

REPORT OF GENERAL MANAGER

NO. 15-070

DATE April 15, 2015

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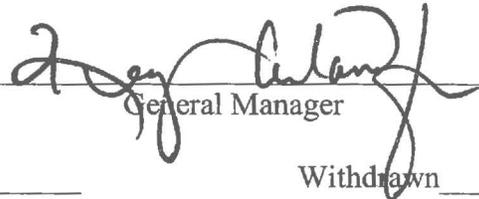
BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: PERSHING SQUARE - CANCELLATION OF REQUESTS FOR PROPOSALS FOR FOOD AND BEVERAGE SERVICE CONCESSION AND BRANDED COFFEE CONCESSION; REQUEST FOR PROPOSALS FOR PERSHING SQUARE CAFÉ CONCESSION

R. Adams _____
R. Barajas _____
H. Fujita _____

*V. Israel _____
K. Regan _____
N. Williams _____




General Manager

APR 15 2015

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Cancel the Request for Proposals (RFP) process for the Pershing Square Park Food and Beverage Service Concession approved by the Board on August 11, 2010 (Report No. 10-224);
2. Cancel the RFP process for the Pershing Square Branded Coffee Concession approved by the Board on November 19, 2014 (Report No. 14-288);
3. Approve the Pershing Square Café Concession RFP as described in the Summary of this Report, substantially in the form on file in the Board Office;
4. Direct the Board Secretary to transmit the Pershing Square Café Concession RFP to the City Attorney for review and approval as to form;
5. Direct staff to advertise the Pershing Square Café Concession RFP and conduct the RFP process, subsequent to the City Attorney's review and approval as to form; and
6. Authorize the General Manager, or designee, to make any necessary technical changes and incorporate such changes in the RFP.

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SUMMARY:

Pershing Square, located at 532 S. Olive Street in Downtown Los Angeles has proven to be a very popular venue with the public. It annually hosts a summer concert series, winter season "Holiday on Ice" ice-skating rink, seasonal movie nights, and other events with each providing temporary food and beverage services. Although Pershing Square is also very popular for daily lunch visits by the surrounding business community, it does not have food or beverage services. The Department of Recreation and Parks (Department) previously explored the potential for providing such services on two (2) occasions.

On August 11, 2010, the Board of Recreation and Park Commissioners (Board) approved a Request for Proposals (RFP) process for the "Pershing Square Park Food and Beverage Service Concession" (Report No. 10-224), but nothing resulted from that effort as no proposals were received. The Nation's economy at that time was in a period of recovery from the financial crisis that impacted many business sectors, and it is believed that this may have contributed to the lack of response to the 2010 Food and Beverage Service RFP.

On November 19, 2014, the Board approved a second RFP process, for the "Pershing Square Branded Coffee" RFP (Report No. 14-288), which was to solicit proposals for a high-quality branded coffee service that would include fast and casual food, such as pastries, pre-packaged salads, sandwiches, and non-alcoholic beverages in addition to coffee.

The minimum acceptable qualifications for prospective proposers under the Branded Coffee RFP were as follows:

- A minimum of five (5) years' experience as an established brand coffee trade name currently operating in at least thirty (30) locations throughout California; or
- A minimum of five (5) years' experience as an established brand coffee trade name currently operating in at least twenty (20) locations in ten (10) states across the Country.

Subsequent to the Board's approval of the Branded Coffee RFP, staff determined that the scope of services should not be limited, and should be expanded to include food and beverage service operators with or without a branded trade name and include more than just coffee to optimize the number of potential proposals which may be received. This decision took into consideration the Board's expressed interest in developing a more robust concessions operation at Pershing Square, to increase potential revenue to the Department while providing top quality service to patrons.

As stated in Report No. 14-288, the Department had previously attempted to solicit proposals for a food and beverage operation at Pershing Square in 2010, but no proposals were received, and

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pursuant to staff's determination that a broader scope of operation for a Pershing Square concession is more favorable to the Department, staff is recommending that the 2010 Food and Beverage Concession RFP (2010 RFP) and 2014 Branded Coffee RFP (2014 RFP) be cancelled, and that a third, revised 2015 "Pershing Square Café Concession" RFP (2015 RFP) be approved and released for processing, as further described below. With the re-stabilized economy and the resurgence of residential and commercial development in the vicinity of Pershing Square, it is anticipated that the 2015 RFP, as proposed herein, will generate more interest among potential proposers, thereby optimizing the Department's revenue generating potential.

It is recommended that the aforementioned language from the 2014 RFP regarding minimum acceptable requirements be excluded from the 2015 RFP, and the scope of operations for the 2015 RFP be for a Café Concession that offers a menu of freshly prepared, hot food items with non-alcoholic and alcoholic beverage selections, in addition to pre-packaged menu items to be sold from mobile carts throughout Pershing Square. Below is the proposed language for the minimum acceptable requirements for the 2015 RFP:

It is the Department's intent to enter into a contractual agreement with a Concessionaire who has a proven track record of operating a successful café business that includes alcoholic and non-alcoholic beverages, freshly prepared hot food items, and mobile food cart service. In order for the submitted proposal to be considered, all proposing entities must clearly demonstrate a minimum of five (5) years' experience in operating a successful business as described in this RFP.

Although many of the general terms and conditions in the previously approved 2014 RFP will remain in the 2015 RFP, staff proposes additional changes beyond the expansion of the scope of services to be provided. Newly added sections and proposed modifications to existing sections of the 2014 RFP, which will be included in the 2015 RFP, are outlined below.

Modifications to Existing Terms and Provisions

Proposal and Contractual Provisions

1. Proposer's and Performance Deposits: The Board approved language in the 2014 RFP that required a proposer's deposit and a performance deposit, each in the amount of Five Thousand Dollars (\$5,000.00), in the form of cashier's checks; the proposer's deposit to be submitted with the proposal and the performance deposit to be provided prior to the execution of the Concession Agreement. It is proposed that the required deposits be increased to Twenty Thousand Dollars (\$20,000) each, to ensure that only serious proposers with sufficient working capital apply for a contract award.

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2. Term: The Board-approved 2014 RFP provided for a term of Ten (10) years, with two (2) five (5) year options to renew at the sole discretion of the General Manager. It is requested that the term be decreased to ten (10) years, with no option to renew. This will allow the Department a greater level of flexibility in making essential changes to the operation of the concession if needed.
3. Hours/Dates of Operation: The Board-approved 2014 RFP states, "The selected contractor will ensure service is provided as follows: Subject to Negotiation. Seven (7) days a week, except for major holidays. Major Holidays will be defined and negotiated upon completion of the RFP process. Hours are subject to change with the prior written approval of the General Manager. The concession will be open, at a minimum, the same hours that the ice skating rink is open to the public during the annual Downtown on Ice event."

Proposed replacement language is as follows: "At a minimum, the Concession shall be open for a minimum of six (6) hours per day, year round. Concessionaire must post the hours of operation in a location visible to the public and must be open for business during the hours posted. Exceptions to the normal operating hours are as follows:

- The Concession's hours of operation will coincide with City or Department sponsored special events. The Concessionaire is responsible for coordinating the hours of operation with the Pershing Square Facility Manager."
4. Payment Terms: The Board-approved 2014 RFP provided for a monthly flat rent of \$7,000.00 per month, at minimum, with a negotiated annual increase beginning in the third contract year.

It is proposed that the language be changed in the 2015 RFP as follows:

The minimum revenue-sharing payment required is the Annual Minimum Revenue-Sharing Guarantee of:

- \$72,000 annually for years one (1) through three (3) of the contract;
- \$108,000 annually for years four (4) through six (6) of the contract;
- \$144,000 annually for years seven (7) through ten (10) of the contract;

or

12% of gross receipts from all sales, whichever is higher.

5. Alcoholic Beverages: The Board-approved 2014 RFP contains language stating that no alcoholic beverages are to be consumed, dispensed, sold, or brought onto Premises.

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Proposed language in the 2015 RFP will state that the purchase of alcoholic beverages will be limited to sales by the Concessionaire or, in the case of a City- or Department-sponsored special event, sales by a Department-approved vendor. Consumption will be limited to designated area(s). Designated area(s) may vary based on whether use is part of daily operation or part of a special event and will be determined on a case by case basis, as appropriate and according to applicable regulations.

RFP Evaluation Criteria

The Board-approved 2014 RFP included the following four (4) evaluation criteria:

- 1) Business Plan (40 points)
- 2) Sustainability Plan (20 points)
- 3) Rent Payment (20 points)
- 4) Facility Improvements (20 points)

The evaluation criteria have been modified for the 2015 RFP and are as follows:

- 1) Business Plan (including Sustainability Plan) (20 points)
- 2) Proposed Revenue Sharing Payment (60 points)
- 3) Facility Improvements (20 points)

FISCAL IMPACT STATEMENT:

The Board's approval of, and authorization to release, the 2015 RFP, including proposed changes from the 2014 RFP, as described in this Report, shall have no impact on the Department General Fund.

This Report was prepared by Agnes Ko, Senior Management Analyst II, Concessions Unit and Lisa Shinsato, Management Analyst II, Concessions Unit.