

REPORT OF GENERAL MANAGER

NO. 04-41

DATE February 18, 2004

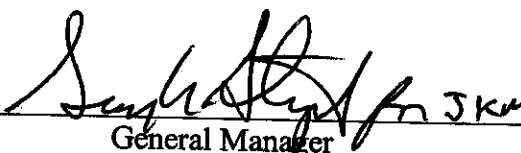
CD 04

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: AWARD OF THE OPERATION OF THE FOOD SERVICE CONCESSION AT LOS FELIZ AND ROOSEVELT GOLF COURSES AND APPROVAL OF FIVE-YEAR CONCESSION AGREEMENT

H. Fujita \_\_\_\_\_  
J. Koib \_\_\_\_\_  
B. Lukehart \_\_\_\_\_  
M. Mariscal \_\_\_\_\_

F. Mok \_\_\_\_\_  
K. Regan \_\_\_\_\_  
G. Stigile SS  
J. Combs \_\_\_\_\_

  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board:

- 1) Award the Food Service Concession at the Los Feliz Golf Course and Roosevelt Golf Course to EATZ Café, Inc.;
- 2) Approve a 5-year concession agreement, substantially in the form as on file in the Board Office, subject to approval of the Mayor, in accordance with Executive Directive No. 16, and approval of the City Council, and approval of the City Attorney as to form;
- 3) Direct the Board Secretary to transmit the proposed agreement to the Mayor, City Council, and City Attorney; and,
- 4) Authorize the Board President and Secretary to execute the agreement upon receipt of the necessary approvals.

SUMMARY:

Two three-year concession contracts for separate operation of the Los Feliz Golf Café and the Roosevelt Golf Café expired March 1, 2003. A Request for Proposal (RFP) for a new five-year agreement to operate both locations was approved by the Board on February 19, 2003, and released on August 5, 2003. Four responsive proposals were received on September 2, 2003, from:

- Campus Services, Inc. - Currently operating at Penmar Golf Course Food Service
- EATZ Café, Inc. - Currently operating at Los Feliz Golf Course Food Service

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- Monterey Group Concessions - Currently operating Wilson/Harding Golf Clubhouse Restaurant
- NDK Foods, Inc. - New operator, with non-City golf course food experience.

All four proposing entities demonstrated successful experience in operating golf course food service and each were able to verify financial capability to perform. Although the proposals varied in some degree on rental percentages and operational plans, all four proposers established that they were capable and qualified for award of the concession agreement.

To begin the process of distinguishing the best overall proposal for recommendation of award, and in accordance with the evaluation process described in the RFP, staff convened a review panel to conduct interviews of the proposers. The Panel members, identified in the Attachment, were selected for general customer service or golf course operations expertise. At the conclusion of the interview session, the panel was requested to collectively provide, for each of the criteria spelled out in the RFP, a ranking of the four proposals, from first to fourth. The panel was not advised to consider any weighting of the categories for lesser or greater importance to awarding the agreement, nor was the panel permitted to give ties in rank in any category. The panel explained their ranking decisions to staff, clarifying that little differentiated the top three of the four proposers, but proceeding to make, as requested, an overall recommendation for Monterey Group based on their rankings. A table of the rankings also is shown in the Attachment.

Subsequent to the Panel review and recommendation, staff moved into the final phase of analysis, which was to conclude, on a criteria by criteria basis, which of the proposers represented the best prospective concessionaire for this five-year agreement. In a number of cases, after applying staff knowledge of the physical locations, clientele, and operating histories of the venues and the concessionaires, along with calculations of rent projections under various scenarios, the final rankings in a criteria differed from the Panel rankings, resulting in an overall staff recommendation for EATZ Café, Inc.

### Qualifications and Experience

All four proposers possess experience in the food service industry, and three are currently operating a City golf café/restaurant. However, EATZ Café, Inc.'s roots can be traced back to Los Feliz where loyal customers consider Marie Jabour (founder of EATZ Café, Inc.), as part of the institution of the Los Feliz Café dining experience. Of the four proposers, EATZ Café, Inc., is the only entity with actual experience operating both facilities, and thus has intimate knowledge, familiarity, and local community rapport in operating both locations. Given the express role of Marie Jabour in creation of the current Los Feliz experience, and in actual operation at Roosevelt, staff concluded that overall EATZ Café should be top ranked in this criteria.

### Proven Performance/quality of Current Comparable Operation

Again, staff considered the successful history of Los Feliz Café under the current operators. Los Feliz is a high rent producer (2003: gross \$370,225, rent \$48,129) among the Department's group of nine Golf Cafes/Restaurants, particularly when considering the square footage of the Los Feliz

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concession, its simple amenities, and previous hours of operation. NDK showed past experience, but they did not have current comparable operations. Campus Services, although compliant under their contract for Penmar Golf Food Service, has not experienced growth. Monterey Group, at Wilson/Harding Clubhouse, has successfully increased business in their first year of operation and into their second, but do not have the longevity of service yet to guarantee that the performance will be sustained. Overall, EATZ Café warrants the top rank under this criteria.

### Vision for Concession Including Business and Marketing

Monterey showed the greatest innovation, historic sensitivity, and marketing savvy, and should be at the top rank in this category. EATZ Café was more modest in publicly proposing new business and marketing ideas, but showed an adept and reasonable approach to trying new services and expanding hours, and should appropriately be ranked second. NDK offered new ideas, but did not appear to have a clear understanding of the vastly different venues and clientele of the two locations, and suggested some concepts that are unproven as realistic options. Campus offered no plan.

### Menu, Prices, and Other Customer Service Elements

EATZ Café, Inc. and Monterey both recognized the need for Asian food at Roosevelt acknowledging the prime demographic attending that facility. Each are supportive of Junior Golf and each have history in community charity participation. While NDK intended to show initiative with proposals such as servicing Greek Theatre patrons, providing such service was not within the scope of the RFP; these types of proposal elements by NDK demonstrated less understanding of the venues and of City contract requirements. Campus was the most conservative regarding change and enhancements to the current state of both locations. While further study then brought EATZ and Monterey very close in ranking, Monterey's future although unspecified price increases were seen as potentially counterproductive to gross revenue growth, which resulted in a staff conclusion that EATZ narrowly edged to the top rank in this criteria.

### Financial Ability to Perform as Proposed

Each proposer demonstrated to the Panel that it would be able to fulfill the objectives as proposed, and staff concurred, essentially leaving each of the four tied in ranking in this criteria.

### Capital Improvements Proposed (Appropriateness, Entrepreneurship, Monetary Value)

A broad range had been offered by the four proposers - each adding necessary equipment to fulfill their goals. Monterey's proposal, valued at \$85,000 in capital improvement and new equipment by the end of the five-year term is the most aggressive, although staff questions if the redesign would maintain the current simplistic charm of the facility. EATZ Café, Inc. pledged visual improvements at Roosevelt to enhance the ambiance and various additions to Los Feliz in line with maintaining clean, attractive, inviting spaces for park patrons. NDK's enhancements to Los Feliz are appropriate, however, their vision of constructing a hospitality tent and gazebo at Roosevelt is not conducive with the Department's plans and objectives for that facility. Campus envisions a display case at Roosevelt to offer goods to golfers for no pro shop exists, however, the scope of this RFP does not include sales of non-food items. In sum, staff concurs with the top ranking of Monterey under this criteria, but concludes that EATZ should be ranked second.

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### Rental Terms Offered

EATZ Café, Inc. offered 13% rent at both Los Feliz and Roosevelt which, as a combined average, is the high end of the spectrum in the category of rent under this RFP. This rental amount is greater than what is currently received for the combined locations under current contracts. (City currently receives 13% at Los Feliz and 9% at Roosevelt). NDK Foods, Inc., with 16% rent proposed on both locations, offered a return to the City that seemed excessive given market averages on similar public food concession contracts, and known operating costs due to compliance with City terms such as the Living Wage Ordinance. Based on past experience with unsuccessful concession relationships which had been based in part on financial expectations which were not reasonable, NDK's ranking was diminished and EATZ received the top rank in this category.

The RFP specifically provided that the review panel input would be used to formulate a recommendation, which could be accepted or rejected by the General Manager, and substituted with a final recommendation to the Board. Upon collective consideration of final rankings in each criteria, which shows EATZ Café, Inc., at the top rank in four of the seven categories, staff concludes that the proposal from EATZ Café, Inc., should be selected for award.

ATTACHMENT

**LOS FELIZ/ROOSEVELT FOOD SERVICE REQUEST FOR PROPOSAL  
RFP Review Panel Activity**

The individuals on the panel were as follows:

- Karen Fullner – County of Los Angeles, Parks and Recreation Department
- Art Burajas – Golf Club Manager of South Hills Country Club
- Ben Dewald – Cal Poly Pomona Collins School of Hospitality Management
- Pete Frye - Department's Golf Operations Coordinator

The ranking by the panel on September 17, 2003:

	<b>Campus Services</b>	<b>EATZ, Inc.</b>	<b>NDK</b>	<b>Monterey Group</b>
	<i>Rank by outside panel</i>			
Qualifications and Experience	4th	3rd	2nd	1st
Proven Performance/Quality of current comparable operation	4th	2nd	3rd	1st
Vision for concession including business and marketing	4th	3rd	2nd	1st
Menu Prices and other Customer Service elements	4th	3rd	2nd	1st
Financial Ability to perform as proposed	4th	2nd	3rd	1st
Capital Improvements proposed	4th	3rd	2nd	1st
Rental terms offered	4th	2nd	1st	3rd