

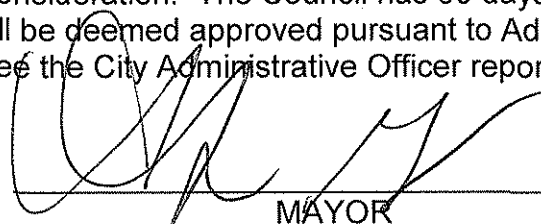
0150-08836-0001

TRANSMITTAL

TO The City Council	DATE DEC 06 2013	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 4	

**Proposed Concession Agreement between AM Best Food, Inc.
and the Department of Recreation and Parks
for the Operation and Maintenance of the Los Feliz Golf Course Cafe**

Transmitted for your consideration. The Council has 60 days from the date of receipt to act, otherwise the contract will be deemed approved pursuant to Administrative Code Section 10.5(a). See the City Administrative Officer report attached.



MAYOR

(Ana Guerrero)

MAS:CEA:LGC:08140005t

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 10-22-13	C.D. No. 4	CAO File No.: 0150-08836-0001
Contracting Department/Bureau: Recreation and Parks		Contact: Noel Williams	
Reference: Transmittal from the Board of Recreation and Park Commissioners dated February 25, 2013; referred by the Mayor on February 25, 2013			
Purpose of Contract: Operation and maintenance of the Los Feliz Golf Course Cafe			
Type of Contract: (X) New contract () Amendment		Contract Term Dates: One year from date of execution with two one-year renewals followed by month-to-month basis renewal options.	
Contract/Amendment Amount: \$0			
Proposed amount \$0 + Prior award(s) \$0 = Total \$0			
Source of funds: Not applicable			
Name of Contractor: AM Best Food, Inc. 3207 Los Feliz Blvd. Los Angeles, CA 90039			
	Yes	No	N/A*
1. Council has approved the purpose		X	
2. Appropriated funds are available			X
3. Charter Section 1022 findings completed	X		
4. Proposals have been requested		X	
5. Risk Management review completed	X		
6. Standard Provisions for City Contracts included	X		
7. Workforce that resides in the City: 100%			
		*N/A = not applicable ** Contracts over \$100,000	

COMMENTS

At its meeting of February 20, 2013, the Board of Recreation and Park Commissioners (Board) approved an Agreement with AM Best Food, Inc. (Concessionaire) for the operation and maintenance of the Los Feliz Golf Course Cafe (Concession) located at 3207 Los Feliz Blvd in Council District 4. The proposed Agreement is for a one year term with two one-year options to renew. The Department of Recreation and Parks' General Manager (General Manager) may also renew the Concession Agreement on a month-to-month basis at the expiration of the three year term. The General Manager may also annually adjust the fixed rental fee of \$2,600 per month based on the Concession's prior year receipts. The Department of Recreation and Parks (Department) reports that the Concessionaire has been operating the Concession on a month-to-month basis since July 2012.

The City through the Board and the Department, owns the Concession. In July 2009, the Concessionaire executed an agreement to operate and maintain the Concession which expired in July 2012. Under the expired agreement, the Concessionaire paid 8 percent of the gross receipts for food and beverages including non-alcoholic beverages.

		
LGC	Analyst	08140005
	Assistant CAO	City Administrative Officer

Under the terms of the proposed Agreement, the Concessionaire shall have exclusive privilege to conduct concession sales in the categories of food, non-alcoholic beverages, alcoholic beverages, delivery of food and beverage and catering within the premises of the Concession as defined in the Agreement. The Agreement also allows the Concessionaire to operate a gas-powered mobile food cart for food and beverage service, with prior written approval from or at the written request of the General Manager. The Concessionaire shall be responsible for the cost of gas, electricity, and other utility charges associated with the Concession.

In accordance with Charter Section 371 and Los Angeles Administrative Code Section 10.15(a)(10), the Board, in its capacity as the contract awarding authority for the Department, found that the use of competitive bidding for the Concession Agreement would be impracticable at this time. The Department is conducting a best practices study for golf food and beverage options to determine its long term options.

In accordance with Charter Section 1022, the Board found that the Department does not have available in its employment, personnel with sufficient time and expertise to undertake the specialized tasks and that it is more feasible to secure the services by contract.

In accordance with Los Angeles Administrative Code Section 10.5, Council approval of the proposed Agreement is required because the term may exceed three years should the General Manager exercise the additional month-to-month renewal options at the end of the three year term.

RECOMMENDATION

That the Council approve and authorize the President and Secretary of the Board of Recreation and Park Commissioners to execute the proposed Agreement with AM Best Food, Inc. for the operation and maintenance of the Los Feliz Golf Course Cafe for a one year term with two one-year renewal options, subject to review and approval by the City Attorney as to form.

FISCAL IMPACT STATEMENT

AM Best Food, Inc. will pay the City a monthly \$2,600 rental fee, subject to an annual adjustment by the General Manager based on the Concession's prior year receipts. Revenues from the Concession Agreement will be deposited into the Department of Recreation and Parks' Golf Surcharge Account. There is no additional impact on the General Fund. To the extent applicable, the recommendation stated in this report complies with the City Financial Policies in that user charges and fees are set to support the full cost of operations for which the fees are charged.

Attachments

**BOARD OF RECREATION AND
PARK COMMISSIONERS**

BARRY A. SANDERS
PRESIDENT

LYNN ALVAREZ
VICE PRESIDENT

W. JEROME STANLEY
JILL T. WERNER
JOHNATHAN WILLIAMS

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

**DEPARTMENT OF
RECREATION AND PARKS**

221 N. FIGUEROA STREET
SUITE 1510
LOS ANGELES, CA 90012

(213) 202-2640
FAX: (213) 202-2610
RAP.Commissioners@LACity.org

JON KIRK MUKRI
GENERAL MANAGER

February 25, 2013

Hon. Antonio R. Villaraigosa, Mayor
City of Los Angeles
Room 303, City Hall

Attention: Ms. Mandy Morales

Dear Mayor Villaraigosa:

In accordance with Executive Directive No. 3, there are attached herewith three copies of a proposed agreement with AM Best Food, Inc., for the operation and maintenance of the Los Feliz Golf Course Café Concession.

Also attached for the assistance of your Office in reviewing this proposed agreement is Report No. 13-049, adopted by the Board of Recreation and Park Commissioners at its meeting of February 20, 2013. After review and recommendation by you, the proposed agreement will be submitted to the Board for final action.

If you have any questions with regard to the Proposed Agreement, please contact Noel Williams at (213) 202-4358.

Very truly yours,

BOARD OF RECREATION AND
PARK COMMISSIONERS

LATONYA D. DEAN
Commission Executive
Assistant

Attachments

cc: Noel Williams

CITY ADMINISTRATIVE OFFICE
FEB 26 2013 10:00 AM



REPORT OF GENERAL MANAGER

APPROVED
FEB 20 2013

NO. 13-049

DATE February 20, 2013

C.D. 4

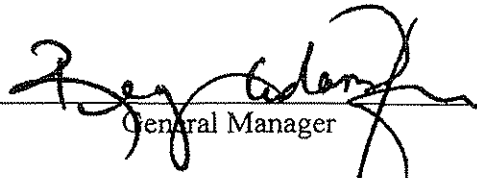
BOARD OF RECREATION
AND PARK COMMISSIONERS

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: LOS FELIZ 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 AM Best Food, Inc., for the operation and maintenance of the Los Feliz Golf 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 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,

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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 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.

LOS FELIZ GOLF CAFÉ:

The Los Feliz Golf Café (Concession) is operated by AM Best Food, Inc. (Concessionaire). The Concession is located at the Los Feliz Golf Course, a 9-hole golf course that had 53,337 rounds of golf played in Fiscal Year (FY) 2007-08. The Concession is visible from the busy thoroughfare between the Golden State (5) Freeway and the large Costco/Toys R Us/Best Buys shopping complex on Los Feliz Boulevard. It is a popular dining spot for golfers as well as local residents and visitors. The Concession area is small but includes a cook line, food preparation area, air-conditioned indoor seating, and fenced patio seating. The building's trendy appearance results from its unique converted bunker architecture, and is a popular place for people-watching. The operation serves food and beverage including beer.

Contract Number 261 (Agreement), between the City and Concessionaire, was executed July 23, 2009 and included both Los Feliz Golf Café and Roosevelt Golf Café. On November 1, 2011 operation of Roosevelt Café by Concessionaire was ceased by mutual consent with the Department. The Agreement expired July 22, 2012. The Concessionaire continued operation of Los Feliz Café on a month to month basis. There was rent minimum stipulated in the Agreement - \$24,000 annually for both cafés combined. The minimum was also met when Concessionaire operated Los Feliz Golf Café only. Utilities are paid directly by Concessionaire to respective Utility companies; however water is on a shared meter and paid for by the City. In 2009 the combined gross receipts from Concessionaire and previous operator total \$264,076. Concessionaire has since increased gross receipts consistently, reporting \$297,585 for 2010 and \$397,695 for 2011. The increase from 2009 to 2011 is 50.6% (Attachment A). The increase in gross receipts can be attributed to the enhanced look of the café, updated patio furniture,

REPORT OF GENERAL MANAGER

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improved selection and taste of menu items, and staff efficiency resulting from the point of sale order system.

Since execution of the Agreement in July 2009, rent paid to the City has been calculated as a percentage of gross - 8% for food, beverage, and alcoholic beverages. For calendar year 2011, Concessionaire paid \$31,816 in rent to the City for this Concession – an average of \$2,651 per month. When faced with increased cost of goods, Concessionaire demonstrated the ability to streamline its operations to cope with the challenges. Concessionaire has been able to maintain a high level of service to the Department and community under tough economic times - while increasing gross receipts.

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 AM Best Food, Inc., 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 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 \$2,600, based on the calendar year 2011 monthly average rent paid. There is no established minimum rent in the contract. A 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, 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 FY

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2011-12 monthly average rent paid. The Golf Surcharge Account remains 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, Finance Division.

DEPARTMENT OF RECREATION AND PARKS
 LOS FELIZ 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	\$ 337,812	\$ 310,402	\$ 264,076	\$ 297,586	\$ 397,695	\$ 428,611	Gross Revenue through Oct 2012
Rent Paid	\$ 45,605	\$ 41,092	\$ 21,126	\$ 23,807	\$ 31,816	\$ 34,289	Rent Paid through Oct 2012

