

APPROVED
FEB 04 2009

REPORT OF GENERAL MANAGER

NO. 09-023

DATE February 4, 2009

BOARD OF RECREATION
and PARK COMMISSIONERS

C.D. 7

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: HANSEN DAM GOLF PROFESSIONAL CONCESSION – AWARD OF CONCESSION AGREEMENT TO JOHN WELLS GOLF SHOPS, INCORPORATED

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

V. Israel for

General Manager

Approved *amended* _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

1. Approve the proposed Concession Agreement, between the City of Los Angeles and John Wells Golf Shops, Inc., for a period of twelve (12) months, substantially in the form on file in the Board Office, subject to approval of the Mayor, the City Attorney as to form, and the United States Army Corp of Engineers, as required by the Hansen Dam Flood Control Basin Lease No. DACW09-1-67-11;
2. Find, in accordance with Charter Section 1022, that the Department does not have personnel available in its employ with sufficient time and expertise to undertake these specialized professional tasks and that it is more feasible to secure these services by contract;
3. Find, in accordance with Charter Section 371(e)(10) and Los Angeles Administrative Code Section 10.15(a)(10), that obtaining proposals would not be reasonably practicable or desirable due to the concession agreement expiring and in order to provide continued service to the public and avoid a revenue shortfall that a competitive bidding process is not practicable or advantageous at this time and therefore, is in the City's best interest to enter into this Concession Agreement until the completion of a formal Request for Proposal (RFP) process when a multi-year agreement may be executed;

with one (1) ^{one} year renewal option exercisable at the general manager's sole discretion

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4. Direct the Board Secretary to transmit the proposed Concession Agreement, concurrently, to the Mayor, in accordance with Executive Directive No. 3, the City Attorney, for approval as to form, and Army Corps of Engineers, as required by the Hansen Dam Flood Control Basin Lease No. DACW09-1-67-11; and,
5. Authorize the Board President and Secretary to execute the Concession Agreement upon receipt of the necessary approvals.

SUMMARY:

The Hansen Dam Golf Course is located at 10400 Glenoaks Boulevard, Pacoima, CA 91331 and includes one 18-hole golf course operated and maintained by the Department. The Hansen Dam Golf Course Professional Concession (Concession) provides professional golf lessons to patrons, and maintains and operates the golf professional shop and the golf driving range.

The Hansen Dam Golf Professional Concession is currently operated by John Wells Golf Shops, Inc., under Concession Agreement Number 233 which was executed on October 1, 1997, for a term of ten years and has been operated on a month-to-month basis since the agreement expired on September 30, 2007. In calendar year 2007, the Concession generated \$671,783 in gross receipts and paid \$85,575 in rent to the City.

On January 31, 2008, the operator, John Wells, submitted a notice to quit the concession citing reduced play at the golf course due to construction and the decline in the golf industry. Staff began discussions with the operator and requested bids from other golf professionals. With consideration of a new operator having to provide equipment and assuming the maintenance of the pro shop and driving range, the transition to a new operator while construction at the golf course continues and while a formal RFP process is underway is not advantageous to the City at this time.

During the term of this agreement the operator will pay a percentage of the gross revenue as rent to the City: Professional Shop – 3% (previously 7%); Lessons – 5% (previously 7%); and, Driving Range – 20% (previously 35%).

This agreement will discontinue the living wage adjustment that the operator was allowed to deduct from rent payments and discontinue the monthly capital improvement contribution made by the operator.

It is recommended that a short-term Concession Agreement be approved until a formal Request for Proposal (RFP) process is completed and a multi-year concession agreement may be executed. While there will be a reduction in rent payment to the City, the agreement will ensure that the level of service is continued to the public and any revenue shortfall is minimized.

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Charter Section 1022

Los Angeles City Charter Section 1022 prohibits contracting out work that could be done by City employees unless the Board determines it is more economical and/or feasible to contract out the service.

On May 15, 2008, the Personnel Department completed a Charter Section 1022 review (Attachment A) and determined that the City classification of Park Service Attendant could perform some of the work, primarily the maintenance of the driving range. The Personnel Department also found that City employees do not have the expertise to manage a Professional Golf Shop, nor are there City classifications that require a PGA Class "A" certificate in order to provide professional golf lessons. It is therefore more feasible to contract out the service.

On December 11, 2008, the Board approved the release of a Request for Proposal (Board Report No. 08-328) for this concession. The RFP process is expected to take up to twelve months to complete. This agreement will be subject to earlier termination upon the execution of a multi-year concession agreement.

FISCAL IMPACT STATEMENT:

It is estimated that during the twelve month term of the concession agreement, approximately \$59,149 will be paid in rent to the Department. Of that amount, approximately \$53,234 will be deposited in the Department's General Fund and approximately \$5,915 will be deposited into the Golf Concession Improvements Account.

Report prepared by Melanie Torres, Senior Management Analyst I, Concessions Unit, Administrative Resources Section, Finance Division

PERSONNEL DEPARTMENT CONTRACT REVIEW REPORT

1. Requesting Department: Department of Recreation and Parks

2. Contacts

Department: Melanie Torres Phone No. 818-243-6488 Fax No. 818-243-1459
 CAO: Veronica Salumbides Phone No. 473-7561 Fax No. 473-7514

3. Work to be performed:

The Department of Recreation and Parks is seeking a Concessionaire to operate Golf Professional Concessions at the Hansen Dam Golf Course. The Concessionaire will operate the golf pro shop and the driving range. The Concessionaire will also provide golf lesson services, staff the pro golf shop, and provide necessary equipment for the golf ball picking machines and dispensers.

4. Is this a contract renewal? Yes No

5. Proposed length of contract: 18 months
 Proposed Start Date: Upon contract execution

6. Proposed cost of contract (if known): \$93,502 per year (gross revenue generating)

7. Name of proposed contractor: Unknown

8. Unique or special qualifications required to perform the work:

Experience in operating a retail business similar to a golf pro shop and maintaining a driving range. Expertise in marketing to ensure the concession generates maximum revenue. The Concessionaire must be able to plan and implement capital improvements to the golf course. The Concessionaire must have a staff that is PGA Class "A" certified.

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

Yes No ; City Employees can perform some of the work

<i>Class</i>	<i>Departments</i>	<i>List expires</i>
Park Services Attendant	El Pueblo, Rec & Parks and Zoo	No List

If yes,

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

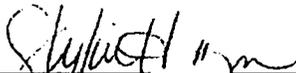
10. Findings

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

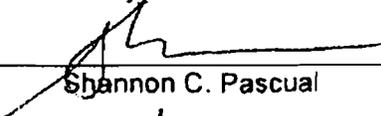
Check if applicable (explanation attached) and send to CAO for further analysis

- 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: The Department of Recreation and Parks is seeking to contract for Concession services at Hansen Dam Golf Course. Staff has identified that Park Services Attendant could perform some of the work, primarily the maintenance of the driving range. However, City Employees do not have the expertise to manage a Pro Golf Shop. Nor are there current City classes that require a PGA Class "A" Certificate to teach golf.

Submitted by: 
Stephanie Holloman

Reviewed by: 
Shelly Del Rosario

Approved by: 
Shannon C. Pascual

Date: 5/1/10