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*Memorandum*  
by City Manager's Office

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Albert Balagso

**SUBJECT:** SEE BELOW

**DATE:** 12-17-09

Approved

Date

12/18/09

### INFORMATION

**SUBJECT: REJECTION OF ALL PROPOSALS FOR RFP PRNS-PA-10-09-01 – FOOD AND BEVERAGE SERVICES FOR HAPPY HOLLOW PARK AND ZOO (HHPZ) WITH THE INTENT TO OPERATE FOOD AND BEVERAGE SERVICES IN-HOUSE THROUGH THE INAUGURAL PEAK SPRING AND SUMMER SEASONS.**

### BACKGROUND

Parks, Recreation and Neighborhood Services (PRNS) released two requests for proposals (RFP's) for food and beverage for Happy Hollow Park & Zoo (HHPZ), with the first released on July 9, 2009 and the second released on October 9, 2009. PRNS rejected the proposals for the first RFP – Food and Beverage Services for HHPZ (PRNS-PA-07-09-02) on September 22<sup>nd</sup> and the second RFP (PRNS-PA-10-09-01) on December 1<sup>st</sup>.

As HHPZ opens in only 13 weeks, PRNS intends to operate food and beverage services in-house during the initial months following re-opening. This will allow HHPZ to open with the needed food and beverage services, while staff reviews and compiles needed performance data and develops options for the best long-term food and beverage services.

### ANALYSIS

PRNS staff surveyed the reasons why more vendors did not respond to the initial RFP. The limited data regarding revenue performance of the food and beverage facility, economic conditions, contract complexities and wage requirements were a few of the key issues that were identified. In preparation of the revised RFP, staff modified operating parameters to clarify the intentions of the City and to increase flexibility to the operator. Some of the modifications included the following: offering exclusivity of services, flexible services during non-peak hours, a new financial model, and alcohol sales for evening events.

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One significant concern that PRNS could not address was the lack of performance data for historical per-person spending in a new food and beverage facility at Happy Hollow Park and Zoo. The food and beverage sales are moving from a 110 sq. ft. trailer to a 5,920 sq. ft. facility. In 2007, per-visitor spending averaged \$1.54 and this generated concessions income of \$530,752. The July 2009 HHPZ Business Plan Report prepared by PROS Consulting, a national expert in recreation business strategies, indicated that HHPZ is anticipated to exceed 460,000 visitors per year with a food and beverage spending rate of \$3.00 per visitor, resulting in projected income of \$1,380,000. However, without confirmed data, surveyed vendors indicated that it was difficult for them to plan revenue and commit to revenue sharing with the City.


Pursuant to the RFP and under Municipal Code Section 4.12.350, the City may reject any or all responses received.

The City rejected the responses in both instances, as the sole proposer failed to meet minimum qualifications, including a proposal that no income to be shared with the City. Based on the 13 weeks remaining before HHPZ opens, contracting with an operator, even through negotiations with a sole vendor, would not leave sufficient time for the operator to hire and train staff, purchase furnishings, outfit the kitchen, develop menus, and prepare for special event dates prior to March 9th. Given this constraint, PRNS will operate food and beverage services during the initial months following re-opening of HHPZ and staff will review and compile needed performance data and develop options for the best long-term solution for food and beverage services. Alternative strategies will be pursued in fall 2010, after the initial peak season has concluded.

HHPZ will begin operations to the public on March 9, 2010, with the scheduled Grand Opening to occur on March 20. With a \$72 million voter-approved Parks Bond Act investment, HHPZ will reopen as a destination park for local and regional family entertainment and critical educational programs. Successful food and beverage operations will be critical to creating positive first impressions so that visitors will become repeat customers and encourage family and friends to visit, and so that HHPZ can attain its revenue and cost-recovery goals.

### COORDINATION

This memorandum has been coordinated with the Department of Finance - Purchasing and the Office of the City Attorney.

  
Albert Balagso  
Director of Parks, Recreation and  
Neighborhood Services

For questions please contact Mark Marney, Deputy Director, at 408-535-3582.