

**APPROVED**

**JAN 02 2013**

REPORT OF GENERAL MANAGER

NO. 13-006

DATE January 2, 2013

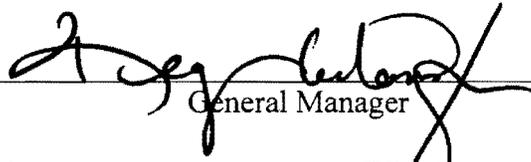
**BOARD OF RECREATION  
& PARK COMMISSIONERS**

C.D. Various

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: BAR AND BEVERAGE SERVICES – AWARD OF CONCESSION AGREEMENT TO SRC EVENT GROUP, LLC

R. Adams	_____	K. Regan	_____
H. Fujita	_____	M. Shull	_____
V. Israel	_____	*N. Williams	<u>NDW</u>

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

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATIONS:

That the Board:

1. Approve a proposed Concession Agreement, between the City of Los Angeles Department of Recreation and Parks and SRC Event Group, LLC for the operation of a Bar and Beverage Services Concession for a term of five (5) years with two (2) five-year renewal options exercisable at the sole discretion of the General Manager, substantially in the form on file in the Board Office, subject to the approval of the Mayor, City Council, and of the City Attorney as to form;
2. Find, in accordance with Charter Section 1022, that the Department does not have personnel available in its employ with sufficient time and expertise to undertake these specialized tasks and that it is more feasible and economical to secure these services by contract;
3. Find, in accordance with Charter Section 371(e)(10) and Los Angeles Administrative Code Section 10.15(a)(10), that the use of competitive bidding would be undesirable, impractical or otherwise excused by the common law and the Charter because, unlike the purchase of a specified product, there is no single criterion, such as price comparison, that will determine which proposer can best provide the services required by the Department for the improvement, operation and maintenance of the Department's concession. In order to select the best proposer for this concession, the Board finds it is necessary to utilize a standard request for proposals process and to evaluate proposals received based upon the criteria included in the Request for Proposals (RFP). The Board also finds that the narrower and more specialized competitive sealed proposal process

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authorized but not required by Charter Section 371, subsection (b), would not meet the Department's needs and therefore opts to utilize the standard request for proposals process;

4. Waive the late submittal of the proposed revenue sharing payment as an informality, in accordance with Charter Section 371(c) and Los Angeles Administrative Code Section 10.15(c), for the proposal submitted by SRC Event Group, LLC;
5. Approve the revision of the performance deposit to be provided by the operator prior to the execution of the Concession Agreement from ten-thousand dollars (\$10,000), as stipulated in the RFP, to five-thousand dollars (\$5,000);
6. Direct the Board Secretary to transmit the proposed Concession Agreement to the Mayor in accordance with Executive Directive No. 3 and, concurrently, to the City Attorney for approval as to form; and,
7. Authorize the Board President and Secretary to execute the Concession Agreement upon receipt of the necessary approvals.

### SUMMARY:

The Bar and Beverage Services Concession provides alcoholic and non-alcoholic beverage services to patrons renting the following Department of Recreation and Parks (Department) facilities: Friendship Auditorium, Grace E. Simons Lodge, Ramona Hall, Orcutt Ranch, Cabrillo Beach Bath House, Griffith Park Visitor Center Auditorium, and Wattles Mansion. Additional facilities may be included at the request of the Department. Numerous events are held in these facilities, such as weddings, receptions, birthdays, corporate gatherings, business trainings and meetings and other private parties and events.

Since January 1, 2005, the Bar and Beverage Services Concession has been operating by Monterey Concessions Group on a month-to-month basis. The concessionaire currently pays 20% of gross revenue as rent to the Department.

On May 20, 2009, the Board approved the release of a Request for Proposals (RFP) for a Bar and Beverage Services Concession (Board Report No. 09-130) in order to enter into multi-year agreements with up to five (5) qualified and experienced proposers. The intent of the RFP was to provide patrons with a selection of operators to choose from for events.

On October 27, 2009, the RFP was released. Two proposals were received. Only one proposer, Sunseri's, was found responsive in all eight compliance documents and all seven submittal documents in response to the RFP.

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On July 14, 2010, the Board awarded Sunseri's a Concession Agreement for the operation of a Bar and Beverage Services Concession. The Board also directed staff to release a new RFP for the Bar and Beverage Services Concession in order to award additional multi-year Bar and Beverage Services Concession Agreements (Board Report Number 10-175).

A new RFP was released on August 18, 2010 and advertised in L.A. Daily Journal, and The Korean Journal; made available on the Department's website and posted on the Los Angeles Business Assistance Virtual Network (BAVN). In addition, a letter inviting bids was mailed to over thirty (30) organizations and individuals from a mailing list maintained by the Concessions Unit.

On October 5, 2010, a Pre-Proposal Conference was held at the Department's Central Service Yard and was attended by three companies.

Two addendums to the second RFP were released to provide staff time to respond to questions asked by potential proposers and allow adequate time for potential proposers to prepare the necessary documents. On November 30, 2010, two proposals were received:

- SRC Event Group, LLC (SRCLLC)
- Monterey Concessions Group dba L.A. Bar Services

As stipulated in the RFP, evaluation of the bid proposals was to occur in two levels. Level I would be a check and review for required compliance and submittal documents and Level II would be a comprehensive evaluation of the proposal. Proposers must successfully pass the first level to proceed to the next level.

### Level I Evaluation

Staff performed a Level I review of the following required documents:

#### Compliance Documents:

- 1) Proposers Signed Declaration and Affidavit of Non-Collusion
- 2) Disposition of Proposals
- 3) Affirmative Action Plan
- 4) Contractor Responsibility Ordinance Statement
- 5) Equal Benefits Ordinance Statement
- 6) Living Wage Ordinance/Service Contractor Worker Retention Ordinance
- 7) Good Faith Effort Subcontractor Outreach
- 8) Bidder Certification - CEC Form 50

#### Submittal Documents:

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- 1) Cover Letter
- 2) Proposal Deposit
- 3) Ability to Finance
- 4) Experience and Qualifications
- 5) Proposed Business Plan
- 6) Proposed Revenue Sharing Payment
- 7) Proposed Services and Products with Price List

Level I Proposals are found either Responsive (pass) or Non-Responsive (fail).

SRC Event Group, LLC (SRCLLC) was found responsive in all eight compliance documents, responsive in six submittal documents and non-responsive in one submittal document (Proposed Revenue Sharing Payment) (Attachment A).

This project is subject to the Minority Business Enterprise, Women Business Enterprise, and Other Business Enterprise (MBE/WBE/OBE) Subcontractor Outreach Program. In order to comply with the good faith outreach effort (GFE) requirements of the Subcontractor Outreach Program, bidders must submit GFE documentation sufficient to achieve a minimum of 75 out of 100 GFE evaluation points as outlined on the Board's Outreach Program. SRCLLC satisfied 95 out of the 100-point requirements outlined by the Board's Outreach Program. The outreach document package is on file in the Board Office, and a synopsis of said package is attached to this report (Attachment B).

On February 2, 2011, staff contacted SRCLLC to provide the missing information (required proposed 20% revenue sharing payment and pro-forma on CD format). On February 7, 2011, SRCLLC submitted the requested documents. Staff evaluated the additional documents and found the supplemental documents to be responsive to the RFP. The Board may elect to consider the proposal, waive informalities and award a contract.

Staff reviewed the proposal submitted by SRCLLC and found that SRCLLC has the experience, background, and financial capability to successfully operate the concession.

SRCLLC is located at 8191 East Kaiser Blvd., Anaheim, CA 92808 and has 53 years of restaurant business experience, including bar and beverage service. SRCLLC operates 23 restaurants with combined annual sales of \$91 million. SRCLLC bar and beverage services operation provides services at Specialty Restaurants Corporation (SRC) owned restaurants and at client owned restaurants such as: The Reef in Long Beach; The Rusty Pelican in Florida (Miami and Tampa); Florida; and the Castaway in Burbank. SRCLLC has also provided bar and beverage service to individual clients such as: Porsche of North America; NBC Universal – Jay Leno Wrap Party; and, Congressman Adam Schiff Birthday.

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SRCLLC proposes to pay 20% of all bar and beverage service revenues as revenue sharing payment and will pay one and a half percent (1.5%) of gross receipts as a monthly payment for utilities.

Staff recommends that a Bar and Beverage Services Concession Agreement be awarded to SRCLLC for a term of five (5) years, with two (2) five-year options to renew, exercisable at the sole discretion of the General Manager.

The RFP stipulated that the selected operator would be required to provide a ten-thousand dollar (\$10,000) performance deposit. Staff reviewed the requirement and found that the amount of the performance deposit was inconsistent with the previously awarded contract for bar and beverage service. The operator will provide intermittent services to patrons renting Department facilities and will not occupy space for extended periods of time; also, the operator is not guaranteed any amount of work. The purpose of the performance deposit is to ensure rent is paid and damage to a facility caused by the operator is reimbursed to the Department. Board Report Number 10-175 awarded Sunseri's a Bar and Beverage Services Concession Agreement, and approved that the operator be required to provide a performance deposit in the amount of five-thousand dollars (\$5,000) prior to the execution of the Concession Agreement. Staff recommends the approval of the revision of the performance deposit to be provided by SRCLLC prior to the execution of the Concession Agreement from ten-thousand dollars (\$10,000), as stipulated in the RFP, to five-thousand dollars (\$5,000).

### Charter Section 1022

Los Angeles City Charter Section 1022 prohibits contracting out work that could be done by City employees unless the Board determines it is more economical and/or feasible to contract out the service.

On May 23, 2008, the Personnel Department completed a Charter Section 1022 review (Attachment C) and determined that there are no City classifications that could provide Bar and Beverage Services. It is therefore more feasible to secure these services through an independent contractor.

### FISCAL IMPACT STATEMENT:

During the first five-year term of the Concession Agreement, it is estimated that approximately \$35,618 will be paid in rent to the Department. Of that amount, \$32,056 will be deposited into the Department's General Fund and \$3,562 will be deposited into the Concession Improvement Account (Fund 302, Department 89, Account 070K).

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

**DEPARTMENT OF RECREATION AND PARKS  
BAR & BEVERAGE SERVICES CONCESSION RFP  
SRC EVENT GROUP, LLC  
LEVEL I EVALUATION SUMMARY (ARS-M10-175)**

<b>I. Compliance Documents</b>		<b>Submitted</b>	<b>In Compliance</b>	<b>Comments</b>
	Proposers Signed Declaration and Affidavit of Non-Collusion	Yes	Yes	
	Disposition of Proposals	Yes	Yes	
	Affirmative Action Plan	Yes	Yes	
	Contractor Responsibility Ordinance Statement	Yes	Yes	
	Equal Benefits Ordinance Statement	Yes	Yes	
	Living Wage Ordinance / Service Contractor Worker Retention Ordinance	N/A	N/A	
	Good Faith Effort Subcontractor Outreach (Minority, Women, Other Business Enterprises Schedule)	Yes	Yes	
	Bidder Certification - CEC Form 50	Yes	Yes	
<b>II. Submittal Documents</b>		<b>Submitted</b>	<b>In Compliance</b>	<b>Comments</b>
	Cover Letter	Yes	Yes	
	Proposals Deposit	Yes	Yes	
	Ability to Finance	Yes	Yes	
	Experience and Qualifications	Yes	Yes	
	Proposal Business Plan	Yes	Yes	
	Proposed Revenue Sharing Payment	No	Yes	Proposer did not submit the required proposed 20% rental percentage and Pro-forma on CD format with the submitted proposal. The required documents were submitted to the Department upon request.
	Proposed Services and Products with Price List	Yes	Yes	

**DEPARTMENT OF RECREATION AND PARKS  
GOOD FAITH EFFORT OUTREACH SCORING  
BAR AND BEVERAGE SERVICES CONCESSION RFP (ARS M10-175)  
MONTEREY CONCESSIONS GROUP DBA L.A. BAR SERVICES**

	Indicator	Possible Points	Awarded Points	Comment (Reason for Failing)
1.	Level of Anticipated MBE/WBE/OBE Participation	0	0	
2.	Attended Pre-Bid Meeting	10	10	
3.	Sufficient Work Identified for Subconsultant	10	10	
4.	Advertisement	9	9	
5.	Written Notices to Subconsultant	15	15	
6.	Follow-Up on Initial Solicitation	10	10	
7.	Plans, Specifications, and Requirements	5	5	
8.	Contacted Recruitment / Placement Organizations	10	10	
9.	Negotiated in Good Faith	26	26	
10.	Bond, Lines of Credit, and Insurance	5	5	
	<b>TOTAL SCORE:</b>	100	100	75 points required to pass

## PERSONNEL DEPARTMENT CONTRACT REVIEW REPORT

1. Requesting Department: Department of Recreation and Parks

2. Contacts

Department: Karen Freire Phone No. 818-243-6421 Fax No. 818-243-6451  
 CAO: Veronica Salumbides Phone No. 473-7661 Fax No. 473-7514

3. Work to be performed:

The Department of Recreation and Parks is seeking to have up to five (5) pre-qualified concessionaries to provide bar and beverage services at the following banquet halls: Friendship Auditorium, Grace E Simons Lodge, Ramona Hall, and Orcutt Ranch. Under the guidance of the Department and the patron requesting services, each contractor will be responsible for catering, management, and operation of the bar and beverage services. This work includes meeting and scheduling the events with the patrons and Department; providing a price quote to the patron prior to each event; serving and providing the beverages during the event; policing and monitoring patron alcoholic intake; clean up, disposal, and removal of items; and collecting fees from the patrons. The concessionaires are also responsible for adhering to the provisions of the State of California, Department of Alcoholic Beverage Control liquor license.

4. Is this a contract renewal? Yes  No

5. Proposed length of contract: 3 years  
 Proposed Start Date: Upon contract execution

6. Proposed cost of contract (if known): \$300,000.00

7. Name of proposed contractor: Unknown

8. Unique or special qualifications required to perform the work:

A State of California, Department of Alcoholic Beverage Control Type 58 license and general liquor liability insurance are required. Must have knowledge and expertise in providing catering, management, and operation of bar and beverage services, particularly with serving 200 or more patrons per event.

9. Are there City employees that can perform the work being proposed for contracting?  
 Yes  No

If yes,

- Which class(es) and Department(s):
- Is there sufficient Department staff available to perform the work? Yes  No
- Is there a current eligible list for the class(es)? Yes  No  Expiration Date \_\_\_\_\_
- Estimated time to fill position(s) through CSC process?
- Can the requesting department continue to employ staff hired for the project after project completion? Yes  No
- Are there City employees currently performing the work? Yes  No

10. Findings

City employees DO NOT have the expertise to perform the work

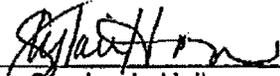
City employees DO have the expertise to perform the work

Check if applicable (explanation attached) and send to CAO for further analysis

- Project of limited duration would have to layoff staff at end of project
- Time constraints require immediate staffing of project
- Work assignment exceeds staffing availability

SUMMARY: The Department of Recreation and Parks is seeking to contract for Bar and Beverage Services at five banquet facilities. There is currently no City classification that requires a State of California, Department of Alcoholic Beverage Control Type 58 License. Nor is there a City Classification that would prepare employees to perform the above work.

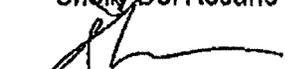
Submitted by:

  
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Approved by:

  
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Date:

5/23/18