

REPORT OF GENERAL MANAGER

**APPROVED**

NO. 13-076

DATE March 20, 2013

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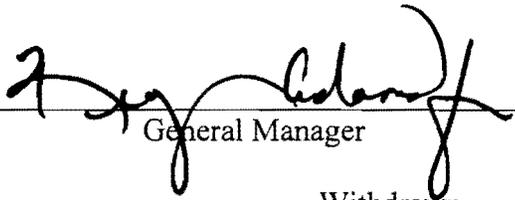
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**BOARD OF RECREATION  
& PARK COMMISSIONERS**

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: HARBOR GOLF CAFÉ – ONE-YEAR CONCESSION AGREEMENT WITH RENEWAL OPTIONS

R. Adams	_____	K. Regan	_____
H. Fujita	_____	M. Schull	_____
V. Israel	_____	*N. Williams	<u>NW</u>

  
 \_\_\_\_\_  
 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Withdrawn \_\_\_\_\_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 Harbor Café 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 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.

### HARBOR GOLF CAFÉ:

The Harbor Golf Café (Concession) is operated by Robert Haghverdian and Melina Manouki, Sole Proprietors (Concessionaire). The Concession is located at the 9-hole Harbor Park Golf Complex adjacent to Machado Lake and Los Angeles Harbor College. This complex had 99,917 rounds of golf played in Fiscal Year (FY) 2011/2012. The Concession includes a cook line, food preparation area, office, employee restroom, storage area, air conditioned indoor dining, and outdoor patio seating.

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 abandoned June 23, 2010 by the former Concession operator – Tusieseina. Concessionaire and the Department has since remodeled and equipped the Concession in order to meet County of Los Angeles Department of Health Services Plan Check requirements for a food service facility that had closed with lapse in service. The Concession reopened for business November 12, 2012.

Under the Interim Concession Permit, Concessionaire pays flat fee \$750 per month rent; there is no rent minimum guarantee. Utilities are paid directly by Concessionaire to respective Utility companies; however water is on a shared meter and paid for by the City. Reported gross receipts for this Concession are \$104,768 in 2007; \$106,078 in 2008; and \$121,930 in 2009 (Attachment A).

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The Concession rent for calendar year 2012 is \$1,225 due to the Concession being inoperable January 1, 2012 through November 11, 2012. Since the Concession was closed for 28 months, it will require time, marketing, and public awareness for regular clientele to build at this café concession.

### 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 and beverage service 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 for this reopened café concession as in the Interim Concession Permit. Staff recommends 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 \$250 per month to help Concessionaire recoup expenditures made to upgrade the Concession in order to satisfy County of Los Angeles Department of Health Services' Plan Check Program requirements which were necessary to obtain the Health Permit for operation. Other factors for \$250 per month rent is the recently reopened status of this café; to allow time for the establishment of regular clientele; and the limited rent potential of this newly reopened Concession. 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 will be revenue positive since the Concession has reopened after 28 months of closure since June 2010.

Report prepared by Noel Williams, Chief Management Analyst.

DEPARTMENT OF RECREATION AND PARKS  
HARBOR 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	\$ 104,768	\$ 106,078	\$ 121,930	\$ 24,804	\$ -	\$ 2,951	Café re-opened November 12, 2012. Reported Gross Revenue through Nov 2012.
Rent Paid	\$ 7,334	\$ 7,425	\$ 8,535	\$ 1,736	\$ -	\$ 1,225	Café re-opened November 12, 2012. Rent Paid through Dec 2012.

Former concessionaire did not report gross receipts beginning April 2010.

Former concessionaire abandoned in June 2010. The Concession remained non-operational through Oct 2012.

