

APPROVED

REPORT OF GENERAL MANAGER

MAY 21 2014

NO. 14-120

DATE May 7, 2014

BOARD OF RECREATION
AND PARK COMMISSIONERS

C.D. 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: GRIFFITH PARK – GREEK THEATRE CONCESSION – REQUEST FOR PROPOSALS FOR THE OPERATION AND MAINTENANCE OF THE GREEK THEATRE

R. Adams _____	K. Regan _____
H. Fujita _____	R. Barajas _____
V. Israel _____	*N. Williams <u>TCM</u>



 General Manager

Approved as amended see attached Disapproved _____ Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Approve the Greek Theatre Concession Request for Proposals (RFP) for a ten (10) year Concession Agreement, with two (2) five (5) year renewal options exercisable at the sole discretion of the Board of Recreation and Park Commissioners, 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 process for the Greek Theatre Concession.

SUMMARY:

The Greek Theatre is located at 2700 North Vermont Avenue in Griffith Park and has provided entertainment and cultural events to the public since it was officially dedicated in 1929.

The Greek Theatre Concession (Concession) has been operated by Nederlander-Greek, Inc. (Concessionaire) under Concession Agreement Number 245 (Agreement) since May 21, 2002. The Agreement is due to expire on October 31, 2015 and there are no remaining renewal options.

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In 2013, the Greek Theatre generated \$22,806,300.00 in gross receipts, paid \$1,654,209.00 in revenue-sharing payments to the Department, and has consistently been the Department's highest revenue-producing non-golf concession.

In early 2013, Strategic Advisory Group LLC (SAG) was hired by the Department to conduct a best business practices study of the Greek Theatre, as well as to develop, through research and public outreach, an RFP for use by the Department. On September 11, 2013, SAG made a presentation to the Board on its approach to conducting and completing the best business practices study and on how best to integrate its results into a draft RFP for the Greek Theatre Concession.

The Scope of Work of Contract No. 3444 between the Department and SAG encompasses three Phases. Phase I was the best business practices study of the music concert industry. Phase II is the development of the RFP, including community outreach to receive public input on the operating priorities for the RFP. Phase III will be the development of a marketing plan for the RFP, assembling an independent evaluation panel, and assisting the Department in the formation of a recommendation for award to the Board of a new agreement for the Concession.

In Phase I, the best business practices study conducted by SAG involved extensive research on and evaluation of industry trends and activity levels of venues throughout the United States in order to understand current industry standards and trends, create benchmarks, and determine the best practices used in successful and/or competing venues.

SAG's research of competing venues included identifying the number and types of events presented, as well as community outreach programs and finance structures. SAG conducted interviews with operators and reviewed published venue activity data and current contracts where available. The research showed that management and operational models of the venues varied.

SAG also studied consistently high-ranking venues from across the country regarding operations, customer service, and experience for patrons and artists alike. SAG found that the top venues had advanced technology, upgraded amenities, and progressive food and beverage programs to compete for the best talent and provide the best experience for patrons and artists.

For example, many of the Greek Theatre's direct competitors use high-definition video technology for viewing screens, as well as permanent sound towers. Some of the competitive first class, high-quality venues have elevated and enhanced roof and support structures to accommodate larger, more dynamic performances. Also, many of the competitors have concession stands with customized menus, high-end food and beverage service, and creative approaches to on-site dining experiences.

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In order to bring the Greek Theatre up to the first class, high-quality level of the existing top venues, SAG made recommendations regarding required and potential capital improvements that they believe will serve the venue, Department, City, patrons, and artists.

Information about the Greek Theatre RFP process has been prominently featured on the Department's website, with a dedicated pop-up window that immediately displays upon entering the site.

In Phase II, to further assist in public outreach, two meetings were held. The first was an evening community meeting hosted by the Department on January 29, 2014 that was attended by approximately seventy (70) people. The second meeting was a special meeting of the Greek Theatre Advisory Committee on February 21, 2014 that was attended by approximately thirty (30) people. Members of the general public, surrounding community, homeowners associations including the Los Feliz Improvement Association, members of the music industry, and potential interested proposers were invited by letter, e-mail, and/or telephone calls to attend both meetings. A press release regarding the first community meeting was sent to local media outlets and trade periodicals to ensure the broadest section of the public and the music industry was informed about the meeting. Non-traditional organizations were also informed of the community meetings, such as the City's Department of Neighborhood Empowerment (DONE) and all City Council Offices to encourage additional participation in the community input phase. DONE assisted the Department in its outreach by sending an invitation to all Neighborhood Councils for the evening community meeting.

The purpose of both meetings was for SAG to gather public input regarding the contents of the Greek Theatre RFP. The public expressed its concerns about safety, cleanliness, traffic, and overall community involvement in the future of the Greek Theatre. Further input was sought in an online survey conducted by SAG between January 29, 2014 and February 12, 2014 on an independent website that was linked by the Department on its website and by SAG. The input from the meetings and survey was used in the creation of the RFP. SAG presented its findings at the Board meeting on March 19, 2014.

SAG submitted a model of an RFP for the Department's use. Staff then reviewed and analyzed the contents, and SAG was consulted regarding revisions. The RFP was refined to meet the Department's priorities for the Greek Theatre operation.

The RFP on file with the Board Office is intended to solicit proposals that will enhance the Greek Theatre's ability to compete in the current market and continue to stay competitive over the term of the agreement. The RFP also includes high service standards to elicit innovative plans for food and beverage, patron experience, and venue amenities in order to increase revenue both for the Department and the selected operator.

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Staff, in collaboration with SAG, has finalized and is now ready to release, at the direction of the Board, the attached RFP for the 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.

In Phase III, SAG will present its marketing plan for the RFP and provide subject matter experts for the independent evaluation panel, as well as assist in the formation of a recommendation for award to the Board for the new agreement for the Concession.

Proposal and Contractual Provisions

1. Proposal Deposit: A Fifty Thousand Dollar (\$50,000) proposal deposit will be required with the submission of each proposal.
2. Term: Ten (10) years, with two (2) five (5) year renewal options exercisable at the sole discretion of the Board, subject to meeting or exceeding, during the first term of the agreement, the four (4) key criteria listed in the RFP: Financial Performance, Asset Management/Concession Improvement Plan, Event Activity, and Community Partnership.
3. Revenue-Sharing Terms: The monthly revenue-sharing term is a proposal item. The minimum annual revenue-sharing payment guarantee will be based on the submitted Pro Forma Financial document.
4. Concession Improvements: The operator will be required to complete required concession improvements as proposed within two (2) years of the commencement of the term of the agreement (i.e., November 1, 2015).
5. Utilities: Concessionaire shall be responsible for all utility charges (electricity, water, gas and all other utilities) associated with the operation of the concession. Concessionaire assumes full responsibility, financial and otherwise, for the separate meters, including all installation costs associated with the utility service(s) and the City utility users' tax. In all instances where damage to any utility service line is caused by concessionaire, its employees, contractors, suppliers, agents or invitees, concessionaire shall be responsible for the cost of all repairs.

Concessionaire shall pay for the telephone service. The telephone number shall be placed in the facility's name and shall not be transferable to any other location.

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Concessionaire expressly agrees to comply with all City energy and water conservation programs.

6. Contractual and Financial Terms: The City will enter into an Agreement whereby the City has no financial responsibility or liability for the operation of the Concession and the City will share in profits in the form of a guaranteed annual minimum revenue-sharing fee or a guaranteed percentage of gross revenue, whichever is greater.
7. Performance Deposit: A Performance Deposit will be required to be maintained for the duration of the Agreement in the amount of Five Hundred Thousand Dollars (\$500,000).

Evaluation Process

Proposals which pass the Minimum Acceptable Qualifications (Section IV of the RFP) will be evaluated in two Levels. Level I will be a check and review by staff for required compliance and submittal documents, as well as a review of the proposer's background and experience, insurance, contract history, business references, and financial capacity. Level II will be a comprehensive evaluation of the proposals by an independent panel of subject matter experts. 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) Financial Performance (30 points possible);
- 2) Asset Management/Concession Improvement Plan (30 points possible);
- 3) Event Activity Plan (30 points possible);
- 4) Community Partnership Plan (10 points possible).

The RFP documents will be advertised in newspapers and periodicals, made available on the Department's website, and posted on the Los Angeles Business Assistance Virtual Network (BAVN). A letter inviting bids will also be mailed to organizations and individuals from a mailing list maintained by the Concessions Unit and one compiled by SAG. SAG is also responsible for developing a marketing plan for the RFP to ensure the widest range of potential proposers is reached. The normal anticipated time of completion for the RFP process is approximately eight to twelve months; however, because of the urgency of this RFP, the Department seeks to accomplish this process prior to the expiration of the current concession agreement on October 31, 2015.

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A mandatory 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 Business Inclusion Program as mandated by Executive Directive No. 14, Villaragoisa Series, and the Board's policy (Board Report No. 12-050 approved February 15, 2012). Additionally, a mandatory site walk will be conducted after the conference in order for the potential proposers to view the facility to get a better understanding of the operation and maintenance of the Concession.

FISCAL IMPACT STATEMENT:

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

Report prepared by Désirée Guzzetta, Management Analyst II, Concessions Unit, Finance Division.

EXCERPT FROM THE MINUTES OF THE SPECIAL MEETING
BOARD OF RECREATION AND PARK COMMISSIONERS
MAY 21, 2014

14-120

GRIFFITH PARK – GREEK THEATRE CONCESSION –
REQUESTION FOR PROPOSALS FOR THE OPERATION AND
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Commissioner Sanford recused herself from acting on the item, and exited the meeting room.

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

The draft Request for Proposal was amended as follows:

Pursuant to a recommendation made by Commissioner Zuñiga, Section 2.3.1.1. was amended to change the minimum number of Cultural and Community Events from ten to fifteen.

Commissioner Zuñiga also recommended that the language in Section 2.3.1.3. be revised to guarantee that fifty (50) tickets per event are offered to the Department for the right of first refusal in order for the Department to distribute the free ticket vouchers to the Department's Recreation Centers to provide opportunities for at-risk youth or underserved communities to participate in the Greek Theatre's events.

President Alvarez requested that the Request for Proposals be amended to address the issues raised by Nederlander in their letter dated May 15, 2014 and she further directed staff to add clarifying language at their discretion, as suggested in the letter.

Commissioner Zuñiga further recommended that Section 2.3.1.2 of the Request for Proposals be amended to strengthen the definition of "Cultural Event".

Agnes Ko, Senior Management Analyst II, requested that staff be allowed to make technical corrections as necessary to ensure consistency throughout the Request for Proposals.

It was moved by Commissioner Blumenfield, seconded by Commissioner Patsaouras that General Manager's Report 14-120 be approved as amended, and that the Resolutions recommended in the report be thereby approved. There being no objections, the Motion was unanimously approved.