

T R A N S M I T T A L

TO The City Council	DATE 03/14/2022	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 4	

**Amendment No. 1 to Contract No. 280 between the City and
Event Network, LLC for the operation and maintenance
of the Griffith Observatory Bookstore and Gift Shop**

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
(Andre Herndon for)

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 14, 2021

CAO File No. 0150-10731-0001

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 October 13, 2021

Subject: **GRIFFITH OBSERVATORY BOOKSTORE AND GIFT SHOP CONCESSION – AMENDMENT NO. 1 TO AGREEMENT 280 WITH EVENT NETWORK, LLC**

RECOMMENDATION

That the Council authorize the President and Secretary of the Board of Recreation and Park Commissioners to execute Amendment No. 1 to Concession Agreement No. 280 between the City and Event Network, LLC to 1) extend the term equal to the duration of the government ordered closure due to the COVID-19 pandemic; 2) exercise the five-year renewal option; and, 3) waive the Annual Minimum Revenue-Sharing Guarantee during Calendar Years 2020 and 2021, 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 Amendment No. 1 to Concession Agreement No. 280 between the City and Event Network, LLC (Contractor) for the operation and maintenance of the Griffith Observatory Bookstore and Gift Shop 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 June 2016, the Board approved a five-year Concession Agreement with two five-year extension options for the operation and maintenance of the Griffith Observatory Bookstore and Gift Shop Concession with the Contractor. Under the Concession Agreement, the Contractor pays an Annual Minimum Revenue-Sharing Guarantee (AMRSG) amount to the Department. In Calendar Year 2019, the Contractor generated \$2,392,563 in gross receipts and paid \$688,105 in AMRSG.

Amendment No. 1

Due to COVID-19 pandemic, the Griffith Observatory Bookstore and Gift Shop 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. 1 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 first of the two five-year extension options;
- 3) Contractor will pay a percentage of gross receipts instead of AMRSG during the period impacted by COVID-19 closures; and,
- 4) AMRSG will be waived during Calendar Years 2020 and 2021 and the revised AMRSG requirement will commence in January 2022 at \$420,000 for the balance of the first five-year extension term.

Council approval of the proposed Amendment is required because Council approved the original agreements. 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: Calendar Year (CY) 2019 (\$688,105, actual), CY 2020 (\$98,709, actual), CY 2021 (\$221,279, 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
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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. 1 to Concession Agreement No. 280 between the City of Los Angeles, Department of Recreation (RAP) and Event Network, LLC (formerly Event Network, Inc) 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. 21-144, 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 Amendment 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 21-144

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



APPROVED

AUG 19 2021

BOARD OF RECREATION AND PARK COMMISSIONERS

BOARD REPORT

NO. 21-144

DATE August 19, 2021

C.D. 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: GRIFFITH OBSERVATORY BOOKSTORE/GIFT SHOP – AMENDMENT NO. 1 TO AGREEMENT NO. 280 WITH EVENT NETWORK, 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. 1 (Amendment), attached hereto as Attachment 1, to Concession Agreement No. 280 (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 in approving this Report.

BOARD REPORT

PG. 2 NO. 21-144

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 bookstore and gift shop known as the "Stellar Emporium Gift Shop" (Gift Shop). The Gift Shop offers an array of Observatory insignia items, astronomy-related and space-themed books, gifts, clothing, toys, and other items.

On June 15, 2016, the Board approved the award of a five (5) year Concession Agreement, with two five (5) year options to renew, at the discretion of the Board, to Event Network, Inc. for the operation and maintenance of Griffith Observatory Bookstore and Gift Shop (Board Report No. 16-146). The Agreement was executed on October 26, 2016, and commenced on October 1, 2016. In December 2017, Event Network, Inc. converted to a limited liability company and is now named Event Network, LLC (Concessionaire).

The Concessionaire has operated and maintained the Gift Shop in a clean and attractive manner, stocking it with high-quality, appropriately-themed merchandise, and operating it with a professional and friendly staff who work well with Observatory staff and visitors. In 2019, the Gift Shop generated \$2,392,563 in gross receipts and paid \$688,105 in rent to RAP. To date, and to RAP staff's actual knowledge, Concessionaire has met all contractual terms and conditions, 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 (Gift Shop, café, 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 Concessionaire to enjoy the full initial term of the Agreement, staff recommends extending the term of the Agreement for approximately 15 additional months as part of the proposed Amendment (COVID Extension).

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

The Agreement set forth amounts for an AMRSG for each of the years of the Agreement, including any years as may be extended by the exercise of renewal options for the Agreement. Due to lost revenue hardship as a result of the forced closure and reduced hours, staff recommends a waiver of the AMRSG for the calendar years 2020 and 2021. During this period, the Concessionaire will be required to pay a percentage of gross receipts.

BOARD REPORT

PG. 3 NO. 21-144

FISCAL IMPACT

For CY 2019, RAP's revenue share from the Concessionaire was \$688,105. For CY 2020 RAP received \$98,709, an 85.7% decrease. For CY 2021, RAP is expected to receive \$221,279 based on Griffith Observatory operating Friday-Sunday through the year; a 67.8% 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 to Agreement for Operation and Maintenance of Griffith Observatory Bookstore and Gift Shop Concession
- 2) Agreement No. 280

**AMENDMENT NO. 1 TO CONCESSION AGREEMENT NO. 280
FOR THE OPERATION AND MAINTENANCE OF GRIFFITH OBSERVATORY
BOOKSTORE/GIFT SHOP CONCESSION**

THIS AMENDMENT NO.1 TO CONCESSION AGREEMENT NO. 280 (“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 Event Network, LLC (formerly Event Network, Inc. and hereinafter referred to as “CONCESSIONAIRE”).

WITNESSETH

Whereas, on June 15, 2016, the BOARD approved Concession Agreement No. 280 (BR 16-146) (hereinafter referred to as “AGREEMENT”) for the Griffith Observatory Bookstore and Gift Shop (hereinafter referred to as “CONCESSION”); and

Whereas, on September 30, 2016 the City Council approved the AGREEMENT for the CONCESSION (Council File 06-0331) and authorized the Board President and Secretary to execute the AGREEMENT on behalf of the CITY; and

Whereas, the CITY and CONCESSIONAIRE desire to amend the AGREEMENT to extend the contract term until December 31, 2027 by exercising one of the CITY’s options 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 to waive the Annual Minimum Revenue-Sharing Guarantee (“AMRSG”) for certain years of the AGREEMENT.

Now, therefore, the CITY and CONCESSIONAIRE hereby mutually agree to amend the AGREEMENT as follows:

1. SECTION 4. TERM OF AGREEMENT

Delete the first paragraph of Section 4 in its entirety and replace with:

“The term of this Agreement shall commence on October 1, 2016 terminate midnight, the evening of December 31, 2027. The CITY shall have one option to extend the term of this Agreement by five years, which shall be exercisable at the sole discretion of the Department, along with approval of the Board of Recreation and Park Commissioners (“BOARD”). See Ratification (Section 21).”

2. SECTION 8. REVENUE-SHARING PAYMENT

In subsection A., delete the Annual Minimum Revenue-Sharing Guarantee table in its entirety and replace with the following table:

Period	Annual Minimum
October 1, 2016-December 31, 2019	\$400,000
January 1, 2020-December 31, 2021	Percentage of gross receipts
January 1, 2022 -December 31, 2027	\$420,000
January 1, 2028-December 31, 2032 (if 2 nd extension is exercised)	\$442,000

In subsection A., after the paragraph, “Refer to Section 8.C for the definition of “Gross Receipts.” add the following three (3) paragraphs:

“For the calendar years 2020 and 2021, the Annual Minimum Revenue-Sharing Guarantee (AMRSG) shall not apply. Concessionaire shall pay revenue-share through Percentage of Gross Receipts of all Sales.

The AMRSG shall be \$420,000 from January 1, 2022 through December 31, 2027.

If the BOARD grants the final five-year contract renewal option, the AMRSG shall be \$442,000, for each calendar year from January 1, 2028 through December 31, 2032.”

In subsection A., delete the third paragraph beginning with “If the Annual minimum,” in its entirety and replace with:

“If the annual minimum revenue-sharing is not met by December 31st of each calendar year, the difference between the actual revenue-sharing payment received by the Department and the AMRSG will be due to the Department by January 31st of the following year, prorated as necessary for the first year of operation or fractional part thereof, and prorated as necessary for the final year of operation or a fractional part thereof.”

3. SECTION 22. INCORPORATION OF DOCUMENTS

For Exhibit A:

Replace the term “Standard Provisions for City Contracts Rev. 3/09”
with “Standard Provisions for City Contracts (Rev. 10/17, v.3)”.

4. EXHIBITS

Exhibit A of the AGREEMENT is hereby replaced in its entirety with Exhibit A of this AMENDMENT.

ATTACHMENTS

For this Amendment No. 1 to Concession Agreement No. 280 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. 1 TO CONCESSION AGREEMENT NO. 280, 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: _____

Event Network, LLC (formerly, Event Network, Inc.) - CONCESSIONAIRE

BY: _____
Name:
Managing Member

DATE: _____

APPROVED AS TO FORM:

MICHAEL N. FUEUR
City Attorney

BY: _____
Steven Hong
Deputy City Attorney

DATE: _____

EXHIBIT A

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