

REPORT OF GENERAL MANAGER

NO. 05-277

DATE October 19, 2005

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BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: GRIFFITH OBSERVATORY - REQUEST FOR PROPOSALS FOR THE COIN-OPERATED TELESCOPES CONCESSION

J. Combs \_\_\_\_\_  
H. Fujita \_\_\_\_\_  
S. Huntley \_\_\_\_\_  
R. Jensen \_\_\_\_\_

J. Kolb \_\_\_\_\_  
\*F. Mok *F. Mok*  
K. Regan \_\_\_\_\_  
M. Shull \_\_\_\_\_

*Robert H. Jensen (for)*  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board:

1. Approve the Griffith Observatory Coin-Operated Telescopes Concession Request for Proposals (RFP) for a ten-year concession Agreement, with one five-year renewal option exercisable at the City's sole discretion, 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 evaluation for the subject Concession.

SUMMARY:

The Griffith Observatory is undergoing a major multi-year renovation and expansion project, and is expected to reopen in mid-2006. The project includes a modern café as well as a bookstore/gift shop, each subcontracted to companies that have been awarded concession agreements as a result of recent RFPs, and are expected to begin operations in time for the Observatory's re-opening.

To complement the concession activity at the Observatory, the Department wishes to re-establish a coin-operated telescope concession that existed before the renovation and enjoyed moderate success. The Department will seek to establish a new Agreement with an operator who will install all-new equipment. A number of locations around the Observatory grounds and on the Observatory itself have been identified as potential locations for these telescopes. These sites have been selected for

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the spectacular views they provide. The RFP will recommend that proposers locate and install their telescopes in the indicated locations, although alternative suggestions are welcome but will not automatically be granted. At least 20% of the telescopes will be required to be ADA-compliant.

The RFP seeks to select a qualified, experienced, financially sound operator that will meet or exceed the City's and the Observatory visitor's expectations in all operational, financial and service areas, and to optimize profitability. Observatory management will support this activity as deemed appropriate by both parties.

### Significant Proposal and Contractual Provisions

1. **Standard Conditions:** All provisions of the Department's Standard Conditions and Regulations for the Operation of Concessions (Revised November 2003) will be applicable to this Agreement.
2. **Term:** Ten (10) years, with one five-year renewal option, at the sole discretion of the City.
3. **Rental Terms:** The starting rental percentage to be paid must be at least forty-five percent (45%) of gross receipts.
4. **Capital Investment:** The operator will be required to install any structural amenities, such as concrete slabs on which to mount the telescopes, necessary to implement the concession. The telescopes will be considered equipment and remain the concessionaire's property.
5. **Utilities:** It is not expected that this concession operation will use any utilities, nor will any be available for this concession.
6. **Contract and Financial Terms:** As typical with our concessions, the City will enter into an Agreement whereby the City has no financial responsibility or liability for the operation and the City will share in profits in the form of a percentage of gross revenue.
7. **Faithful Performance Deposit:** A Faithful Performance Deposit will be required to be maintained for the duration of the Agreement in the amount of Three Thousand Five Hundred Dollars (\$3,500).

### Evaluation Process

Department Staff will conduct a preliminary evaluation of all proposals to determine completeness and submission of all compliance documents, and evaluate each firm's financial ability to fund the required capital investment for this project. Responsive proposals will be evaluated by staff according to the criteria below. The Department reserves the right to request additional information

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to clarify proposals.

### RFP Evaluation Criteria:

- Qualifications and experience of proposer applicable to the coin-operated telescopes industry
- Proven performance and quality of current comparable operations
- Vision for Concession, including business plan and marketing
- Capital Investment; in terms of appropriateness, reflection of entrepreneurship, monetary value
- Reasonable, viable financial return to the City in the form of proposed rental terms and capital investment
- Financial viability to operate all aspects of the concession as proposed, as supported by the proposer's pro forma, financial statements, and other financial information

The main RFP documents will be available on the Department's website. The anticipated time of completion for the RFP process and award of the Agreement is approximately four to six months. Staff recommends the processing of this RFP at this time in order to execute an Agreement with a suitable operator in time for the reopening in 2006.

The Department's Environmental Management staff has determined that the subject project will consist of the award of a concession Agreement for the operation of coin-operated machines, and minor alterations of an existing public facility involving negligible or no expansion of use. Therefore, the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article III, Section 1, Class 1 (1, 14) of the City CEQA Guidelines.

### FINANCIAL IMPACT STATEMENT:

A similar concession operated at the Observatory before the closure for the renovation in 2002, generating approximately \$30,000 in gross receipts in the last year of operation. This RFP requires a minimum starting rental payment of forty-five percent (45%) of the total gross receipts from this concession. In a given year, assuming annual gross revenue to be \$30,000, the new Agreement would yield \$13,500 to the Department's Concession Improvement Account and \$12,150 to the Department's General Fund; however, considering the extent of the renovation, the nature of the Observatory as a popular Los Angeles landmark, and the resulting expected increase in attendance, revenue to the General Fund is likely to be higher.

Report prepared by Jaime Guzmán and Anthony Sanchez, Administrative Resources Division.