

APPROVED

REPORT OF GENERAL MANAGER

MAR 11 2015

NO. 15-049

DATE March 4, 2015

BOARD OF RECREATION
PARK COMMISSIONERS

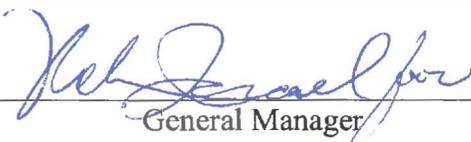
C.D. 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: GRIFFITH PARK – GREEK THEATRE CONCESSION – CANCELLATION OF THE REQUEST FOR PROPOSALS FOR THE OPERATION AND MAINTENANCE OF THE GREEK THEATRE CONCESSION (CON-M14-001); REJECTION OF ALL PROPOSALS AND RETURN OF ALL PROPOSAL DEPOSITS

R. Adams _____
H. Fujita _____
*V. Israel _____

K. Regan _____
R. Barajas _____
N. Williams _____


General Manager

Approved

Disapproved

Withdrawn

RECOMMENDATIONS:

That the Board:

1. Cancel the RFP, CON-M14-001, and reject all proposals received on August 12, 2014 in response to the RFP; and
2. Direct staff to return all proposal deposits to each proposer.

SUMMARY:

The Greek Theatre is located at 2700 North Vermont Avenue in Griffith Park and was officially dedicated in 1929. Since that time, it has provided entertainment and cultural events to the general public and residents of Los Angeles. In 2014, the Greek Theatre generated \$27,270,564 in gross receipts and paid \$1,977,312 in revenue-sharing payments to the City of Los Angeles (City) Department of Recreation and Parks (RAP).

Since May 21, 2002, the Greek Theatre Concession (Concession) has been operated by Nederlander-Greek, Inc. (Concessionaire) under Concession Agreement Number 245 (Agreement). This Agreement is set to expire on October 31, 2015 with no remaining extension options to renew (Board Report No. 12-227).

On May 21, 2014, the Board approved the release of the RFP (Board Report No. 14-120, as amended). On June 4, 2014, that RFP was released to the public. On August 12, 2014, RAP

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received two (2) proposals in response to the RFP. One proposal was from Nederlander-Greek, Inc. and AEG Live, LLC, a joint venture (Nederlander-AEG) and the other proposal was from Live Nation Worldwide, Inc., a wholly owned subsidiary of Live Nation Entertainment, Inc. (Live Nation).

The Board held three (3) public hearings to consider Board Report No. 14-258 (Report). After extensive public comment periods, the Board approved the Report, as amended.

The approved Report was transmitted to the City Clerk on October 31, 2014 and was assigned Council File No. 14-1500 (CF 14-1500). On January 26, 2015, the Arts, Parks, Health, Aging and River Committee (APHAR) held a public hearing to consider CF 14-1500. A motion to reject the Board action was introduced and approved by the committee. The APHAR recommendation for Council action was to not concur with the Board's action of October 23, 2014.

At the February 11, 2015 Council meeting, the Council considered the APHAR report to not concur with the October 23, 2014 Board action. The City Council voted to adopt the APHAR report with the amendment that the Board consider a new RFP for the Greek Theatre. This matter was returned to the Board and RAP for consideration of next steps for the Greek Theatre Concession.

DISCUSSION:

Staff has reviewed the following options to proceed:

1. Negotiate with the selected proposer Live Nation; or
2. Cancel the RFP and either issue a new RFP after considering further community input or self-operate as an open venue.

Before RAP staff asks the Board to issue a new RFP, we are exploring the opportunity to self-operate the theater as an open venue. Self-operation might be a viable option while a new RFP is processed and completed. If a new RFP is not pursued, the City would commit to self-operate the theater as an open venue.

Self-operating the Greek Theatre as an "Open Venue" would enable RAP to maintain control of the programming calendar while providing open access to all promoters on a non-exclusive basis. The Red Rocks Amphitheatre (Red Rocks) in Denver, Colorado is an example of a highly successful "Open Venue" model. Red Rocks is a City of Denver owned and operated 10,000 seat outdoor venue and is nationally recognized as one of the leading open and profitable models. Red Rocks' concert season is similar to the Greek Theatre where concerts are held between mid-

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April through the end of October. Red Rocks has established the booking policy to confirm acts and artists on a first come first served basis and has a standard user agreement with promoters to facilitate confirming artists in a timely manner.

The open venue model eliminates the intermediary for-profit contractor that otherwise maintains the programming calendar and maintains the facility. Promoters would confirm artists with RAP and promoters would continue to produce the shows and bear all risk and expense of the show production, including payment to the talent, marketing the show to drive ticket sales and all aspects of production.

The open venue model also eliminates the intermediary contractor in providing food concessions and parking operations, which would, we estimate, increase revenue to RAP in these two (2) revenue categories. Increases in revenue to RAP enables RAP staff to maintain the Greek Theatre in the first-class, high-quality manner, which was the overall goal of the RFP.

RAP staff believes the open venue model is a viable option worth pursuing for short-term or long-term operation and will continue to research in more detail to develop a comprehensive plan, including a proposed Greek Theatre Booking Policy, standard User Agreement, Greek Theatre Venue Guide and staffing requirements, to be presented to the Board for consideration and approval.

RECOMMENDATION:

The Los Angeles City Charter Section 371(c) and Section VIII.G of the Request for Proposals for the Operation and Maintenance of the Greek Theatre Concession released on June 4, 2014, state the following: "The City shall reserve the right to reject any and all bids or proposal and to waive any informality in the bid or proposal when to do so would be to the advantage of the City."

RAP staff recommends it is to the advantage of the City to cancel the RFP No. CON-M14-001, reject all submitted proposals and return their proposal deposits. Staff advises that it is to the advantage of the City because a new RFP can take into consideration a number of factors including further community input, and self-operation as an open venue potentially benefits the City operationally and financially. Staff will return to the Board soon with detailed analysis and recommendations on the issuance of a new RFP and the pro-forma for self-operation as an open venue.

FISCAL IMPACT STATEMENT:

Cancellation of the RFP has no impact to the Department's General Fund.

This Report was prepared by Agnes Ko, Senior Management Analyst II, Partnership Branch, Concessions Unit.