

REPORT OF GENERAL MANAGER

**APPROVED**  
FEB 20 2013

NO. 13-047

DATE February 20, 2013

**BOARD OF RECREATION  
& PARK COMMISSIONERS**

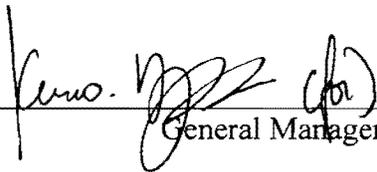
C.D. 5

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: RANCHO PARK GOLF COURSE RESTAURANT – ONE-YEAR  
CONCESSION AGREEMENT WITH RENEWAL OPTIONS

R. Adams \_\_\_\_\_  
H. Fujita \_\_\_\_\_  
V. Israel \_\_\_\_\_

K. Regan \_\_\_\_\_  
M. Schull \_\_\_\_\_  
\*N. Williams NDW

  
\_\_\_\_\_  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATIONS:

That the Board:

1. Approve a proposed Concession Agreement, substantially in the form on file in the Board Office, between the City of Los Angeles Department of Recreation and Parks and Rancho Golf Restaurant, Inc., for the operation and maintenance of the Rancho Park Golf Course Restaurant for a term of one-year with two (2) one-year renewal options exercisable at the sole discretion of the General Manager, subject to the approval of the Mayor and City Council, and of the City Attorney as to form;
2. Find in accordance with Charter Section 371(e)(10), and Los Angeles Administrative Code Section 10.15(a)(10), that a competitive bidding process is impractical for the performance of these special services while the Department performs a best practices study for golf food and beverage operations to determine long-term options;
3. 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 tasks and that it is more feasible to secure these services by contract;
4. Direct the Board Secretary to transmit the proposed Concession Agreement, concurrently, to the Mayor in accordance with Executive Directive No. 3, to the City Attorney for review and approval as to form; and,

## REPORT OF GENERAL MANAGER

PG. 2

NO. 13-047

5. Authorize the Board President and Secretary to execute the Concession Agreement upon receipt of the necessary approvals.

### SUMMARY:

The City of Los Angeles (City) Department of Recreation and Parks (RAP) maintains and operates, by Concession Agreement (Agreement), food and beverage concessions at nine (9) golf facilities.

On May 2, 2012, staff presented the "Evaluation of Operating Options for the Department of Recreation and Parks Golf Course System" to the Board (Board Report No. 12-125). One of the recommendations the Board approved was to conceptually approve the use of contracts, leases, or permits to continue operations of food services. This action was recommended pending further studies to determine the best operating model for golf future retail operations.

A conversion to flat fee rent for Department golf restaurants and cafés will allow the Department to have clearer comparisons of its golf food service concessions for operating studies and future planning. Separate Board Reports for other golf restaurants and cafés will be submitted.

### RANCHO PARK GOLF RESTAURANT:

The Rancho Park Golf Course Restaurant (Concession) is operated by Rancho Golf Restaurant, Inc. (Concessionaire). The Concession is located at Rancho Park Golf Complex, an 18-hole, par 71 course which opened in 1947. The golf complex is near Century City and Beverly Hills and is unique as the only public 18-hole facility on the Westside - generally a fairly affluent area. In Fiscal Year (FY) 2011/2012, 101,982 rounds of golf were played at this complex. The Concession features a large dining room with tables, booths, and counter seats; a bar lounge meeting space, a large, fully equipped commercial kitchen, small office, and raised loading dock. The Concession includes a staffed snack stand (halfway house) on the golf course.

Concessionaire took over the restaurant concession under an Interim Agreement and began February 1, 2010. The previous concession operator, Shimazaki, had given notice to the Department to end the restaurant operation. Under the Interim Agreement, rent is 4% of gross receipts in all categories (food, beverage, alcoholic beverage, banquets) with no minimum rent requirement and permission to sell basic golf merchandise (golf balls, tees, gloves, hats) and rent golf clubs, was granted - also at 4% rent. Utilities are paid directly by Concessionaire to respective utility companies; however water is on a shared meter and paid for by the City.

The Interim Agreement expired February 29, 2012 and the Concessionaire is operating on a month to month basis. In 2010 gross revenue was \$658,263 and increased to \$705,681 in 2011 (Attachment A). Concessionaire has maintained a similar menu and level of service as Shimazaki. Concessionaire has remodeled the bar/lounge/meeting room, remodeled the

## REPORT OF GENERAL MANAGER

PG. 3

NO. 13-047

restaurant dining room, and created a display area for the golf merchandise. Although the number of golf rounds has declined 10.5% from FY 07/08 to FY 11/12, the increase in gross sales at the Concession can be attributed to the enhanced and refreshed look of the Concession. Prior to Concessionaire operating, the Concession's appearance was dated and uninviting. Rancho Park is the only Department golf restaurant which has increased gross receipts from 2010 to 2011. Four of the five Department golf cafés have also increased gross receipts from 2010 to 2011. The fifth Department golf café – Harbor Golf Café – was closed for most of this timeframe.

### RECOMMENDATION:

Staff recommends the Department enter into a one-year concession agreement, with two one-year options to renew at the sole discretion of the General Manager, with Concessionaire to ensure uninterrupted food, bar, beverage, and banquet services for the public until further studies are completed and a determination is made regarding the best business model for long-term operations of golf food and beverage operations.

Staff also recommends a payment method of flat fee rent that equates to the same average monthly rent paid to the Department in calendar year 2011 and the right to adjust the flat rate rent based on the previous year's performance in subsequent renewal option years at the sole discretion of the General Manager. The flat rate rent for Concessionaire is \$2,300, based on calendar year 2011 monthly average rent paid. Flat fee rent will allow Concessionaire to have known expenses during the course of the year for planning purposes. A flat fee rent may also provide an incentive to Concessionaire to further increase gross receipts as profitability would increase as sales increase. A draft concession agreement is attached as Attachment B.

### Charter Section 371

In accordance with Charter Section 371(e)(10), and Los Angeles Administrative Code Section 10.15(a)(10), a competitive bidding process is impractical for the performance of these special services.

### Charter Section 1022

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 tasks and that it is more feasible to secure these services by contract.

### FISCAL IMPACT STATEMENT:

There is no impact to the Department's General Fund as all revenue from the food and beverage operations are deposited into the Golf Surcharge Account. The Golf Surcharge Account remains

REPORT OF GENERAL MANAGER

PG. 4

NO. 13-047

revenue neutral since the recommended flat rate rent for Concessionaire is based on the calendar year 2011 monthly average rent paid.

Report prepared by Noel Williams, Chief Management Analyst.

DEPARTMENT OF RECREATION AND PARKS  
 RANCHO PARK GOLF COURSE RESTAURANT  
 GROSS REVENUE AND RENT PAID  
 CALENDAR YEAR 2007 - 2012 To Date

Attachment A

	2007	2008	2009	2010	2011	2012	Notes Regarding 2012
Gross Revenue	\$ 739,133	\$ 706,265	\$ 668,787	\$ 658,263	\$ 705,681	\$ 768,461	Gross Revenues through Nov 2012
Rent Paid	\$ 51,739	\$ 49,439	\$ 33,477	\$ 25,371	\$ 28,227	\$ 30,738	Rent Paid through Nov 2012

