

REPORT OF GENERAL MANAGER

NO. 01-41

DATE February 7, 2001

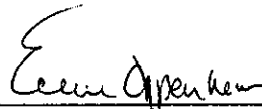
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BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: Encino-Balboa Golf Professional Concession -  
Selection of Interim Operator

M. Matthews \_\_\_\_\_  
J. Combs \_\_\_\_\_  
J. Duggan \_\_\_\_\_  
M. Tamuri \_\_\_\_\_

H. Fujita \_\_\_\_\_  
A. Corrales \_\_\_\_\_  
R. Robinson \_\_\_\_\_



\_\_\_\_\_  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board select Ron Weiner as the Interim Operator of the Encino-Balboa Golf Professional Concession and direct staff to issue a thirty-day revokable permit to Mr. Weiner effective after termination and vacation of Family Golf Centers, Inc.

SUMMARY:

At the meeting of the Board of Recreation and Park Commissioners on January 17, 2001, the Board directed Department staff to negotiate with existing Department golf professional concessionaires, and with previous concession bidder Ready Golf, to obtain the services of an interim operator of the driving range, pro-shop, and lesson services at the Encino-Balboa Golf Complex. Due to the circumstances of the current operator's bankruptcy, we reasonably estimate that an interim operator would need to begin service at any time after February 7, 2001, and while an interim operator may have very little notice prior to the changeover, the Department's goal is to avoid or strictly minimize service interruption. In addition to the uncertainty of an exact changeover date, the Department needed to expedite selection of an interim operator because pending liquidation of equipment and inventory currently at the concession offered opportunity for an interim operator to obtain some of those assets, but only by acting prior to certain near-term deadlines.

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On January 23, 2001, Staff conducted a meeting with representatives of all four current golf professionals and Ready Golf, along with other interested parties. All were informed that the Department was seeking an operator for an interim period while preparing and conducting a Request for Proposal (RFP) process for a new long-term agreement for Encino-Balboa. The group was also told that the period of interim operation would be about one year, and that the interim operator would not be excluded from submitting a proposal for the RFP if otherwise eligible and the operator desired to do so.

Those interested in the interim operation were requested to send a letter to the Department by Monday, January 29, 2001, at 9:00 a.m., covering the following key elements.

- Attest that the proposed interim permit language and associated compliance documents were received and would be executed if the interim permit were offered.
- State the financial terms, including but not limited to rent percentages or minimums.
- Describe a takeover and interim operation plan, including but not limited to addressing inventory, equipment, staffing, and service levels, and projected turnaround time to assume operations.
- Indicate any interest in participating in any capital improvements.

At the meeting, emphasis was placed on the importance of the takeover and interim operation plans, particularly in obtaining specific information about time to re-open, and equipment and material supply alternatives.

Letters were received from John Wells at Hansen Dam, Danny Lane at Woodley, Ron Weiner at Rancho Park, and Michael Bernback of Ready Golf. The range of rental offered for the driving range was 25% to 40%. The range of pro shop and lesson rental offered was 4% to 8%. All four interested parties confirmed willingness and ability to execute the permit and compliance documents.

Mr. Weiner's and Mr. Bernback's letters of interest stood out with the most specific details about inventory and equipment availability or acquisition plans; both offered refurbishment

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suggestions such as replacement of mats, and marketing and programming plans; both were highly sensitive to the wear on driving range balls because of the dirt range, and offered significant influx of new range balls regularly. Mr. Weiner also confirmed same day re-opening of the range, and two days to re-opening of the pro-shop, with full inventory of \$200,000 or more within four days; these commitments were substantiated by the inventory and equipment he had on hand, and further verified through a financial check with Dun and Bradstreet. Rent offered was 30% on the range and 7% for lessons and pro shop. Mr. Weiner has a proven track record with the Department in operating a golf professional concession. He offers the assurance of an immediate assumption of operation by a concessionaire of known experience and ability, as staff's primary concern has been providing certain, high quality service to the golfing public. Staff has certified the details of his letter of interest, and Mr. Weiner has indicated his willingness to accepted the opportunity of interim operation at Encino-Balboa. Mr. Weiner also has been in touch with contacts at Family Golf Centers. The effective date of the revokable permit would be the date Family Golf terminates and exits, to be determined shortly in the course of bankruptcy proceedings.

Prepared by: Linda Barth