

REPORT OF GENERAL MANAGER

APPROVED

NO. 11-056

DATE February 16, 2011

FEB 18 2011

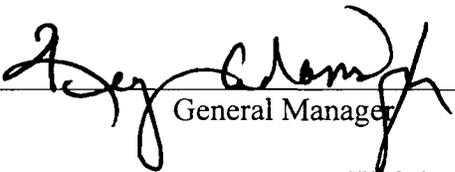
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BOARD OF RECREATION AND PARK COMMISSIONERS

**BOARD OF RECREATION
and PARK COMMISSIONERS**

SUBJECT: GRIFFITH OBSERVATORY - BOOKSTORE AND GIFT SHOP
CONCESSION - EXERCISE FIVE-YEAR OPTION TO RENEW
CONCESSION AGREEMENT NO. 250

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



General Manager

Approved Disapproved Withdrawn

RECOMMENDATION:

That the Board exercise the five (5) year option to renew Concession Agreement No. 250 between the City of Los Angeles Department of Recreation and Parks and Event Network, Inc. for the operation and maintenance of the Griffith Observatory Bookstore and Gift Shop Concession.

SUMMARY:

The Griffith Observatory is located at 2800 East Observatory Road in Griffith Park. The Observatory opened in 1935 and is an icon of Los Angeles, a national leader in public astronomy, and one of Southern California's most popular attractions.

In 2002, the Observatory building and grounds closed for a \$93 million renovation and expansion and reopened in 2006. Part of the renovation was the creation of a bookstore and gift shop known as the "Stellar Emporium Gift Shop" (Gift Shop). The Gift Shop offers an array of Observatory insignia items, astronomy-related and space-themed books, gifts, clothing, toys, and other items.

On May 18, 2005, the Board approved the award of a five (5) year Concession Agreement, with one five (5) year option to renew at the discretion of the Board, to Event Network, Inc., for the operation and maintenance of the Griffith Observatory Bookstore and Gift Shop Concession (Board Report No. 05-126). On April 5, 2006, the Council approved the award (Council File No. 06-0331), and the Concession Agreement was executed on September 26, 2006.

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The contract will expire on September 25, 2011 unless the five (5) year option is exercised by the Board to extend the Concession Agreement to September 25, 2016.

Event Network, Inc. (Concessionaire) has done an excellent job of operating and maintaining the gift shop, which is clean and attractive, well-stocked with quality merchandise, and run with a professional and friendly staff.

In 2009, the Gift Shop generated \$1,179,394 in gross receipts and paid \$265,075 in rent to the Department. The Concessionaire consistently meets all contractual terms and conditions, including timely payment of rent and occupancy tax, and insurance requirements.

Staff recommends that the Board exercise the five (5) year option in accordance with Section 4 of Concession Agreement No. 250, which states: "The City will consider no more than one (1) renewal term of five (5) years provided that Concessionaire is in full compliance with its obligations under the contract upon the expiration of the initial term or any extensions thereof. Any renewal shall be at the sole discretion of the City, which will give the Concessionaire a preliminary notice of its willingness to renew not later than six (6) months prior to the end of the then current term."

Exercising the five (5) year option will ensure that visitors to the Gift Shop receive uninterrupted services and that the Department will avoid a revenue shortfall.

FISCAL IMPACT STATEMENT:

During the five-year term of the Concession Agreement, it is estimated that approximately \$1,325,375 will be paid in rent to the Department. Of that amount, \$1,192,837.50 will be deposited into the Department's General Fund and \$132,537.50 will be deposited into the Concession Improvement Account (Fund 302, Department 89, Account 070K).

Report prepared by Désirée Guzzetta, Management Analyst II, Concessions Unit, Administrative Resources Section, Finance Division and Mark Pine, Observatory Director I, Griffith Observatory.