

HEALTH, EDUCATION, NEIGHBORHOODS, PARKS, ARTS, AND RIVER COMMITTEE REPORT relative to the selection of a proposed concessionaire at the Los Angeles Zoo (Zoo) and the Concessions Agreement between the City and the Greater Los Angeles Zoo Association (GLAZA).

Recommendations for Council action:

1. APPROVE and AUTHORIZE GLAZA to execute the proposed agreement with Service Systems Associates (SSA) for the management of concession services at the Los Angeles Zoo and Botanical Gardens, for a term of ten years with one five-year option, subject to the approval of the City Attorney as to form.
2. APPROVE the Sixth Amendment (Amendment) (Attachment A to the May 7, 2019 joint City Administrative Officer (CAO), and Chief Legislative Analyst (CLA) report, attached to the Council file), to the Agreement between the City and GLAZA, for the management of concessions at the Zoo, through September 29, 2022; and AUTHORIZE the Zoo Director to execute the Amendment subject to the approval of the City Attorney as to form.
3. INSTRUCT GLAZA in accordance with Section 7 of the Amendment, and with the assistance of the CAO, CLA, Zoo, and Controller to:
  - a. Establish a cost allocation methodology that GLAZA would utilize to clearly identify the direct and indirect costs of administering the concessions contract and that considers best accounting practices for non-profits to monitor these types of costs within 30 days of execution of this Amendment.
  - b. Complete the cost allocation study and submit it to the City for review and approval no later than October 1, 2019 and present recommendations for adjusting the Concessions Management Fee as appropriate.
  - c. Report on the status of the cost allocation study to the Health, Education, Neighborhoods, Parks, Arts and River Committee monthly or as requested by the Committee Chair.
4. INSTRUCT the CAO, CLA, with assistance from the Zoo Director and City Attorney, to:
  - a. Negotiate a new agreement between the City and GLAZA since the existing Operating Agreement will expire on September 29, 2022 and transmit a proposed agreement to the Council for approval within 180 days.
  - b. Incorporate the terms of all relevant Memoranda of Understanding (MOU), including but not limited to, the Marketing MOU between the Zoo and GLAZA into the new agreement.
5. AMEND the language on the joint CAO and CLA report dated the May 7, 2019, on page 6, bullet point 8, related to the ability of the City to appoint members to the GLAZA Board, to read: ability of the City to appoint a voting member, and Council District Four to appoint a

non-voting member to the GLAZA Board.

6. INSTRUCT the CAO, CLA, with assistance from the City Attorney to incorporate the provisions of the Amendment in the proposed agreement, as appropriate, and any additional concession related requirements which may be necessary.
7. AUTHORIZE the CAO, CLA, with assistance of the Zoo Director and City Attorney, to make technical adjustments to Amendment.

Fiscal Impact Statement: The CAO and CLA reports that there is no impact to the General Fund. GLAZA will receive a fixed fee of \$275,000 for the 2019-2020 Fiscal Year for the administration of the concessions contract to be paid from revenue received from concessions at the Zoo. Upon approval by Council, the Concession Services Agreement between GLAZA and the selected concessionaire provides a minimum guarantee of \$2.5 million in annual revenue. Under the terms of the proposed Amendment, the Zoo will receive 80 percent of the commission payments made by the concessionaire to GLAZA in accordance with the terms of the Concession Services Agreement, which at a minimum will result in annual revenue to the Zoo of \$2 million. Under the existing agreement, the Zoo receives 10 percent of gross commissionable revenue, which is estimated to be approximately \$1.1 million for the 2018-19 Fiscal Year.

Community Impact Statement: None submitted.

**TIME LIMIT FILE - JUNE 18, 2019**

**(LAST DAY FOR COUNCIL ACTION - JUNE 18, 2019)**

Summary:

At the meeting held on May 8, 2019, your Health, Education, Neighborhoods, Parks, Arts and River Committee considered a Zoo Department report dated April 1, 2019, CAO report dated April 17, 2019, and the joint report from the CAO and CLA dated May 7, 2019, relative to the selection of proposed concessionaire at the Los Angeles Zoo and the concession agreement between the City and GLAZA.

Representatives from the CAO, CLA, and GLAZA gave a brief background of the matter and responded to queries from the committee members. After an opportunity for public comment was held, the Committee moved to approve the recommendations contained in the joint CAO/CLA report and made a few amendments detailed above. This matter is now forwarded to Council for its consideration.

Respectfully Submitted,

HEALTH, EDUCATION, NEIGHBORHOODS, PARKS, ARTS, AND RIVER COMMITTEE

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<u>MEMBER</u>	<u>VOTE</u>
RYU:	YES
O'FARRELL:	YES
PRICE:	ABSENT

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**