

REPORT OF GENERAL MANAGER

NO. 01-393

DATE: October 17, 2001

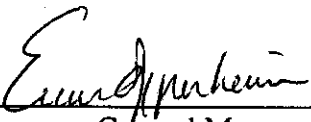
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BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: WOODLEY LAKES GOLF COURSE FOOD SERVICE CONCESSION REQUEST FOR PROPOSALS

J. Combs _____
A. Coroalles _____
*J. Duggan JP
H. Fujita _____

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



General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION

That the Board:

- Approve the Request for Proposals (RFP) for the Woodley Lakes Golf Course Food Service Concession on file in the Board Office and direct the Board Executive Assistant to transmit the document to the City Attorney for review.
- Authorize staff to set a date for receiving proposals following City Attorney approval of the RFP. If the City Attorney recommends substantive changes to the RFP, then the document will be returned to the Board for consideration of those recommendations prior to distribution to proposers.
- Instruct staff to advertise the RFP opportunity, and then distribute said RFP to all interested parties.

SUMMARY

The Woodley Lakes Golf Course Food Service Concession facility is currently under construction. It is anticipated that the facility will be completed sometime in early 2002, provided there are no further delays to the project.

A RFP to operate the food service concession was initially advertised and distributed in March 2000. Four proposals were received in response to the RFP. Staff reviewed the proposals and noted

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omissions in three of the four responses. Following consultation with the City Attorney, it was confirmed that those proposals were non-responsive. As a result, it was deemed that Burrito King, Inc. (BKI) was the only responsive proposer. The Board awarded the concession to BKI at its meeting of December 13, 2000.

The City Council disapproved the award to BKI at its meeting of October 10, 2001. The Council concurred with a report from the Arts, Health, and Humanities Committee in which the Committee expressed concern that prospective bidders were deemed non-responsive because of confusion over differences between the paper RFP which was distributed and a computer disk containing some of the RFP forms which was made available to proposers. Although a disclaimer was provided with the disk that advised proposers that the paper RFP would have priority over any conflicting material or inconsistencies, the Committee believed that this discrepancy caused some proposals to be deemed non-responsive. Accordingly, the Committee recommended that the award to BKI be disapproved.

In addition, the Committee recommended that the Department initiate a mini-RFP (short term permit) process for the concession to insure that an operator be in place by the time construction is completed. Staff believes that it would be in the best interests of the Department to move forward with the standard RFP process in an expedited manner, as the selected concessionaire will be required to invest a minimum of \$50,000 for equipment and furnishings. It would not be feasible for a concessionaire to invest this amount under a short term permit. If necessary, the selected concessionaire may be offered an interim permit to operate the facility in the event construction is completed prior to execution of the Concession Agreement.

The following is a summary of the primary provisions of the RFP.

TERM

The term of the Woodley Lakes Golf Course Food Service Concession Agreement will be for six years.

EXPERIENCE QUALIFICATIONS OF PROPOSERS

At least one of the following persons:

- Owner
- General partner
- Corporate officer

of the proposing entity must meet the minimum requirements stated below:

Have three (3) years full-time experience within the last ten (10) years, as the owner or manager of

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a business similar and comparable to the concession operations described here, with annual gross receipts of at least two hundred fifty thousand dollars (\$250,000) in a single venue.

Proposers who do not meet this requirement may qualify by employing the services of a Concession Manager who meets the experience qualification. Such a manager must be identified by name in the submitted proposal and be in attendance at the proposer's interview. Manager's experience includes, but is not limited to, the authority to hire, schedule and fire personnel, order merchandise and materials, oversee operations and have ultimate on-site decision-making responsibility.

If, for any reason, the Concession Manager becomes incapable of performing his or her duties under the Agreement, the City may, at its determination, suspend the Agreement and all terms and conditions contained therein until such time as Concessionaire provides a qualified manager acceptable to the City.

In addition, the proposer must possess the necessary line of credit and/or have the necessary financial resources, as evidenced by submitted financial statements and subsequent financial and credit verification, to equip and operate the concession and provide for any required improvements.

FINANCIAL RETURN TO THE CITY

Proposers must meet the following minimum rental requirements established for the 6-year term:

		<u>2000 RFP</u>
Liquor, Wine & Beer	8.0%	12%
Food and Non-Alcoholic Beverages	6.0%	10%
Other Income	6.0%	10%

Annual Minimum Rental Guarantee:

		<u>2000 RFP</u>
Year One	No Minimum	\$30,000
Year Two	\$30,000	\$35,000
Year Three	\$35,000	\$40,000
Year Four	\$40,000	\$50,000
Year Five	\$45,000	\$50,000
Year Six	\$50,000	\$50,000

Concessionaire will pay the greater of either the percentage of gross receipts proposed or the Annual Minimum Rental Guarantee. The minimum percentages and annual guarantees are lower than those required in the 2000 RFP to attract a larger number of potential proposers.

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CAPITAL IMPROVEMENT PROGRAM

Because the facility is new, no capital improvements are required. However, proposers may propose capital improvements that will enhance the concession operations if they desire.

EQUIPMENT AND FURNISHINGS

Proposers are required to provide equipment and furnishing amounting to no less than \$50,000. Proposers shall include in their proposals all equipment and furnishings needed to successfully operate the concession. Equipment and furnishings purchased entirely by the Concessionaire will remain the possession of the Concessionaire and may be removed once the Agreement has terminated.

In the event the selected Concessionaire is offered an interim permit to operate the facility prior to the execution of the Concession Agreement and it is necessary for some equipment items to be purchased by the City in order to open the new facility in a timely manner, then Concessionaire will reimburse the City for those costs after the Concession Agreement has been executed.

PERFORMANCE BOND

Prior to the execution of the contract, the Concessionaire shall remit a performance bond in an amount equal to one-fourth of the average six-year Annual Minimum Rental Guarantee proposed for the term of the agreement.

PREMISES

The premises to be authorized for use by the Concessionaire shall include the food services concession facilities (restaurant dining area; dining patio; bar; lounge; kitchen; food preparation areas, office; employee restroom; storage areas; club meeting area; and Halfway House) at the Woodley Lakes Golf Course Complex.

ADDITIONAL ACTIVITIES, SERVICES AND/OR AMENITIES

Proposers are encouraged to consider and propose additional business activities, services and/or amenities at the facility where the subject concession resides, provided they are compatible with other Department activities and approved by the Department. However, activities, services or amenities that are in direct competition or conflict with other existing City-authorized concessions will not be allowed.

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UTILITIES

Concessionaire will be responsible for all utility charges associated with the operation of the concession. Separate utility meters have been installed for gas, electricity and water consumption in order to determine the specific charges for each utility.

SERVICE CONTRACT WORKER RETENTION AND LIVING WAGE ORDINANCES

This agreement is subject to the Service Contract Worker Retention Ordinance (SCWRO), Section 10.36 et seq., and the Living Wage Ordinance (LWO), Section 10.37 et seq. of the Los Angeles Administrative Code, which requires payment of a minimum initial wage rate to employees as defined in the LWO of \$7.99 per hour with health benefits of at least \$1.25 per hour or, otherwise \$9.24 per hour, to be adjusted annually.

Under the provisions of Section 10.36(c) and Section 10.37.5(c) of the Los Angeles Administrative Code, the City shall have the authority, under appropriate circumstances, to terminate this agreement and otherwise pursue legal remedies that may be available if the City determines that the subject contractor violated the provisions of the referenced Code Section.

EQUAL BENEFITS ORDINANCE

This agreement is subject to the Equal Benefits Ordinance (EBO). The proposer shall comply with the EBO (Ordinance Nos. 172908, 172909, 172910 and 173054) and the provisions of the Certification of Compliance with the Equal Benefits Ordinance.

SELECTION CRITERIA

The scoring for this RFP will be modified to emphasize the service the proposers plan on offering to the public. Differences in the scoring are noted below.

- ▶ Financial return to City (20 points) (formerly 30 points)
- ▶ Appropriateness, level, quality, and value of proposed improvements (10 points) (formerly 5 points)
- ▶ Business experience, qualifications, and marketing (20 points)
- ▶ Financial capability and stability (20 points)
- ▶ Value and level of proposed services (25 points) (formerly 20 points)
- ▶ Community outreach approach to concession (5 points)

These criteria are explained in detail in Attachment A.

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SELECTION PROCESS

To ensure fair and equal consideration of the proposals, the following selection process is employed:

- A. Department staff reviews the proposals.
- B. An evaluation panel may interview all or a selected list of proposers based upon factors such as qualifications, projected revenue to Department, and services proposed.
- C. The panel makes a recommendation of award to the General Manager. The General Manager reviews the panel's recommendation and prepares an award recommendation to the Board, which may or may not concur with the panel's recommendation.
- D. The Board may accept the recommendation of the General Manager, select a different proposer, or reject all proposals. If a selection is made, the Board authorizes staff to prepare the Concession Agreement.
- E. The Board Secretary forwards the completed the Concession Agreement to the Mayor, City Attorney and U.S. Army, Corps of Engineers for review and approval.
- F. The Concession Agreement is then transmitted to the City Council for approval.
- G. Upon approval, the Board and Concessionaire execute the Concession Agreement.

**PROPOSAL EVALUATION SCORE SHEET
WOODLEY LAKES GOLF COURSE
FOOD SERVICE CONCESSION**

A. FINANCIAL RETURN TO THE CITY

Score: _____ (Maximum 20 pts)

1. Rental Return to the City

- Score for Minimum Rental Percentage of Gross Receipts = _____
(Maximum 5 pts)
- Score for Annual Minimum Rental Guarantee = _____
(Maximum 5 pts)

Scoring Criteria

High scores will be given to proposers with rental packages which represent the highest return possible to the City over the life of the agreement. The rental analysis takes into consideration both elements of the rental package (percentage rent and minimum guarantee). High scores will be given to proposers who propose rental packages significantly exceeding the minimum requested in the RFP.

2. Validity of revenue and expense projections as found in the proforma.

- Score = _____ (Maximum 10 pts)

Scoring Criteria

High scores will be given for sound revenue and expense projections in the proforma. All assumptions must be thoroughly explained. If assumptions differ from staff's proforma, all major differences must be clarified. Lower scores will be given to proposals with questionable projections that cannot be adequately explained or justified.

B. APPROPRIATENESS, LEVEL, QUALITY, AND VALUE OF PROPOSED IMPROVEMENTS

Score: _____ (Maximum 10 pts)

1. Proposer's improvement program, which includes equipment, furnishings, inventory, and an ongoing refurbishment and maintenance program, represents an investment in the concession premises which adds value, improves operations, increases service, and/or raises gross revenue levels. Capital improvements are

not required, but proposer has the option to offer capital improvements which offer value, improve operations, increase service, and/or raise gross revenue levels.

- Score = _____ (Maximum 10 pts)

Scoring Criteria

High scores will be given to improvements which meet or exceed the expectations of the RFP and demonstrate the potential to significantly improve operations, increase service, and/or raise gross revenues. Examples of equipment and furnishings improvements include:

- High quality, state-of-the-art food service and food preparation equipment.
- Attractive furnishings (tables, chairs, wall and floor coverings) which enhance the dining experience.

Lower scores will be given to proposals which contain proposed capital improvement programs that have little or no value to the concession or may not be acceptable to the Department and surrounding community.

C. BUSINESS EXPERIENCE, QUALIFICATIONS, AND MARKETING

Score: _____ (Maximum 20 pts)

1. The proposer has verifiable experience in the management of this type of concession as required in the Section V of the RFP.

- Score = _____ (Maximum 10 pts)

Scoring Criteria:

High scores will be given to proposers with a blend of:

- Long term experience in the operation of a facility similar in size and scope to the concession described in the RFP.
- Broad experience in the operation of multiple facilities similar to the concession.
- If the proposer employs a Concession Manager to meet the experience requirement, the background of the Concession Manager should include long term and broad experience in the operation of a facility or facilities similar to the concession.

2. As demonstrated by performance in current or past operations, the proposer is well qualified to operate the concession.

- Score = _____ (Maximum 5 pts)

Scoring Criteria:

Department staff will conduct background checks and provide the selection panel with a report relative to the proposers qualifications. As verified by available references, inspections, and document reviews, high scores will be given to proposers (and Concession Managers) that have a proven record of providing outstanding service in all aspects of operating facilities similar to the concession. Lower scores will be given to proposers which have a record of providing only satisfactory service or have had operational problems.

2. Proposer is knowledgeable of the business characteristics of the concession.

- Score = _____ (Maximum 5 pts)

Scoring Criteria

High scores will be given to proposers who have conducted surveys and investigations regarding the business characteristics of the concession, including local market potential and competition in the area and have innovative advertising ideas and marketing strategies. An expressed desire and ability to cooperate with Department staff and other on site concession operations to provide a customer friendly atmosphere will also be scored highly. Proposers with little or no information regarding the concession will be scored lower.

D. FINANCIAL CAPABILITY AND STABILITY

Score: _____ (Maximum 20 pts)

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

- Score = _____ (Maximum 15 pts)

Scoring Criteria

The highest scores will be given to proposers with funds available from the proposer's private capital or who have funds committed in writing and confirmed by commercial lenders or third parties. Lower scores will be given if funds are not confirmed or verified.

2. Proposer has a record of financial stability

- Score = _____ (Maximum 5 pts)

Scoring Criteria

Higher scores will be given to proposers with strong credit records as verified by credit rating services and others (i.e., Dun and Bradstreet reports, consultant evaluations, etc.). Lower scores will be given to proposers with low credit ratings and/or a history of financial problems.

E. VALUE AND LEVEL OF PROPOSED SERVICES

Score: _____ (Maximum 25 pts)

1. Proposer's service program.

- Score = _____ (Maximum 25 pts)

Scoring Criteria

Higher scores will be given to proposers with excellent, well documented, full-service programs and the staff to implement same immediately upon commencement of the concession agreement. Examples of important service programs for food concessions include:

- Quality of food
- Range of food selection
- Appropriateness of atmosphere
- Plans to maximize public use of the concession
- Unique themes and/or activities
- Excellent customer service through staff training and development programs
- Mobile operation

F. COMMUNITY OUTREACH APPROACH TO CONCESSION

Score: _____ (Maximum 5 pts)

1. Proposer is aware of the demographics and special needs of the community the concession serves.

- Score = _____ (Maximum 5 pts)

Scoring Criteria

High scores will be given to proposers who have considerable knowledge of the community and its special needs. Important considerations for food concessions include:

- Offer employment and internships to needy community residents and at risk youth
- Involvement in local charity functions and programs
- Involvement in community improvement and service programs