

REPORT OF GENERAL MANAGER

NO.04-266

DATE September 1, 2004

CD 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: APPROVAL OF A REQUEST FOR PROPOSAL FOR GRIFFITH PARK OBSERVATORY CAFÉ AND CATERING CONCESSION WITH OPTION FOR BOOKSTORE OPERATION

K. Chan \_\_\_\_\_  
J. Combs \_\_\_\_\_  
H. Fujita \_\_\_\_\_

J. Kolb \_\_\_\_\_  
F. Mok \_\_\_\_\_  
\*G. Stigile \_\_\_\_\_

  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board:

1. Approve the Griffith Park Observatory Café and Catering Concession with option for Bookstore operation, Request for Proposal (RFP) substantially in the form on file in the Board Office, subject to review and approval of the City Attorney as to form;
2. Direct the Board Secretary to transmit the RFP to the City Attorney for review and approval as to form; and,
3. Direct staff, subsequent to City Attorney review and approval as to form, to advertise the RFP and conduct the RFP evaluation process for the Griffith Park Observatory Café and Catering Concession.

SUMMARY:

The Griffith Observatory is undergoing a major multi-year renovation and expansion project, which is expected to be reopened in the first half of 2006. The project includes a modern food service facility (approximately 2,820 square feet for preparation and serving, 1,467 square feet on a deck outside for dining, and 500 square feet of additional kitchen space on the second level) located within the building, whereas the former Observatory food service which terminated at the beginning of construction was located in an old block building distant from the Observatory. Due to the high visibility of this Landmark location and the desire to execute a new foodservice agreement to coincide with the reopening of the Observatory, the Board approved the use of Arthur M. Manask

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and Associates (Manask) to conduct the entire Request for Proposal (RFP) process, including preparing the RFP document and overseeing the selection process (Report 03-227). Manask is currently on contract with the Department to provide economic consultant services and the firm specializes in food service analysis and RFP preparation and evaluation.

Manask has worked closely with the Department's Administrative Resources staff, with extensive consultation and input from Observatory staff and Friends of the Observatory (FOTO) in the preparation of this RFP.

The RFP covers the operation of the new café and on-site food and beverage (including alcoholic beverages) catering services and includes the option to propose to operate the bookstore (gift shop), with the express understanding that the City may decide not to outsource the operation of the bookstore.

The RFP seeks to select a qualified, experienced, financially sound operator, or partnership of two or more operators (café, catering, carts, gift shop) that will meet or exceed the City's and the Observatory visitor's expectations in all operational, financial and service areas; and to optimize profitability and cash flow from foodservices at the Observatory, including facility rentals and special events. Observatory management will support this activity as deemed appropriate by both parties.

The City seeks in its foodservice operator a firm that will understand and appreciate the Observatory's distinctive values, and will work as a true partner in supporting the Observatory's mission, purpose and growth in future years. Partnerships that include high quality foodservice operators and caterers (and gift shop operators, if applicable) will be welcome to propose, provided such partnerships are presented as one proposal and under one contract with the City.

The Operator will be required to provide the capital investment to build-out and finish the café, kitchen, and storage areas, including interior design, all seating (tables and chairs) and provide all furniture, fixtures and equipment. The City may contribute or share in this capital investment, at the City's sole option depending on proposals received and operator proposed financial arrangements, terms and conditions. Proposers will be required to demonstrate the financial ability to fund a minimum of \$750,000 for this project.

### Significant Proposal and Contractual Provisions

1. Standard Conditions: All provisions of the Department's Standard Conditions and Regulations for the Operation of Concessions (11/03) are applicable to this agreement.

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2. Term: Ten (10) years with two five-year renewal options, at the sole discretion of the City.
3. Capital Investment: Furnish the café, kitchen spaces (including seating/dining, furnishings, fixtures, and equipment), and gift shop, if applicable. When fully amortized, ownership of all improvements will revert to the City. The minimum investment is expected to be Two Hundred Thousand Dollars (\$200,000), based on design estimates.
4. Contract and Financial Terms: As typical with our concessions, the City will enter into a "Profit & Loss" Agreement, whereby the City has no financial responsibility or liability for the day-to-day café operation, and the City will share in profits in the form of a percentage of gross revenue. Operator must demonstrate access to a minimum of Seven Hundred Fifty Thousand Dollars (\$750,000) working capital for this project. No minimum rental percentage is being required.
5. Hours of Operation: The café is expected to open when the Observatory opens and remain open continuously until at least one (1) hour prior to the Observatory closing. Extended hours beyond the minimum stated hours are acceptable.
6. Proposal Bond: All proposals must include a Twenty-Five Thousand Dollar (\$25,000) Proposal Deposit in the form of a Cashier's Check, payable to the City of Los Angeles.
7. Performance Bond: A Performance Bond will be required to be maintained for the duration of the contract in the amount of Ten Thousand Dollars (\$10,000).
8. Required experience: Proposer (not the on-site manager) must have a minimum of five years experience operating cafes/restaurants (and giftshop/bookstore if applicable to the proposal) in a cultural institution (museum, botanic gardens, historic home, performing arts center or similar environment that serves visitors, general public, staff, etc.).

### Evaluation Process

Department Staff will conduct a preliminary evaluation of all proposals to determine completeness and submission of all compliance documents, and evaluate each firm's financial ability to fund the minimum \$750,000 required for this project. Responsive proposals will be evaluated by Manask and by a panel selected for expertise in restaurant and museum operations. Consistent with our established RFP evaluation process, the panelists will rank each proposal in each of the following criteria. The Department reserves the right to request additional information to clarify proposals.

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### RFP Evaluation Criteria:

- Experience and Capability/Quality of Experience
- Operational Plan
- Build-Out Plan & Capital Investment for Café and Cart (and gift shop/bookstore if proposed)
- Projected Commissions/Rent to City and Financial Projections

The main RFP documents will be available through the internet, and full package plans, forms, etc. will be charged per the Department's standard duplication rates. The anticipated time of completion for the RFP process and award of the agreement is approximately four to six months. Staff and FOTO have provided significant input and comment during formulation of this RFP and support the processing of this RFP at this time in order to execute an Agreement with a suitable operator in time for integrating required build-out with the on-going construction schedule for the renovation.

Report prepared by Michael Honan, Administrative Resources Division.