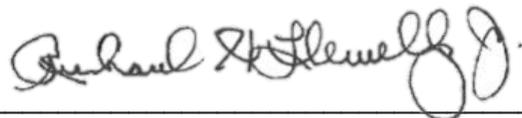


TRANSMITTAL

TO The City Council	DATE 11/17/21	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 4	

**Amendment No. 2 to Contract No. 248 between the City and
Wolfgang Puck Catering and Events, LLC for the operation and
maintenance of the Griffith Observatory Café Concession.**

Approved and transmitted for your consideration. The Council has 60 days from the date of receipt to act, otherwise the contract will be deemed approved pursuant to Administrative Code Section 10.5(a). See the City Administrative Officer report attached.



ERIC GARCETTI
MAYOR
(Rich Llewellyn for)

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 2, 2021

CAO File No. 0150-07569-003

Council File No.
Council District: 4

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer



References: Letter to the Mayor from the Board of Recreation and Park Commissioners dated August 26, 2021; referred by the Mayor on September 15, 2021

Subject: **GRIFFITH OBSERVATORY CAFE – AMENDMENT NO. 2 TO AGREEMENT NO. 248 WITH WOLFGANG PUCK CATERING AND EVENTS, LLC**

RECOMMENDATION

That the Council authorize the President and Secretary of the Board of Recreation and Park Commissioners to execute the Amendment No. 2 to Contract No. 248 between the City and Wolfgang Puck Catering and Events, LLC to 1) extend the term equal to the duration of the government ordered closure due to the COVID-19 pandemic, b) exercise the five-year renewal option, and 3) waive the Annual Minimum Revenue-Sharing Guarantee as set forth in the Amendment No. 2, subject to the approval of the City Attorney as to form.

SUMMARY

At its meeting of August 19, 2021, the Board of Recreation and Park Commissioners (Board) approved the Amendment No. 2 to Contract No. 248 between the City and Wolfgang Puck Catering and Events, LLC (Contractor) for the operation and maintenance of the Griffith Observatory Café Concession.

The City, through the Board and the Department of Recreation and Parks (Department), owns Griffith Observatory located at 2800 East Observatory Road within Griffith Park in Council District 4.

In February 2005, the Board approved a ten-year Concession Agreement with two five-year extension options for the operation and maintenance of the Griffith Observatory Café Concession with the Contractor. In July 2016, the Board approved Amendment No. 1 to exercise the first of the two five-year extension options with the Contractor. Under the Concession Agreement, the Contractor pays an Annual Minimum Revenue-Sharing Guarantee (AMRSG)

amount to the Department which is inclusive of a 3 percent year over year escalation. In 2019, the Contractor generated \$2,164,545 in gross receipts and paid \$214,208 in AMRSG.

Amendment No. 2

Due to COVID-19 pandemic, the Griffith Observatory Café was closed to the public on March 13, 2020 in conformance with mandatory health directives and reopened with limited hours on June 25, 2021. To address the COVID-19 closure's impact on the Contractor, the proposed Amendment No. 2 incorporates the following key provisions:

- 1) Extends the current contract by approximately 15 months (to account for COVID-19 closure time period);
- 2) Exercises the second five-year extension option;
- 3) Contractor will pay a percentage of gross receipts instead of AMRSG during the period impacted by COVID-19 closures; and,
- 4) AMRSG requirement will commence in January 2022 (at \$191,336.50 with 3 percent year over year escalation for the balance of the second five-year extension term).

Council approval of the proposed Amendment No. 2 is required because Council approved the original agreement. To the best of our knowledge, the Contractor has complied with all standard provisions for City contracts, as well as City contracting requirements.

FISCAL IMPACT STATEMENT

There is no impact on the General Fund. The Department's revenue from the Contractor is as follows: Contract Year (CY) 2019 (\$214,208, actual), CY 2020 (\$33,790, actual), CY 2021 (\$73,246, estimate), CY 2022 (\$191,337, estimate).

FINANCIAL POLICIES STATEMENT

The action recommended in this report complies with the City's Financial Policies as there is no cost to the City associated with the proposed amendment.

BOARD OF COMMISSIONERS

SYLVIA PATSAOURAS
PRESIDENT

LYNN ALVAREZ
VICE PRESIDENT

TAFARAI BAYNE
NICOLE CHASE
JOSEPH HALPER

HAROLD ARRIVILLAGA
BOARD SECRETARY
(213) 202-2640



ERIC GARCETTI
MAYOR

MICHAEL A. SHULL
GENERAL MANAGER

ANTHONY-PAUL (AP) DIAZ, ESQ.
EXECUTIVE OFFICER &
CHIEF OF STAFF

CATHIE SANTO DOMINGO
ASSISTANT GENERAL MANAGER

JIMMY KIM
ACTING ASSISTANT GENERAL MANAGER

MATTHEW RUDNICK
ACTING ASSISTANT GENERAL MANAGER

(213) 202-2633 FAX (213) 202-2614

August 26, 2021

Honorable Eric Garcetti, Mayor
City of Los Angeles
Room 303, City Hall

Attention: Ms. Heleen Ramirez

Dear Mayor Garcetti:

In accordance with Executive Directive No. 3, attached herewith is proposed Amendment No. 2 to Concession Agreement No. 248 between the City of Los Angeles, Department of Recreation (RAP) and Wolfgang Puck Catering and Events, LLC for the operation and maintenance of Griffith Observatory Café to: (a) extend the term equal to the duration of government-ordered closure due to the COVID-19 pandemic; (b) exercise the five (5) year option to renew; and waive the Annual Minimum Revenue-Sharing Guarantee (AMRSG).

Also attached is Board Report No. 21-143, which was adopted by the Board of Recreation and Park Commissioners at its Regular Meeting held on August 19, 2021. After your review and recommendation, the proposed Agreement will be submitted to the Board for final action.

If you have any questions with regard to the proposed Amendment, please contact Mr. Stanley Woo, Management Analyst II, Special Operations Branch, Concessions Unit, at (213) 202-5670.

Very truly yours,

BOARD OF RECREATION AND
PARK COMMISSIONERS

HAROLD ARRIVILLAGA
Commission Executive Assistant II

Attachments: Report 21-143

cc: Stanley Woo, Management Analyst II, Special Operations Branch, Concessions Unit



APPROVED
AUG 19 2021
BOARD OF RECREATION
AND PARK COMMISSIONERS

BOARD REPORT

NO. 21-143

DATE August 19, 2021

C.D. 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: GRIFFITH OBSERVATORY CAFÉ – AMENDMENT NO. 2 TO AGREEMENT NO. 248 WITH WOLFGANG PUCK CATERING AND EVENTS, LLC – EXTEND TERM, RENEW CONCESSION AGREEMENT, AND WAIVE THE ANNUAL MINIMUM REVENUE SHARING GUARANTEE

AP Diaz	_____	* M. Rudnick	<u>MR</u>
H. Fujita	_____	C. Santo Domingo	_____
J. Kim	_____	N. Williams	_____



General Manager

Approved X Disapproved _____ Withdrawn _____

RECOMMENDATIONS

1. Approve the proposed Amendment No. 2 (Amendment), attached hereto as Attachment 1, to Concession Agreement No. 248 (Agreement), attached hereto as Attachment 2, to: (a) extend the term equal to the duration of government-ordered closure due to the COVID-19 pandemic; (b) exercise the five (5) year option to renew; (3) waive the Annual Minimum Revenue-Sharing Guarantee (AMRSG) as set forth in this Report;
2. Find, in accordance with Charter Section 1022, that it is necessary, feasible and economical to secure these services by contract as the Department of Recreation and Parks (RAP) lacks sufficient and necessary personnel to undertake these specialized professional services;
3. Direct the Board of Recreation and Park Commissioners (Board) Secretary to transmit the proposed Amendment to the Mayor in accordance with Executive Directive No. 3 (Villaraigosa Series), the City Council for approval, and the City Attorney for approval as to form;
4. Authorize the Board President and Secretary to execute the Amendment upon receipt of the necessary approvals; and
5. Authorize RAP Staff to make any necessary technical changes to implement the Board's intentions.

BOARD REPORT

PG. 2 NO. 21-143

SUMMARY

Griffith Observatory (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.

In 2002, the Observatory building and grounds closed for a \$93 million renovation and expansion project then reopened in 2006. The renovation and expansion project included the creation of a café known as the "Café at the End of the Universe" (Café). The Café is casual, self-service dining located on the lower level of the Observatory offering indoor and outdoor patio seating which provides scenic views. Menu and pricing consist of high quality, reasonably priced sandwiches, wraps, salads, soup, beverages, desserts and snack items found in similar local cultural institutions.

On Feb 16, 2005, the Board approved the award of a ten (10) year Concession Agreement, with two five (5) year options to renew, to Wolfgang Puck Catering and Events, LLC (Puck) (Board Report No. 05-47). The Agreement became effective on September 6, 2006. On July 13, 2016, the Board approved Amendment No. 1 to Agreement No. 248, attached hereto as Attachment 3 (Amendment No. 1), to exercise the first of two five-year renewal options, revise the amounts for the minimum revenue sharing guarantee, increase the percentage of gross receipts payable to the City, and add additional capital improvement obligations on the part of Puck (Board Report 16-152). Under Amendment No. 1, the Agreement is set to expire September 5, 2021.

Puck has operated and maintained the Café in a clean and attractive manner, stocking it with high-quality food and beverage. Puck updates the menu while ensuring the best sellers remain available. The Café is operated by professional and friendly staff who work well with Observatory staff and visitors. In 2019, the Café generated \$2,164,545 in gross receipts and paid \$214,208 in percentage of gross receipts to RAP. To date, Puck has satisfied all contractual terms and conditions to staff's actual knowledge, including timely payment of rent and occupancy tax, and insurance requirements.

Due to health risks associated with the COVID-19 pandemic, the Observatory and three RAP concessions (Café, Gift Shop, and coin-operated telescopes) were closed to the public on March 13, 2020, in conformance with mandatory health directives. The Observatory and concessions reopened with limited hours on June 25, 2021, operating Friday through Sunday only. To allow Puck to enjoy the full term of the Agreement, RAP staff recommends extending the term of the Agreement approximately 15 additional months as part of the proposed Amendment (COVID Extension).

Also, as part of the proposed Amendment, RAP staff recommends the Board exercises the remaining five-year renewal option in accordance with Section 4 of the Agreement which states the option is exercisable at the sole discretion of the City. Thus, along with the COVID Extension, the term of the Agreement under the proposed Amendment will expire on December 31, 2027.

BOARD REPORT

PG. 3 NO. 21-143

Amendment No. 1 set forth amounts for an Annual Minimum Revenue-Sharing Guarantee (AMRSG) which reflected a year over year escalation of 3% for years 11 through 15 of the Agreement term. Due to lost revenue hardship as a result of the forced closure and reduced hours of the Observatory due to COVID-19, RAP staff recommends a waiver of the AMRSG for the previous contract years 2020 and 2021 as part of the proposed Amendment. For these years, Puck will be required to pay a percentage of gross receipts. Also, for the period from September 2021 to December 2021, no AMRSG would be applicable and Puck will be required to pay a percentage of gross receipts. The proposed Amendment will continue the AMRSG requirement for year 16 of the Agreement (which will now commence on January 2022) at \$191,336.50 (which was the AMRSG previously applicable for year 15) until the remaining term of the Agreement (as extended by the proposed Amendment) along with the 3% year over year escalation.

FISCAL IMPACT

For contract year (CY) 2019, revenue share to RAP from Puck was \$214,208. For CY 2020 RAP received \$33,790, an 84.2% decrease. For CY 2021, revenue to RAP is estimated to be \$73,246 based on Griffith Observatory operating Friday-Sunday through the year; a 65.8% decrease from 2019 when operations were Tuesday-Sunday.

STRATEGIC PLAN INITIATIVES AND GOALS

Approval of this Report advances RAP's Strategic Plan by supporting:
Goal No. 6: Build Financial Strength & Innovative Partnerships
Outcome No. 2: Improved management of rental facilities and concessions.

This Report was prepared by Stanley Woo, Management Analyst II, Special Operations Branch, Concessions Unit.

LIST OF ATTACHMENTS/EXHIBITS

- 1) Proposed Amendment No. 2 to Agreement No. 248 for Operation and Maintenance of Griffith Observatory Café
- 2) Agreement No. 248
- 3) Amendment No.1 to Agreement No. 248

**AMENDMENT NO. 2 TO CONCESSION AGREEMENT NO. 248
FOR THE OPERATION AND MAINTENANCE OF
GRIFFITH OBSERVATORY CAFÉ CONCESSION**

THIS AMENDMENT NO.2 TO CONCESSION AGREEMENT NO. 248 (“AMENDMENT”) is made and entered into this _____ day of _____, 202____, by and between the CITY OF LOS ANGELES, a municipal corporation (hereinafter referred to as “CITY”), acting by and through its Board of Recreation and Park Commissioners (hereinafter referred to as “BOARD”) and Wolfgang Puck Catering and Events, LLC (hereinafter referred to as “CONCESSIONAIRE”).

WITNESSETH

Whereas, on February 16, 2005, the BOARD approved Concession Agreement No. 248 (BR 05-47) (hereinafter referred to as “AGREEMENT”) for Griffith Observatory Café (hereinafter referred to as “CONCESSION”); and

Whereas, on April 5, 2006 the City Council approved the AGREEMENT for the CONCESSION (Council File 06-0332) and authorized the Board President and Secretary to execute the AGREEMENT on behalf of the CITY; and

Whereas, on July 13, 2016 the BOARD approved Amendment No. 1 to AGREEMENT (BR 16-152) (“AMENDMENT NO. 1”) which exercised the first of two five-year renewal options which extended the term of the AGREEMENT to September 5, 2021, revised the amounts for the minimum revenue sharing guarantee, increased the percentage of gross receipts payable to the City, and added additional capital improvement obligations on the part of CONCESSIONAIRE; and

Whereas, the CITY and CONCESSIONAIRE desire to amend the AGREEMENT, as previously amended, to extend the contract term until December 31, 2027 by exercising the CITY’s option to extend the term of the AGREEMENT as provided therein by an additional five (5) years as well as extending the term for an additional period of approximately 15 months to account for the closure and limited operations of the CONCESSION due to the COVID 19 pandemic; and

Whereas, the CITY and CONCESSIONAIRE desire to amend the AGREEMENT, as previously amended, to waive the Annual Minimum Revenue-Sharing Guarantee (“AMRSG”) for certain years and add applicable AMRSG for additional years of the extended term of AGREEMENT.

Now, therefore, the CITY and CONCESSIONAIRE hereby mutually agree to amend the AGREEMENT, as previously amended by AMENDMENT NO. 1, as follows:

1. SECTION 4. TERM OF AGREEMENT, RENEWAL & CONCESSIONAIRE CAPITAL INVESTMENT BUY-BACK

Delete the paragraph which reads:

“The term of the Agreement shall be fifteen (15) years, effective September 6, 2006 with one five (5) year option to renew, at the sole discretion of CITY and agreed to by CONCESSIONAIRE, provided that CONCESSIONAIRE is in full compliance with its obligations under the AGREEMENT upon the expiration of the initial term or any extensions thereof. In the event of any renewal, CITY will give CONCESSIONAIRE a preliminary notice of its willingness to renew and said renewal shall be decided no later than six (6) months prior to the end of the then current term.”

And replace with:

“The term of the Agreement shall commence on September 6, 2006 and shall expire on December 31, 2027.”

2. SECTION 13. RENTAL

Delete the years 11-15 table for Annual Minimum Revenue-Sharing Guarantee which reads:

Year	Annual Minimum Guarantee
11 (September 2016 – August 2017)	\$170,000.00
12 (September 2017 – August 2018)	\$175,100.00
13 (September 2018 – August 2019)	\$180,353.00
14 (September 2019 – August 2020)	\$185,763.59
15 (September 2020 – August 2021)	\$191,336.50

And replace with:

Year/Period	Annual Minimum Guarantee
11 (September 2016 – August 2017)	\$170,000.00
12 (September 2017 – August 2018)	\$175,100.00
13 (September 2018 – August 2019)	\$180,353.00
14 (September 2019 – August 2020)	Percentage of gross receipts
15 (September 2020 – August 2021)	Percentage of gross receipts
September 2021 – December 2021	Percentage of gross receipts
16 (January 2022 – December 2022)	\$191,336.50
17 (January 2023 - December 2023)	\$197,076.59
18 (January 2024 – December 2024)	\$202,988.89
19 (January 2025 – December 2025)	\$209,078.56
20 (January 2026 – December 2026)	\$215,350.91
21 (January 2027 – December 2027)	\$221,811.44

Delete the paragraph in its entirety which reads:

"If the annual minimum revenue-sharing is not met by August 31st of each year, the difference between the actual revenue-sharing payment received by CITY and the annual minimum revenue-sharing guarantee will be due to CITY by September 15th, prorated as necessary for the first year of operation or fractional part thereof, and prorated as necessary for the final year of operation or fractional part thereof."

And replace with:

"If the annual minimum revenue-sharing guarantee for Years 11 through 13 is not met by August 31st of each year, the difference between the actual revenue-sharing payment received by CITY and the annual minimum revenue-sharing guarantee will be due to CITY by September 15th, prorated as necessary for the first year of operation or fractional part thereof. If the annual minimum revenue-sharing guarantee for Years 16 through 21 is not met by December 31st of each year, the difference between the actual revenue-sharing payment received by CITY and the annual minimum revenue-sharing guarantee will be due to CITY by January 15th, prorated as necessary for the final year of operation or fractional part thereof."

3. SECTION 42. INCORPORATION OF DOCUMENTS

For Exhibit I:

Replace "Standard Provisions for City Contracts Rev. 3/09"
with "Standard Provisions for City Contracts (Rev. 10/17, v.3)."

4. EXHIBITS

Exhibit I of the AGREEMENT, as previously amended by AMENDMENT NO. 1, is hereby replaced in its entirety with Exhibit A of this AMENDMENT.

ATTACHMENTS

For this Amendment No. 2 to Concession Agreement No. 248 document, the following is attached:

Exhibit A - Standard Provisions for City Contracts (Rev. 10/17, v.3)

(Signature Page to Follow)

IN WITNESS WHEREOF, the parties hereto have caused this AMENDMENT NO. 2 TO CONCESSION AGREEMENT NO. 248, to be executed by their duly authorized representatives.

THE CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Recreation and Park Commissioners.

BY: _____
President

DATE: _____

BY: _____
Secretary

DATE: _____

WOLFGANG PUCK CATERING AND EVENTS, LLC - CONCESSIONAIRE

BY: _____
Pamela Brunson, CEO

DATE: _____

APPROVED AS TO FORM:

MICHAEL N. FUEUR
City Attorney

BY: _____
Steven Hong
Deputy City Attorney

DATE: _____

EXHIBIT A

STANDARD PROVISIONS FOR CITY CONTRACT (REV. 10/17, v.3)