

**APPROVED**  
MAY 20 2009

REPORT OF GENERAL MANAGER

NO. 09-131

DATE May 20, 2009

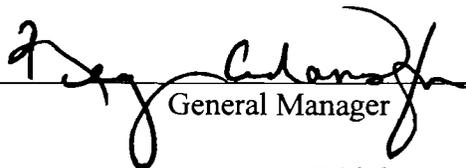
**BOARD OF RECREATION  
and PARK COMMISSIONERS**

C.D. All

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: **VENDING MACHINES CONCESSION – REQUEST FOR PROPOSALS**

R. Adams _____	J. Kolb _____
H. Fujita _____	*F. Mok <u>S.M.</u>
S. Huntley _____	K. Regan _____
V. Israel _____	M. Shull _____

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

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board:

1. Approve the Vending Machines Concession Request for Proposals (RFP) for a five-year Concession Agreement, with two (2) five-year renewal options exercisable at the sole discretion of the General Manager, substantially in the form on file in the Board Office, subject to the 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. Authorize staff to advertise the RFP and conduct the RFP process for the Concession, subsequent to City Attorney review and approval as to form.

SUMMARY:

The Department of Recreation and Parks currently provides vending machines at over 150 locations to provide snack food items and beverages to patrons of recreation centers, aquatic centers, and neighborhood and regional parks. This RFP will consolidate three concession agreements into one concession agreement.

The three Vending Machine Concessions have been operated by Canteen Vending Services on a month-to-month basis since May 15, 2003. In calendar year 2008, the concession generated \$508,186 in gross receipts and paid \$129,609 in rent to the Department.

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The new concession agreement will require that forty percent (40%) of all snack food items and forty percent (40%) of all beverages provided by the operator are within the guidelines as defined by Education Code (Part 27, Chapter 9, Article 2.5, Section 49431[b], Subsections 2 and 3); to install new, or nearly new, vending machines; have non-resettable electronic revenue tracking systems which records the net amount of sales in dollars and cents; and have the capability of returning change for money deposited.

The concession agreement does not grant exclusivity as the Department authorizes certain concessionaires to provide vending machines to the public within their designated premises (e.g., driving ranges and food service operations).

Staff has developed and is now ready to release, at the direction of the Board, an RFP for this concession. With this RFP, the Department will seek a qualified, experienced, and financially sound operator who will meet or exceed the Department's expectations in all operational and financial areas, and optimize service to the public and profitability to the business.

### Proposal and Contractual Provisions

1. Proposal Deposit: A \$5,000 proposal deposit will be required with the submission of each proposal.
2. Term: Five years, with two (2) five-year renewal options exercisable at the sole discretion of the General Manager.
3. Revenue Sharing: The monthly revenue to be paid to the Department will be a percentage of proposer's gross revenue produced by all vending sales (food and beverage). The minimum annual rent for this concession is \$125,000 per calendar year.
4. Utilities: The concessionaire shall pay a monthly utility charge equal to 1.5% of gross receipts as payment for utilities.
5. Contract and Financial Terms: The City will enter into an Agreement whereby the City has no financial responsibility or liability for the operation and the City will share in profits in the form of a percentage of gross revenue.
6. Faithful Performance Deposit: A Performance Deposit will be required to be maintained for the duration of the Agreement in the amount of Twenty Thousand Dollars (\$20,000).

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### Evaluation Process

Proposals will be evaluated in two levels. Level I will be a check and review by staff for required compliance and submittal documents. Level II will be a comprehensive evaluation of the proposals by a panel of City and non-City employees. Proposers must successfully pass Level I to proceed to Level II.

### RFP Evaluation Criteria Areas

For the purposes of evaluation, the responsive proposals to Level I will be evaluated on the criteria below (Level II):

- 1) Ability to Finance (15 points)
- 2) Experience and Qualifications (15 points)
- 3) Proposed Business Plan (20 points)
- 4) Proposed Revenue Sharing Payment (30 points)
- 5) Proposed Sponsorship Payment (20 points)

The RFP documents will be advertised in several periodicals, available on the Department's website; and posted on the Los Angeles Business Assistance Virtual Network (BAVN). In addition, a letter inviting bids will be mailed to interested parties from a mailing list maintained by the Concessions Unit. The anticipated time of completion for the RFP process is approximately eight to twelve months.

A pre-proposal conference will be held approximately one month after the release of the RFP in order to provide potential proposers with a review of the submittal documents, compliance documents, and requirements for the Good Faith Effort Subcontractor Outreach as required by Executive Directive No. 2001-26, Riordan Series and the Board's policy (Board Report No. 177-89).

### FISCAL IMPACT STATEMENT:

Releasing the Request for Proposals has no impact on the Department's General Fund.

This report was prepared by Orville Patino, Management Analyst II, Finance Division, Administrative Resources Section, Concessions Unit.