

REPORT OF GENERAL MANAGER

NO. 15-246

DATE November 18, 2015

C.D. 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: GRIFFITH PARK – REQUEST FOR PROPOSALS FOR THE GRIFFITH OBSERVATORY BOOKSTORE AND GIFT SHOP CONCESSION

R. Barajas \_\_\_\_\_  
H. Fujita \_\_\_\_\_  
\*V. Israel \_\_\_\_\_

K. Regan \_\_\_\_\_  
N. Williams \_\_\_\_\_

\_\_\_\_\_  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATIONS:

That the Board:

1. Approve the Request for Proposals for Griffith Observatory Bookstore and Gift Shop Concession for five (5) years, with two (2) five-year extension options at the sole discretion of the Department, along with approval from the Board of Recreation and Park Commissioners, substantially in the form on file in the Board Office, subject to the approval of the City Attorney as to form;
2. Direct the Board Secretary to transmit the Request for Proposals (RFP) to the City Attorney for review as to form;
3. Direct staff, subsequent to City Attorney approval as to form, to advertise the RFP and conduct the RFP process for the Griffith Observatory Bookstore and Gift Shop Concession; and
4. Authorize the General Manager or designee to make any necessary technical changes and incorporate such changes into the RFP.

SUMMARY:

Griffith Observatory is located at 2800 East Observatory Road in Griffith Park. The Observatory opened in 1935 and is an icon of Los Angeles, a national leader in public astronomy, and one of Southern California’s most popular attractions.

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In 2002, the Observatory building and grounds closed for a Ninety Three Million Dollars (\$93,000,000.00) renovation and expansion, and reopened in 2006. Part of the project was the creation of an expanded bookstore and gift shop concession (Concession). The Concession is located on the same level of the Observatory building as the café concession. The Concession's total square footage is approximately 1,642 square feet, which includes the store 1,307 square feet, a small office 145 square feet, and storage space of 190 square feet.

On May 18, 2005, the Concession was awarded to Event Network, Inc. (Report No. 05-126). The Concession Agreement No. 250 was executed on September 26, 2006 for a five (5) year term, with one (1) five-year option to renew at the sole discretion of the City. On February 16, 2011, the Board exercised the five (5) year option to renew the Agreement (Report No. 11-056) and the Agreement will expire on September 25, 2016. There are no remaining options to renew.

In 2014, Event Network, Inc. generated annual gross receipts of One Million Five Hundred Sixty-Three Thousand Eight Hundred Twenty-Two Dollars (\$1,563,822.00). A revenue share of Three Hundred Sixty Thousand One Hundred Two Dollars (\$360,102.00) was paid to the Department.

Staff has developed and is now ready to release, at the direction of the Board, an 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.

### DISCUSSION:

The RFP on file with the Board Office is intended to solicit proposals from institution/museum bookstore/gift shop management companies that have extensive experience overseeing operations at venues similar to Griffith Observatory.

The Concession operator (Concessionaire) will be required to source quality scientific and educational books, materials, and equipment; and the ability to design and produce gift items and merchandise such as jackets, cups, shirts, and specialty items that promote the Observatory logo, image, and mission, "Inspiring everyone to observe, ponder, and understand the sky." The Concessionaire will also provide staff to manage and operate all aspects of the business; provide and operate a mobile point of sale cart/kiosk for additional retail sales on Observatory grounds; and create and operate a website for sales of items found inside the Concession. The Concessionaire will work closely with Observatory management at all times.

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### Proposal and Contractual Provisions

1. **Proposal Deposit:** A Fifteen Thousand Dollar (\$15,000.00) proposal deposit will be required with the submission of each proposal.
2. **Term:** Five (5) years with two (2) five-year extension options exercisable at the sole discretion of the Department, along with approval of the Board of Recreation and Park Commissioners.
3. **Revenue-Sharing Terms:** The revenue sharing fee will be determined based upon the RFP responses.
4. **Facility Improvements:** Proposers will submit a Facility Improvement Plan (which may include capital and tenant improvements) to make the spaces of the Concession, office, and storage area conducive to their operations.
5. **Refurbishment & Replacement Fund:** Concessionaire shall set aside a reserve in the amount of one percent (1%) of total gross annual receipts from all Concession operations for the purpose of replacement of display furniture and fixtures when they become worn.
6. **Utilities:** The successful bookstore and gift shop management company will be responsible for all utility charges associated with the Concession. There is no water or gas service to the Concession.
7. **Performance Deposit:** A Performance Deposit will be required to be maintained for the duration of the Agreement in the amount of One Hundred Thousand Dollars (\$100,000.00).

### Evaluation Process

Proposers must pass Level I Requirements (Exhibit C of the RFP) in order to proceed to Level II evaluation. Level I will be a check and review by staff for required City of Los Angeles contract compliance and submittal documents, as well as a review of the proposer's background and experience, contract history, business references and financial capability. Level II will be a comprehensive evaluation of the proposals by an independent panel of subject matter experts.

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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) Business Plan (25 points)
- 2) Proposed Operational Plan (25 points possible)
- 3) Proposed Revenue-Sharing Payment (40 points)
- 4) Proposed Facility Improvements (10 points possible)

The RFP 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 (LABAVN). A letter inviting proposals will also be mailed to organizations and individuals from a mailing list maintained by the Concessions Unit.

A mandatory conference and site walk will be held approximately two (2) weeks after the release of the RFP to provide potential proposers with a review of the submittal documents, City contract compliance documents, including requirements for the Business Inclusion Program as mandated by the Executive Directive No. 14, Villaraigosa Series, and the Board's policy (Report No. 12-050, approved February 15, 2012). The mandatory site walk will be conducted for potential proposers to view the facility to gain a better understanding of the bookstore and gift shop operation at Griffith Observatory.

FISCAL IMPACT STATEMENT:

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

This Report was prepared by Stanley Woo, Management Analyst II, Partnership and Revenue Branch, Concessions Unit.