

0150-07569-0000

**TRANSMITTAL**

TO  
The Council

DATE

COUNCIL FILE NO.

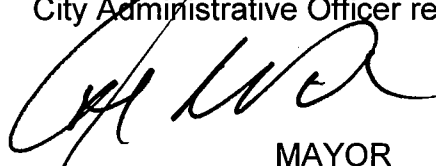
**FEB 10 2006**

FROM  
The Mayor

COUNCIL DISTRICT  
**4**

**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**

Transmitted for your consideration. See the  
City Administrative Officer report attached.



MAYOR

WTF:VES:08060159t

# Report From OFFICE OF THE CITY ADMINISTRATIVE OFFICER Analysis of Proposed Contract

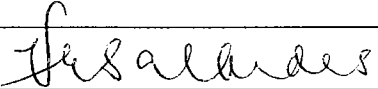
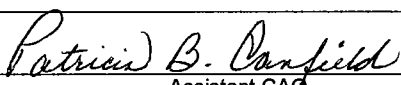

Contracting Department/Bureau: Recreation and Parks			Date: 1-31-06			CAO File No.: 0150-07569-0000		
Reference: Letter to the Mayor from the Board of Recreation and Park Commissioners dated February 24, 2005; referred by the Mayor								
Purpose of Contract: Operation of the Griffith Observatory Café, Catering and Food Cart Service Concession								
Type of Contract: ( x ) New contract    ( ) Amendment						Contract Term Dates: Ten years with two five-year renewal options		
Contract/Amendment Amount: Not applicable								
Proposed amount \$ 0+ Prior award(s) \$ 0= Total \$ 0								
Source of funds: Not applicable								
Name of Contractor: Wolfgang Puck Catering and Events, LLC								
Address: 6801 Hollywood Boulevard, Suite 513, Los Angeles, CA 90028								
	Yes	No	N/A*	8. Contractor has complied with:		Yes	No	N/A*
1. Council has approved the purpose		x		A. Equal Employmt. Oppty./Affirm. Action		x		
2. Appropriated funds are available			x	B. Good Faith Effort Outreach**				x
3. Charter Section 1022 findings completed			x	C. Equal Benefits Ordinance		x		
4. Proposals have been requested	x			D. Contractor Responsibility Ordinance		x		
5. Risk Management review completed	x			E. Slavery Disclosure Ordinance		x		
6. Standard Provisions for City Contracts included	x							
7. Workforce that resides in the City: 21.5%	*N/A = not applicable ** Contracts over \$100,000							

## COMMENTS

At its meeting of February 16, 2005, the Board of Recreation and Park Commissioners (Board) approved an agreement with Wolfgang Puck Catering and Events, LLC (Concessionaire) for the operation of the Griffith Observatory café, catering and food cart service concession (Food Concession). The proposed agreement is for a term of ten years with two five-year renewal options at the sole discretion of the City.

On July 9, 2003, the Board authorized the Department of Recreation and Parks (Department) to retain the services of Art Manask & Associates to assist the Department in the development of a Request for Proposals (RFP) and subsequent evaluation of the proposals for the operation of the Food Concession. On September 1, 2004, the Board approved the release of the RFP. The RFP was released on October 13, 2004. According to the RFP, the following criteria would be used to select the best proposer:

- Experience and capability/quality of experience;
- Operation plan;
- Build-out plan and capital investment for café and carts; and,
- Projected commissions/rent to City and financial projections.

								
VES	Analyst	08060159	Assistant CAO			City Administrative Officer		

On November 30, 2004, the Department received two responses to the RFP. Department staff, with the assistance of Art Manask & Associates, conducted a preliminary evaluation of the two proposals. The initial review indicated that both proposers met the minimum requirements specified in the RFP. Following the initial review, the Department convened an independent panel to review the proposals and conduct interviews. The five-member panel consisted of the following individuals:

- Arthur M. Manask, President and Chief Executive Officer of Art Manask and Associates (consultants specializing in cultural facilities)
- Shelly Stephens, consultant from Museum Store Consulting (consultants specializing in museum stores)
- Warren J. Iliff, President Emeritus of the Aquarium of the Pacific
- Danelle Woodson, Benefits Manager of Amgen, Inc.
- Edwin C. Krupp, Astronomer and Director of the Griffith Observatory

The Department indicates that the panel members were selected based on their expertise in cultural institution food service and experience with similar food service RFPs. The panel individually ranked the proposals according to each of the four categories specified above. A top rank within a category received ten points while the second-ranked proposal received eight to nine points. Each of the four categories carried equal weight. This process resulted in a total of 194 cumulative points for the Concessionaire and a total of 177 cumulative points for Delaware North Companies Parks and Resorts.

Under the terms of the proposed agreement, the Concessionaire will pay the City eight percent of the first \$1.0 million and ten percent of gross revenues over \$1.0 million from café and food cart operations. The Concessionaire will also pay the City 14 percent of the first \$1.0 million and 16 percent of gross revenues over \$1.0 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. Rental payments are to be paid by the Concessionaire to the City on a monthly basis, within fifteen days after the end of each calendar month. The Concessionaire will be responsible for all utility charges relative to its operation. The Concessionaire will also be responsible for the capital investment required to build-out the café. The Concessionaire has committed to invest, at a minimum, \$425,000 for capital improvements. The capital investments would have to 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 be turned over to the City.

In accordance with Los Angeles Administrative Code Section 10.5(a), Council approval of the proposed agreement is required because the term exceeds three years. To the best of our knowledge, the Board has complied with all applicable City procedures, laws and policies in awarding this contract and the Concessionaire has complied with all standard provisions for City contracts, as well as City contracting requirements.

## **RECOMMENDATION**

That the Council approve, and authorize the President and Secretary of the Board of Recreation and Park Commissioners to execute, the agreement with Wolfgang Puck Catering and Events, LLC for the operation of the Griffith Observatory Café, Catering and Food Cart Service Concession, for a term of ten years with two five-year renewal options, subject to the approval of the City Attorney.

## **FISCAL IMPACT STATEMENT**

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 out the cafe. Revenues from this concession agreement would be deposited into the Department of Recreation and Parks operating fund. There is no additional impact on the General Fund.

*WTF:VES:08060159c*

**BOARD OF RECREATION AND  
PARK COMMISSIONERS**

MIKE ROOS  
PRESIDENT

CHRISTINA SANCHEZ-CAMINO  
VICE PRESIDENT

CHRISTOPHER W. HAMMOND  
MARY LUEVANO  
CANDY SPELLING

**CITY OF LOS ANGELES**

CALIFORNIA



JAMES K. HAHN  
MAYOR

DEPARTMENT OF  
**RECREATION AND PARKS**  
1200 WEST 7<sup>TH</sup> STREET  
SUITE 762  
LOS ANGELES, CA 90017

(213) 928-9040  
FAX - (213) 928-9048

JON KIRK MUKRI  
GENERAL MANAGER

February 24, 2005

Hon. James K. Hahn, Mayor  
City of Los Angeles  
Room 303, City Hall

Attention: Ms. June Lagmay

Dear Mayor Hahn:

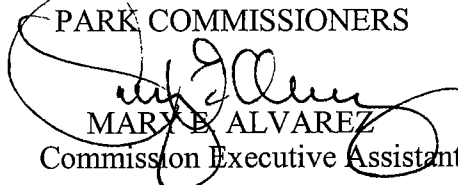
In accordance with Executive Directive No. 16, there are attached herewith three copies of a proposed Operating Concession Agreement between the City of Los Angeles Department of Recreation and Parks and Wolfgang Puck Catering and Events, LLC, for the operation and maintenance of the Griffith Observatory Café, Catering, and Food Cart Service Concession.

Also attached for the assistance of your Office in reviewing this proposed Agreement is Report No. 05-47 adopted by the Board of Recreation and Park Commissioners at its meeting of February 16, 2005. After review and recommendation by you, the proposed Agreement will be submitted to the Board for execution.

If you have any questions concerning this proposed Agreement, please contact Linda Barth, Sr. Management Analyst, at (213) 485-5520.

Very Truly Yours,

BOARD OF RECREATION AND  
PARK COMMISSIONERS

  
MARY E. ALVAREZ  
Commission Executive Assistant

Enclosures

cc: Linda Barth

2005 FEB 28 PM 4:02  
CITY ADMINISTRATIVE OFFICER

APPROVED

FEB 16 2005

BOARD OF RECREATION  
AND PARK COMMISSIONERS

REPORT OF GENERAL MANAGER

NO. 05-47

DATE February 16, 2005

CD 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: GRIFFITH OBSERVATORY - AWARD OF THE OPERATION OF THE  
CAFÉ, CART, AND CATERING CONCESSION

H. Fujita  
J. Kolb  
K. Chan

F. Mok  
\*K. Regan  
J. Combs

*[Signature]*

*[Signature]*

General Manager

Approved *[Signature]*

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board:

1. Award the Griffith Observatory Café and Catering Concession to Wolfgang Puck Catering and Events, LLC (Puck);
2. Approve a ten-year concession agreement, substantially in the form as on file in the Board Office, for the operation of the Griffith Observatory Café, Cart and Catering Concession, subject to approval of the Mayor and City Council, and approval of the City Attorney as to form;
3. Direct the Board Secretary to transmit the proposed agreement to the Mayor in accordance with Executive Directive No. 16, and concurrently to the City Attorney for review as to form; and,
4. Authorize the Board President and Secretary to execute the agreement upon receipt of necessary approvals.

SUMMARY:

On September 1, 2004, the Board approved the release of a Request for Proposals (RFP) for a new ten-year agreement with two five-year renewal options, to operate the Observatory Café, Cart, and Catering Concession, with an option for a bookstore operation (Board Report 04-266). Previously,

## REPORT OF GENERAL MANAGER

PAGE 2

NO. 05-47

on July 9, 2003, the Board had authorized Administrative Resources Staff to retain the services of consultant Art Manask & Associates (Board Report 03-227) to assist Staff with the development of the RFP and the evaluation of the proposals. The RFP was released on October 13, 2004, and two proposals were received on November 30, 2004, from the following firms:

- Wolfgang Puck Catering and Events, LLC ("Puck") – Well-known food service experts operating in various locations nationwide, based in Los Angeles.
- Delaware North Companies Parks & Resorts ("DNC") – Food service experts operating in various locations nationwide, with a regional office in Fresno, California.

Staff, with assistance from Manask and Associates, conducted a preliminary evaluation of all proposals to determine completeness and submission of all compliance documents, and to evaluate each firm's financial ability to fund the minimum \$750,000 required for this project. This initial review indicated that both proposers met the minimum requirements of having extensive experience in the food services industry and the financial backing to fund the required build-outs and FF&E in order to operate the concession. Although both demonstrated strengths in various areas, the Department's challenge was to select the operator with the best combination of expertise and resources suited to this concession. Evaluation was made on the café, carts, and catering portion of the proposals, not any bookstore option. The criteria for selecting the best proposer, as stated in the RFP, were:

- Experience and Capability; Quality of Experience
- Operational Plan
- Build Out Plan and Capital Investment for Café and Carts
- Projected Commissions; Rent to City and Financial Projections

To assist with formulating a recommendation, a five-member panel (identified in the Attachment) convened to review the proposals, scrutinize presentations, and interview both proposers. The panel members were selected based on their expertise in cultural institution foodservice, experience with similar foodservice RFPs and retail business and, in the case of the Observatory Director, his intimate knowledge of the Department's needs and vision for this Los Angeles landmark. After proposal reviews, presentations, and interviews, the panel members were instructed to individually rank the proposals according to each of the four evaluation criteria defined in the RFP, thus awarding corresponding points to the proposals based on their ranking. A top rank within a category would receive the highest value of ten points, and the second ranked proposal in a category would receive eight to nine available points based on the level of characteristics which differentiated the two. As stipulated in the RFP, each of the four categories carried equal weight, and no ties were to exist in any one category. The panel awarded Puck a total of 194 cumulative points, and DNC a total of 177 cumulative points (see Attachment).

## REPORT OF GENERAL MANAGER

PAGE 3

NO. 05-47

Both Puck and DNC demonstrated their ability to provide the necessary improvements and to operate the concession. The following is a summary of the panel's ranking and staffs recommendation comments under each of the four evaluation criteria.

### Experience and Capability; Quality of Experience

The panel was asked to rank each proposer on the verified years and quality of experience, experience in similar types of business/environment/clientele, prior work with public agencies, catering experience, and experience operating food and/or beverage carts.

Though both companies were closely matched in experience and capability, the panel ranked Puck first, affirming Puck as a Los Angeles-based firm, with local resources already established including an elaborate kitchen/commissary less than five miles from the Observatory and a personnel/staff pool to draw from – both of which are critical elements since the Observatory's renovation and expansion project provided very limited space for food preparation and storage (including cart storage). Puck's existing operations also offered a wealth of experienced and trained personnel/staff to help ensure not only a smooth grand opening but to give the necessary support during occasional catered events hosted at the Observatory. DNC's proposal, while strong in many areas, did not feature an ongoing support kitchen to augment production of the café, cart, and catering menu, nor were local, company-trained personnel at their immediate disposal for large catered events. Staff also believes Puck, established locally, has a keen understanding of the Los Angeles dining clientele, as well as experience/familiarization dealing with the local regulations and standards required for café, cart, and catering operations at cultural and museum locations in Los Angeles.

### Operational Plan

In this category, the proposers were ranked on their concept and operational description; creativity and imagination; organizational structure; menus, products and services; price schedules and pricing policies; timelines for build-out and starting operations; employee staffing and training plans; experience of proposed onsite management at Observatory; customer service; alignment to Observatory mission and City goal; marketing and advertising strategy; and environmental awareness, conservation, and recycling. The panel stated that both proposers proposed an adequate operational plan.

Again, citing Puck's local support in kitchen/storage facilities, local administrative staff, and their pool of local/trained service personnel, the panel agreed and staff concurs that local support for this Observatory concession is a key factor. Puck was given the culinary cutting edge in creativity and imagination which should prove beneficial in the development of menus – both café menus offering themed items inspired by the mission of the Observatory, and notably also for catering menus and catering pricing for which audiences are widely varied by culture, expectations, and budget.

DNC does not have the local support in the form of kitchen and storage facilities. All food production and storage would be performed at the Observatory's limited facility, though DNC stated



## REPORT OF GENERAL MANAGER

PAGE 4

NO. 05-47

that a rented kitchen, tent, or mobile kitchen would be used for larger productions associated with catered events.

### Build-Out Plan and Capital Investment for Café and Carts:

Both proposers demonstrated that their build-out plans were provisional pending discussion with Observatory staff, and both showed imagination in this area. Both proposers provided ideas for the café build-out: DNC included interpretive murals coordinated with counters/tabletops laminated with planets, satellites, comets, asteroids, and other celestial objects, as well as food stations with decorative elements reflective of space exploration equipment; Puck's concept included a retrospective approach that intertwined Arthur Dent's fictional quest for a place to eat, and referenced sci-fi experiences from "Lost in Space" and Orson Wells "Infinite Worlds" by incorporating classic sci-fi book, comic, and film posters on the interior walls of the café. Both were within the acceptable range of plans expected by the Department with an understanding of the sensitivity of the Observatory landmark status and science mission.

In regards to capital investments, the RFP stated if the City terminated the contract for cause, there would be no reimbursement ('buy-back') of any kind. In the event of contract termination by the Operator or City for other than cause (mutual agreement, for example), the City would reimburse unamortized capital investment but would not include any FF&E that is proprietary to the Operator (includes trade dress, logo, etc. and is operator-specific and not transferable to another operator). Puck proposed to invest \$425,000 eligible buy-back capital investment and \$175,000 non, whereas DNC proposed \$388,000 eligible buy-back and \$180,000 non. The amortization will be straight line, non-interest bearing over the 10 years of the initial contract term. The buy-back amounts proposed by each were very close.

### Projected Commissions; Rent to City and Financial Projections:

The two firms proposed the following rental terms:

	Café	Carts	Catering (food)	Catering (beverage)
DNC	4% of revenue up to \$2M	4% of revenue up to \$2M	2.5% of all revenue	5% of all revenue
	7.5% of revenue over \$2M to \$4M	7.5% of revenue over \$2M to \$4M		
	10% of revenue over \$4M	10% of revenue over \$4M		
Puck	8% of revenue up to \$1M	8% of revenue up to \$1M	14% of revenue up to \$1M	14% of revenue up to \$1M
	10% of revenue over \$1M	10% of revenue over \$1M	16% of revenue over \$1M	16% of revenue over \$1M

## REPORT OF GENERAL MANAGER

PAGE 5

NO. 05-47

In comparison to industry standards, DNC was low in their proposed rent, whereas Puck's percentages were consistent with rent on operations of this type and standard in the industry, including local institutions. As Puck proposed substantially greater rental payments to the City, and the panel concurred that their proposal was realistic, Puck was scored higher in this category. Both proposals included projected three-year commissions, both of which included the sources: café, cart, catering, and bookstore/gift shop. For analysis purposes, staff focused on café and cart commissions only since the retail bookstore/gift shop component was determined moot (for reasons explained below) and since the amount of catering activity permitted by the Department to the prospective concessionaires has yet to be determined. In both cases of retail and catering commissions, Puck was significantly higher; however, the table below reflects only café and cart commissions from both proposers based on their projected sales and proposed rental percentages:

Projected Three Year Total Commissions:

	DNC	Puck
Café	\$185,454	\$360,749
Cart	\$ 61,818	\$ 23,206
Total	\$247,272	\$383,955

There was no rental guarantee on behalf of DNC, whereas Puck proposed a minimum guaranteed annual rent beginning in year two of the agreement in an amount equal to seventy percent (70%) of the total rent paid in the previous contract year; subject to an unanticipated percentage decline in Observatory attendance, applied (as a percentage) to the 70% guarantee.

### Bookstore Option Not to be Exercised:

Proposers were asked to submit proposals for operation of either the café, carts, catering services alone; or combined operation of the café, carts, and catering with the bookstore/gift shop. Proposals were ranked solely on food service criteria. As an option, proposers were allowed to add bookstore/gift shop retail services as part of their proposal, though features and benefits stemming from the retail service would not change their respective ranking/points. The evaluation was based strictly on food service(s) attributes.

Both proposers submitted proposals also including the operation of the gift shop, DNC as part of the master operation, Puck by use of a subcontractor. After concluding the café, carts, and catering ranking, and formulation of the recommendation for Puck, staff analyzed Puck's bookstore option. Upon review of Puck's giftshop proposal, staff was not convinced that the proposed services would fulfill the Department's retail services needs. A subcontract arrangement for retail services as proposed by Puck may not allow for close monitoring and controls compared to a direct relationship between the Department and a retail concessionaire. Also, a 10 year agreement plus two five-year extensions may be too long of a term since the retail industry changes more rapidly than the food industry. Therefore, award of this agreement will be solely for the operation of the café, carts, and

## REPORT OF GENERAL MANAGER

PAGE 6

NO. 05-47

catering service. Staff will recommend, via a concurrent Board Report, that the Board direct staff to prepare a new RFP exclusively for the operation of the Observatory bookstore/gift shop concession at a five-year term with one five year option.

### Conclusion:

The Department was fortunate to receive two excellent proposals for this concession from two proposers of high standing and extensive experience. Overall, the evaluation panel ranked Puck higher in each of the four categories defined in the RFP. Staff believes these categories and the resulting ranks to be crucial for establishing the best proposer for a successful café, cart, and catering concession. In addition, the potential use of the Wolfgang Puck name is a benefit to help draw patrons to the Observatory Café who may otherwise opt not to frequent the café during their visits to the Observatory. Puck's sales and marketing resources in the Los Angeles market were considered superior. Not only will this help promote visitorship in the café, but the catering expertise would be in place to market and utilize the Observatory's rental/catering spaces sensitively and strategically, which could potentially lead to a new and previously untapped revenue stream for the City. Panel members expressed their feelings that given the success and high visibility of Wolfgang Puck Catering and Events, LLC, in the culinary/dining industry and in the celebrity/entertainment industry, and the fact that Los Angeles is their home base with many fine dining restaurants as well as the catering operation and two museums (Natural History Museum of Los Angeles County and the new Kidspace Museum in Pasadena), Puck would be highly motivated to sustain their excellence at this high-profile location.

Subsequent to the panel's ranking, analysis was completed by Staff to verify trade and financial references. As such, as a result of the panel's input and ranking exercise as well as these additional considerations, staff concludes that Wolfgang Puck Catering and Events, LLC, is the best candidate to operate the Observatory café, cart, and catering concession at the Observatory and recommends Puck for award.

The Department prepared an Environmental Impact Report (EIR) for the Griffith Observatory Master Plan in accordance with the requirements of the California Environmental Quality Act (CEQA) and was certified by the Board on May 7, 1997 (No. 187-97). A Notice of Determination was filed with the Los Angeles City Clerk and the Los Angeles County Clerk on May 13, 1997. This EIR covers the current renovation and restoration project for the Griffith Observatory, which includes the provision of concession facilities and services.

Report prepared by Stanley Woo, Management Analyst II, Administrative Resources Division.

ATTACHMENT

GRIFFITH OBSERVATORY  
CAFÉ, CART, AND CATERING CONCESSION  
REQUEST FOR PROPOSAL

RFP Review Panel and Ranking

The individuals on the panel were as follows:

- Arthur M. Manask, President and CEO of Art Manask & Associates, consultants specializing in the food service industry
- Shelley Stephens, Museum Store Consulting, consultant to museum stores nationwide
- Warren J. Iliff, President Emeritus of the Aquarium of the Pacific
- Danelle Woodson, Benefits Manager of Amgen, Inc. in Thousand Oaks
- Edwin C. Krupp, Ph.D., Astronomer and Director of the Griffith Observatory

The aggregate panel scores are summed as follows:

Rating Criteria	DNC	Puck
Experience and Capability; Quality of Experience	46	48
Operational Plan	46	47
Build-Out Plan and Capital Investment for Café and Carts	44	49
Projected Commissions; Rent to City and Financial Projections	41	50
Total Points	177	194