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Bar and Beverage Service Concession (ARS-M10-175)

Questions & Answers

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1. Question: As a Bar and Beverage Concessionaire, is there any promise or commitment of business?

Answer: *Section II (“Objective”) of the RFP states, in part, “The Department, in entering into an Agreement with the selected proposer, guarantees no minimum amount of business or compensation.”*

2. Question: Should proposers consider the possibility of up to five (5) other operators being selected when preparing the financial projections?

Answer: *The purpose of the financial pro forma is to ensure the proposer understands the business costs of the operation and is preparing a successful business plan. As stated in Section V.A.3.3 (“Proposal Items – Financial Projection and Planning”) of the RFP, “Projections should demonstrate sound financial planning, be realistic and achievable, and support all elements of the proposal.”*

3. Question: Does the City allow the concessionaire to promote other services at a rental hall such as catering, DJ with music, and florist services?

Answer: *The purpose of the proposed concession agreement is to provide bar and beverage services to park patrons renting banquet hall facilities. Any proposed additional services will be addressed on a case-by case basis and requires the written approval of the General Manager.*

Section V.A.4.1 (“Proposal Items – Proposed Revenue Sharing Payment”) of the RFP states, “For proposed new amenities or services to be offered as part of the concession operation in which the patron is charged any fee whatsoever, those amenities and services shall also be subject to rental payments.”



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Section 6 (“Revenue Sharing Fee and Payment”) of Exhibit C (“Sample Concession Agreement”) of the RFP states, “Use of the premises for purposes not expressly permitted herein, whether approved in writing by General Manager or not, may result in additional charges; however, any such use without the prior written approval of the General Manager shall also constitute a material breach of this agreement and is prohibited.”

4. Question: Are concessionaires required to pay the minimum rent based on projected revenue?

Answer: The revenue sharing payment will be based on actual gross revenue. Section V.A.4.1 (“Proposal Items – Proposed Revenue Sharing Payment”) of the RFP states, “Revenue sharing payment may be proposed as a different percentage rate among the various revenue categories, and/or may vary with time, activity, or specific levels of gross receipts.”

The minimum acceptable percentage for this RFP is 20% of gross receipts produced by all bar and beverage (alcoholic and non-alcoholic) sales.

5. Question: What types of marketing does the City use to promote the use of rental halls for events.

Answer: The City advertises the availability of the rental hall facilities on the following Department of Recreation and Parks (RAP) website: <http://www.laparks.org/dos/banquet.htm>

It is anticipated that the selected operator(s) will market the concession to increase awareness of the business. Section II (“Objective”) of the Request for Proposals (RFP) states, “Reach out to the community to increase the current usage of the concession through the use of marketing and advertising.” As part of the proposal submitted in response to the RFP, Section V.A.3.1.2 (“Proposal Items – Proposed Business Plan”) of the RFP states, “At a minimum, the following must be provided: Advertising, promotion, merchandising, and marketing plans for all segments of the concession.”

6. Question: Why did annual gross revenues drop after 2007?

Answer: It should be noted that 2007 was an unusually high year for gross revenue. Between 2006 and 2007, revenue increased by 40%. Compared to previous years, the decrease from 2006 and 2008 is 13% and between 2006 and 2009 is 16%. The overall decline is due to the current economic situation. It is anticipated that the selected operator(s) will market the concession to increase awareness of the business and generate increased revenue.