

APPROVED
FEB 04 2009

REPORT OF GENERAL MANAGER

NO. 09-024

DATE February 4, 2009

BOARD OF RECREATION
and PARK COMMISSIONERS

C.D. 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: LOS FELIZ GOLF CAFÉ AND ROOSEVELT GOLF CAFÉ – AWARD OF CONCESSION AGREEMENT TO AM BEST FOOD, INCORPORATED

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

Julie Israel for
General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

1. Approve the proposed Concession Agreement between the City of Los Angeles and AM Best Food, Inc., for the operation and maintenance of the Los Feliz Golf Café and Roosevelt Golf Café concessions, for a term of one (1) year with two (2) one-year renewal options exercisable at the General Manager's sole discretion, substantially in the form on file in the Board Office, subject to the approval of the Mayor and the City Attorney as to form;
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 previous operator abandoning the concession, and that in order to provide continued service to the public and avoid a revenue shortfall, a competitive bidding process is not practicable or advantageous at this time. It will therefore be 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;

REPORT OF GENERAL MANAGER

PG. 2

NO. 09-024

4. Direct the Board Secretary to transmit the proposed Concession Agreement, concurrently, to the Mayor in accordance with Executive Directive No. 3 and to the City Attorney for approval as to form; and,
5. Authorize the Board President and Secretary to execute the Concession Agreement upon receipt of the necessary approvals.

SUMMARY:

The Los Feliz Golf Course is a nine-hole golf course located at 3207 Los Feliz Boulevard, Los Angeles, CA 90039. The Los Feliz Golf Café Concession (Concession) provides food and beverages (alcoholic and non-alcoholic) to the golfing and neighboring community.

The Roosevelt Golf Course is a nine-hole golf course located at 2650 North Vermont Avenue, Los Angeles CA 90027. The Roosevelt Golf Café Concession (Concession) provides food and beverages (alcoholic and non-alcoholic) to the golfing and neighboring community

The Concessions have been operated by JL Dining Services under Concession Agreement Number 251 since November 2006. In 2007, the concessions generated over \$494,411 in gross receipts and paid \$64,216 in rent to the Department. The concession agreement was to expire on November 14, 2011. On October 8, 2008, JL Dining Services gave notice that they would abandon the concession on November 30, 2008 unless rent was reduced to 4% of gross revenue. The operator had been paying 13% of gross revenue at the Los Feliz Golf Café and 13.5% at the Roosevelt Golf Café. Staff attempted to assist the operator in identifying other areas where improvements could be made to increase profitability. The operator insisted on a reduction in rent or he would abandon the concession. On November 26, 2008, JL Dining Services gave final notice that they would abandon the concession on November 30, 2008.

On November 17, 2008, staff sent a letter inviting interim proposals to all interested parties from a mailing list maintained by the Concessions Unit to operate the Los Feliz Golf Café and the Roosevelt Golf Café on an interim basis (approximately twelve months). This was not a formal process, but was designed to quickly deal with an unexpected situation that arose on a temporary basis until formal proposals could be obtained. On November 24, 2008, staff received seven (7) proposals. AM Best Food, Inc. was the most responsive proposer meeting the immediate needs of the Department. Under the terms of the interim concession agreement, AM Best Food, Inc. will provide continued food and beverage services for the patrons of the Los Feliz Golf Course and the Roosevelt Golf Course and pay 8% of gross revenue from both locations for rent, while the Department undertakes a Request for Proposal process to obtain a multi-year agreement with a qualified food and beverage service provider.

REPORT OF GENERAL MANAGER

PG. 3

NO. 09-024

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. The Personnel Department previously determined that the ability to independently operate and maintain a restaurant facility on a day-to-day basis requires expertise that City classifications are unable to provide; therefore, it would be more feasible to contract out the service in order to meet the immediate needs of the public.

Formal Competitive Bid

In order to ensure that the level of food and beverage service is continued to the public and to avoid revenue shortfall, a formal competitive bid process, in accordance with Los Angeles Administrative Code Section 10.15(a)(2), was found to be impracticable and disadvantageous due to the need to expeditiously obtain a temporary operator while an RFP process is conducted to enter into a multi-year concession agreement.

Additionally, the Los Angeles Department of Water and Power (DWP) is scheduled to begin the Lower Reach portion of the River Supply Conduit Improvement project in Winter 2009. This project is scheduled to be completed in the Summer of 2014 and will be conducted in five stages which will close roads to traffic and/or obstruct traffic in various locations along Zoo Drive, Crystal Springs Drive, and Forest Lawn Drive in Griffith Park. The Lower Reach project will install approximately 37,400 feet of welded steel pipe to replace the water transmission pipeline, built in the 1940s, which is responsible for transporting large quantities of water to central areas of the City of Los Angeles.

The effect of the aforementioned construction on the concessions in the Griffith Park area is unknown at this time. However, due to the construction, road detours, and overall condition of the areas to be affected, the Department believes it would be unlikely to attract proposers with desirable terms for a multi-year agreement commencing during the Project. The Board approved concession agreements on December 11, 2008 to address this issue (Board Report No. 08-327). The approval of this interim contract will also address this issue.

Staff has reviewed the submittal documents, verified background and experience, reviewed financial documents, and interviewed AM Best Food Inc. It is recommended that the Concession Agreement be awarded to AM Best Food, Inc., as the interim operator for the Los Feliz Golf Café Concession and the Roosevelt Golf Café Concession.

REPORT OF GENERAL MANAGER

PG. 4

NO. 09-024

FISCAL IMPACT STATEMENT:

It is estimated that during the term of this concession agreement, the Department will receive approximately \$39,554 in rent during the first year of operation. Of that amount, \$35,599 will be deposited into the Department's General Fund and \$3,955 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.