

REPORT OF GENERAL MANAGER

APPROVED
APR 02 2014

NO. 14-081

DATE April 2, 2014

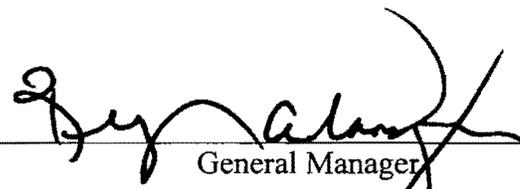
BOARD OF RECREATION
& PARK COMMISSIONERS

C.D. 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: TRAVEL TOWN MUSEUM GIFT SHOP CONCESSION – AMENDMENT NO. 2 TO CONCESSION CONTRACT NUMBER 262 AND DONATION OF A NEW MODULAR BUILDING

R. Adams	_____	*V. Israel	_____
R. Barajas	_____	K. Regan	_____
H. Fujita	_____	N. Williams	_____


General Manager

Approved _____

*As amended
see attached*

Disapproved _____

Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Approve a proposed Amendment to Concession Contract Number 262 (Amendment), substantially in the form on file in the Board Office, between the City of Los Angeles Department of Recreation and Parks (RAP) and the American Southwestern Railway Association, Inc., dba Travel Town Museum Foundation (TTMF), a California 501(c)(3) non-profit educational organization, for the operation of a gift shop at the Travel Town Museum, subject to the approval of the Mayor, the City Council, and the City Attorney as to form;
2. Find, in accordance with Charter Section 1022, that RAP does not have personnel available in its employ with sufficient time and expertise to undertake these specialized professional tasks and that it is more feasible to secure these services by contract;
3. Direct the Board Secretary to transmit the proposed Amendment concurrently to the Mayor in accordance with Executive Directive No. 3 and to the City Attorney for review and approval as to form;
4. Authorize the Board President and Secretary to execute the Amendment upon receipt of the necessary approvals; and,
5. Accept the donation of a new modular building from TTMF, subject to the condition that TTMF assume all costs and liabilities associated with the procurement, permitting,

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delivery, and installation of the new modular building.

SUMMARY:

The Travel Town Museum (Museum) is located at 5200 Zoo Drive in Griffith Park and is host to a display of trains and train cars, and other vehicles that represents the history of transportation. The RAP Park Services group operates and maintains the Museum which is open to the public free of charge. The Museum is visited each week by hundreds of youths and adults who are interested in the history of trains.

The American Southwestern Railway Association, Inc., dba Travel Town Museum Foundation (TTMF) is a 501(c)(3) non-profit educational organization, and began its partnership with the Museum in 1987 by providing volunteers for docent tours and general maintenance and restoration of the trains and train cars.

TTMF currently operates the Travel Town Gift Shop Concession through Concession Agreement No. 262 which was executed on September 23, 2009, for a term of one-year with five (5) options to renew. TTMF also provides volunteers for tours, grounds maintenance, Museum events, and train restorations. Miniature Train Rides and a Snack Stand are operated through concession agreements with different business entities.

On January 4, 2013, TTMF submitted an unsolicited proposal to donate and install, at no cost to RAP, a new modular building for use by TTMF as the Travel Town Gift Shop (Attachment A). RAP entered into discussions with TTMF regarding specific terms of the donation which produced several counter-offers. On December 26, 2013, the General Manager sent written correspondence to TTMF with a final proposal (Attachment B). On January 7, 2014, TTMF accepted the final proposal (Attachment C).

As part of the proposed Amendment, TTMF will donate a new modular building to RAP to be used as the new gift shop building for TTMF during the extended term of the Concession Agreement. TTMF will pay all costs to procure, deliver and install the building and obtain all required permits and licenses. TTMF will also be responsible for all liabilities associated with the delivery and installation of the new modular building.

Revenue generated from the Gift Shop is used by TTMF to fund train restoration projects, educational programs, and for operating expenses.

Amendment to Concession Agreement No. 262

The current contract is termed to expire on September 22, 2015. TTMF currently pays 5% of total gross receipts to RAP as rent. In 2013, TTMF paid \$13,231 as rent to RAP. The Amendment will revise the following sections of the current contract:

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1. Term

The term of the contract will be extended by twenty (20) years effective the date of execution of the Amendment.

2. Rent Payment to RAP (Flat-Fee)

Contract Years 1 through 3	\$ 1,250 per month	(\$15,000 annually)
Contract Years 4 through 6	\$ 1,550 per month	(\$18,600 annually)
Contract Years 7 through 10	\$ 1,850 per month	(\$22,200 annually)
Contract Years 11 through 15	\$ 2,050 per month	(\$24,600 annually)
Contract Years 16 through 20	\$ 2,250 per month	(\$27,000 annually)

3. Premises

The Premises for the Travel Town Museum Gift Shop will be revised to include the site for proposed for the modular building by TTMF in the January 4, 2013, unsolicited proposal.

4. Donation of New Modular Building

TTMF will donate a modular building to RAP as described in the January 4, 2013, unsolicited proposal (Attachment A). The City and/or RAP will bear no costs or liabilities associated with the donation, including, but not limited to: design, permits, licenses, delivery, installation, and/or site preparation. The installation of the modular building will be completed within twelve (12) months from the execution of this Amendment. Failure to complete the installation of the modular building will be a material breach of contract, in which case RAP may terminate the contract.

5. Existing Modular Building

TTMF will cease using the Existing Modular Building as a Gift Shop immediately upon occupancy of the donated modular building. TTMF will be responsible for any and all costs of repairs, upkeep, maintenance, and operation of the existing modular building. Before TTMF is allowed to "reuse" the existing modular building, RAP must approve all upgrades performed to ensure compliance with Department standards and with the Americans with Disabilities Act (ADA) regulations.

6. Museum Volunteer Program

Under the direction of the designed RAP Representative, TTMF will provide oversight of the Museum Volunteer Program, to include: 1) docent tours; 2) educational and informational outreach; 3) grounds maintenance to supplement RAP maintenance; and, 4) exhibit maintenance. TTMF will actively assist RAP in creating awareness of the Museum Volunteer Program, to include outreach, training, and retention of volunteers.

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7. Museum Restoration Program

All new restoration projects require TTMF to submit a written proposal for consideration by the RAP General Manager. Proposed restoration projects will not commence until written approval by the RAP General Manager is obtained by TTMF.

All current restoration projects will be completed within twelve (12) months of execution of the proposed Amendment. Any current restoration project not completed within the twelve (12) month timeframe will require TTMF to submit a written proposal for consideration by the RAP General Manager. The proposed continuation of an existing restoration project will not continue until written approval by the RAP General Manager is obtained by TTMF.

A list of current restoration projects is included as an exhibit to the proposed Amendment. The City and/or RAP will bear no costs associated with any current or proposed Museum Restoration Program project and is not obligated to fund or provide any form of service for such projects, unless approved in writing by the RAP General Manager.

8. Utilities

TTMF will assume any and all costs to install or provide electrical hook-up or connections to the new modular building. RAP will not be responsible for any costs associated with the installation of utility hook-ups, including installation of dedicated electrical meters or for any other utilities (e.g., water, gas, telephones) which may or may not be used at the donated modular building (gift shop). As stated in the current contract, RAP will incur the monthly electrical costs subsequent to the installation of the electrical meter by TTMF.

Staff recommends the approval of the Amendment in order to allow TTMF to donate the new modular building and continue providing tours, education programs, grounds maintenance, and restoration projects at the Museum.

The Office of Councilmember Tom LaBonge (Fourth Council District), has concurred with RAP staff's recommendations regarding accepting the donation of the modular building and provided \$20,000 in AB 1290 funds to TTMF to help purchase the modular building to replace the existing gift shop (Council Motion No. 13-0634).

Charter Section 1022

Los Angeles City Charter Section 1022 prohibits contracting out work that could be done by City employees unless the Board determines it is more economical and/or feasible to contract out the service.

On July 20, 2012, the Personnel Department completed a Charter Section 1022 review as part of the process for Concession Agreement No. 262. The Personnel Department determined that

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there were no City classifications with the expertise to perform essential aspects of the work, including all aspects of operating a souvenir stand or gift shop. It is therefore more feasible to secure these services through an independent contractor.

ENVIRONMENTAL IMPACT STATEMENT:

Staff has determined that the proposed Amendment with TTMF will continue to allow the Travel Town Gift Shop to be used for operations involving no expansion of use, and, therefore, is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article III, Section 1, Class 1 (14) of the City CEQA Guidelines.

FISCAL IMPACT STATEMENT:

TTMF will pay \$447,600 to RAP over the extended twenty year term of the Operating Agreement. Of that amount, \$313,320, or Seventy Percent (70%), of the revenue will be deposited into RAP's General Fund (Fund 302, Department 88); \$89,520, or Twenty Percent (20%), will be deposited into the Travel Town Development Account (Fund 302, Department 89, Account 89980D); and, \$44,760, or Ten Percent (10%), will be deposited into the Concession Improvement Account (Fund 302, Department 89, Account 89070K).

This report was prepared by Joel Alvarez, Senior Management Analyst, and Robert Morales, Senior Management Analyst, Partnership Division.

ATTACHMENT A



Travel Town Museum Foundation
American Southwestern Railway Association, Inc.
P.O. Box 39846, Griffith Station
Los Angeles, CA 90039

January 4, 2013

Robert Morales
City of Los Angeles
Department Recreation and Parks
221 N. Figueroa St. Suite 1550,
Los Angeles, CA 90012

Dear Mr. Morales,

The American Southwestern Railway Association, doing business as the *Travel Town Museum Foundation* (TTMF), would like to make the offer of a new Gift Shop building to the Department of Recreation and Parks for the Travel Town Museum. The new building would be a modular structure, centrally located on Museum grounds near the existing restrooms. The building project would greatly improve an unplanted dirt area at the museum and help improve the entire facility. The new gift shop would offer a larger retail space than the current gift shop, enabling the store to offer a greater selection of merchandise to better serve the Museum's visitors.

As part of the project, the TTMF would like to repurpose the current gift shop space as a Volunteer Center and Program Office. The Volunteer center would house a Library and Conference Room where the volunteers and members of the public could conduct research. There would be an office for the Program Manager and locker area for volunteers to store personal belongings while serving at the Museum.

The new building, as well as the repurposing of the existing building, would be done as a donation to Museum with funds raised for that purpose. The ASRA/TTMF anticipates continuing the operation of the Gift Shop concession under the current Concession Agreement, at least for the remaining 5 years stipulated in the agreement.

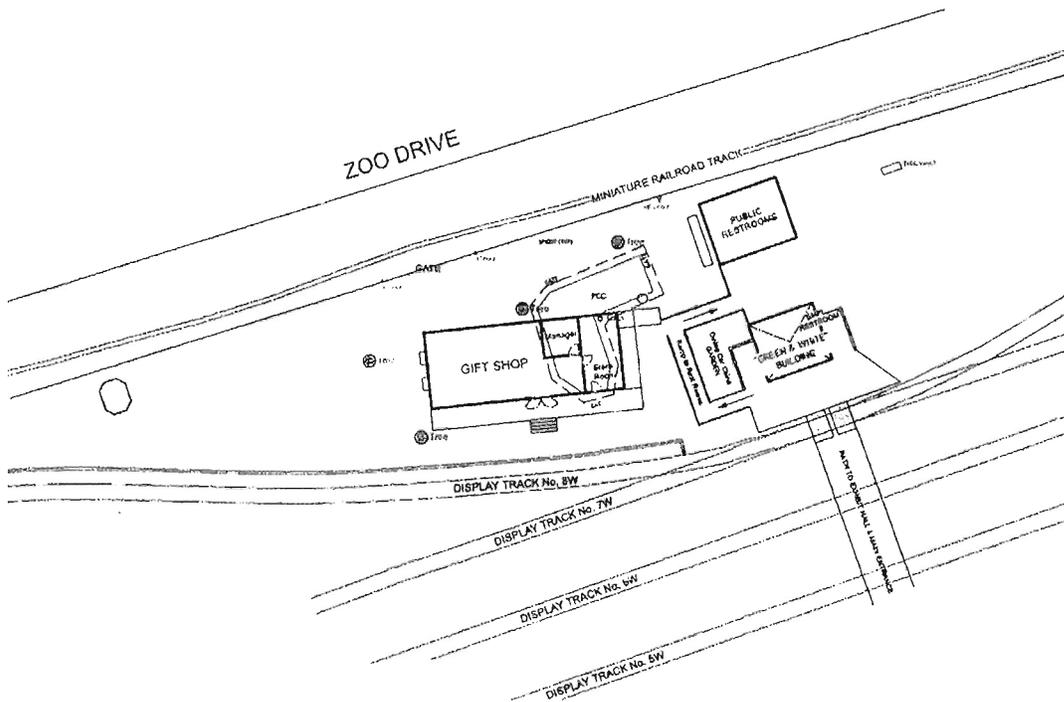
New Gift Shop Building

The New Gift shop will be in a more central location at the Museum. The Photo below shows the current status of the proposed site – our volunteers would remove the fencing and re-locate the materials inside the fencing to the service yard area of the museum.

DesignSpace Modular Buildings of Fontana, CA, (DSMB) has quoted us a turnkey price of \$219,000, which the ASRA/TTMF is willing to fully fund.



Below is the plan for the new building, as supplied by DSMB. Below that is a draft plan of the north side of Travel Town, with the new building outline in blue.



Budget for Gift Shop

The following is an abbreviated budget for the cost estimates including the Income of grants from Foundations that support the work of the Travel Town Museum Foundation. Expenses above and beyond the cost of the building include furnishing the inside of the building. The old building will also need to be furnished. Fundraising and in-kind donation solicitation is on-going to cover these costs.

DSMB has given us a turnkey quote, however we need to bring the City of Los Angeles Department of Recreation and Parks Planning, Construction and Maintenance representatives and DSMB together to make sure we can work through any unforeseen issues.

Volunteer Center Cost Estimates (2012 Estimates)

Expenses

Turn-key purchase of 24 x 60 Modular Building	198,268
Wooden deck, ramps, and steps, with tax	17,883
	<hr/>
	216,151
 New Gift Shop Furnishings	 <hr/>
	11,355
	<hr/>
Office Furnishings subtotal	2,100
TOTAL EXPENSES	<hr/> 229,606

Income:

Grant from Parsons Foundation	50,000
Grant from the Griffith Trust	50,000
Grant from the Ahmanson Foundation	80,000
Pledge from Universal LLC Evolution Plan Contribution	50,000
	<hr/>
	230,000

Attachments

Attached please find the Proposal from Design Space Mobile Modular. We anticipate that there will need to be several meetings to approve the final placement of the new building as well as other move-in challenges.

Scheduling

Once we have had this offer accepted from the Department, we would like to get the process started and schedule any permitting meetings to make sure the installation will be seamless. The build-time for the new building is estimated to be from 2-6 months, so move in probably cannot take place until July or August of 2013. This should give the Museum volunteers time to clear

the site, the City and DSMB time to prepare the site for the piers, telephone and electrical hook-up, and the Foundation time to raise more money for furnishings and landscaping.

We look forward to hearing from you soon. We are very excited to move forward with this great improvement for the Travel Town Museum facility. If I can provide any more information please contact me at 818-822-7022, or via e-mail at Nancy.newgiftshop@traveltown.org.

Thank you again for your support!

Nancy Gneier
Executive Director
Travel Town Museum Foundation

Attachments:
DesignSpace Modular Buildings Proposal

ATTACHMENT B

BOARD OF RECREATION AND PARK COMMISSIONERS

BARRY A. SANDERS
PRESIDENT

W. JEROME STANLEY
VICE PRESIDENT

LYNN ALVAREZ
SYLVIA PATSAOURAS
JILL T. WERNER

LATONYA D. DEAN
COMMISSION EXECUTIVE ASSISTANT II

CITY OF LOS ANGELES CALIFORNIA



ERIC GARCETTI
MAYOR

DEPARTMENT OF RECREATION AND PARKS

221 NORTH FIGUEROA STREET
16TH FLOOR, SUITE 1650
LOS ANGELES, CA 90012

(213) 202-2633
FAX (213) 202-2614

MICHAEL A. SHULL
GENERAL MANAGER

December 26, 2013

Ms. Nancy Gneier, Executive Director
American Southwestern Railway Association, Inc.
DBA Travel Town Museum Foundation
P. O. Box 39846
Los Angeles, CA 90039.

DONATION OF A MODULAR BUILDING FOR THE PROPOSED USE AS THE TRAVEL TOWN MUSEUM GIFT SHOP

Dear Ms. Gneier,

I am in receipt of your revised proposal E-mailed to the Department of Recreation and Parks (RAP) on October 2, 2013. I am also in receipt of your E-mail to RAP and Councilmember Tom LaBonge dated November 21, 2013.

Over the past year, RAP has attempted to provide the American Southwestern Railway Association, Inc., dba Travel Town Museum Foundation (Foundation) with a means to donate the proposed modular building and use throughout a long-term agreement. RAP has also provided the Foundation with the option to donate the proposed modular building at no cost to the City or RAP under the terms of existing Concession Agreement No. 262. The Foundation has elected to not accept the terms of the previous RAP proposals.

The following is the current RAP proposal in response to your October 2, 2013, counter proposal. Please understand that the non-acceptance by the Foundation will create delays in the ability to present a mutually agreed upon proposal to the Board of Recreation and Park Commissioners to consider. This includes delays in presenting the item to the Mayor and Council should a proposal for a new agreement eventually be agreed upon.

Final Proposal

The following are RAP's terms for the proposed acceptance of the donation of a modular building and the Foundation's use as the Museum Gift Shop:

1. Term of Agreement

Twenty (20) years from the date of execution of the proposed agreement.



2. Payment to RAP

The following monthly payments will be due to RAP on the first day of each month, and will be considered late if said payment is postmarked after the fifteenth (15th) day of the month payment is due:

Contract Years 1 through 3	\$ 1,250 per month	(\$15,000 annually)
Contract Years 4 through 6	\$ 1,550 per month	(\$18,600 annually)
Contract Years 7 through 10	\$ 1,850 per month	(\$22,200 annually)
Contract Years 11 through 15	\$ 2,050 per month	(\$24,600 annually)
Contract Years 16 through 20	\$ 2,250 per month	(\$27,000 annually)

The charges for late or delinquent payments shall be \$50.00 for each month the payment is late, plus interest calculated at the rate of eighteen percent (18%) per annum, assessed monthly on the balance of the unpaid amount. Payments shall be considered past due if postmarked after the fifteenth (15th) day of the month in which payment is due.

Note: The matter of rent reduction will not be included in the proposed agreement. All Concessionaires have the ability to request temporary rent reduction and, at the written approval of the Board, be granted such temporary rent reduction.

3. Premises

The Premises for the Museum Gift Shop will be revised to include the site proposed for the modular building, as proposed by the Foundation in the January 4, 2013, unsolicited proposal (Attachment A).

4. Donation of a New Modular Building

The Foundation will donate a modular building to RAP as described in the January 4, 2013, unsolicited proposal (Attachment A). The City and/or RAP will bear no costs associated with the donation, including, but not limited to: design, permits, licenses, delivery, installation, and/or site preparation.

5. Existing Modular Building

The Foundation will cease using the Existing Modular Building as a Gift Shop immediately upon occupancy of the donated modular building. By entering into this Agreement, the Foundation may repurpose the existing modular building as a Volunteer Center. The Foundation will be responsible for any and all costs of repairs, upkeep, maintenance and operation of the existing modular building. Before the Foundation is allowed to "reuse" the existing modular building, the Department must approve all upgrades are performed to Department standards and be compliance with the ADA regulations.

Ms: Nancy Gneier, Executive Director
December 26, 2013
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6. Museum Volunteer Program

Under the direction of the designated RAP Representative, the Foundation will provide oversight of the Museum Volunteer Program, to include: 1) docent tours; 2) educational and informational outreach; 3) grounds maintenance to supplement RAP maintenance; and, 4) exhibit maintenance. The Foundation will actively assist RAP in creating awareness of the Museum Volunteer Program, to include outreach, training, and retention of volunteers.

Note: Clarification of the Foundation's role and relationship in the Museum Volunteer Program may be required prior to a proposed agreement being submitted to the Board for consideration.

7. Museum Restoration Program

All new restoration projects will require the Foundation to submit a written proposal for consideration by the RAP General Manager. Restoration projects will not commence until written approval by the RAP General Manager is obtained.

All current restoration projects will be completed within twelve (12) months of execution of the proposed agreement. Any current restoration projects not completed within the aforementioned timeframe will require the Foundation to submit a written proposal for consideration by the RAP General Manager in order to continue the restoration.

A list of current restoration projects approved by the RAP General Manager will be included as an exhibit to any proposed agreement prior to submission to the Board for consideration.

8. Utilities

The Foundation will assume any and all costs to install or provide electrical hook-up or connections to the new modular building.

RAP will not be responsible for any costs associated with the installation of utility hook-ups, including installation of dedicated electrical meters or for any other utilities (e.g., water, gas, telephones) which may or may not be used at the donated modular building.

RAP will incur the monthly electrical costs subsequent to the installation of the electrical meter by the Foundation.

9. Insurance

The Foundation will provide and maintain insurance during the term of the Agreement in a manner and form acceptable to RAP and the City Risk Manager. Said insurance will

Ms. Nancy Gneier, Executive Director
December 26, 2013
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provide acceptable levels of coverage for the New Modular Building at the sole cost of the Foundation.

10. The remaining terms and conditions of a proposed agreement will be consistent with Concession Agreement No. 262.

In order to proceed with the donation of the new modular building and preparation of a new Concession Agreement, a written unconditional acceptance of the aforementioned terms, signed by an authorized agent of the Foundation on Foundation letterhead, must be received by RAP no later than 5:00 P.M. on January 13, 2014. Please send to the following address:

Department of Recreation and Parks
Attn: Vicki Israel, Assistant General Manager
221 North Figueroa Street
Suite 1550
Los Angeles, CA 90012

Upon receipt by RAP of the Foundation's written unconditional acceptance of the aforementioned RAP proposal, RAP staff will prepare the necessary documents for the Board's consideration.

Should you have any questions, please contact Robert Morales, Senior Management Analyst of the Partnership Division, at (818) 243-6488.

Sincerely,



MICHAEL A. SHULL
General Manager

MAS/VLJA:mn

Attachments

cc: Regina Adams, Executive Officer
Vicki Israel, Assistant General Manager
Kevin Regan, Assistant General Manager
Joe Salaices, Park Services Supervisor
Noel Williams, Chief Management Analyst
Agnes Ko, Senior Management Analyst
Robert Morales, Senior Management Analyst
Joel Alvarez, Senior Management Analyst



TRAVEL TOWN MUSEUM FOUNDATION
AMERICAN SOUTHWESTERN RAILWAY ASSOCIATION
•INCORPORATED•
POST OFFICE BOX 39846 • GRIFFITH STATION
LOS ANGELES, CALIFORNIA 90039

January 7, 2014

Department of Recreation and Parks
Attn: Vicki Israel, Assistant General Manager
221 North Figueroa Street
15 Floor, Suite 1550
Los Angeles, CA 90012

**DONATION OF MODULAR BUILDING TO BE USED AS
THE TRAVEL TOWN MUSEUM GIFT SHOP**

Dear Vicki:

We are in receipt of your letter mailed to American Southwestern Railway Association on December 26, 2013 concerning the Donation of the Modular Building for the proposed use as the Travel Town Museum Gift Shop and other Foundation assistance set out to improve the Travel Town Museum.

We are prepared to accept the provisions set out in this letter, and we ask that you please proceed with preparation of necessary documents for Commission review. If you have any questions, please feel free to contact me at 818-968-3678 (cell). We look forward to working together on the goal of improving the Travel Town Museum!

Sincerely,

GREGORY C. GNEIER
President
American Southwestern Railway Assn., Inc.

cc: Craig A. Smith, Esq.

EXCERPT FROM THE MINUTES OF THE REGULAR MEETING
BOARD OF RECREATION AND PARK COMMISSIONERS
APRIL 2, 2014

14-081

TRAVEL TOWN MUSEUM GIFT SHOP CONCESSION –
AMENDMENT NO. 2 TO CONCESSION CONTRACT NUMBER
262 AND DONATION OF A NEW MODULAR BUILDING

Pursuant to advice provided by the City Attorney, President Alvarez recused herself from acting on this item.

After President Alvarez exited the room, the meeting was chaired by Vice President Zuñiga.

Based on comments provided in the Concession Task Force meeting, Noel Williams, Chief Accounting Employee, amended the contract to state that only for the financial information, that in Year Five of the operation of the Agreement, staff would begin evaluating and negotiating with the Non-Profit for financial terms to take effect during Year Seven. Those terms would be either the greater of 5% of revenues, or the stated amount which is in the contract for the next evaluation period.

The above item was presented to the Board by Department staff, and the Board further discussed the item in detail. Public comment was invited on the item. Six requests for public comment were received and such comment was made to the Commission.

It was moved by Commissioner Patsaouras, seconded by Commissioner Sanford, that General Manager's Report 14-081 be approved as amended, and that the Resolutions recommended in the report be thereby approved. There being no objections, the Motion was unanimously approved.