

REPORT OF GENERAL MANAGER

APPROVED

NO. 13-051

DATE February 20, 2013

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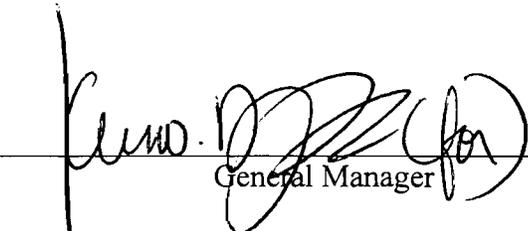
**BOARD OF RECREATION
& PARK COMMISSIONERS**

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: ROOSEVELT GOLF CAFÉ – 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Withdrawn _____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 Robert Haghverdian and Melina Manouki, Sole Proprietors, for the operation and maintenance of the Roosevelt Café for a term of one-year with two (2) one-year renewal options exercisable at the sole discretion of the General Manager, 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,

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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 or continuance of flat fee rent for the 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.

ROOSEVELT GOLF CAFÉ:

The Roosevelt Golf Café (Concession) is operated by Robert Haghverdian and Melina Manouki, Sole Proprietors (Concessionaire). The Concession is located at the 9-hole Roosevelt Golf Complex near the upscale residential Vermont Canyon entrance to Griffith Park. In Fiscal Year (FY) 2011/2012, 76,270 rounds of golf were played at this complex. The Concession is in a triple-wide modular building. The Concession includes a cook line, food preparation area, air conditioned indoor dining, and shared use of an adjacent covered patio and raised deck for additional dining seats. The deck, amidst beautiful tall trees, is visible from Vermont Avenue and is accessible from the sidewalk below via staircase. The facility is along the entry route for Vermont Canyon Tennis (12 courts), Greek Theatre, and Griffith Observatory.

The Interim Concession Permit between the City and Concessionaire began November 3, 2011, for a term of one year with two one year options to renew at the sole discretion of the General Manager. The Concession was formerly part of a different Concession Agreement No. 261, executed July 23, 2009, with AM Best Food, Inc., for operation and maintenance of the Los Feliz Golf Café and Roosevelt Golf Café. On November 1, 2011, AM Best Food Inc. ceased operations of Roosevelt Café and surrendered the premises on a mutual agreement with the Department. Under the Interim Concession Permit, Concessionaire pays flat fee \$950 per month rent; there is no rent minimum guarantee; and rent was not required for November 2011 and December 2011 to allow Concessionaire to clean and prepare the premises for 2012. Utilities are

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paid directly by Concessionaire to respective Utility companies; however water is on a shared meter and paid for by the City. In 2008 the Concession gross receipts were \$114,131. Gross receipts rose consistently to \$203,751 in 2011 – a 78.5% increase (Attachment A).

The Concession rent for calendar year 2012 is \$11,400 based on a monthly rental flat fee of \$950 as stated in the Interim Concession Permit.

RECOMMENDATION:

Staff recommends the Department execute 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, beverage, and alcoholic beverage 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 continued payment method of flat fee rent paid to the Department by this Concessionaire, 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 \$950, based on the Interim Concession Permit. 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 as profitability would increase as sales increase.

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 revenue neutral since the recommended flat rate rent for Concessionaire is based on the calendar year 2012 monthly average rent paid.

Report prepared by Noel Williams, Chief Management Analyst.

DEPARTMENT OF RECREATION AND PARKS
 ROOSEVELT GOLF CAFE
 GROSS REVENUE AND RENT PAID
 CALENDAR YEAR 2007 - 2012 To Date

Attachment A

	2007	2008	2009	2010	2011	2012	Notes Regarding 2012
Gross Revenue	\$ 156,623	\$ 114,131	\$ 152,590	\$ 169,012	\$ 203,751	\$ 204,637	Gross Revenue through Nov 2012
Rent Paid	\$ 20,361	\$ 14,837	\$ 12,207	\$ 13,521	\$ 14,646	\$ 11,400	Rent Paid through Dec 2012

New Concessionaire began Nov 2011. Per Agreement: rent payment commenced January 2012 and pays flat fee rent of \$950 per month.

