

REPORT OF GENERAL MANAGER

APPROVED

NO. 15-108

DATE May 20, 2015

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C.D. 13

BOARD OF RECREATION AND PARK COMMISSIONERS

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SUBJECT: ECHO PARK BOATHOUSE CAFÉ CONCESSION – REQUEST FOR PROPOSALS

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



 General Manager

*as amended
see attached*

Approved _____ Disapproved _____ Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Approve the Echo Park Boathouse Café Concession Request for Proposals (RFP) for a three (3) year Concession Agreement (Agreement), 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 of Recreation and Park Commissioners (Board) Secretary to transmit the RFP to the City Attorney for review and approval as to form;
3. Direct staff, subsequent to City Attorney review and approval as to form, to advertise the RFP and conduct the RFP process;
4. Authorize the General Manager, or designee, to make any necessary technical changes and incorporate such changes in the RFP.

SUMMARY:

The Echo Park Boathouse Café Concession (Concession) is in the fifteen hundred (1,500) square foot Echo Park Boathouse (Boathouse), located at 751 N. Echo Park Avenue in Echo Park, Los Angeles, CA 90026, on the east side of Echo Park Lake (Lake). The Boathouse was originally constructed in 1932. The design of the Boathouse is in the Spanish Colonial Revival Style. The Boathouse is a historically significant contributing element to the park surrounding Echo Park Lake (Park). The thirteen (13) acre Lake is surrounded by the Park, with eleven (11) acres of open recreational space. In 2006, the City of Los Angeles (City) designated the Park as Historic-Cultural Monument (HCM) No. LA-836.

Other amenities located close to the Lake include a baseball diamond, lighted indoor and outdoor basketball courts, a play area for children, a lighted football field, two (2) swimming pools, a

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soccer field, and lighted tennis courts. Besides offering a variety of recreational activities to be enjoyed by patrons, the historic Park has also long been a popular location for Hollywood filming.

The Boathouse has undergone several aesthetic and building system retrofits throughout the years. Phase I of the most recent rehabilitation effort, the Echo Park Boathouse Rehabilitation Project (Project), was completed in 2007. The Project entailed preserving the existing piles, rehabilitating the dock and providing individuals with disabilities access to the dock.

In July 2012, Phase II of the Project, including the aesthetic, and structural retrofit of the existing building and mechanical systems, was completed. The Boathouse rehabilitation was a small part of the larger Project. Two (2) long-term concessions are to be developed and located in the Boathouse, a café operation and a pedal boat rental operation.

On July 20, 2013, the Café Concession opened for operation on an interim basis, under a ninety (90) day interim permit with Square One Dining and included the exclusive right and obligation to staff, equip and operate the café. The Concession offers Park patrons and the neighboring community a moderately-priced gourmet food menu of baked goods, breakfast items, sandwiches, salads and non-alcoholic beverages.

On October 2, 2013, the Board approved and awarded Square One Dining a one (1) year concession agreement (Agreement) with two (2), one (1) year options to extend the Agreement at the discretion of the General Manager of the Department of Recreation and Parks (Department) (Board Report No. 13-244), to operate and maintain the Café Concession while an RFP for a three (3) year Agreement is developed for release. The Agreement was reviewed and approved by the Mayor's Office and the City Attorney's Office as to form. The Agreement (Contract Agreement No. 273) was executed on October 4, 2013. Square One Dining is currently operating the Café Concession. From January 2014 through December 2014, Square One Dining generated average monthly gross receipts of Forty-five Thousand Two Hundred and Twenty Dollars (\$45,220.00). An average monthly revenue share of Two Thousand Two Hundred and Sixty Dollars (\$2,260.00) was paid to the Department. The first one-year extension option was exercised. The Agreement will expire on October 10, 2015. The one (1), one (1) year option to extend the Agreement remains.

The Café Concession operation is very well received by the community. Staff anticipates continued success for the Concession. Park patrons enjoy the café's outdoor seating and moderately-priced gourmet health-conscious menu.

Staff has developed and is now ready to release, at the direction of the Board, a RFP for the operation and maintenance of the Concession. With this RFP, the Department seeks 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 of the Concession.

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Proposal and Contractual Provisions

1. Proposal Deposit: A Five Thousand Dollar (\$5,000.00) proposal deposit will be required with the submission of each proposal.
2. Term: Three (3) years.
3. Revenue-Sharing Terms: The Minimum Acceptable percentage for this RFP is nine percent (9%) of gross receipts for all food and beverage sold during the three (3) years. The annual minimum revenue-sharing payment for this Concession per calendar year will be determined by the proposer in the Pro Forma section of the selected proposal or Twenty-seven Thousand One Hundred and Forty Dollars (\$27,140.00), whichever is greater. If the annual minimum revenue-sharing payment is not met by December 31st of each calendar year, the difference between the actual revenue-sharing payment received by the Department and the annual minimum revenue-sharing fee will be due to the Department by January 15th of the subsequent year, pro-rated as necessary for the first year of operation or fractional part thereof, and pro-rated as necessary for the final year of operation or fractional part thereof.
4. Concession Improvements: No concession improvement proposals are required in the RFP. Physical improvements, repairs or physical alterations to the Boathouse are restricted due to the historical significance of the facility.

The Boathouse is a historically significant contributing element to the Park, which is designated as HCM No. LA-836 in accordance with Chapter 9, Article 1 of the Los Angeles Administrative Code. HCM No. LA-836 is listed in the California Register of Historic Resources as eligible for the National Register of Historic Places. The Boathouse is considered historically significant for California Environmental Quality Act (CEQA) purposes.

During the term of the Agreement, no improvements, repairs or physical alterations to the Boathouse may be initiated by selected proposer without prior written approval from the General Manager. In addition to written approval from the General Manager, the selected operator must also obtain the prior written approval of the Cultural Heritage Commission for any proposed substantial alterations to the affected area, in accordance with Section 22.171.14 of the Los Angeles Administrative Code.

Any infractions, large or small, will be treated as a material breach of the Agreement and will be subject to all of the applicable laws, fines and penalties imposed by the City's Department of Building and Safety, as well as the Office of Historic Resources. Additional remedies may include the termination of the Agreement, including loss of all financial investment at the time of the breach.

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5. **Improvements and Reserve Fund:** The Concessionaire, in addition to submitting a monthly revenue sharing payment, shall also submit to the Department a monthly reserve fund (Fund) payment in the amount of Two Hundred Dollars (\$200.00) per month for the purpose of repair, refurbishment, or replacement of equipment and capital improvements. This Fund shall not be used for routine repair and maintenance or replacement of equipment. The Fund shall be cumulative and carry-over from year-to-year during the term of the Agreement. In the event of the Agreement termination for any reason, or at the conclusion of the Agreement term, any amount in this Fund account will remain with the Department. Annually in January, the Concessionaire may submit a request for use of the Fund for expenditures in the coming year, for review and the written approval of the General Manager. In the event of emergency, the Concessionaire shall request in writing the use of the Fund for other purposes, or the General Manager may request use of the Fund on a specific repair, refurbishment, or replacement.
6. **Utilities:** The Concessionaire shall be responsible for utility charges associated with the Concession. Charges may include, but are not limited to, deposits, installation costs, meter deposits, and all service charges for water, gas, electricity, heat, air-conditioning, trash pick-up, and other utility services to the premises, and shall be paid by the Concessionaire regardless of whether such utility services are furnished by the City or by other utility service providers. The Concessionaire will pay directly for telephone services, which will be in the name of the Concessionaire. In the event that individual utility meters are not available, the Concessionaire shall remit, on a monthly basis in conjunction with revenue-sharing and monthly reserve fund payments to the Department, the amount of Four Hundred Fifty Dollars (\$450.00) as payment for utilities. Payment of utilities will be subject to increase after the first year of operation to cover increasing utility costs.
7. **Contractual and Financial Terms:** The City will enter into an Agreement whereby the City has no financial responsibility or liability for operation of the Concession and the City will share in profits in the form of a percentage of gross revenue and annual minimum revenue sharing payment in addition to monthly reserve fund payment and utility payments if applicable.
8. **Performance Deposit:** A Performance Deposit (Deposit) will be required to be maintained for the duration of the Agreement in the amount of Five Thousand Dollars (\$5,000.00). The Deposit will be in the form of a cashier's check made out to the City of Los Angeles.

Evaluation Process

Proposals will be evaluated in two (2) Levels. Level I will be a check and review by Concessions Unit staff for required compliance to City contracting requirements and submittal documents. Level II will be a comprehensive evaluation of the proposals by a panel comprised of qualified persons not part of the Concessions Unit that may include individuals outside the Department. Proposers must successfully pass Level I to proceed to Level II.

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RFP Evaluation Criteria Areas

For the purposes of evaluation, the proposals that passed Level I will be evaluated on the criteria below (Level II):

- 1) Business Plan (20 points possible)
- 2) Proposed Operational Plan for the Echo Park Boathouse Café Concession (20 points possible)
- 3) Proposed Revenue-Sharing Payment (60 points possible)

The RFP documents will be advertised in the Los Angeles Daily Journal; made available on the Department's website; and posted on the Los Angeles Business Assistance Virtual Network (BAVN). A letter inviting bids will be mailed to organizations and individuals from a mailing list maintained by the Concessions Unit.

A mandatory Pre-Proposal Conference will be held approximately one (1) 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 (BIP) as mandated by the Mayor's Executive Directive No. 14, Villaraigosa Series, and the Board's policy for the adoption and implementation of BIP (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 will have no impact to the Department's General Fund.

Report prepared by Felice Chen, Management Analyst II, Concessions Unit, Partnerships Division.

EXCERPT FROM THE MINUTES OF THE REGULAR MEETING
BOARD OF RECREATION AND PARK COMMISSIONERS
May 20, 2015

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The item was presented to the Board by Agnes Ko, Senior Management Analyst II of the Concessions Unit. Ms. Ko requested that the Request for Proposals (RFP) document be amended to revise the stated term of the agreement to three years so it is consistent with the term detailed in the accompanying General Manager's Report and sample concession agreement.

She further recommended that the RFP document be amended to include language requiring the successful proposer/concessionaire to work in conjunction with the Echo Park Pedal Boat Concessionaire in order to provide seamless service to the community.

Commissioner Alvarez noted that the RFP was reviewed and discussed in detail during the Concessions Task Force meeting held earlier in the day, and that issues arose relevant to this RFP as well as other RFPs to be considered by the Commission. The Board and Department staff discussed the item in detail.

Commissioner Alvarez proposed a Motion to amend the language in the Echo Park Café RFP regarding the hours of operation, to allow flexibility for the respondents to propose the days and hours of operation, adding that the language regarding the six-hour per day operating minimum could remain but proposers should be allowed to decide which days and hours the operation can be closed for holidays. The Commissioner concurred with Ms. Ko's recommendation to add language stating the selected proposer should work in conjunction with the Echo Park Pedal Boat Concessionaire, which includes coordinating the hours of operation.

Commissioner Alvarez moved, and Commissioner Zuñiga seconded, that General Manager's Report 15-108 and related documents be amended to include the three aforementioned technical changes, and that the RFP Evaluation Criteria be amended as follows:

- 1) Business Plan: **230** points
- 2) Proposed Operational Plan for the Echo Park Boathouse Café Concession: **230** points
- 3) Proposed Revenue-Sharing Payment: **640** points possible

There being no objections, the Motion was unanimously approved.