

FRANK T. MARTINEZ
City Clerk

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Executive Officer

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CITY OF LOS ANGELES

CALIFORNIA



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CLAUDIA M. DUNN
Chief, Council and Public Services Division

06-0332

CD 4

April 5, 2006

Councilmember LaBonge
City Administrative Officer
Department of Recreation and Parks
Board of Recreation and Parks Commissioners

RE: CONCESSION AGREEMENT WITH WOLFGANG PUCK CATERING AND EVENTS, LLC FOR
THE OPERATION AND MAINTENANCE OF THE GRIFFITH OBSERVATORY CAFÉ,
CATERING AND FOOD CART SERVICE CONCESSION

At the meeting of the Council held APRIL 5, 2006, the following action was
taken:

Attached report adopted.....	<u> X </u>
Attached motion (-) adopted.....	<u> </u>
Attached resolution adopted.....	<u> </u>
FORTHWITH.....	<u> </u>
Mayor concurred	<u> </u>
To the Mayor FORTHWITH	<u> </u>
Motion adopted to approve communication recommendation(s).....	<u> </u>
Motion adopted to approve committee report recommendation(s)...	<u> </u>
Ordinance adopted.....	<u> </u>
Ordinance number.....	<u> </u>

Frank T. Martinez

City Clerk
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ARTS, PARKS, HEALTH AND AGING

report as follows:

Yes No

XXX

Public Comments: XXX ____

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that Wolfgang Puck Catering and Events, LLC will pay the City eight to ten percent of gross revenues from the café and food cart service operations and 14 to 16 percent of gross revenues from catering operations. Wolfgang Puck Catering and Events, LLC will be responsible for utility charges relative to its operation and capital investment in the amount of \$425,000 required to build the café. Revenues from this concession agreement would be deposited into the Department of Recreation and Parks (DRP) operating fund. There is no additional impact on the General Fund.

In a report dated January 11, 2006, the CAO notes that at its February 16, 2005 meeting, the Board approved an agreement with Wolfgang Puck Catering and Events, LLC (Concessionaire) for the operation and maintenance of the Griffith Observatory café, catering and food cart service concession. The proposed agreement is for a ten year term with two five-year renewal options at the sole discretion of the City. The CAO also states that the DRP released, in October 2004, a request for proposal (RFP) for the operation and maintenance of the Griffith Observatory café, catering and food cart service concession with the following selection criteria:

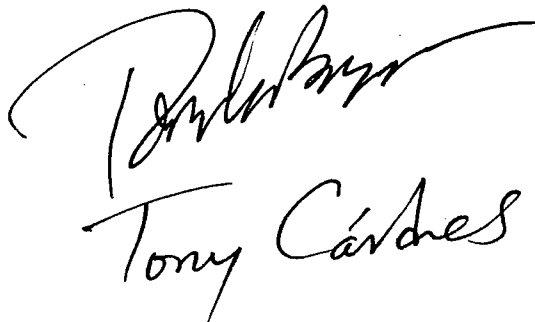
- Of the two RFP responses received, Wolfgang Puck Catering and Events, LLC was chosen. Under the terms of the proposed agreement, the Concessionaire will pay the City eight percent of the first \$1 million and 10 percent of gross revenues over \$1 million from café and food cart operations. The Concessionaire will also pay the City 14 percent of the first \$1 million and 16 percent of gross revenues over \$1 million from catering operations. Additionally, beginning in

the second year of the contract, the Concessionaire guarantees annual rental payments equal to 70% of the total rent paid in the previous contract year. The Concessionaire will also be responsible for all utility charges relative to its operation and for the capital investment required to build the café. The Concessionaire has committed to invest a minimum of \$425,000 for capital improvements. The capital investments will be approved by the City in advance and will be amortized on a straight-line, non-interest bearing basis over ten years. Ownership of capital improvements will revert to the City upon full amortization. The Concessionaire is also required to set aside one percent of the total annual gross receipts as reserve for the replacement of capital investments. This reserve shall be cumulative and carry-over from year to year during the contract term. In the event of contract termination, any surplus in the reserve will belong to the City.

At its regular meeting held on March 22, 2006, representatives from the CAO and the DRP gave the Arts, Parks, Health and Aging Committee a presentation on the proposed agreement with Wolfgang Puck Catering and Events, LLC for the operation and maintenance of the Griffith Observatory café, catering and food cart service concession. After a brief discussion, the Committee approved the recommendation of the CAO as contained in its report. This matter is now submitted to Council for its consideration.

Respectfully submitted,

ARTS, PARKS, HEALTH AND AGING COMMITTEE



Tony Cardenas

MEMBER	VOTE
LABONGE:	YES
PERRY:	ABSENT
CARDENAS:	YES

SG
3/28/06
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#060332.wpd

REPT.
ADOPTED

APR 05 2006

LOS ANGELES CITY COUNCIL