

REPORT OF GENERAL MANAGER

NO. 10-174

DATE July 14, 2010

C.D. Various

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: ELECTRIC GOLF CARTS RENTAL CONCESSION – CANCELLATION OF THE REQUEST FOR PROPOSALS, REJECTION OF ALL PROPOSALS RECEIVED, AND DIRECTION TO RETURN ALL PROPOSAL DEPOSITS

R. Adams _____
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K. Regan _____
M. Shull _____



General Manager
Approved _____ Disapproved _____ Withdrawn AUG 11 2010

RECOMMENDATION:

That the Board cancel the Request for Proposals (RFP) for the Electric Golf Carts Rental Concession approved by the Board on April 5, 2007; reject all proposals received on July 24, 2007 in response to the RFP; and, direct staff to return all proposal deposits to each proposer.

SUMMARY

The Electric Golf Carts Rental Concession (Concession) provides golf carts used at the Department's 18-hole golf course facilities. There are five electric golf cart rental locations serving seven courses: Sepulveda Golf Complex (Encino/Balboa Golf Courses), Griffith Park Golf Complex (Wilson/Harding Golf Courses), Hansen Dam Golf Course, Rancho Park Golf Course, and Woodley Lakes Golf Course. Each location consists of a cart rental building/storage facility (cart barn). The Concession includes the furnishing of all golf carts needed for the operation of the concession, the rental of the golf carts to golf patrons, and the maintenance and repair of the golf carts and cart barns.

The Concession has been operated by J. H. Kishi Company (Kishi) since January 28, 1991, and has been on a month-to-month basis since Concession Agreement No. 227 expired on January 29, 2003.

On April 5, 2007, the Board approved a Request for Proposals (RFP) in order to enter into a multi-year agreement with a responsive and responsible party to operate and maintain the Concession (Board Report No. 07-87). Pursuant to the RFP, a competitive process was performed; proposals were requested, received, and evaluated by an independent panel; and, an

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award was made in a manner consistent with the City Charter, Los Angeles Administrative Code, and the instructions of the Mayor and the Board of Recreation and Park Commissioners.

Summary of the Request for Proposal and Award Process

- April 5, 2007 In accordance with LAAC Section 10.15(b), the Board directed staff to develop and release an RFP for this concession (Board Report No. 07-87).
- April 20, 2007 The RFP was released to the public to solicit proposals for the operation of the concession. On July 24, 2007, five proposals were received.
- October 24, 2007 In accordance with Charter Section 1022, on October 24, 2007, the Personnel Department found that there were City classifications that were capable of performing the work (Park Service Attendant, Maintenance Laborer, Equipment Mechanic, and Mechanical Repairer); therefore, it was not more feasible to contract out the service. In accordance with Charter Section 1022, staff performed a cost benefit analysis and found that it was more economical to contract out the service than to self-operate.
- June 4, 2008 In accordance with LAAC Section 10.1.1, on June 4, 2008, the Board approved the award of the concession to Michael Leslie Productions dba Ready Golf Centers (Board Report No. 08-136).
- August 22, 2008 In accordance with Executive Directive No. 3, the Board Office transmitted the contract to the Mayor for review and approval. On July 7, 2009, the Mayor completed the review of the concession agreement and transmitted it to Council.
- September 4, 2009 In accordance with Charter Section 245 and LAAC Section 10.5(a), the Council voted to not approve the award (Council File No. 09-1671). The Council also voted to request that the Board to award a five (5) year concession agreement to Kishi and to request the Department to prepare a study on self-operation of the electric golf carts rental operation.

Current Status of the Concession

During the Fiscal Year 2010-11 budget deliberations, the Mayor and Council approved the reorganization of the Golf Division into a self-sustaining operation. The Department was also instructed to determine the most efficient and effective business model to be used in running the City's municipal-owned golf courses. The process is occurring in three phases:

1. An independent contract auditor has reviewed the Department's golf revenue and

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expenditure plan, and found that the Golf Division is capable of self-sustaining its operations for three years.

2. A consultant is finalizing the report on the golf pricing structure as approved by the Board on May 17, 2010 (Board Report No. 10-128) to determine competitiveness and market placement, in relation to other municipal golf courses.
3. Staff is currently selecting a consultant to study and determine the most efficient and effective business model to be used in running our municipal-owned golf courses.

Options for the Request for Proposal

On June 2, 2010, the Board instructed staff to prepare options for the RFP process and submit for consideration and possible Board action. These are the possible options for the operation of the Electric Golf Carts Rental Concession:

1. Comply with Council request of September 4, 2009 (Council File No. 09-1671) and award a five (5) year concession agreement to Margaret Shimizu dba J. H. Kishi Company with the same contract terms and conditions as contained in the existing contract, subject to new administrative requirements (e.g., Living Wage Ordinance, Service Contract Worker Retention Ordinance, Equal Benefits Ordinance, Contractor Responsibility Ordinance, etc.) and cancel the RFP as approved by the Board on April 5, 2007, reject the proposals, and return the proposal deposits.
2. Cancel the RFP as approved by the Board on April 5, 2007 (Board Report No. 07-87), reject the proposals, and return the proposal deposits; and, continue on a month-to-month basis with the incumbent operator with the same terms and conditions.
3. Instruct staff to begin self-operation, to include acquiring the necessary resources to begin self-operation; and, cancel the RFP as approved by the Board on April 5, 2007, reject the proposals, and return the proposal deposits.
4. Release a new RFP to award a three-year agreement for the operation of the Electric Golf Carts Rental Concession, continue on a month-to-month basis with the incumbent operator with the same terms and conditions until a new concession agreement is executed, and cancel the RFP as approved by the Board on April 5, 2007, reject the proposals, and return the proposal deposits.
5. Find that the award to Michael Leslie Productions dba Ready Golf on June 4, 2008, (Board Report No. 08-136) was awarded in a manner consistent with the City Charter, Los Angeles Administrative Code, and the instructions of the Board of Recreation and

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Park Commissioners and forward that finding to the Council for reconsideration of the award.

Staff Recommendation

Staff recommends that the Board approve Option No. 2: Cancel the RFP as approved by the Board on April 5, 2007 (Board Report No. 07-87), reject the proposals, and return the proposal deposits. Staff further recommends continuing on a month-to-month basis with the incumbent operator with the same terms and conditions; with the exception that the golf cart fees will continue to be collected by the Department at the starter's window, as began on March 1, 2010.

This recommendation is based on the three-phase study of the golf operations, including the current study to determine the most efficient and effective business model to be used in running our municipal-owned golf courses and their related concessions, which is expected to be completed within 120 days.

FISCAL IMPACT STATEMENT:

There is no impact to the General Fund as all revenue from the concession is deposited in the Golf Special Fund.

This report was prepared by Robert N. Morales, Senior Management Analyst II, Finance Division, Administrative Resources Section.