

APPROVED

FEB 16/2023

BOARD OF RECREATION AND PARK COMMISSIONERS

BOARD REPORT

NO. 23-042

DATE February 16, 2023

C.D. 5

BOARD OF RECREATION AND PARK COMMISSIONERS

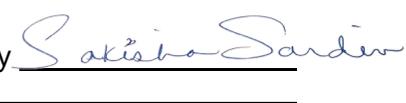
SUBJECT: RANCHO PARK GOLF COURSE FOOD AND BEVERAGE CONCESSION – THE TAVERN AT RANCHO PARK, LLC –CONSENT FOR CHANGE IN OWNERSHIP OF COMPANY

B. Aguirre	<u>BA</u>	M. Rudnick	_____
H. Fujita	_____	*C. Santo Domingo	_____
B. Jackson	_____	N. Williams	_____



 General Manager

Approved X Disapproved _____ Withdrawn _____

If Approved: Board President  Board Secretary 

RECOMMENDATIONS

1. Approve a change in ownership of Tavern at Rancho Park, LLC (TRP), the concessionaire of the Rancho Park Golf Course Food and Beverage concession, as further detailed in this Report;
2. Authorize the Department of Recreation and Parks (RAP) staff to make any necessary technical changes to Agreement No. 3574 for the Redevelopment, Operation and Maintenance of the Rancho Park Golf Course Food and Beverage Concession to evidence the change in ownership of TRP as approved in this Report.

SUMMARY

The 18-hole Rancho Park Golf Course facility located at 10460 W. Pico Blvd., Los Angeles, CA 90064 features a lighted driving range, cart rentals. It also includes a restaurant with bar and special event space (Concession) within the golf clubhouse. The Concession was operated by Rancho Golf Restaurant, Inc. from February 2010 to December 2019.

In October 2017, RAP released a Request for Proposal (RFP) for Golf Course Food and Beverage concession operation for multiple locations, which included Rancho Park (CON-G17-007).

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On September 5, 2018, the Board of Recreation and Park Commissioners (Board) approved the selection of TRP as the highest ranked and best qualified proposer for the Concession and authorized RAP staff to negotiate the terms and conditions of the concession agreement with TRP for a period of ten years with one five-year extension option exercisable at the sole discretion of RAP's General Manager (Board Report No. 18-187).

On March 6, 2019 the Board approved and authorized execution of an agreement between the City of Los Angeles and TRP for the redevelopment, operation and maintenance of the food and beverage concession at Rancho Park Golf Course (Board Report No. 19-048). Subsequent to the approval of that agreement by the Board, staff received communications from the Westside Neighborhood Council (WNC) who expressed various concerns.

On June 19, 2019 the Board considered a revised Agreement with new language providing RAP with the ability to implement mitigation measures consistent with community feedback (Board Report 19-127). Subsequently, RAP staff incorporated additional revisions to the Agreement to address the primary concerns raised by the WNC and members of the local community, which resulted in approval of the revised Agreement by the Board on July 3, 2019 (Board Report 19-135).

On May 1, 2020, RAP executed Agreement No. 3754 between the City of Los Angeles and TRP for the redevelopment, operation and maintenance of the food and beverage concession at Rancho Golf Course (Agreement). Upon taking over the operation and in anticipation of beginning demolition of the facility shortly thereafter, TRP commenced operations, providing food and beverage service, including alcoholic beverages from an upscale mobile food truck. This was intended to be a temporary solution while the demolition and renovation of the clubhouse was completed. However, due to impacts of the COVID-19 pandemic and economic uncertainty, construction was put on hold until the fall of 2021.

Perimeter fencing was erected in November 2021 around the clubhouse and a temporary golf starter office was put into place in preparation for internal demolition and construction by TRP. As preparation for exterior demolition commenced, it was discovered that the electrical switchgear for the clubhouse had critical issues, including but not limited to: Exceeding its life expectancy by 35+ years; irreplaceable internal components since parts are no longer available; the service conductors feeding the panels do not meet LADWP requirements and specifications; and LADBS inspection noting that the existing equipment "show(s) evidence of a hazard to life and property." Another unexpected condition was the severity of hazardous materials at the clubhouse. As required prior to starting demolition, an onsite test was performed generating a hazardous material report. The findings state the site has numerous critical areas (i.e. interior concessions area, exterior paint, and roofing) containing hazardous materials (i.e. asbestos, lead paint). Any construction in these areas prior to hazardous material abatement would be dangerous for the construction crew and patrons. The costs to address the switchgear and hazardous material (hazmat) concerns resulted in an increase of the capital improvement budget of an estimated \$2 million.

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Upon discovery of the unforeseen conditions, TRP notified RAP and discussions commenced on how to best address the conditions. Following internal discussions and discussions with TRP, RAP and TRP agreed in concept for RAP to be responsible for the exterior hazmat abatement work and the switchgear work, and TRP to be responsible for the interior abatement work.

To complete the abatement work in the most efficient manner, RAP staff proposed to TRP that TRP complete all of the work with RAP to reimburse TRP for the verified costs for the exterior abatement and electrical switchgear work through a rent credit. Demolition is slated to begin in early March with an estimated completion in November 2023. Staff will present a separate report to the Board later this year requesting approval of an amendment to the Agreement which addresses the additional scope responsibilities and reimbursement arrangements as those details are still being finalized.

On June 15, 2022 RAP received a request from TRP for RAP's consent to a change in ownership of TRP. Section 16 ("Assignment, Sublease, Bankruptcy") of the Agreement in part states "A change in the majority ownership of Concessionaire shall constitute a transfer or assignment of this Agreement for which prior written consent of RAP is required." The requested change involves the majority partner Nicholas Crews and all other partners of TRP be removed from the ownership of TRP, to be replaced by Enjoy Repeat, Inc., owned by Gregory Plummer (Plummer). Prior to this transfer, Mr. Plummer held a twenty percent (20%) ownership stake in TRP and served as the primary contact regarding TRP operations under the Agreement. Mr. Plummer is the sole owner of Enjoy Repeat, Inc. The change in ownership of TRP would result in Enjoy Repeat, Inc. being the sole owner of TRP, with Mr. Plummer being the sole owner of Enjoy Repeat, Inc. The amendment to TRP's Operating Agreement evidencing this ownership change is attached as Exhibit 1 to this Report.

TRP, under Mr. Plummer's leadership is committed to continue service at the Concession and to continue the redevelopment project through completion, under the terms of the original Agreement. RAP staff received and reviewed Mr. Plummer's current financial, background information, and portfolio of current businesses for vetting purposes, and believe his qualifications meet the requirements of the original RFP and that he is well-equipped to operate the Concession.

Staff recommends the Board consent to the transfer of all ownership interest in TRP to Enjoy Repeat, Inc. RAP staff will continue monitoring for compliance of the terms of the Agreement, to include: completion of the renovation project, abatement of the clubhouse's hazardous materials, and upgrade of the electrical switchgear. As noted previously, staff will return to the Board for approval of an amendment to the Agreement which addresses the additional redevelopment responsibilities and reimbursement arrangements once those details are finalized with TRP.

FISCAL IMPACT

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The approval of the change in ownership of TRP results in no change from TRP's original proposed compensation: Combined with the built-in escalation of fees provided in the Agreement, guaranteed revenue to RAP is One Million, Forty-Six Thousand, Three Hundred Eighty-Eight Dollars (\$1,046,388) during the first ten-year term.

STRATEGIC PLAN INITIATIVES AND GOALS

Approval of this Report advances RAP's Strategic Plan by supporting:

Goal No. 6: Build Financial Strength & Innovative Partnerships

Outcome No. 2: Improved management of rental facilities and concessions.

This Report was prepared by Stanley Woo, Management Analyst and Rachel Ramos, Senior Management Analyst II, Special Operations Branch, Concessions Unit.

EXHIBITS

1. Amendment to Operating Agreement

FIRST AMENDMENT TO THE OPERATING AGREEMENT

OF

TAVERN AT RANCHO PARK, LLC

THIS FIRST AMENDMENT TO THE OPERATING AGREEMENT OF TAVERN AT RANCHO PARK, LLC (this “**Amendment**”) is made and entered into this 29th day of May 2022, by and between ENJOY REPEAT, INC., a California corporation (“**ER**”) and Nicholas & Associates, LLC (“**NA**”), RC3 Enterprises, LLC (“**RC3**”), CP3 Holdings LLC (“**CP3**”), Boothe Holdings LLC (“**BH**”, and together with NA, RC3, and CP3, the “**Transferers**” and each a “**Transferer**”) . ER. and Transferers together are each hereinafter individually referred to as a “Member” and collectively as the “Members.”

RECITALS

WHEREAS, Tavern at Rancho Park, LLC a California limited liability company (the “**Company**”), Company was formed on January 31st, 2018, as a limited liability company under the laws of the State of California by filing of Articles of Organization for the Company with the Secretary of State of the State of California (as amended from time to time);

WHEREAS, the Members have entered into that certain Operating Agreement of the Company dated April 27th, 2020 (the “**Agreement**”); and

WHEREAS, the Members now desire to amend the Agreement to address change in ownership of Company as more fully described below.

NOW THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Members hereby covenant and agree as follows:

1. **Defined Terms.** Terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.
2. **Modification and Amendment of the Agreement and Schedules.** The Members hereby modify and amend the Agreement as follows:
 - A. **Board Members.** Section 4.4 of the Agreement shall be amended by deleting the parenthetical clause “((a), (b), (c), (d), and (e) collectively, the “Number””, and inserting a new clause (a):
 - i. “one (1) individual, which shall be designated by ER, who shall initially be Gregory Plummer”
 - B. **Officers.**
 - i. Section 5.5 of the Agreement shall be amended by deleting all listed officers and inserting a single officer below:
 - (1) Gregory Plummer Chief Executive Officer
 - ii. Section 5.12 of the Agreement shall be amended to delete “Dwayne Boothe and replaced with the “Gregory Plummer” and new clause below:

- (1) **Chairman.** Gregory Plummer is hereby designated “Chairman” of the Company. The Chairman shall have such rights and authority as set forth herein.

- C. **Schedule 1.** Schedule 1 of the Agreement shall be amended by deleting the full Schedule 1 Ownership list and corresponding Common Membership Units and Voting Units and inserting the revised Schedule 1 below:

Name and Address	Common Membership Units (expressed as a percentage)	Voting Units (expressed as a percentage)
Enjoy Repeat, Inc. 1924 E. Maple Ave, Unit B El Segundo, CA 90245	100	100
TOTAL	100	100

3. **Successors and Assigns.** This Amendment shall inure to the benefit of and be binding upon the Members hereto, their respective successors, successors-in-title, legal representatives and assigns.
4. **Governing Law.** This Amendment has been negotiated, executed and delivered in the State of California and shall be interpreted, governed and enforced under the laws of the State of California.
5. **Ratification.** The Members agree that all other terms and conditions of the Agreement shall remain unchanged and in full force and effect other than as modified herein. Upon execution of the Members, this Amendment shall be attached to and form a part of said Agreement.
6. **Counterparts.** This Amendment may be executed in counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one instrument. Facsimile and pdf e-mail signatures shall have the same legal effect as manual signatures.

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[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the Members hereto have executed this Amendment as of the date and year first above written.

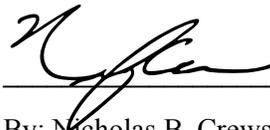
MEMBERS:

ENJOY REPEAT, INC.



By: Gregory Plummer
Its: Manager

NICHOLAS & ASSOCIATES, LLC



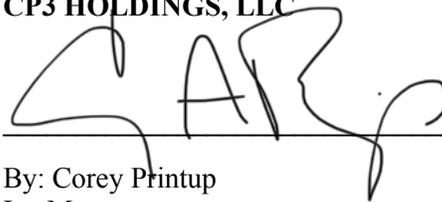
By: Nicholas B. Crews
Its: Manager

RC3 ENTERPRISES, LLC

BY: 

By: Robert B. Crews III
Its: Manager

CP3 HOLDINGS, LLC



By: Corey Printup
Its: Manager

BOOTHE HOLDINGS, LLC



By: Dwayne Boothe
Its: Manager