

APPROVED

REPORT OF GENERAL MANAGER

NOV 01 2006

NO. 06-327

DATE November 1, 2006

BOARD OF RECREATION
and PARK COMMISSIONERS

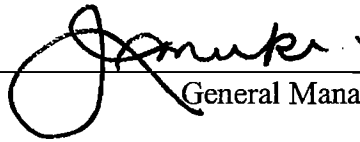
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BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: PREQUALIFICATION OF ECONOMIC CONSULTANCY FIRMS AND
AWARD OF CONTRACTS TO FIVE CONSULTANTS TO PROVIDE AS-
NEEDED PROFESSIONAL ANALYSIS OF CONCESSIONS

J. Combs _____
H. Fujita _____
S. Huntley _____
R. Jensen _____

J. Kolb _____
* F. Mok J.m.
K. Regan _____
M. Shull _____



General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

1. Approve the award of three-year personal services contracts, substantially in the form attached hereto, for an amount not to exceed \$99,000, for as-needed economic consulting services to each of the following consulting firms: 1) The AirProjects Team (AirProjects); 2) Atelier Kathleen Brown (AKB); 3) Dornbusch Associates (Dornbusch); 4) Arthur M. Manask and Associates (Manask); and , 5) Simat, Helliesen, and Eichner, Inc./ Center for Airport Management (SH&E/CAM);
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 professional tasks in a timely manner, and it is more economical and feasible to secure the services by contract;
3. Direct the Board Secretary to transmit forthwith the proposed contracts to the Mayor in accordance with Executive Directive No. 3, and concurrently to the City Attorney for review and approval as to form; and,
4. Authorize the Board President and Secretary to execute the contracts upon receipt of necessary approvals.

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SUMMARY:

The Department has historically retained the services of as-needed economic consultants by contracting with firms whose expertise may include market research and analysis, feasibility studies, profitability analysis, revenue/fee analysis, product evaluation, business development, facility design, and other professional and technical services related to the development of concessions, concessions Requests for Proposals (RFPs), and concessions agreements. Such contracted firms provide services to the Department only on an as-needed basis. The Department currently has seven contracts with economic consultants which have either recently expired or are near expiration.

To enter into new as-needed contracts with economic consultants, the Department released a Request for Qualifications (RFQ) on August 28, 2006; the five firms named herein submitted offers in response to the RFQ on September 25, 2006. Each offer included the firm's background, experience, and qualifications; a list of references; a list of services provided; a schedule of fully burdened prices, recent samples of work performed; and all compliance forms and documents as required by the RFQ.

Offers were evaluated to determine whether the firms were responsive and responsible. Staff contacted references, carefully reviewed all offers and work samples submitted with each offer, and found that all offerers were qualified to provide the Department with the as-needed services described herein and that all provided a range and variety of services that may benefit the Department.

Summaries of Offers:

AirProjects – This firm is based in Alexandria, Virginia, and specializes in optimizing the value of commercial facilities within public spaces. Clients include airports such as John Wayne, Reagan Washington National, and Pittsburgh International Airports. Its principal, Ann Ferraguto, has over twenty years of experience specializing in retail and food service concessions, commercial property development, performance improvement, analysis of food service and retail conditions, development of revenue and image enhancement strategies, market research, and financial analysis.

Services offered by this firm, which may benefit the Department, include the evaluation of proposals, performance measurement and process assessment, retail and food service analysis and planning, and demand and feasibility analyses.

As a sample of their work, the firm provided a report compiled for a Florida airport to review its concession facilities with regard to redevelopment in conjunction with overall terminal redevelopment and to recommend the types, supportable space, and potential layouts for those concessions. AirProjects reviewed the performance of the existing concession program;

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researched the airport industry and local markets; estimated future concession demand; and recommended concession layouts based on building layouts provided by the design team. Similar recommendations may benefit the Department's use of its park concession facilities and identify and define potential capital improvements.

AKB – This firm is a planning and management partnership based in Alameda, California, and was established by Kathleen and Christopher Brown after more than twenty years of directing and consulting experience. Clients include NASA and the California Air & Space Center, government agencies, zoos, museums, port authorities, and science centers. Its principal, Kathleen Brown, has twenty-five years of experience (ten in California) which includes consulting for government, cultural attractions, and community organizations.

Relevant services provided by AKB include strategic assessments such as feasibility analysis, business plans, and strategic plans; market analysis; community and market needs assessments; marketing and promotional strategy; financial analysis/development; attendance, revenue and expense projections and review; cash flow analysis; and numerous other services related to business development.

One of AKB's work samples described a project for the City of St. Augustine, Florida, in which the firm assessed the performance of the city's Spanish Quarter Museum Stores (SQMS) and made recommendations for improving their performance. In particular, the firm analyzed SQMS's retail computer system, inventory analysis, merchandising, staffing, profits, and store identity, among other elements of that operation, and identified numerous areas of improvements. This sample demonstrates a thorough understanding of retail operations and shows clearly-communicated advice to the client in presenting the recommendations.

Dornbusch – This firm is a Berkeley, California-based firm that performs concession studies and provides concession contracting assistance. It demonstrates experience with planning and analyzing new concession development; redevelopment and reconfiguration potentials; and implications of a variety of other concession enterprises including golf courses, food and beverage operations, and retail sales. Past and present clients include the U.S. National Park Service, California State Department of Parks and Recreation, and in particular, notable national parks including Yosemite, Kings Canyon, Sequoia, and the Grand Canyon. The firm has specific experience with golf facilities, food, amusement, and park-related concessions; experience specifying terms for concession contracts on public lands; financial analyses; economic and financial feasibility assessment; and commercial hospitality and recreation concession enterprises.

David M. Dornbusch, President, is an economic and financial analyst and management consultant with thirty-five years of consulting experience, specializing in commercial hospitality

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and recreation concessions. He performs feasibility and impact analyses, negotiates concession contracts, and has worked with municipal clients such as the Port of Los Angeles.

A submitted work sample was a report for the San Mateo County Harbor District (SMCHD), in which the firm recommended a program for SMCHD to repay its outstanding debt to the California Department of Boating and Waterways. Among the types of analysis used were: examination of SMCHD's operations, services, and land uses for their potential to yield cost savings through more efficient operations and private management; analysis of its 26 concessions and land leases to estimate future revenue yield; and analysis of SMCHD's facilities to estimate future capital expenditures necessary to sustain operations.

Manask – This firm is based in Burbank, California, and specializes in management advisory services to cultural institutions (such as museums, botanical gardens, historic homes, and zoos), municipalities, and other institutions with in-house food services. Clients include numerous government agencies and museums such as the Cities of Los Angeles and Santa Monica, the State of California, the Los Angeles County Museum of Art, the Natural History Museum of Los Angeles County, and the Norton Simon Museum. Manask's expertise includes providing food service management advice, conducting RFP processes, evaluating and reviewing proposals, conducting market research, and related areas.

Three of its principals each have over thirty years of experience in their respective fields. Chief Executive Officer and President Arthur Manask has thirty years of foodservice operating and consulting experience including sixteen years as President and owner of food service management companies, and fourteen years of experience in senior operating positions with two national food service organizations; he is a past Chairman and member of the California Restaurant Association.

A sample of Manask's work was its preparation of an RFP document issued for the operation of the Griffith Observatory's Café at the End of the Universe and its gift shop, the Stellar Emporium. Since the release of that RFP, two agreements have been successfully awarded, and the respective operators have begun operations at these two concessions.

SH&E/CAM – This firm, which maintains offices in Los Angeles as well as other major U.S. cities, specializes in airport management consultancy, for instance, concessions planning and analysis of concessions operations, solicitation and selection of concessionaires through public competitive processes, and revenue optimization. Its clients include the Los Angeles World Airports; San Diego, Miami, and San Jose International Airports; and other international airports around the country. Vice President Patrick J. Gleason, the proposed project director under this proposed contract, worked nearly eleven years at Dallas-Fort Worth Airport as Vice President of Revenue Management and has experience in design and hands-on implementation of revenue and

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revenue enhancement/improvement programs.

In one of its samples of work, this firm was hired to develop a retail plan to create new concession space at the Miami International Airport. The plan involved food and retail concept development, multiple solicitations for varying amenities and services, merchandise plans, revenue projections, feasibility analysis, and other related tasks. This sample demonstrated this firm's expertise in development of concessions spaces, expertise which can be valuable in enhancing and improving the Department's use of concession facilities.

The proposed contracts, on file with the Board Office, require prior written agreement for all work performed for the Department. Upon completion of all work and submission of a properly documented invoice, the firms will be compensated according to the rates quoted in their offers. The maximum amount to be expended for each contract over the three year terms is \$99,000, total. The contracts are not exclusive; the Department reserves the right to engage work with any number of the firms. Additionally, no guarantee of work is stated or implied.

These firms are recommended for award in compliance with all Department and City procedures, policies, and laws applicable to the conducting of RFPs/RFQs and award of the proposed contracts. Principals of the firms are not employees, commissioners, or officials of the City of Los Angeles, are free to make recommendations and perform the services specified in the contracts, and have no authority with respect to the City's decisions relating to the engagements beyond fulfilling the terms and conditions of the proposed contracts.

A Pre-Offer Conference for this RFQ was held on September 8, 2006; although the Conference was optional, only two firms were represented at this conference. Staff was therefore concerned that not enough offers would be received, and thus released Amendment 1 to the RFQ, establishing a second offer due date of October 30, 2006 to solicit additional offers. Per the terms of the Amendment, additional qualifying consulting firms responding to the RFQ on October 30, 2006, who will be recommended for award, will be presented to the Board at a subsequent Board Meeting.

FISCAL IMPACT STATEMENT:

Any tasks provided by these consultants to the Department under these as-needed contracts will be paid by funds from the Concession Improvement Account (Fund 302, Department 89, Account 070K—Concession Improvements). There will be no impact on the Department's General Fund.

Report prepared by Anthony Sanchez, Management Analyst II, Administrative Resources Division.

CONTRACT BETWEEN THE CITY OF LOS ANGELES
DEPARTMENT OF RECREATION AND PARKS AND
[CONSULTANT]
FOR PROFESSIONAL CONSULTING SERVICES

THIS CONTRACT, is made and entered in this _____ day of _____, 200__, by and between the CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Recreation and Park Commissioners (hereinafter referred to as DEPARTMENT), and [Consultant name], a [entity type] (hereinafter referred to as CONSULTANT).

WITNESSETH

WHEREAS, the DEPARTMENT has a large and diverse concession program in which private businesses are awarded contracts to operate recreation-related concession services and merchandise sales at designated park facilities. The DEPARTMENT'S concessions office manages forty-five concession agreements, with five additional concessions to be added before the end of 2006. A wide variety of concession services are available, including food service operations (from mobile food vendors to full service restaurants), golf pro shops (including driving ranges and lessons), tennis professionals, equestrian centers, pony rides, train rides, bicycle rentals, an amusement park, a nationally known entertainment venue (the Greek Theatre), and a wide range of other recreation-related businesses; and,

WHEREAS, the Concession Program is managed with two goals: (1) To provide the public with the best and most satisfactory service from the concessions, and (2) To ensure that the City receives adequate and appropriate compensation from private businesses allowed to operate on park property; and,

WHEREAS, the DEPARTMENT occasionally requires assistance from industry experts to manage, plan, and develop its concessions, specifically experts in the areas of market research/analysis, strategic planning, feasibility studies, profitability analysis, revenue/fee analysis, product evaluation, business development, facility design and other professional and technical services related to the development of concession RFP; and the DEPARTMENT does not have available in its employ personnel with sufficient time and necessary expertise to undertake and accomplish the aforementioned work and, therefore, desires to secure technical, professional, and expert services on an occasional basis; and,

WHEREAS, the Board of Recreation and Park Commissioners has determined that pre-qualifying a number of consultants through a Request for Qualifications process is in the best interest of the City of Los Angeles and as specific projects are identified, the DEPARTMENT will send written notice to all awarded firms indicating the DEPARTMENT'S project needs and inviting Letters of Interest and project proposals from the pre-qualified firms based on the hourly rates in their respective contracts. Project proposals will be evaluated and the firm who offers the most relevant experience, availability to complete the specific project within its timeframe, and for the lowest cost and best value

to the City, will be issued a notice-to-proceed to provide the service; and,

WHEREAS, CONSULTANT is experienced in providing consulting services related to concessions, is willing to perform such services, and understands that CONSULTANT may be used for multiple projects or none at all and that no guarantee of work is given or implied to any of the pre-approved firms; and,

NOW THEREFORE, in consideration of the terms, covenants, and conditions hereafter contained to be kept and performed by the respective parties hereto, IT IS AGREED AS FOLLOWS:

Section 1. TERM OF CONTRACT

The term of this contract shall be for the period commencing upon execution by the City and expiring not later than thirty-six months thereafter, subject, however, to earlier termination by DEPARTMENT as specified in the Termination clauses incorporated in the Standard Provisions for City Contracts (Attachment A).

Section 2. SERVICES TO BE PROVIDED BY CONSULTANT

CONSULTANT shall provide consulting services to the DEPARTMENT on an occasional basis as requested by DEPARTMENT. The exact nature and scope of such services shall be specifically described in writing in each request for same.

Upon receipt of each such request, CONSULTANT, if interested in the project, shall prepare and present to DEPARTMENT, within the time frame specified therein, a written project proposal including a work program to perform the necessary services. Said project proposal shall include a total "not to exceed" cost based upon an estimate of the personnel hours per billing category required to perform the requested work, the total estimated cost for allowable reimbursable items, if any, including fully burdened hourly billing rates of sub-consultants, the estimated scope of work, and statements of the total time required to complete the work. CONSULTANT may also be required to prepare a brief statement of experience or expertise in the preparation of a type of analysis similar to the one requested.

DEPARTMENT will review said proposal and estimate and request any additional information from CONSULTANT which it deems necessary. The DEPARTMENT may either accept or reject such proposal. If the estimate is acceptable to DEPARTMENT, CONSULTANT will be issued a notice to proceed with the work by DEPARTMENT. All such work shall be subject to the terms, covenants, and conditions contained in this contract.

All advice, analyses, reports, schedules, plans, statistics, other data, and all other material of a tangible nature such as drawings, designs, layouts, photographs, and similar items resulting from CONSULTANT'S performance under this contract and/or related work prepared and submitted by CONSULTANT to DEPARTMENT shall be work for hire and shall become the property of DEPARTMENT.

Section 3. FEES/PAYMENTS

A. Fees

As compensation for CONSULTANT'S services performed pursuant to the contract, DEPARTMENT shall pay CONSULTANT in accordance with and not to exceed the hourly labor rates enumerated as follows:

Hourly Rates

Principals	\$xx
Director	\$xx
Manager	\$xx
Sr. Coordinator	\$xx

B. Reimbursable Expenses

Printing and reproduction of reports and related documents approved by the DEPARTMENT shall be reimbursed at cost. Automobile mileage shall be reimbursed at a cents-per-mile rate in accordance with an amount equal to the annual standard car mileage allowance as determined by the Internal Revenue Service.

All messengers/express mail services required by DEPARTMENT shall be reimbursed at cost.

All SUB-CONSULTANT costs, if any, shall be reimbursed at the cost pre-approved by the DEPARTMENT.

C. Payments

CONSULTANT must submit invoices to:

Los Angeles Department of Recreation and Parks
Attention: Concessions Manager
3900 W. Chevy Chase Dr., Mail Stop 628
Los Angeles, CA 90039

Invoices must detail the dates and hours worked, and services performed, and otherwise conform to the City of Los Angeles Personal Services Contracts Invoicing Policy (Exhibit A, Attachment 2). DEPARTMENT shall, within thirty (30) days of receipt and following approval of each payment request, remit to CONSULTANT, at the address specified in Section 7 herein, the amount approved for payment. If DEPARTMENT disapproves all or any part of any payment request, CONSULTANT shall be notified immediately and provided with reasons therefor. CONSULTANT shall have the opportunity to provide additional information in support of any such disapproved request or to submit a modified request.

D. Total Cost

The total Contract compensation to CONSULTANT for all services performed hereunder over the three year term shall not exceed \$99,000.

Section 4. DEPARTMENT COOPERATION

DEPARTMENT agrees to furnish CONSULTANT relevant documents, reports, data statistics, and analyses available to DEPARTMENT concerning the matters as to which CONSULTANT is to perform services hereunder. DEPARTMENT further agrees to assure timely accessibility to all necessary DEPARTMENT facilities and the cooperation of DEPARTMENT personnel with whom interviews are necessary for CONSULTANT to perform the services requested hereunder.

Section 5. NOTICES

Written notices to DEPARTMENT shall, until CONSULTANT'S receipt of written notice otherwise from DEPARTMENT, be addressed to:

Los Angeles Department of Recreation and Parks
Attention: Concession Manager
3900 W. Chevy Chase Dr., Stop 628
Los Angeles, CA 90039

Written notices to CONSULTANT shall, until DEPARTMENT'S receipt of written notice otherwise from CONSULTANT, be addressed to:

[Firm Name, Contact, Address]

All such notices shall be deposited in the United States mail, properly addressed as aforesaid with postage fully paid by certified or registered mail, and shall be effective upon receipt.

Section 6. INCORPORATION OF EXHIBITS

This contract and exhibits represent the entire integrated agreement of the parties and supersedes all prior written or oral representations, discussions, and agreements. The following document is incorporated and made a part hereof by reference:

Exhibit A. Standard Provisions for City Contracts (Rev. 10/03) including Attachments 1 and 2 thereto

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed by their duly authorized representatives.

Approved As To Form:

Executed this _____ day of _____, 2006

ROCKARD J. DELGADILLO, City Attorney

For: THE CITY OF LOS ANGELES, A Municipal Corporation, Acting by and through the Board of Recreation and Park Commissioners 1200 West Seventh Street, Suite 700 Los Angeles, CA 90017

By _____ Senior Assistant City Attorney

By _____ President

By _____ Secretary

Date: _____

Date: _____

For: [CORPORATION NAME] Address

By _____ President

By _____ Secretary

Date: _____