a fleet of electric golf carts, wash clarifiers, and ventilation systems; expertise in marketing to generate revenue; and strong customer service skills and abilities.

9. Are there City employees that can perform the work being proposed for contracting?

Yes No

If yes,

a. Which class(es) and Department(s): _____

Class	Departments	Eligible list expires
Park Service Attendant	El Pueblo, Rec & Parks, Zoo	No list
Maintenance Laborer	Aiports, DWP, Fire, GSD, Harbor, Police, PW Sanitation, PW Street Services, Rec & Parks, DOT	Continuous
Equipment Mechanic	Airports, DWP, Fire, GSD, Harbor, Police	Continuous
Mechanical Repairer	Airport, Convention Center, DWP, Fire, GSD, Police, PW Sanitation, PW Street Services, Rec & Parks, DOT, Zoo	1/2/09

b. Is there sufficient Department staff available to perform the work? Yes No

c. Is there a current eligible list for the class(es)? Yes No Expiration Date See above

d. Estimated time to fill position(s) through CSC process? Unknown

- e. Can the requesting department continue to employ staff hired for the project after project completion? Yes No
- f. Are there City employees currently performing the work? Yes No

10. Findings

- City employees DO NOT have the expertise to perform the work
- City employees DO have the expertise to perform the work

Check if applicable (explanation attached) and send to CAO for further analysis

- Project of limited duration would have to layoff staff at end of project
- Time constraints require immediate staffing of project
- Work assignment exceeds staffing availability

SUMMARY: A Park Service Attendant, Maintenance Laborer, Equipment Mechanic, and Mechanical Repairer can perform the work described above. City staff at the golf course located at the Harbor is currently performing the work. The City has the expertise to perform the work, however, the Department does not have the staff to complete it.

Submitted by:

Dominique Camaj
Dominique Camaj

Reviewed by:

Shelly Del Rosario
Shelly Del Rosario

Approved by:

Shannon C. Pascual
Shannon C. Pascual

Date:

10/24/07

**ELECTRIC GOLF CARTS RENTAL CONCESSION
CHARTER SECTION 1022**

COST BENEFIT ANALYSIS

Los Angeles City Charter Section 1022 grants the Board of Recreation and Park Commissioners the authority to make the determination as to whether work can be performed more economically or feasibly by independent contractors than by City employees.

This Cost Benefit Analysis is performed in order to determine whether it is more economical to have the Electric Golf Carts Rental Concession operated by an independent contractor or by City employees.

Background

The Electric Golf Carts Rental Concession has been operated by J. H. Kishi Company since January 28, 1991. The contract expired in 2003. The Electric Golf Carts Rental Concession Request for Proposal (RFP) was released on April 20, 2007. On July 24, 2007, the following proposals were received:

- Angeles Management Services, LLC
- Billy Casper Golf Management
- GolfLinks Ventures, Inc.
- Margaret Shimizu, Inc., dba J. H. Kishi Co.
- Michael Leslie Productions, Inc., dba Ready Golf Centers

Two of the proposals were found non-responsive to the RFP during the Level I evaluation (GolfLinks Ventures, Inc. and Billy Casper Golf Management). The Department used an economic consultant, Economics Research Associates (ERA), to oversee the evaluation panel's portion of the process pertaining to a recommendation of the best proposal. The evaluation panel ranked and scored the proposals, and on the basis of the evaluation panel's ranking, ERA has reported that the evaluation panel chose Michael Leslie Productions, Inc., dba Ready Golf Centers as the recommended operator.

Gross Revenue Projection

A sound and realistic gross revenue projection for a ten-year period is essential in order to compare cost benefits between the recommended proposal (Ready Golf Centers) and the operation of the concession by the City. The current condition of the economy serves as the basis of projecting the rate of decline or growth in potential gross golf revenue. As a weak economy results in less discretionary money for individuals to use on recreational activities, it is important to determine how the current economic conditions will affect the golf industry.

According to its fourth quarter report of 2007, UCLA Anderson Forecast stated: "Though the economy is experiencing difficulty rooted in the problematic real estate sector, as well as the result of such things as higher oil prices and a troublesome rate of consumer debt, the UCLA Anderson Forecast does not see the possibility of enough job loss to trigger an actual recession."

However, Wall Street firm Merrill Lynch has recently stated: "Friday's (*March 7, 2008*) employment report strongly suggests that an official recession has arrived."

Despite a weakened economy, the golf industry is expected to survive and grow. With an estimated economic worth of \$62.2 billion, directly behind Furniture and Home Furnishings (\$74.1 billion) and Retail and Appliances (\$70.2 billion), and a growing demographic, golf is a strong industry.

Studies from the National Golf Foundation show that as people age, they are more likely to play golf more often. Current research has indicated that since 2005, "baby boomers" and "echo boomers," the children of the "baby boomers," have increased participation in golf nationwide by 18.2% and 8.0%, respectively. This is an area that will assist in the stability and growth of the golf industry up to the year 2020, when the "baby boomers" are expected to reach retirement age.

A recent Stanford Research Institute study has indicated that the golf industry was dampened by a slowing rate of golf course construction and lower average capital investments. Between 1990 and 2006, 428 private golf clubs were closed. However, the country gained 427 municipal golf courses over the same period. Maintained and marketed adequately, municipal golf courses remain popular, as they offer lower green fees than private golf courses of similar quality. This is one of the primary reasons the overall golf economy growth was 4.1% annually between 2000 and 2005.

However, the golf industry has shown slow growth over the past two years. On March 10, 2008, Avant-Garde, Inc., an economic consultant for the Department of Recreation and Parks, stated: "Taking into consideration the current trend in the local golf courses, as well as the slowing of the economy, an annual growth rate of 2.5% is a conservative but secure projection for the next ten years." As such, given the recent economy and current slowing of growth in the golf industry, an annual growth of 2.5% is used for this cost benefit analysis to determine a ten-year gross revenue projection.

Self-Operation Expenditure Plan

A self-operation expenditure plan is used to compare the cost of providing the service in-house against contracting out the service. The Golf Division submitted a self-operation expenditure plan to the Board Office on July 24, 2007. The Concessions Unit requested the information on December 4, 2007 in order to prepare the cost benefit analysis and provide a recommendation for the electric golf carts rental operation.

The Golf Division provided three self-operation plans:

Option I	Three-year cart lease
Option II	Four-year cart lease
Option III	Cart purchase plan

Each option contained a one-year operational expense plan. The Concessions Unit used the one-year plan provided and included a five percent (5%) annual growth factor to create a ten-year operational expense plan projection for self-operation. This growth factor is attributed to the current inflation rate at the time of this report (Nov 2007 - 4.31%; Dec 2007 - 4.08%; Jan 2008 - 4.28%; and, Feb 2008 - 4.03%); the rise in utility costs (gas and electricity); the rise in fuel cost surcharges from vendors for expense and equipment items; employee salary increases; and a rise in the Cost Allocation Plan (CAP) of approximately 4.55% over the past five years for Central Services, Department Administration and Support, and Comp Time Off. Fringe Benefits have increased almost 70% over the past five years. Considering the information that is currently available, a growth rate of five percent (5%) is reasonable.

The Concessions Unit reviewed the Self-Operation Expenditure Plan and made an adjustment to the labor costs for Option III. As the purchase of carts will require additional maintenance, staff contacted two vendors of golf carts (Toro and Club Car) and inquired into maintenance requirements. It was determined that each cart would require 3 hours of maintenance 4 times per year. As there are 2,088 hours per employee per year, it was necessary to adjust the number of employees from 1 full time employee to 2.5 full time employees (3 hours of maintenance x 4 times per year x 490 carts = 5,880 hours of maintenance; 5,880 hours of maintenance / 2,088 hours per employee = 2.8 employees required).

Ready Golf Centers - Rent Options

Ready Golf Centers proposed fourteen (14) rent options. Ten (10) of the rent options contained the use of a Global Positioning System (GPS), which required patrons to pay a per rider deposit that the concession operator would keep if the patron did not discontinue use of the GPS prior to the fourth round of golf.

Ready Golf Centers' Proposal (Section 4.6 / page 104) states: "The City does not share in the deposit because the City's share has been calculated as higher rent." The Electric Golf Carts Rental Concession RFP – Rent Payment to City Submittal Requirement (Section V.B.5.1) states: "For proposed new amenities or services to be offered as part of the concession operation, in which the patron is charged any fee whatsoever, those amenities and services shall also be subject to rental payments (as well as express approval from the Department)."

As the ten rent options, as proposed by Ready Golf Centers, which contain a paid GPS option do not conform to the requirements of the RFP, they are deemed non-responsive to the RFP and are not considered as part of the proposal evaluation.

For this cost benefit analysis, the four responsive rent options from Ready Golf Centers are labeled:

Option I	Carts Only	39% of Gross Revenue
Option II	Carts and Free GPS	33% of Gross Revenue
Option III	Carts and Cart Paths	29% of Gross Revenue
Option IV	Carts, Cart Paths, Free GPS	23% of Gross Revenue

Department Contract Administration Cost

The cost of the Department to administer a contract is included in the cost benefit analysis, as it reduces the actual value of the rent paid by a Concessionaire.

The administration costs include the pro-rated salaries and Cost Allocation Plan (CAP) rates for: one Senior Management Analyst I; one Management Analyst II; and, one Accounting Clerk I.

A one-year Department Contract Administration cost is based on pro-rated salaries plus CAP 30, as released by the Office of the City Controller. A five percent (5%) annual growth factor to account for salary increases is included to create a ten-year Department Contract Administration Cost.

Charter 1022 Cost Benefit Analysis Findings

An analysis of the seven options presented for the Electric Golf Carts Rental operation (3 Golf Division and 4 Ready Golf Centers) produces the following results for Return to City:

<u>Proposer</u>	<u>Description</u>	<u>Ten-Year Net Return to City</u>
1. Ready Golf Centers	Option I - Carts Only	\$ 14,161,549
2. Golf Division	Option II - 4 Year Lease of Carts	\$ 13,937,547
3. Golf Division	Option I - 3 Year Lease of Carts	\$ 12,921,592
4. Ready Golf Centers	Option III - Carts & Cart Paths	\$ 12,745,055
5. Golf Division	Option III – Purchase of Carts	\$ 12,577,790
6. Ready Golf Centers	Option II – Carts & GPS	\$ 11,951,903
7. Ready Golf Centers	Option IV – Carts, Cart Paths, GPS	\$ 10,535,408

The cost benefit analysis determines that over a ten year period, Ready Golf Centers, Option I (Carts Only) provides the highest Return to the City.

Cost Benefit Analysis Findings

It is more economical for Ready Golf Centers Option I, which provides 39% of Gross Revenue as rental payments to the Department, to provide the service of electric golf cart rental to patrons of the golf course.

**DEPARTMENT OF RECREATION AND PARKS
ELECTRIC GOLF CARTS RENTAL
COST BENEFIT ANALYSIS
SUMMARY OF RETURN TO CITY**

OPTIONS	RETURN TO CITY
Ready Golf Centers - Option I (39% of Gross Revenue / Carts Only)	\$ 14,161,549
Golf Division - Option II (4 Year Lease of Carts)	\$ 13,937,547
Golf Division - Option I (3 Year Lease of Carts)	\$ 12,921,592
Ready Golf Centers - Option III (29% of Gross Revenue / Carts and Cart Paths)	\$ 12,745,055
Golf Division - Option III (Purchase of Carts)	\$ 12,577,790
Ready Golf Centers - Option II (33% of Gross Revenue / Carts & Free GPS)	\$ 11,951,903
Ready Golf Centers - Option IV (23% of Gross Revenue / Carts, Cart Paths, Free GPS)	\$ 10,535,408

**RECREATION AND PARKS
ELECTRIC GOLF CARTS RENTAL
CHARTER 1022 COST BENEFIT ANALYSIS - GOLF DIVISION**

**Golf Division
Option I - 3 Year Lease of Carts**

Contract Year	Gross Revenue Projection (A)	Cost to Self-Operate (B)	Return to City (Self-Operation) (C = A - B)
Year 1	\$ 3,287,172	\$ 1,900,625	\$ 1,386,547
Year 2	\$ 3,369,351	\$ 1,995,656	\$ 1,373,696
Year 3	\$ 3,453,585	\$ 2,095,439	\$ 1,358,147
Year 4	\$ 3,539,925	\$ 2,200,210	\$ 1,339,714
Year 5	\$ 3,628,423	\$ 2,310,221	\$ 1,318,202
Year 6	\$ 3,719,133	\$ 2,425,732	\$ 1,293,401
Year 7	\$ 3,812,112	\$ 2,547,019	\$ 1,265,093
Year 8	\$ 3,907,415	\$ 2,674,370	\$ 1,233,045
Year 9	\$ 4,005,100	\$ 2,808,088	\$ 1,197,012
Year 10	\$ 4,105,227	\$ 2,948,492	\$ 1,156,735
TOTAL	\$ 36,827,443	\$ 23,905,851	\$ 12,921,592

**Golf Division
Option II - 4 Year Lease of Carts**

Contract Year	Gross Revenue Projection (A)	Cost to Self-Operate (B)	Return to City (Self-Operation) (C = A - B)
Year 1	\$ 3,287,172	\$ 1,819,851	\$ 1,467,321
Year 2	\$ 3,369,351	\$ 1,910,844	\$ 1,458,507
Year 3	\$ 3,453,585	\$ 2,006,386	\$ 1,447,199
Year 4	\$ 3,539,925	\$ 2,106,706	\$ 1,433,219
Year 5	\$ 3,628,423	\$ 2,212,041	\$ 1,416,382
Year 6	\$ 3,719,133	\$ 2,322,643	\$ 1,396,491
Year 7	\$ 3,812,112	\$ 2,438,775	\$ 1,373,337
Year 8	\$ 3,907,415	\$ 2,560,714	\$ 1,346,701
Year 9	\$ 4,005,100	\$ 2,688,749	\$ 1,316,350
Year 10	\$ 4,105,227	\$ 2,823,187	\$ 1,282,041
TOTAL	\$ 36,827,443	\$ 22,889,896	\$ 13,937,547

**Golf Division
Option III - Purchase of Carts**

Contract Year	Gross Revenue Projection (A)	Cost to Self-Operate (B)	Return to City (Self-Operation) (C = A - B)
Year 1	\$ 3,287,172	\$ 3,598,089	\$ (310,917)
Year 2	\$ 3,369,351	\$ 1,666,560	\$ 1,702,792
Year 3	\$ 3,453,585	\$ 1,749,888	\$ 1,703,697
Year 4	\$ 3,539,925	\$ 1,837,382	\$ 1,702,543
Year 5	\$ 3,628,423	\$ 1,929,251	\$ 1,699,172
Year 6	\$ 3,719,133	\$ 4,300,850	\$ (581,717)
Year 7	\$ 3,812,112	\$ 2,126,999	\$ 1,685,112
Year 8	\$ 3,907,415	\$ 2,233,349	\$ 1,674,065
Year 9	\$ 4,005,100	\$ 2,345,017	\$ 1,660,083
Year 10	\$ 4,105,227	\$ 2,462,268	\$ 1,642,960
TOTAL	\$ 36,827,443	\$ 24,249,653	\$ 12,577,790

**DEPARTMENT OF RECREATION AND PARKS
ELECTRIC GOLF CARTS RENTAL
COST BENEFIT ANALYSIS
SUMMARY OF RETURN TO CITY**

OPTIONS	RETURN TO CITY
Ready Golf Centers - Option I (39% of Gross Revenue / Carts Only)	\$ 14,161,549
Golf Division - Option II (4 Year Lease of Carts)	\$ 13,937,547
Golf Division - Option I (3 Year Lease of Carts)	\$ 12,921,592
Ready Golf Centers - Option III (29% of Gross Revenue / Carts and Cart Paths)	\$ 12,745,055
Golf Division - Option III (Purchase of Carts)	\$ 12,577,790
Ready Golf Centers - Option II (33% of Gross Revenue / Carts & Free GPS)	\$ 11,951,903
Ready Golf Centers - Option IV (23% of Gross Revenue / Carts, Cart Paths, Free GPS)	\$ 10,535,408

**RECREATION AND PARKS
ELECTRIC GOLF CARTS RENTAL
CHARTER 1022 COST BENEFIT ANALYSIS - READY GOLF CENTERS, INC.**

**Ready Golf Centers
Rent Option I (Carts Only)
39% of Gross Revenue**

Contract Year	Gross Revenue Projection	Proposed Rent Payment to City	Capital Improvements	RAP Contract Administration Costs	Return to City (Contract)
	(A)	(B = A x 39%)	(C)	(D)	(E = B + C - D)
Year 1	\$ 3,287,172	\$ 1,281,997		\$ 23,943	\$ 1,258,054
Year 2	\$ 3,369,351	\$ 1,314,047		\$ 25,140	\$ 1,288,907
Year 3	\$ 3,453,585	\$ 1,346,898		\$ 26,397	\$ 1,320,501
Year 4	\$ 3,539,925	\$ 1,380,571		\$ 27,717	\$ 1,352,854
Year 5	\$ 3,628,423	\$ 1,415,085		\$ 29,103	\$ 1,385,982
Year 6	\$ 3,719,133	\$ 1,450,462		\$ 30,558	\$ 1,419,904
Year 7	\$ 3,812,112	\$ 1,486,724		\$ 32,086	\$ 1,454,638
Year 8	\$ 3,907,415	\$ 1,523,892		\$ 33,690	\$ 1,490,201
Year 9	\$ 4,005,100	\$ 1,561,989		\$ 35,375	\$ 1,526,614
Year 10	\$ 4,105,227	\$ 1,601,039		\$ 37,144	\$ 1,563,895
TOTAL	\$ 36,827,443	\$ 14,362,703	\$ 100,000	\$ 301,154	\$ 14,161,549

**Ready Golf Centers
Rent Option II (Carts and Free GPS)
33% of Gross Revenue**

Contract Year	Gross Revenue Projection	Proposed Rent Payment to City	Capital Improvements	RAP Contract Administration Costs	Return to City (Contract)
	(A)	(B = A x 33%)	(C)	(D)	(E = B + C - D)
Year 1	\$ 3,287,172	\$ 1,084,767		\$ 23,943	\$ 1,060,824
Year 2	\$ 3,369,351	\$ 1,111,886		\$ 25,140	\$ 1,086,746
Year 3	\$ 3,453,585	\$ 1,139,683		\$ 26,397	\$ 1,113,286
Year 4	\$ 3,539,925	\$ 1,168,175		\$ 27,717	\$ 1,140,458
Year 5	\$ 3,628,423	\$ 1,197,380		\$ 29,103	\$ 1,168,277
Year 6	\$ 3,719,133	\$ 1,227,314		\$ 30,558	\$ 1,196,756
Year 7	\$ 3,812,112	\$ 1,257,997		\$ 32,086	\$ 1,225,911
Year 8	\$ 3,907,415	\$ 1,289,447		\$ 33,690	\$ 1,255,756
Year 9	\$ 4,005,100	\$ 1,321,683		\$ 35,375	\$ 1,286,308
Year 10	\$ 4,105,227	\$ 1,354,725		\$ 37,144	\$ 1,317,581
TOTAL	\$ 36,827,443	\$ 12,153,056	\$ 100,000	\$ 301,154	\$ 11,951,903

**Ready Golf Centers
Rent Option III (Carts and Cart Paths)
29% of Gross Revenue**

Contract Year	Gross Revenue Projection	Proposed Rent Payment to City	Capital Improvements	RAP Contract Administration Costs	Return to City (Contract)
	(A)	(B = A x 29%)	(C)	(D)	(E = B + C - D)
Year 1	\$ 3,287,172	\$ 953,280		\$ 23,943	\$ 929,337
Year 2	\$ 3,369,351	\$ 977,112		\$ 25,140	\$ 951,972
Year 3	\$ 3,453,585	\$ 1,001,540		\$ 26,397	\$ 975,142
Year 4	\$ 3,539,925	\$ 1,026,578		\$ 27,717	\$ 998,861
Year 5	\$ 3,628,423	\$ 1,052,243		\$ 29,103	\$ 1,023,140
Year 6	\$ 3,719,133	\$ 1,078,549		\$ 30,558	\$ 1,047,991
Year 7	\$ 3,812,112	\$ 1,105,512		\$ 32,086	\$ 1,073,426
Year 8	\$ 3,907,415	\$ 1,133,150		\$ 33,690	\$ 1,099,460
Year 9	\$ 4,005,100	\$ 1,161,479		\$ 35,375	\$ 1,126,104
Year 10	\$ 4,105,227	\$ 1,190,516		\$ 37,144	\$ 1,153,372
TOTAL	\$ 36,827,443	\$ 10,679,958	\$ 2,366,250	\$ 301,154	\$ 12,745,055

**Ready Golf Centers
Rent Option IV (Carts, Cart Paths, Free GPS)
23% of Gross Revenue**

Contract Year	Gross Revenue Projection	Proposed Rent Payment to City	Capital Improvements	RAP Contract Administration Costs	Return to City (Contract)
	(A)	(B = A x 23%)	(C)	(D)	(E = B + C - D)
Year 1	\$ 3,287,172	\$ 756,050		\$ 23,943	\$ 732,106
Year 2	\$ 3,369,351	\$ 774,951		\$ 25,140	\$ 749,811
Year 3	\$ 3,453,585	\$ 794,325		\$ 26,397	\$ 767,927
Year 4	\$ 3,539,925	\$ 814,183		\$ 27,717	\$ 786,466
Year 5	\$ 3,628,423	\$ 834,537		\$ 29,103	\$ 805,434
Year 6	\$ 3,719,133	\$ 855,401		\$ 30,558	\$ 824,843
Year 7	\$ 3,812,112	\$ 876,786		\$ 32,086	\$ 844,700
Year 8	\$ 3,907,415	\$ 898,705		\$ 33,690	\$ 865,015
Year 9	\$ 4,005,100	\$ 921,173		\$ 35,375	\$ 885,798
Year 10	\$ 4,105,227	\$ 944,202		\$ 37,144	\$ 907,059
TOTAL	\$ 36,827,443	\$ 8,470,312	\$ 2,366,250	\$ 301,154	\$ 10,535,408

**DEPARTMENT OF RECREATION AND PARKS
ELECTRIC GOLF CARTS RENTAL
CHARTER 1022 COST BENEFIT ANALYSIS
GROSS REVENUE PROJECTION**

	Five-Year Average - Revenue					
	2002	2003	2004	2005	2006	5-Year AVG
Sepulveda	\$ 849,705	\$ 835,726	\$ 878,097	\$ 805,057	\$ 864,128	\$ 846,543
Griffith	\$ 908,138	\$ 863,311	\$ 791,666	\$ 929,793	\$ 966,255	\$ 891,833
Hansen Dam	\$ 466,061	\$ 480,685	\$ 494,590	\$ 486,067	\$ 485,027	\$ 482,486
Rancho Park	\$ 533,518	\$ 541,720	\$ 572,297	\$ 542,167	\$ 568,462	\$ 551,633
Woodley Lakes	\$ 511,657	\$ 501,157	\$ 521,712	\$ 508,828	\$ 530,036	\$ 514,678
TOTAL:	\$ 3,269,079	\$ 3,222,599	\$ 3,258,362	\$ 3,271,912	\$ 3,413,908	\$ 3,287,172

Revenue projection based on five-year average (as stated in the RFP) for first year and 2.5% annual growth (rate of inflation).

10-Year Revenue Projection

Year 1	\$ 3,287,172
Year 2	\$ 3,369,351
Year 3	\$ 3,453,585
Year 4	\$ 3,539,925
Year 5	\$ 3,628,423
Year 6	\$ 3,719,133
Year 7	\$ 3,812,112
Year 8	\$ 3,907,415
Year 9	\$ 4,005,100
Year 10	\$ 4,105,227
TOTAL	\$ 36,827,443

**DEPARTMENT OF RECREATION AND PARKS
ELECTRIC GOLF CARTS RENTAL
CHARTER 1022 COST BENEFIT ANALYSIS
GOLF DIVISION - SELF-OPERATION EXPENDITURE PLAN**

	<u>Self-Operation (3 Year Lease)</u>	<u>Self-Operation (4 Year Lease)</u>	<u>Self-Operation (Purchase)</u>
<u>Estimated Golf Division Expenses</u>			
Labor (Including CAP Rate)	\$ 1,169,402.38	\$ 1,169,402.38	\$ 1,346,917.73
Golf Carts	\$ 490,940.16	\$ 410,167.04	-see below-
Cost of Procurement	\$ -	\$ -	-see below-
Utilities	\$ 97,740.00	\$ 97,740.00	\$ 97,740.00
Maintenance Supplies	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00
Office & Cleaning Supplies	\$ 7,800.00	\$ 7,800.00	\$ 7,800.00
Auto Lease	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
Insurance (Additional - above City provided)	\$ 38,742.00	\$ 38,742.00	\$ 38,742.00
Refurbishments, Improvements, Maintenance	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Total Golf Division Expenses	<u>\$ 1,900,624.55</u>	<u>\$ 1,819,851.43</u>	<u>\$ 1,587,199.73</u>

10-Year Self-Operation Costs	Year 1	\$ 1,900,625	\$ 1,819,851	\$ 1,587,200
based on first year costs and 5%	Year 2	\$ 1,995,656	\$ 1,910,844	\$ 1,666,560
annual growth factor:	Year 3	\$ 2,095,439	\$ 2,006,386	\$ 1,749,888
	Year 4	\$ 2,200,210	\$ 2,106,706	\$ 1,837,382
	Year 5	\$ 2,310,221	\$ 2,212,041	\$ 1,929,251
	Year 6	\$ 2,425,732	\$ 2,322,643	\$ 2,025,714
	Year 7	\$ 2,547,019	\$ 2,438,775	\$ 2,126,999
	Year 8	\$ 2,674,370	\$ 2,560,714	\$ 2,233,349
	Year 9	\$ 2,808,088	\$ 2,688,749	\$ 2,345,017
	Year 10	\$ 2,948,492	\$ 2,823,187	\$ 2,462,268
	Total	<u>\$ 23,905,851</u>	<u>\$ 22,889,896</u>	<u>\$ 19,963,628</u>

Year 1 - Purchase of carts:	\$ 1,816,706
Year 6 - Purchase of carts:	\$ 2,055,436
	<u>\$ 3,872,141</u>

Year 1 - Cost of Procurement:	\$ 194,183
Year 6 - Cost of Procurement:	\$ 219,701
	<u>\$ 413,884</u>

**DEPARTMENT OF RECREATION AND PARKS
ELECTRIC GOLF CARTS RENTAL
CHARTER 1022 COST BENEFIT ANALYSIS
GOLF DIVISION - SELF-OPERATION EXPENDITURE PLAN (LABOR)
LEASING OF CARTS (GOLF DIVISION OPTION I AND OPTION II)**

Full-Time Classification	Annual Hours	Hourly Rate	Labor Expense	COST ALLOCATION PLAN RATE (CAP 30)						Labor Expense Inc CAP Rate
				Fring Benefit 52.62%	Cent Serv 40.42%	Dept Admin 14.97%	Overhead 24.29%	CTO 26.74%	Flex Costs	
Principal Park Services Attendant (1 Position)	--	--	\$ 62,848.80	\$ 33,071.04	\$ 25,403.48	\$ 9,408.47	\$ 15,265.97	\$ 16,805.77	\$ 8,252.00	\$ 171,055.53
Mechanical Helper (1 Position)	--	--	\$ 45,685.44	\$ 24,039.68	\$ 18,466.05	\$ 6,839.11	\$ 11,096.99	\$ 12,216.29	\$ 8,252.00	\$ 126,595.56
Part-Time Classification	Annual Hours	Hourly Rate	Labor Expense	Fring Benefit 9.53%	Cent Serv 40.42%	Dept Admin 14.97%	Overhead 24.29%	CTO 0.00%	Flex Costs	Labor Expense Inc CAP Rate
Special Program Assistant II ¹	44,720.0	\$ 11.82	\$ 528,590.40	\$ 50,374.67	\$ 213,656.24	\$ 79,129.98	\$ -	\$ -	\$ -	\$ 871,751.29
TOTAL LABOR COSTS:										\$ 1,169,402.38

1) Calculations of Part-Time Hours for SPA II

A) Average Number of Hours Between Sunrise and Sunset	A	12.5
B) Additional 1/2 Hour Before Sunrise	B	0.5
C) Additional 1/2 Hour After Sunrise	C	0.5
D) Average Golf Cart Barn Operation Hours Per Day	A+B+C=D	13.5
E) One Employee For First 3.5 Hours of Golf Cart Barn Operation	E	3.5
F) Two Employees for Remaining Hours of Golf Cart Barn Operation	(D-E) x 2 = F	20.0
G) Average Golf Cart Barn Shift Hours Per Day	E + F = G	23.5
H) Number of Facilities	H	5.0
I) Average Daily Cart Barn Shift Hours for All Facilities	J	117.5
J) Number of Days	I x J = K	365.0
K) Total Number of SPA II Hours Per Year for All Facilities	I x J = K	42,887.5
L) Part-Time Employees to Operate Cart Barn	K / 1,000 hrs ² = L	43.0 ³
M) Part-Time Hours Per Year Per Employee	M	1,040.0

TOTAL NUMBER OF SPA II HOURS PER YEAR FOR ALL FACILITIES L x M 44,720.0

2) Part-Time Employees are limited to 1040 hours per year. 1000 hours is used to account for vacation time and sick time.

3) Figure rounded up to account for a complete position (42,887.5/1000 = 42.9)

**DEPARTMENT OF RECREATION AND PARKS
ELECTRIC GOLF CARTS RENTAL
CHARTER 1022 COST BENEFIT ANALYSIS
GOLF DIVISION - SELF-OPERATION EXPENDITURE PLAN (LABOR)
PROCUREMENT OF CARTS (GOLF DIVISION OPTION III)**

Full-Time Classification	Annual Hours	Hourly Rate	Labor Expense	COST ALLOCATION PLAN RATE (CAP 30)						Labor Expense Inc CAP Rate
				Fring Benefit 52.62%	Cent Serv 40.42%	Dept Admin 14.97%	Overhead 24.29%	CTO 26.74%	Flex Costs	
Principal Park Services Attendant (1 Position)	--	--	\$ 62,848.80	\$ 33,071.04	\$ 25,403.48	\$ 9,408.47	\$ 15,265.97	\$ 16,805.77	\$ 8,252.00	\$ 171,055.53
Mechanical Helper (2.5 Positions) ¹	--	--	\$ 114,213.60	\$ 60,099.20	\$ 46,165.14	\$ 17,097.78	\$ 27,742.48	\$ 30,540.72	\$ 8,252.00	\$ 304,110.91
Part-Time Classification	Annual Hours	Hourly Rate	Labor Expense	Fring Benefit 9.53%	Cent Serv 40.42%	Dept Admin 14.97%	Overhead 24.29%	CTO 0.00%	Flex Costs	Labor Expense Inc CAP Rate
Special Program Assistant II ²	44,720.0	\$ 11.82	\$ 528,590.40	\$ 50,374.67	\$ 213,656.24	\$ 79,129.98	\$ -	\$ -	\$ -	\$ 871,751.29
TOTAL LABOR COSTS:										\$ 1,346,917.73

1) Mechanical Helper: Each cart requires approximately 3 hours of maintenance 4 times per year.
(3 hours of maintenance x 4 times per year x 490 carts = 5880 hours / 2088 per position = 2.81 positions)

2) Calculations of Part-Time Hours for SPA II

A) Average Number of Hours Between Sunrise and Sunset	A	12.5
B) Additional 1/2 Hour Before Sunrise	B	0.5
C) Additional 1/2 Hour After Sunrise	C	0.5
D) Average Golf Cart Barn Operation Hours Per Day	A+B+C=D	13.5
E) One Employee For First 3.5 Hours of Golf Cart Barn Operation	E	3.5
F) Two Employees for Remaining Hours of Golf Cart Barn Operation	(D-E) x 2 = F	20.0
G) Average Golf Cart Barn Shift Hours Per Day	E + F = G	23.5
H) Number of Facilities	H	5.0
I) Average Daily Cart Barn Shift Hours for All Facilities	J	117.5
J) Number of Days	I x J = K	365.0
K) Total Number of SPA II Hours Per Year for All Facilities	I x J = K	42,887.5
L) Part-Time Employees to Operate Cart Barn	K / 1,000 hrs ³ = L	43.0 ⁴
M) Part-Time Hours Per Year Per Employee	M	1,040.0
TOTAL NUMBER OF SPA II HOURS PER YEAR FOR ALL FACILITIES	L x M	44,720.0

3) Part-Time Employees are limited to 1040 hours per year. 1000 hours is used to account for vacation time and sick time.

4) Figure rounded up to account for a complete position (42,887.5/1000 = 42.9)

**DEPARTMENT OF RECREATION AND PARKS
ELECTRIC GOLF CARTS RENTAL
CHARTER 1022 COST BENEFIT ANALYSIS
GOLF DIVISION - SELF-OPERATION EXPENDITURE PLAN
GOLF CARTS**

**Golf Cart Lease Expense
3 Year Lease**

Monthly Lease Rate Per Cart	\$ 77.13
Sales Tax (8.25%)	\$ 6.36
Total Cost Per Cart	<u>\$ 83.49</u>
Number of Golf Carts	490
Cost Per Month	<u>\$ 40,911.68</u>
Cost Per Year	\$ 490,940.16

**Golf Cart Lease Expense
4 Year Lease**

Monthly Lease Rate Per Cart	\$ 64.44
Sales Tax (8.25%)	\$ 5.32
Total Cost Per Cart	<u>\$ 69.76</u>
Number of Golf Carts	490
Cost Per Month	<u>\$ 34,180.59</u>
Cost Per Year	\$ 410,167.04

**Golf Cart Lease Expense
Purchase of Carts**

Purchase Cost Per Cart	\$ 3,425.00
Sales Tax (8.25%)	\$ 282.56
Total Cost Per Cart	<u>\$ 3,707.56</u>
Number of Golf Carts	490
Total Cost for Purchase of Carts (First Year)	<u>\$ 1,816,705.63</u>
Total Cost for Purchase of Carts (Sixth Year / 2.5% annual increase)	\$ 2,055,435.66
Cost Per Year	\$ 3,872,141.29

**DEPARTMENT OF RECREATION AND PARKS
ELECTRIC GOLF CARTS RENTAL
CHARTER 1022 COST BENEFIT ANALYSIS
CONTRACT ADMINISTRATION COSTS**

Classification	Annual Salary	No. of Employees	Labor Expense	COST ALLOCATION PLAN RATE (CAP 30)				CTO	Flex Costs	Labor Expense Inc CAP Rate
				Fring Benefit 52.62%	Cent Serv 40.42%	Dept Admin 14.97%	Overhead 24.29%			
Senior Management Analyst I (1 Position / 52 Contracts Assigned)	\$ 93,229.20	0.0192	\$ 1,790.00	\$ 941.90	\$ 723.52	\$ 267.96	\$ 434.79	\$ 478.65	\$ 158.44	\$ 4,795.26
Management Analyst II (1 Position / 13 Contracts Assigned)	\$ 78,947.28	0.0769	\$ 6,071.05	\$ 3,194.58	\$ 2,453.92	\$ 908.84	\$ 1,474.66	\$ 1,623.40	\$ 634.58	\$ 16,361.02
Accounting Clerk I (1 Position / 52 Contracts Assigned)	\$ 52,847.00	0.0192	\$ 1,014.66	\$ 533.92	\$ 410.13	\$ 151.89	\$ 246.46	\$ 271.32	\$ 158.44	\$ 2,786.82
TOTAL CONTRACT ADMINISTRATION COSTS:										
									\$ 23,943.09	

Projected Department Administration Cost for 10-Year Term of Agreement Based on first-year cost and 5% annual growth.	Year										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	\$ 23,943.09	\$ 25,140.25	\$ 26,397.26	\$ 27,717.12	\$ 29,102.98	\$ 30,558.13	\$ 32,086.03	\$ 33,690.33	\$ 35,374.85	\$ 37,143.59	\$ 301,153.64