

APPROVED
APR 17 2013
BOARD OF RECREATION
& PARK COMMISSIONERS

REPORT OF GENERAL MANAGER

NO. 12-212

DATE July 19, 2012

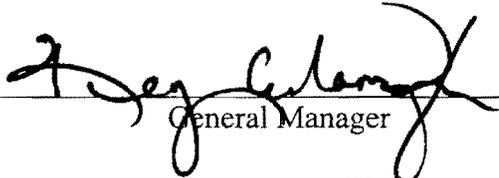
C.D. 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: GRIFFITH PARK TRAIN RIDE CONCESSION – PROPOSED TICKET PRICE INCREASE

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

K. Regan _____
M. Schull _____
*N. Williams Nov



General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board approve the proposed ticket price increase for the Griffith Park Train Ride Concession, to be effective upon Board approval.

SUMMARY:

The Griffith Park Train Ride Concession (Concession) has two locations in Griffith Park: the Griffith Park & Southern Railroad Station at 4400 Crystal Springs Drive, and the Travel Town Station at 5200 Zoo Drive. At the Griffith Park & Southern Railroad Station, the Concession consists of a ticket booth, miniature trains, train tracks, souvenir stand, simulator ride and structure, fuel storage, caretaker's trailer, and props around the track such as statues and building façades. At the Travel Town Station, the Concession consists of a ticket booth, miniature trains, train tracks, station with memorabilia, and props around the track such as statues.

The operator of the Concession, GP RAH Enterprises, LLC (Concessionaire), has proposed a ticket price increase for the train rides. The current ticket prices and proposed increased prices are as follows:

	<u>Current Price</u>	<u>Proposed Price</u>
Single Ticket	\$2.50	\$2.75
Group Tickets (20 or more)	\$2.00	\$2.25
Senior Tickets (Age 65 or older)	\$2.00	\$2.25
Simulator Ride Tickets	\$3.00	No change

REPORT OF GENERAL MANAGER

PG. 2

NO. 12-212

The last ticket price increase was approved by the Board on June 20, 2007 (Board Report No. 07-146) and became effective on July 1, 2007.

The proposed ticket price increase will continue to ensure that the train rides are moderately priced for families and other park visitors, and allow the Concessionaire the ability to recoup increased expenditures due to increased fuel and insurance costs and loss of ridership, as well as make improvements to the Concession. Staff researched current per-ride prices of miniature train rides in the greater Southern California area and found that they are comparable to the proposed price increase:

Balboa Park Railroad (Balboa Park in San Diego)	\$2 (owned by San Diego Zoo)
Descanso Gardens Miniature Train	\$3 (open 5 days per week)
Irvine Park Train (City of Orange)	\$4
Los Angeles Live Steamers	\$3 (open 4 hours per week)
Santa Ana Zoo	\$2.75 - \$4 (plus Zoo Admission)
Santa Barbara Zoo	\$3 (plus Zoo Admission)

The rising costs for fuel and Workers' Compensation insurance have greatly outpaced inflation since the last price increase in 2007. The rate of inflation between 2007 and 2011 was nine percent (9%); however, the cost of a gallon of propane rose from \$2.30 in 2007 to \$3.15 per gallon in 2011, an increase of 36.96%. The cost of Workers' Compensation Insurance for the Concession rose from \$1,759.22 per month in 2007 to \$2,271.96 per month in 2011, an increase of 29.15%.

Additionally, the Concessionaire reports that ridership has declined at the Concession by 17.82% since 2006 (Attachment A), primarily at the Griffith Park & Southern Railroad Station, due to several factors:

1. Ridership on the SR-2 Simulator ride at the Griffith Park & Southern Railroad Station is declining because, according to the Concessionaire, "it is out-moded and no longer a novelty attraction." The Concessionaire will use the increase in funds from raising prices to upgrade the ride and make it more appealing to children and their parents.
2. The portion of the Department of Water and Power's River Supply Conduit Improvement project in the area of the Concession, which began in July 2009 and was completed in January 2012, disrupted attendance at the Concession.
3. The Concessionaire also believes that the economic downturn has had a severe impact on attendance. Residents have less disposable income to spend on entertainment such as a miniature train ride, leading to a decline in ridership.

REPORT OF GENERAL MANAGER

PG. 3

NO. 12-212

The combination of increased costs and declining ridership has resulted in decreased revenue to the Concessionaire and decreased rent to the City.

The increase in ticket prices will also allow the Concessionaire to continue making improvements to the Concession. Despite the decline in ridership, the Concessionaire has undertaken several improvements in order to keep the Concession safe and attractive for the public. From 2006 through the beginning of 2011, the Concessionaire has completed \$135,494.00 in improvements to the Concession, including upgrading the video projection on the simulator ride, adding a video security system, refurbishing the souvenir stand, adding new plants and drip irrigation to the portion of the Concession near the Griffith Park Pony Ride Concession, and refurbishing and repairing the engines and cars at the Griffith Park & Southern Railroad Station (Attachment B). Please note that the cost of improvements listed on Attachment B does not include routine maintenance and repairs to the Concession (e.g., daily maintenance of all trains).

FISCAL IMPACT STATEMENT:

Based on the 2011 gross ticket sales, it is expected that the proposed ticket price increase would generate approximately \$4,429.42 in additional annual rent to the Department. Of that amount, \$3,986.48 would be deposited into the Department's General Fund, and \$442.94 would be deposited into the Concession Improvement Account.

Report prepared by Désirée Guzzetta, Management Analyst II, Concessions Unit, Administrative Resources Section, Finance Division

**DEPARTMENT OF RECREATION AND PARKS
GRIFFITH PARK TRAIN RIDE CONCESSION
ANNUAL RIDERSHIP 2006-11**

ATTACHMENT A

YEAR	GRIFFITH PARK & SOUTHERN RAILROAD¹	TRAVEL TOWN RAILROAD²	TOTAL
2006	357,427	171,103	528,530
2007	327,144	173,092	500,236
2008	304,349	166,818	471,167
2009	284,778	169,026	453,804
2010	261,551	172,802	434,353
2011	260,282	172,667	432,949

Percent Difference 2006 - 2010: -17.82%
Percent Difference 2007 - 2011: -13.45%

¹ Located in Pony Ride Area

² Located in Travel Town

**DEPARTMENT OF RECREATION AND PARKS
GRIFFITH PARK TRAIN RIDE CONCESSION
COMPLETED IMPROVEMENTS 2006 THROUGH FIRST HALF 2011**

ATTACHMENT B

Item No.	Improvement	Cost of Materials and Outside Labor	Cost of Internal Labor	Completion Date	Location
1	Upgrade SR-2 Simulator to Computerized Video Projection	\$25,000	\$0	2006	GPS ¹
2	Brinks Compusafe Cash Security Safe and System	\$2,500	\$0	2006	TTR ²
3	Brinks Compusafe Cash Security Safe and System	\$2,500	\$0	2006	GPS
4	New computers and screens for offices and ticketing system	\$2,300	\$0	2006	GPS
5	New computer and screen for ticketing system	\$1,300	\$0	2006	TTR
6	Industrial Air Compressor	\$1,008	\$0	2006	GPS
7	Video Security System	\$586	\$0	2006	GPS
8	New axles for Gondola cars	\$2,900	\$500	2007	GPS
9	Refurbish and plaster inside of tunnel to appear like rock	\$4,000	\$0	2007	GPS
10	Bridge - replace timbers and repaint	\$10,900	\$0	2007	GPS
11	Replace siding and skirting on caretaker trailer	\$11,300	\$0	2007	GPS
12	Pathfinder Corp Point of Sale ticketing system	\$10,000	\$0	2007	GPS
13	Pathfinder Corp Point of Sale ticketing system	\$6,000	\$0	2007	TTR

**DEPARTMENT OF RECREATION AND PARKS
GRIFFITH PARK TRAIN RIDE CONCESSION
COMPLETED IMPROVEMENTS 2006 THROUGH FIRST HALF 2011**

ATTACHMENT B

Item No.	Improvement	Cost of Materials and Outside Labor	Cost of Internal Labor	Completion Date	Location
14	Rebuild heavy equipment track crossing on North side of Travel Town	\$500	\$1,200	2007	TTR
15	Build crossover track bridge to accommodate volunteer construction of tail track ³	\$250	\$1,500	2007	TTR
16	Rebuild and repair pony ride crossing	\$500	\$2,000	2007	GPS
17	Engine for Colonel Griffith Locomotive	\$2,500	\$500	2008	GPS
18	Tunnel - Replace siding, repair damage from freeway accident	\$3,500	\$2,500	2008	GPS
19	Refurbish Souvenir Stand	\$1,500	\$2,000	2009	GPS
20	Bodywork and repaint metal passenger cars	\$2,500	\$6,000	2009	GPS
21	Main bearings on Courage locomotive	\$500	\$500	2010	TTR
22	Remodel employee breakroom	\$2,000	\$3,000	2010	GPS
23	Storage Building	\$300	\$700	2010	GPS
24	Main drive train - Colonel Griffith Locomotive	\$5,700	\$2,000	2010	GPS
25	Main drive wheels - Stanley Diamond	\$3,000	\$0	2010	GPS
26	Main drive axles and pump on 1986 Locomotive	\$1,100	\$750	2011	TTR

**DEPARTMENT OF RECREATION AND PARKS
 GRIFFITH PARK TRAIN RIDE CONCESSION
 COMPLETED IMPROVEMENTS 2006 THROUGH FIRST HALF 2011**

ATTACHMENT B

Item No.	Improvement	Cost of Materials and Outside Labor	Cost of Internal Labor	Completion Date	Location
27	Add drip irrigation, battery-operated timers, and plants adjacent to pony ride area	\$3,500	\$1,500	2011	GPS
28	Install redwood fencing to block North end of property	\$1,200	\$1,000	2011	GPS
29	Paint all wood fencing	\$500	\$500	2011	GPS

TOTAL:	<u>\$109,344</u>	<u>\$26,150</u>
TOTAL OF ALL MATERIALS AND LABOR:		<u>\$135,494</u>

Note: This listing does not include ongoing routine repairs and maintenance

¹ Griffith Park & Southern Railroad (Located in Pony Ride Area)

² Travel Town Railroad (Located in Travel Town)

³ Temporary structure