

DATE August 8, 2001

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: Termination of Rancho Food Service Concession Agreement

J. Combs _____
*A. Corrales _____
J. Duggan _____
H. Fujita _____

J. Kolb _____
M. Tamuri _____
M. Matthews _____

Margori Matthews for

General Manager

Approved _____ Disapproved _____ Withdrawn _____

RECOMMENDATION:

It is recommended that the Board terminate the Concession agreement between Mr. Frank Shimazaki and the Department to operate the Rancho Golf Clubhouse food service due to noncompliance with the Living Wage Ordinance (LWO).

SUMMARY:

Frank Shimazaki of Rancho Park Gardens, 10460 W. Pico Blvd., Los Angeles, CA 90064 has operated the food service at Rancho Golf Course since October 1, 1981. He is currently operating on an expired three-year contract with a 30-day revocation clause. Mr. Shimazaki was first notified in a letter dated November 5, 1999, that his agreement was subject to the terms and conditions of the LWO effective January 1, 2000. Mr. Shimazaki applied for a small business exemption from the LWO on December 6, 1999. The Office of Administrative and Research Services (OARS) for the City Administrative Officer (CAO), which is charged with monitoring and enforcement responsibilities for LWO, determined that he did not qualify for the exemption as his business grossed \$642,236, well above the \$200,000 per year threshold to qualify for the small business exemption. Mr. Shimazaki was requested to immediately begin compensation of his employees at the required rate, and provide retroactive pay to January 1, 2000.

Throughout the year 2000, OARS staff communicated regularly with Mr. Shimazaki to clarify provisions of the ordinance and to request documentation on wages and benefits to test for compliance. Finally in February 2001, the CAO recommended termination of Mr.

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Shimazaki's agreement for non-compliance with the ordinances and regulations of the City of Los Angeles (Section IX. Default, page 22 of the Concession Agreement)

After further discussion and consideration, on June 7, 2001, Department staff sent Mr. Shimazaki by certified letter a notice of default, indicating that failure to cure by complying with LWO and supplied payroll material to verify same by July 9, 2001, would result in a recommendation to the Board to terminate his agreement and conduct a new Request for Proposal for the concession.

Other concessionaires operating under permit or contract with the Department and found to be subject to provisions of the LWO have ultimately complied with ordinance, at their own business expense, or by altering or reducing their business operations. The Department does not have legal discretion to waive or modify the LWO. Staff is prepared to issue a Request for Proposal for a three-year agreement and, if necessary, can conduct an emergency interim process to insure continuation of service at the facility. Ultimately, a competitive process will determine the provider of the best services for the public and rental to the City.

Prepared by Linda Barth/Michael Honan