

APPROVED

JUL 14 2010

REPORT OF GENERAL MANAGER

NO. 10-175

DATE July 14, 2010

BOARD OF RECREATION  
and PARK COMMISSIONERS

C.D. Various

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: BAR AND BEVERAGE SERVICES – AWARD OF CONCESSION AGREEMENT TO SUNSERI'S AND DIRECTION TO RELEASE A NEW REQUEST FOR PROPOSALS

R. Adams \_\_\_\_\_  
H. Fujita \_\_\_\_\_  
S. Huntley \_\_\_\_\_  
V. Israel \_\_\_\_\_

\*F. Mok fm  
K. Regan \_\_\_\_\_  
M. Shull \_\_\_\_\_

  
\_\_\_\_\_  
General Manager

Approved                     

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board:

1. Approve a proposed Concession Agreement, between the City of Los Angeles Department of Recreation and Parks (Department) and Sunseri's, for the operation of the Bar and Beverage Services Concession for a term of five (5) years with two (2) five-year renewal options exercisable at the sole discretion of the General Manager, substantially in the form on file in the Board Office, subject to the approval of the Mayor, City Council, and of the City Attorney as to form;
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 tasks and that it is more feasible and economical to secure these services by contract;
3. Find, in accordance with Charter Section 371(e)(10) and Los Angeles Administrative Code Section 10.15(a)(10), that the use of competitive bidding would be undesirable, impractical or otherwise excused by the common law and the Charter because, unlike the purchase of a specified product, there is no single criterion, such as price comparison, that will determine which proposer can best provide the services required by the Department for the improvement, operation and maintenance of the Department's concession. In order to select the best proposer for this concession, the Board finds it is necessary to utilize a standard request for proposals process and to evaluate proposals received based upon the criteria included in the Request for Proposals (RFP). Also find

## REPORT OF GENERAL MANAGER

PG. 2

NO. 10-175

that the narrower and more specialized competitive sealed proposal process authorized but not required by Charter Section 371, subsection (b), would not meet the Department's needs and therefore opts to utilize the standard request for proposals process;

4. Direct the Board Secretary to transmit the proposed Concession Agreement to the Mayor in accordance with Executive Directive No. 3 and, concurrently, to the City Attorney for review and approval as to form;
5. Authorize the Board President and Secretary to execute the Concession Agreement upon receipt of the necessary approvals; and,
6. Direct staff to release a new RFP for the Bar and Beverage Services Concession in order to award additional multi-year Concession Agreements.

### SUMMARY:

The Bar and Beverage Services Concession provides alcoholic and non-alcoholic beverage services to patrons renting the following facilities: Friendship Auditorium, Grace E. Simons Lodge, Ramona Hall, Orcutt Ranch, Cabrillo Beach Bath House, Griffith Park Visitor Center Auditorium, and Wattles Mansion. Additional facilities may be included at the request of the Department. Numerous events are held in these facilities, such as weddings, receptions, birthdays, corporate gatherings, business trainings and meetings and other private parties and events.

The Bar and Beverage Services Concession is currently operated by Monterey Concessions Group on a month-to-month basis since January 1, 2005. The concessionaire currently pays 20% of gross revenue as rent to the Department. In calendar year 2009, the concession generated \$136,979 in gross receipts and paid \$27,395 in rent to the Department.

On May 20, 2009, the Board approved the release of an RFP for the Bar and Beverage Services concession (Board Report No. 09-130) in order to enter into multi-year agreements with up to five (5) qualified and experienced proposers. The intent of the RFP was to provide patrons with a selection of operators to choose from for events.

The RFP was released on October 27, 2009 and advertised in L.A. Daily Journal, La Opinion, The Korean Journal, and Chinese Daily; made available on the Department's website and posted on the Los Angeles Business Assistance Virtual Network (BAVN). In addition, a letter inviting bids was mailed to over fifty (50) organizations and individuals from a mailing list maintained by the Concessions Unit.

On December 2, 2009, a Pre-Proposal Conference was held at the Central Service Yard and attended by seven companies.

## REPORT OF GENERAL MANAGER

PG. 3

NO. 10-175

Five addendums to the RFP were released providing staff time to respond to questions of potential proposers and to revise the anticipated participation level of the Good Faith Effort Subcontractor Outreach requirement as instructed by the Los Angeles Minority Business Opportunity Center (LAMBOC). Potential proposers were given adequate time to prepare the necessary documents for submission with their proposals. On April 27, 2010, the following two proposals were received:

- Sunseri's
- Monterey Concessions Group, dba L.A. Bar Services

As stipulated in the RFP, evaluation of the bid proposals was to occur in two levels. Level I would be a check and review for required compliance and submittal documents and Level II would be a comprehensive evaluation of the proposal. Proposers must successfully pass the first level to proceed to the next level.

### Level I Evaluation

Staff performed a Level I review of the following required documents:

#### Compliance Documents:

- 1) Proposers Signed Declaration and Affidavit of Non-Collusion
- 2) Disposition of Proposals
- 3) Affirmative Action Plan
- 4) Contractor Responsibility Ordinance Statement
- 5) Equal Benefits Ordinance Statement
- 6) Living Wage Ordinance/Service Contractor Worker Retention Ordinance
- 7) Good Faith Effort Subcontractor Outreach
- 8) Bidder Certification - CEC Form 50

#### Submittal Documents:

- 1) Cover Letter
- 2) Proposal Deposit
- 3) Ability to Finance
- 4) Experience and Qualifications
- 5) Proposal Business Plan
- 6) Proposed Revenue Sharing Payment
- 7) Proposed Services and Products with Price List

Level I Proposals are found either Responsive (pass) or Non-Responsive (fail). The following is the complete Level I findings:

- Sunseri's was found responsive in all eight compliance documents and all seven

## REPORT OF GENERAL MANAGER

PG. 4

NO. 10-175

submittal documents (Attachment A-1 and A-2).

- Monterey Concessions Group, dba L.A. Bar Services was found responsive in six compliance documents, non-responsive in two compliance documents (Good Faith Effort Subcontractor Outreach and Bidder Certification – CEC Form 50), and responsive in all seven submittal documents (Attachment B-1 and B-2).

With one responsive proposal submitted in response to the RFP, staff reviewed the proposal submitted by Sunseri's and finds that Sunseri's has the experience, background, and financial capability to successfully operate the concession.

Sunseri's provided bar and beverage services to the Department from March 1999 through April 2002 at Grace E. Simons, Ramona Hall, and Friendship Auditorium. Mr. Michael Sereno, operations manager, has been in this business for 28 years and has trained over 300 employees. Sunseri's currently employs two (2) full-time employees, four (4) part-time employees, and 30 bartenders. Sunseri's proposed monthly revenue sharing payment is 20% of total sales gross receipts and will pay an additional one and a half percent (1.5%) of gross receipts as payment for utilities.

Staff recommends that the Bar and Beverage Services concession agreement be awarded to Sunseri's for a term of five (5) years, with two (2) five-year options to renew, exercisable at the sole discretion of the General Manager.

### Charter Section 1022

Los Angeles City Charter Section 1022 prohibits contracting out work that could be done by City employees unless the Board determines it is more economical and/or feasible to contract out the service.

On May 23, 2008, the Personnel Department completed a Charter Section 1022 review (Attachment C) and determined that there are no City classifications that could provide Bar and Beverage Services. It is therefore more feasible to secure these services through an independent contractor.

The RFP originally stipulated that the selected operator would be required to provide a ten-thousand dollar (\$10,000) performance deposit. Staff has reviewed the requirement and finds that the amount is excessive. The operator will provide intermittent services to patrons renting Department facilities and will not occupy space for extended periods of time; also, the operator is not guaranteed any amount of work. The purpose of the performance deposit is to ensure rent is paid and damage to a facility caused by the operator is reimbursed to the Department. Staff recommends that the operator be required to provide a performance deposit in the amount of five-thousand dollar (\$5,000) prior to the execution of the Concession Agreement.

REPORT OF GENERAL MANAGER

PG. 5

NO. 10-175

Staff also requests authorization to release a new RFP for the Bar and Beverage Concession in order to comply with the original intent of the first RFP and select additional qualified and experienced operators in order to provide patrons with a wide selection to choose from for events.

FISCAL IMPACT STATEMENT:

During the first five-year term of the concession agreement, it is estimated that approximately \$209,920 will be paid in rent to the Department. Of that amount, \$188,928 will be deposited in the Department's General Fund and \$20,992 will be deposited into the Concession Improvement Account (Fund 302, Department 89, Account 070K).

Report prepared by Orville Patino, Management Analyst II, Concessions Unit, Administrative Resources Section, Finance Division.

**DEPARTMENT OF RECREATION AND PARKS  
BAR & BEVERAGE SERVICES CONCESSION RFP  
SUNSERI'S  
LEVEL I EVALUATION SUMMARY**

<b>I. Compliance Documents</b>		<b>Submitted</b>	<b>In Compliance</b>	<b>Comments</b>
	Proposers Signed Declaration and Affidavit of Non-Collusion	Yes	Yes	
	Disposition of Proposals	Yes	Yes	
	Affirmative Action Plan	Yes	Yes	
	Living Wage Ordinance / Service Contractor Worker Retention Ordinance	N/A	N/A	
	Contractor Responsibility Ordinance Statement	Yes	Yes	
	Equal Benefits Ordinance Statement	Yes	Yes	
	Good Faith Effort Subcontractor Outreach (Minority, Women, Other Business Enterprises Schedule)	Yes	Yes	Received 90 points. 75 points needed to pass
	Bidder Certification - CEC Form 50	Yes	Yes	
<b>II. Submittal Documents</b>		<b>Submitted</b>	<b>In Compliance</b>	<b>Comments</b>
	Cover Letter	Yes	Yes	
	Proposals Deposit	Yes	Yes	
	Ability to Finance	Yes	Yes	
	Experience and Qualifications	Yes	Yes	
	Proposed Business Plan	Yes	Yes	
	Proposed Revenue Sharing Payment	Yes	Yes	
	Proposed Services and Products with Price List	Yes	Yes	

**DEPARTMENT OF RECREATION AND PARKS  
GOOD FAITH EFFORT OUTREACH SCORING**

**BAR AND BEVERAGE SERVICE CONCESSION RFP (ARS MO9-08)  
SUNSERI'S**

	<b>Indicator</b>	<b>Possible Points</b>	<b>Awarded Points</b>	<b>Comment (Reason for Failing)</b>
1.	Level of Anticipated MBE/WBE/OBE Participation	0	0	
2.	Attended Pre-Bid Meeting	10	10	
3.	Sufficient Work Identified for Subconsultant	10	10	
4.	Advertisement	9	9	
5.	Written Notices to Subconsultant	15	15	
6.	Follow-Up on Initial Solicitation	10	0	Proposer followed-up with two of four companies solicited (Per the submitted GFE Phone Log). Proposer is required to follow-up with all four companies.
7.	Plans, Specifications, and Requirements	5	5	
8.	Contacted Recruitment / Placement Organizations	10	10	
9.	Negotiated in Good Faith	26	26	
10.	Bond, Lines of Credit, and Insurance	5	5	
	<b>TOTAL SCORE:</b>	<b>100</b>	<b>90</b>	<b><i>75 points is required for passing</i></b>

**DEPARTMENT OF RECREATION AND PARKS  
BAR & BEVERAGE SERVICES CONCESSION RFP  
MONTEREY CONCESSIONS GROUP DBA L.A. BAR SERVICES  
LEVEL I EVALUATION SUMMARY**

<b>I. Compliance Documents</b>		<b>Submitted</b>	<b>In Compliance</b>	<b>Comments</b>
	Proposers Signed Declaration and Affidavit of Non-Collusion	Yes	Yes	
	Disposition of Proposals	Yes	Yes	
	Affirmative Action Plan	Yes	Yes	
	Living Wage Ordinance / Service Contractor Worker Retention Ordinance	Yes	Yes	
	Contractor Responsibility Ordinance Statement	Yes	Yes	
	Equal Benefits Ordinance Statement	Yes	Yes	
	Good Faith Effort Subcontractor Outreach (Minority, Women, Other Business Enterprises Schedule)	Yes	No	Received 59 points. 75 points needed to pass.
	Bidder Certification - CEC Form 50	No	No	Not submitted

<b>II. Submittal Documents</b>		<b>Submitted</b>	<b>In Compliance</b>	<b>Comments</b>
	Cover Letter	Yes	Yes	
	Proposals Deposit	Yes	Yes	
	Ability to Finance	Yes	Yes	
	Experience and Qualifications	Yes	Yes	
	Business Plan	Yes	Yes	
	Proposed Rental Percentage	Yes	Yes	
	Services and Products and Price List	Yes	Yes	

**DEPARTMENT OF RECREATION AND PARKS  
BAR AND BEVERAGE SERVICE CONCESSION RFP (ARS MO9-08)  
MONTEREY CONCESSIONS GROUP DBA L.A. BAR SERVICES  
GOOD FAITH EFFORT OUTREACH SCORING**

	<b>Indicator</b>	<b>Possible Points</b>	<b>Awarded Points</b>	<b>Comment</b>
1.	Level of Anticipated MBE/WBE/OBE Participation	0	0	
2.	Attended Pre-Bid Meeting	10	10	
3.	Sufficient Work Identified for Subconsultant	10	10	
4.	Advertisement	9	9	
5.	Written Notices to Subconsultant	15	0	Proposers are required to send a letter to potential subcontractors for identified work to be performed, along with proof of mailing or fax transmittal, in order to receive points for this Indicator. A master list was provided, but proof of mailing or fax transmittal was not provided in the submitted proposal. No points are awarded.
6.	Follow-Up on Initial Solicitation	10	10	
7.	Plans, Specifications, and Requirements	5	5	
8.	Contacted Recruitment / Placement Organizations	10	10	
9.	Negotiated in Good Faith	26	0	Copies of quotes, Schedule A, and a Summary Sheet are required to be submitted in order to receive points for this Indicator. Although copies of quotes were provided, neither Schedule A nor the Summary Sheet were provided. Therefore, no points are awarded.
10.	Bond, Lines of Credit, and Insurance	5	5	
	<b>TOTAL SCORE:</b>	100	59	<b><i>75 points is required for passing - Proposal failed</i></b>

# PERSONNEL DEPARTMENT CONTRACT REVIEW REPORT

1. Requesting Department: Department of Recreation and Parks

Attachment C

2. Contacts:

Department: Karen Freire Phone No: 818-243-6421 Fax No: 818-243-6451  
CFO: Veronica Salumbides Phone No: 473-7561 Fax No: 473-7514

3. Work to be performed:

The Department of Recreation and Parks is seeking to have up to five (5) pre-qualified concessionaires to provide bar and beverage services at the following banquet halls: Friendship Auditorium, Grace E. Simons Lodge, Ramona Hall, and Orcutt Ranch. Under the guidance of the Department and the patron requesting services, each contractor will be responsible for catering, management, and operation of the bar and beverage services. This work includes meeting and scheduling the events with the patrons and Department, providing a price quote to the patron prior to each event, serving and providing the beverages during the event, policing and monitoring patron alcoholic intake, clean up, disposal, and removal of items, and collecting fees from the patrons. The concessionaires are also responsible for adhering to the provisions of the State of California, Department of Alcoholic Beverage Control liquor license.

4. Is this a contract renewal? Yes  No

5. Proposed length of contract: 3 years  
Proposed Start Date: Upon contract execution

6. Proposed cost of contract (if known): \$300,000.00

7. Name of proposed contractor: Unknown

8. Unique or special qualifications required to perform the work:

A State of California, Department of Alcoholic Beverage Control Type 58 license and general liquor liability insurance are required. Must have knowledge and expertise in providing catering, management, and operation of bar and beverage services, particularly with serving 200 or more patrons per event.

9. Are there City employees that can perform the work being proposed for contracting?  
Yes  No

If Yes:

a. Which class(es) and Department(s):

b. Are there sufficient Department staff available to perform the work? Yes  No

c. Is there a current eligible list for the class(es)? Yes  No  Expiration Date: \_\_\_\_\_

d. Estimated time to fill position(s) through CSC process?

e. Can the requesting department continue to employ staff hired for the project after project completion? Yes  No

f. Are there City employees currently performing the work? Yes  No

10. Findings:

City employees DO NOT have the expertise to perform the work.

City employees DO have the expertise to perform the work

Check if applicable (explanation attached) and send to CAO for further analysis

- Project of limited duration would have to layoff staff at end of project
- Time constraints require immediate staffing of project
- Work assignment exceeds staffing availability

**SUMMARY:** The Department of Recreation and Parks is seeking to contract for Bar and Beverage Services at five banquet facilities. There is currently no City classification that requires a State of California Department of Alcoholic Beverage Control Type 58 License. Nor is there a City Classification that would prepare employees to perform the above work.

Submitted by

  
Stephanie Holloman

Reviewed by

  
Shely Del Rosario

Approved by

  
Strainon C. Pascual

Date

5/23/05