

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

March 7, 2001

TO: Board of Recreation and Park Commissioners

FROM: Ellen Oppenheim, General Manager

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for*

SUBJECT: GREEK THEATRE REQUIREMENTS

On February 21, 2001 the Board instructed staff to begin the process to reissue a Request for Proposals (RFP) for the Greek Theatre concession. As part of the preparation it is necessary to identify the steps to be taken and request additional funding for consultants to assist in the process. It will be necessary to modify some portions of the RFP based upon the comments and concerns raised by the Board during the recent review process.

TIME TABLE

The Greek Theatre RFP will be the highest priority project for the Department's RFP staff. With internal assistance as necessary, staff will move as quickly as possible through each step as outlined below.

		Typical Schedule	Accelerated Goal	
1	Commission discussion of Rebid Process	March 2001	March 2001	
2	GTAC Input	April 2001	March 2001	
3	RFP Revised and Redrafted	April 2001	April 2001	
4	New RFP to Board for Approval	May 2001	April 21 2001	
5	New RFP Approved by City Attorney	July 2001	May 2001	
6	New RFP out to Bid (90/60 days for response)	July 2001	May 10 2001	
7	Proposals Received	Nov 1 2001	July 10 2001	
8	Consultant, Panel and Staff Evaluation	Nov/Dec 2001	July to Sep 20 2001	
9	Award Recommendation to Board for Action	Jan 2002	Oct 3 2001	
10	New Contract Negotiated with Proposer	Feb 2002	Oct 2001	
11	Mayor's Office, OARS and City Atty Approve Con	Mar 2002	Oct 2001	
12	Council Committee Review	April 2002	Nov 7 2001	
13	Council Approves Contract	May 2002	Nov 2001	
14	Contract Executed	June 2002	Nov 2001	

This is a very optimistic goal. To achieve a signed contract for an operator at the Greek Theatre for the 2002 season, all possible cooperation will be required from other City Departments and involved parties. This schedule has no allowance for unforeseen circumstances that may result in delay.

FUNDING FOR CONSULTANTS

As described below, modification of the proformas and related financial documentation requirements are necessary for the new RFP. In order to prepare the best forms and requirements for clear and understandable presentation to all proposal reviewers, the Department recommends use of a financial consultant to advise on forms, format, and content. That or another consultant will also be required, as in the recent RFP review, to analyze and report on the financial information provided by proposers.

Another key issue of discussion during the recent review process involved the reliability of the capital improvement cost estimates provided by the proposers. In order to provide a neutral expert assessment of true capital improvement costs during the next RFP review process, staff recommends contracting with a nationally-prominent construction estimating firm to provide neutral, third party estimates of all proposed capital improvements. The estimated cost for both consultants is around \$150,000.

It is recommended that these costs be cash flowed through the Concession Improvement Account and that upon award of contract that the \$500,000 cash payment be used to reimburse the Concession Improvement Account. Additionally, there will be costs to maintain the Theatre during the next season. These costs will also be cash flowed by the Concession Improvement Account and later reimbursed when the \$500,000 payment is received upon signing the contract.

MODIFICATIONS TO THE RFP

During the recent review process members of the Board raised questions regarding specific aspects of the RFP process. Some of these questions involve Board policy and it is necessary to obtain direction from the Board on these issues. These are the issues which we have identified. If the Board has additional concerns it is timely to raise them for review so that they can be addressed in the new RFP.

PROFORMA

Significant questions arose on information provided on the proforma forms in the RFP, and therefore the meaning and ramifications of the data provided. Staff proposes to seek consultant assistance to revise the forms to better reflect the proposer's economic plans for the concession,

and to offer industry-standard financial data in a more clear meaningful and direct manner.

PROPOSAL SCORING

The Selection Criteria and the scores for each element were questioned by member(s) of the Board. The criteria and point distribution in the former RFP was:

Financial Return to the City Maximum points 25

1. Rental Return to the City 20 points
2. Validity of revenue and expense projections as found in the proforma 5 points

Financial Capability and Stability Maximum points 15

1. Proposer has verified financial capability to adequately fund: (a) the start-up of concession operations; (b) the required capital improvements. 10 points
2. Proposer has a record of financial stability. 5 points

Appropriateness, Level, Quality and Value of Proposed Improvements. Maximum points 25

1. Proposer's capital improvement program is appropriate to the concession and meets the level specified in the RFP. 10 points
2. Proposer's improvement program which includes high quality of food and beverage service and merchandise which facilitates timely response to patrons' needs. Included are innovating serving ideas, variety of menu and great value for the price. 10 points
3. Proposer's improvement program which includes equipment, furnishings, inventory and ongoing maintenance and refurbishment provisions, represents an investment in the concession premises which adds value, improves operations, increases service, and/or raises gross revenue levels. 5 points

Business experience, qualifications, and marketing. Maximum points 25

1. The proposer has verifiable experience in the management of this type of concession as required in Section V of the RFP. 10 points
2. As demonstrated by performance in current or past operations, the proposer is well qualified to operate the concession. 10 points
3. Proposer is knowledgeable of the business plan and marketing strategy of the concession. 5 points

Value and level of proposed services and community outreach approach to concession. Maximum points 10

1. Proposer's service program. 5 points
2. Proposer is aware of the special needs of the community the concession serves. 5 points

Staff has concluded that the scoring criteria and point assignments gave a good assessment of the relative merits and strengths of each proposal and do not recommend changes, however, the criteria itself and the weighting of the criteria can be modified by the Board, and to expedite the process, should be so indicated prior to preparation of a new draft RFP.

TERM OF THE AGREEMENT

The entertainment industry has changed dramatically in the past few years. Further changes can be expected. The Department received proposals that included significant capital improvements with a ten (10) year term. The review panel concluded that it would be unwise for the Department to consider longer terms because we did receive such significant proposals for improvements under a 10 year term. Accordingly, it is recommended that the RFP include only a 10 year term.

COMPETITION

The Board discussed the benefits and detriments to having proposers who operate similar venues potentially in competition with the Greek Theatre. In the RFP the proposers can be required to identify all of the business activities they operate within 100 miles of the Greek Theatre. Further, the proposers can be given notice that additional information, including providing the agreements under which they operate the business activities, may be required.

ANALYSIS BY THE CHIEF LEGISLATIVE ANALYST AND THE OFFICE OF ADMINISTRATIVE RESEARCH AND SERVICES

The Chief Legislative Analyst (CLA) and the Office of Administrative Research and Services (OARS) provide advice to the Council and the Mayor when a contract is presented for Mayor and Council approval. The two offices typically do not review RFP's but instead provide advice after the Board has awarded a contract. However, to ensure that we give the offices the opportunity to make input we have already submitted a draft RFP to both offices for their guidance and assistance.

LETTER OF CREDIT

To respond to concerns about the surety of financial promises for capital improvements, the RFP shall be changed to require that proposers submit with their proposals an irrevocable letter of credit payable to the City of Los Angeles Department of Recreation and Parks for the full amount

of the hard costs of the capital improvements reflected in their proposals. The letter of credit shall remain in full force and effect until it is replaced with a construction bond to the City's satisfaction.

FINANCIAL RESPONSIBILITY

During the review process there was discussion regarding the various businesses and corporations with which the proposers had a relationship. To clarify the relationships and provide the evaluation panel and the Board with greater understanding of the corporate structure, each proposer will be required to identify its corporate structure; relationships between corporate entities; economic and liability responsibilities, etc.

The Board had questions regarding the business plans of both proposers. In the next RFP the proposers will be required to submit a comprehensive business plan that explains not only the plans and financing for the Greek Theatre, but also the plans and financing of other corporate divisions and affiliates so that a comprehensive picture of the plans and obligations of the proposers can be provided.

CONSTRUCTION ESTIMATES

The Board had questions regarding the validity and accuracy of the construction estimates developed by the proposers. To provide a neutral third party opinion, the Department plans to employ a highly qualified construction estimator who will evaluate the planned improvements and the cost estimates and provide the evaluation panel and the Board with a neutral opinion regarding the accuracy of the construction estimates. The RFP will require the proposers to specify: the material to be used in construction; the square foot of interior and exterior improvement to be undertaken; any plumbing or drainage work to be performed; and any structural improvements to be made.

PARKING PLAN

The Board expressed concerns regarding the parking plans submitted by the proposers. If the Board has preferences or restrictions to impose on the proposers we will include these in the RFP.