

APPROVED
05-04-2016
BOARD OF RECREATION
& PARK COMMISSIONERS

BOARD REPORT

NO. 16-108

DATE May 04, 2016

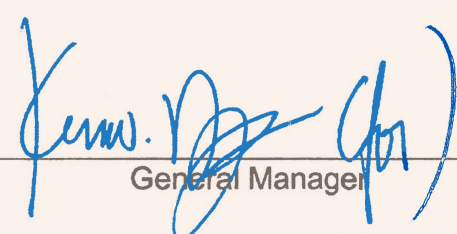
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BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: GRIFFITH PARK PONY RIDE CONCESSION – AWARD OF CONTRACT TO
~~GRIFFITH PARK PONY RIDE, INC.~~ AUTHORIZATION TO DEVELOP
CONCESSION AGREEMENT *LOS ANGELES PONY RIDES, INC.

AP Diaz	_____	*V. Israel	_____
R. Barajas	_____	K. Regan	_____
H. Fujita	_____	N. Williams	_____





General Manager

Approved _____ Disapproved _____ Withdrawn _____
As Amended _____

RECOMMENDATIONS:

1. Award the Griffith Park Pony Ride Concession to Los Angeles Pony Rides, Inc.; and,
2. Authorize Department of Recreation and Parks (RAP) staff to develop the terms and conditions, including a transition plan, to be included in a Concession Agreement with Los Angeles Pony Rides, Inc. for the Griffith Park Pony Ride Concession for a period of five (5) years with three (3) one (1) year renewal options exercisable at the General Manager's sole discretion, subject to review and approval by the Board, Mayor and City Attorney as to form.

SUMMARY:

The Griffith Park Pony Ride Concession (Concession) is located at 4400 Crystal Springs Drive, within the Griffith Park area that includes recreational amenities such as hiking trails, horseback riding trails, picnic areas, train rides, and a refreshment stand. The Concession consists of a pergola structure, ticket booth, pony sweep structure, wooden guide rails, corrals, and a metal hay barn. The Concession offers pony rides for children with the appropriate saddlery and tack necessary for the safety of the riders and ponies, a mule or pony-drawn stagecoach ride and a pony sweep ride.

The Concession is currently operated under the terms of Concession Agreement No. 191 (Agreement), which began on June 28, 1979 for a single ten (10) year term and ended on June 28, 1989, between the City of Los Angeles, and Hank William Bronk, (Concessionaire)

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whose family has operated the Concession since 1980. The Agreement has been operated on a month-to-month basis since its expiration in 1989.

Pony Ride Concession Request for Proposals (RFP) Background

The RFP process for the Concession was initiated in 1993 (Report 139-93). The RFP process resulted in an award approved by the Board in 1997 to the Concessionaire (Report No. 444-97). Unsuccessful contract negotiations between RAP and the Concessionaire, and questions regarding the applicability of the Living Wage Ordinance (LWO) to the proposed Concession Agreement, led to the City Council disapproving the contract award (Council File No. 02-1877).

In 2005, a new RFP for the Griffith Park Pony Ride Concession was released (Report No. 05-174) which resulted in an award by the Board to a proposer other than the Concessionaire (Report No. 05-318). The contract award was then disapproved by the City Council (Council File No. 06-1428).

In 2008, a one (1) year concession agreement with two (2) one-year renewal options with the Concessionaire was approved by the Board along with eight (8) other Griffith Park Concessions due, in part, to the impact of the Los Angeles Department of Water and Power (DWP) River Supply Conduit Improvement Project in Griffith Park (Report No. 08-327). The Concessionaire declined to execute the one (1) year concession agreement due to the rise of personnel costs required by the LWO that would have been applicable with contract execution.

On December 9, 2015, the Board approved the release of a new RFP (Report 15-254). The RFP was released on January 7, 2016 and advertised in the Los Angeles Daily Journal and posted on the Los Angeles Business Assistance Virtual Network. The City Equine Advisory Committee was also made aware of the opportunity. A proposal conference was held on January 27th, 2016 and was well attended by seven (7) companies.

Proposals were received on March 15, 2016 from two (2) companies:

- Horse Services, Inc. (HSI)
- Los Angeles Pony Rides, Inc.

It should be noted that RAP did not receive a proposal from the current concessionaire. A review of the two proposals that were received in response to the RFP indicated that one (1) proposal was responsive – Los Angeles Pony Rides, Inc. Horse Services, Inc.'s proposal omitted a required form, City Ethics Commission (CEC) Form 55, (Los Angeles Municipal Code §§ 49.7.35(B)(3)), and so the proposal must be deemed non-responsive. In addition,

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Horse Services, Inc.'s proposal did not include a correctly signed Affidavit. The proposal submitted by Los Angeles Pony Rides, Inc. contained all of the required documents and met all Level I requirements.

With RAP's goals to select an operator with the expertise to successfully renovate and operate the concession, the following criteria were considered:

- Qualifications and experience of proposer applicable to the respective industry
- Proven performance and quality of current comparable operations
- Vision for concession, including business plan and marketing
- Capital improvements in terms of appropriateness and monetary value
- Reasonable, viable financial return to the City in the form of proposed rental terms and capital investment
- Financial viability to operate all aspects of the concession as proposed, as supported by the proposer's pro forma, financial statements, and other financial information.

Staff has performed a detailed evaluation of the Los Angeles Pony Rides, Inc.'s proposal. The proposal met and in some cases exceeded the requirements set in the RFP. The summary, below, provides highlights of Los Angeles Pony Rides, Inc.'s proposal in a few key areas.

Qualifications: Mr. Stephen Weeks, owner of Los Angeles Pony Rides, Inc., has twenty-two (22) years of experience in the horse and pony business. For the past six (6) years, he has owned the Traditional Equitation School (TES) and developed a pony ride and lesson program serving children as young as four (4).

Business and Operational Plan: Los Angeles Pony Rides, Inc.'s proposal states that it will begin operation of the concession with sixty-five (65) experienced ponies. These ponies and other needed equipment will be acquired through an asset purchase agreement, which was included in the proposal, signed by the current operator of the pony ride concession. Staff believes that this will assist in a smooth transition between the incumbent operator and new operator. In addition to providing pony rides seven (7) days a week, Los Angeles Pony Rides' business plan includes offering several additional services and/or amenities that include: educational classes where children learn how to groom and relate to a pony; pony-assisted non-riding therapy for special needs children and adults; and a program to help veterans find assistance through bonding with a pony. A small themed product sales kiosk for purchase of pony related products, a free petting zoo, and private birthday parties will also be offered.

Capital Improvements: Los Angeles Pony Rides, Inc. has proposed to perform the required concession improvements (deferred maintenance) as listed in the Request for Proposal within six (6) months of the execution of the agreement. In addition to the required

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improvements, Los Angeles Pony Rides, Inc. included an optional concession improvement plan in its proposal, which includes remodeling the ticket office, adding a petting zoo, adding a pony sales kiosk, constructing a birthday party pavilion, adding artificial turf for the entire inside the main pony ring and installing a state of the art video security system all to be completed within first one hundred twenty (120) days of operations. Both improvement categories, required and optional, are estimated to cost Eighty-Three Thousand Dollars (\$83,000.00).

Financial Return to the City: Los Angeles Pony Rides, Inc.'s proposal included a twenty-five percent (25%) revenue sharing plan with projected gross revenue of One Million Twenty-Six Thousand One Hundred Forty-Four Dollars (\$1,026,144.00) the first year of operation and growing to One Million Ninety-Five Thousand Eight Hundred Forty-Two Dollars (\$1,095,842.00) by year eight (8) of operation. This would provide the City with approximately Two Hundred Fifty Thousand Dollars (\$250,000.00) in rental income per year or Two Million (\$2,000,000.00) in rental income for this concession over the eight (8) year term of the agreement.

Concession Agreement Development

Upon Board approval, staff will begin to develop the terms and conditions of the Concession agreement with Los Angeles Pony Rides, Inc., consistent with the terms set forth in the RFP. In an effort to minimize any impacts to regular operations of the concession, staff will work with the incumbent concessionaire and Los Angeles Pony Rides, Inc. to support the transition between operators. This transition plan will be included in the concession agreement, as will an appropriate timeline for the optional concession improvements proposed by Los Angeles Pony Rides, Inc.

ENVIRONMENTAL IMPACT STATEMENT

Staff has not yet performed an environmental review as it relates to the capital improvements that have been proposed in concept as part of the proposal submitted by Los Angeles Pony Rides, Inc. Staff will perform an environmental review, and provide a CEQA determination as part the Board's consideration of a contract award.

FISCAL IMPACT STATEMENT:

The approval of this recommendation, and the eventual execution of a new agreement for the operation of the Griffith Park pony rides, will have no impact on the Department's General Fund, and will yield additional concessions revenue to RAP.

This Report was prepared by LaTricia Jones, Management Analyst II, Partnership and Revenue Branch, Concessions Unit.