



March 29, 2019

Honorable Los Angeles City Council
c/o Office of the City Clerk
200 N. Spring Street, Room 395
Los Angeles, California 90012

Reference: Council File No. 14-0600-S223

Dear Honorable Councilmembers:

BACKGROUND

On November 6, 2018 the City Council authorized the Greater Los Angeles Zoo Association (GLAZA) to release the Request for Proposal (RFP) for Zoo Food and Beverage and Retail Service Operations attached to Council file No 14-0600-S223. The Council action further instructed GLAZA to complete the selection process and transmit the selection of a proposed concessionaire to City Council for approval.

GLAZA issued the RFP on December 5, 2018 and final bids were due on February 8, 2019. GLAZA created a Proposal Review Committee (Review Committee) that reviewed and ranked all proposals. The Review Committee recommended SSA be selected as the Zoo Concessionaire. This recommendation was reviewed by the GLAZA Concessions Committee on March 13, 2019, which recommended the GLAZA Board of Trustees approve the selection of SSA. The GLAZA Board approved the recommendation on March 14, 2019.

GLAZA's complete report is attached for your information.

RECOMMENDATION

That the City Council approve the selection of SSA as the concessionaire for the Los Angeles Zoo Food & Beverage and Retail Services Operations, as recommended by the RFP Proposal Review Committee, the GLAZA Concessions Committee and the GLAZA Board of Trustees, and that the City Council authorize GLAZA to execute the Concession Services Agreement (attached) with SSA and make technical, non-material changes as necessary.

Respectfully Submitted,

Dawn Petersen-Amend
Interim President
Greater Los Angeles Zoo Association

cc: Denise Verret, Zoo Department
Terry Sauer, Office of the CAO
Cheryl Banares, Office of the CLA
Dov Lesel, Office of the City Attorney

Attachment

**Greater Los Angeles Zoo Association
LOS ANGELES ZOO FOOD AND BEVERAGE
AND RETAIL SERVICE OPERATIONS
RFP Process and Summary Report**

3/29/19

GOAL

Solicit proposals and select a well-qualified business entity to operate and maintain the Food and Beverage Concession and/or the Retail, Tram, Photo Booth and Stroller/Wheelchair Rental operations at the Los Angeles Zoo

SUMMARY

As authorized by the City Council of the City of Los Angeles in C.F. 14-0600-S223 and in conformance with recommendations from the Chief Administrative Officer, Chief Legislative Analyst and the City Attorney, the City of Los Angeles (City) and the Greater Los Angeles Zoo Association (GLAZA) offered an opportunity for a well-qualified business entity to operate and maintain the Food and Beverage Concession and/or the Retail, Tram, Photo Booth and Stroller/Wheelchair Rental operations at the Los Angeles Zoo (“Concession”). The Request for Proposals (RFP) was developed in coordination among the Zoo Department, GLAZA, Chief Administrative Officer, the Chief Legislative Analyst, City Attorney and information from the Bureau of Contract Administration as to City contracting requirements. Per direction from the Council, the RFP was released and information managed in accordance with City of Los Angeles policy as to the utilization of the Los Angeles Business Assistance Virtual Network (BAVN) and compliance by proposers with the City’s Business Inclusion Program (BIP).

OBJECTIVE OF RFP

The RFP objective was to identify and recommend a proposer that demonstrates the ability to implement a program to meet or exceed the RFP’s objectives as well as to incorporate creative ideas that are appropriate to maximize revenue and improve the guest experience. The bid opportunity included, but was not limited to, the following activities:

Food Service Proposal

- Management and operation of visitor and event food/beverage service
- Daily employee meals and in-house meetings and conferences
- Preferred on-site catering

Retail Operations Proposal

- Retail stores and merchandise kiosks
- Tram service
- Stroller/wheelchair rentals
- Photo booth
- Vending
- Other operations as proposed

The RFP required that each Proposal be from a single entity and not represent a joint venture between multiple entities. This did not preclude the use of partnerships and subcontractors.

Proposers were allowed to submit a bid for the entirety of the categories (food & beverage and/or retail), or in part, as their experience allowed.

REVIEW OF THE RFP PROCESS

The Request for Proposals was distributed via the Association of Zoos & Aquariums, the National Association of Concessionaires, and the Los Angeles Business Assistance Virtual Network (BAVN).

The RFP allowed proposers to submit for food & beverage and/or retail service together or separately.

The RFP was issued on the Los Angeles Business Assistance Virtual Network (BAVN) on **December 5, 2018**.

A mandatory bidders conference and site walk was held on **December 12, 2018**, which was attended by 29 potential prime and subcontractor representatives. Only bidders whose representative(s) attended the mandatory conference were considered registered and eligible to submit a prime bid proposal.

Potential proposers were offered the opportunity to notify GLAZA by **December 17, 2018**, if a requirement or specifications prevented submission of a proposal beneficial to the Zoo. No such notifications were received by this deadline.

The deadline for questions from potential proposers was **December 21, 2018**. GLAZA posted proposers' questions and the deadline for GLAZA to post

responses was **January 7, 2019**. GLAZA responses on BAVN in **Addendum #3** on **December 21, 2018**, and **Addendum #6** on **January 7, 2019**.

At the request of potential proposers, an additional site walk was held on **January 14, 2019**. All attendees at the mandatory bidders conference were invited to this second site walk.

Proposals were due on **February 8, 2019**. Three bid proposals were received from registered eligible bidders as follows:

- Event Network LLC – Retail Service
- Service America/Centerplate/Sodexo – Food, Beverage and Retail Service
- Service Systems Associates (SSA) – Food, Beverage and Retail Service
(Note, SSA also submitted a proposal for Food and Beverage only and a proposal for Retail only, as allowed in the RFP)

LEVEL ONE REVIEW

Level One reviews, to make sure that all required components of the RFP were included in submitted proposals, were conducted between **February 9 and February 15, 2019**. The three proposers all submitted complete proposals. All advanced to Level Two:

- Event Network LLC – Retail Service
- Service America/Centerplate/Sodexo – Food, Beverage and Retail Service
- SSA – Food, Beverage and Retail Service *(Note, SSA also submitted a proposal for Food and Beverage only and a proposal for Retail only, as allowed in the RFP)*

LEVEL TWO REVIEW

GLAZA recruited a Proposal Review Committee to review proposals for Level Two, and to conduct interviews and participate in tastings and retail presentations. The Committee members possess complementary expertise including concessions evaluation, capital planning, event operations, finance, park operations, catering, and a deep knowledge of the needs of the Zoo and GLAZA. Per the instructions from the Los Angeles City Council, a Committee member was recruited who had experience in the management of concessions within a City department, Department of Recreation and Parks. The five Committee members represented the following entities/organizations:

- Los Angeles Zoo (operations)
- City of Los Angeles, Department of Parks and Recreation (concessions)
- GLAZA (finance)
- GLAZA (special events)
- GLAZA Board of Trustees

Level Two evaluation entailed an extensive and comprehensive assessment of each proposer's written bid proposal in advance of the in-person interviews.

The Level Two reviews, comprising interviews, tastings, and retail presentations, were held the week of **March 4, 2019**, as follows:

- **March 4** - 9:00 am to 2:15 pm – Event Network (includes retail presentation)
- **March 6** - 9:00 am to 3:15 pm – SSA (includes food and beverage tasting and retail presentations)
- **March 7** - 9:00 am to 3:15 pm – Service America/Centerplate/Sodexo (includes food and beverage tasting and retail presentations)
- **March 8** - 10:00 am to 1:15 pm – Final deliberations and scoring

Per the RFP, the Proposal Review Committee was allowed to ask clarifying questions before the interviews/tastings. These questions (and responses received) were made available to the Proposal Review Committee prior to the interviews. Questions were also discussed during the proposer interviews.

Level Two interviews consisted of thirty minutes of company presentations on financial, business plan and capital expenditures, followed by two hours of Committee questions. Each proposer conducted a thirty-minute retail presentation, followed by an additional forty-five minutes of Committee questions. For the proposers that also bid on food and beverage, a one-hour tasting and catering presentation with questions was added to the day's schedule.

Proposers that bid on food and beverage were asked to provide the following items for tasting:

- Hamburger (most popular food item at the Zoo)
- Chicken tenders (second most popular item at the Zoo)
- Vegan protein entrée of proposer's choosing
- Catering item of proposer's choosing
- Sweet treat of proposer's choosing

Proposers were asked to explain their policy regarding food allergies and allergens as part of the catering presentation. Proposers were required to agree to the City of Los Angeles Good Food Purchasing Policy as a condition of proposing for food and beverage operations.

At the conclusion of the interviews, the Proposal Review Committee deliberated, ranked, and scored the proposers in conformance with the Level Two scoring criteria. The maximum number of points possible was one hundred, distributed across the following four categories: Business Plan, Investment and Facility Improvement, Proposed Revenue Sharing Payment, and Proposer's History.

Overview

The RFP was issued to award up to a fifteen (15) year Concession Services Agreement (ten [10] years with one five [5] year renewal option at the sole discretion of GLAZA and the City) between GLAZA and the selected Proposer to accomplish the following:

- Maximize visitor experience through high quality merchandise, food and beverage and uniquely featured items throughout the Zoo. Provide the highest quality food, beverage and retail service with an attractive ambiance.
- Maximize revenue generation and resulting commissions to the Zoo in accordance with instruction in Council File 14-0600-S223.
- Minimize wait times for food, beverage and merchandise purchases.
- Provide high quality healthy food in keeping with the City's Good Food Purchasing Policies.
- Provide professional service at reasonable, market prices.
- Assess, install, provide, and maintain all necessary equipment, furnishings and ongoing maintenance to create an attractive and inviting food service and merchandise experience.
- Provide food and beverage items which incorporate the demographics and needs of the community and Zoo visitors.
- Establish and increase a strong customer base at the concession and retail facilities through the use of marketing, advertising and technology tools.
- Coordinate with the Zoo and GLAZA to develop food and beverage menu items and unique merchandise for the Los Angeles Zoo as well as for outside events i.e., corporate, community and other social events.
- Minimize risk and liabilities of GLAZA and the City.

- Implement, maintain and enforce all safety rules and regulations related to concession and retail operations.
- Operate under all City, GLAZA and Los Angeles Zoo policies and procedures, as well as all State and Federal regulations.
- Report to and take direction from the designated GLAZA and Zoo staff with regard to all aspects of operations, quality, pricing, menu selection, internal control and personnel at the Zoo facility.
- Provide regular reporting and audited financials to the City through the Zoo and GLAZA in addition to any reporting requirements established by GLAZA.

PROPOSAL SCORING CRITERIA

Proposers were scored and ranked based on the following criteria on a 100-point scale:

Category	Maximum Points
Business Plan	10 points
Investment and Facility Improvement	30 points
Proposed Revenue Sharing Payment	35 points
Proposer's History (including but not limited to financial capacity, experience with zoos or similar venues, background, references, management)	25 points
TOTAL	100 POINTS

Business Plan – 10 points

The RFP stipulated that all proposers agree to sign the Concessions Services Agreement included in the RFP as well as insurance and indemnification provisions determined by the City and GLAZA and stated in the RFP. They were required to identify the General Manager and other managers who would be responsible for the Zoo concessions. Additionally, proposers were asked to consider and propose additional food and beverage and/or retail and merchandising ideas. Décor concepts were requested to enhance the venue's ambience and create an attractive environment for all visitors. Food and beverage concepts were requested to include, but not be limited to: street food, grab and go, branded cuisine, coffee concepts, craft beers, wine and non-alcoholic beverages that reflect the cultural diversity of Los Angeles and comply with the Los Angeles Food Policy Council's Good Food Purchasing Program Guidelines.

Investment and Facility Improvement – 30 points

Proposers were required to include an operational plan with décor concepts and financial cost breakdowns, including a fifteen-year Capital Investment plan (reflecting an agreement of ten [10] years, with one five [5] year renewal option at the discretion of GLAZA and the City). The proposed Capital Investment plan was required to be implemented and amortized in five-year increments. Proposers were required to include renderings of proposed improvements at one or more of the Zoo's concessions, along with a guaranteed investment amount and schedule of investments and improvements.

Proposed Revenue Sharing Payment – 35 points

Proposers were required to include a proposed percentage to be paid monthly on merchandise, food, non-alcoholic beverages, alcoholic beverages, catering sales and all other revenue-generating activities. Proposals were to include a percentage (X %) based on annual gross receipts (without deduction). Each Proposal for food, beverage and retail was to include a proposed Minimum Annual Guarantee (MAG) for all concession and/or retail sales of a fixed amount equal to or exceeding \$1,700,000 dollars annually for years one (1) to five (5), years six (6) to ten (10), and years eleven (11) to fifteen (15). The MAG is a minimum annual payment in the event the revenue-sharing commission does not generate this amount. Proposals for retail only were required to include a MAG equal to or exceeding \$700,000. Proposals for food and beverage were required to include a MAG equal to or exceeding \$1,000,000.

Proposer's History – 25 points

Review of this category included but was not limited to financial capacity, experience with zoos or similar venues, background, references and management. In one page, proposers were required to explain how they planned to interact and build a relationship with Zoo members and visitors. In one page, proposers were to explain how quality, creativity and innovation impact the concession and/or retail guest experience at one of proposer's large facilities (annual attendance of 1 million visitors or more). Proposers were to give a one-page example of how proposer went out of its way to seek out and resolve guests' issues in one of its large venues (annual attendance of 1 million visitors or more). Proposers were to explain in one page how proposer operates in entrepreneurial ways at one of its large venues (attendance of 1 million visitors or more). Proposers were to provide a one-paragraph summary of proposed changes for each primary Zoo location.

Evaluation “Buckets”

The Proposal Review Committee evaluated proposers’ bids on the 4 categories outlined in the RFP – Business Plan, Investment and Facility Improvement, Proposed Revenue Sharing Payment, and Proposer’s History. They also asked questions to help determine the following:

- **Can the numbers work and be met?** Does the Pro Forma make sense; what about the guarantee and percentages that will go toward the work of the Zoo? Does the company have the capacity to manage and grow as projected?
- **Can they do what they promise?** Each company has a vision for how it would work with GLAZA and the Zoo and what it would do to transform concessions to meet the needs and expectations of Zoo visitors, including the needs of which they are not currently aware. Are these plans attainable? Do we think that this company has the ability to meet them?
- **Can they be a good partner?** The needs of the Los Angeles Zoo are not like those of most large venues. Critical factors include: freshly prepared food choices, variable visitor demand requirements, outdoor environment including effects of weather, dissimilar demographics, and City/Private non-profit relationship. In addition, the relationship with Zoo visitors is not merely transactional and does not occur just once or twice per visit. Many families and children visit multiple times each year and visit concessions more than once in each visit. The Zoo also is part of a complex ecosystem of organizations dedicated to protecting the planet’s wildlife. This requires different kinds of priorities, with an emphasis on sustainability and conservation.

SCORING AND RANKINGS

Tables 1-5 Scoring Results

The Proposal Review Committee met on **March 8, 2019**, to score the bid proposals. The results were clear and consistent across each category and by each member of the Committee. Though there was variance in the reviewers’ scores, the relative winning score by category was consistent, as each member of the Committee scored the same proposer high in each area and overall. The scoring showed that one proposer clearly exceeded the others in every category.

Table 1 SSA Option 1 (Food, Beverage & Retail)

Evaluation Categories	Maximum Possible Points	Reviewer #1	Reviewer #2	Reviewer #3	Reviewer #4	Reviewer #5
Business Plan	10	10	9	8	8	10
Investment/ Facility Improvement	30	30	28	30	29	26
Proposed Revenue Sharing	35	34	34	35	32	32
Proposer's History	25	22	25	25	25	25
Total Score	100	96	96	98	94	93
Overall Average	95.4					

Table 2 SSA Option 2 (Food & Beverage)

Evaluation Categories	Maximum Possible Points	Reviewer #1	Reviewer #2	Reviewer #3	Reviewer #4	Reviewer #5
Business Plan	10	9	9	8	8	9
Investment/ Facility Improvement	30	30	28	30	29	26
Proposed Revenue Sharing	35	34	34	35	30	32
Proposer's History	25	22	25	25	25	25
Total Score	100	95	96	98	92	92
Overall Average	94.6					

Table 3 SSA Option 3 (Retail Only)

Evaluation Categories	Maximum Possible Points	Reviewer #1	Reviewer #2	Reviewer #3	Reviewer #4	Reviewer #5
Business Plan	10	8	8	8	7	9
Investment/ Facility Improvement	30	30	28	30	29	26
Proposed Revenue Sharing	35	34	34	35	30	32
Proposer's History	25	22	22	22	25	24
Total Score	100	94	92	95	91	91
Overall Average	92.6					

Table 4 Service America/Centerplate/Sodexo (Food, Beverage & Retail)

Evaluation Categories	Maximum Possible Points	Reviewer #1	Reviewer #2	Reviewer #3	Reviewer #4	Reviewer #5
Business Plan	10	5	6	4	6	6
Investment/ Facility Improvement	30	20	19	15	15	15
Proposed Revenue Sharing	35	25	30	25	28	27
Proposer's History	25	20	18	10	18	18
Total Score	100	70	73	54	67	66
Overall Average	66					

Table 5 Event Network (Retail Only)

Evaluation Categories	Maximum Possible Points	Reviewer #1	Reviewer #2	Reviewer #3	Reviewer #4	Reviewer #5
Business Plan	10	7	7	5	7	6
Investment/ Facility Improvement	30	25	21	15	20	18
Proposed Revenue Sharing	35	25	33	35	30	28
Proposer's History	25	23	20	20	25	24
Total Score	100	80	81	75	82	76
Overall Average	76.8					

KEY ASPECTS OF PROPOSALS PER SCORING CRITERIA

Overall Background, Experience and Qualifications

The Los Angeles Zoo Food and Beverage and Retail Services Operation bid opportunity received responses from three of the top providers of concessions to zoos and aquariums in the United States. Each of the proposers has extensive expertise and a deep roster of highly regarded zoos and aquariums. Each proposer has contracts with Association of Zoos and Aquariums accredited institutions, which indicates an understanding of the unique position of the Los Angeles Zoo as a member of this international association focused on conservation and species survival.

SSA was founded in 1971 as K-M and received its first zoo contract (with the Denver Zoo) in 1974. In 1989 SSA was formed from K-M to focus on zoos, aquariums and botanical gardens. SSA serves 38 Association of Zoos and Aquariums (AZA) accredited zoos and aquariums in the United States, including the Monterey Bay Aquarium, the Denver Zoo, Cincinnati Zoo and Botanical Garden, and Zoo Atlanta.

Service America/Centerplate/Sodexo began operating as Centerplate in 1960 and was acquired by Sodexo America in 2018. Sodexo America was founded in 2000. Service America/Centerplate/Sodexo has provided food and beverage concessions, catering, and/or retail for zoos and aquariums including Zoo New England, Indianapolis Zoo, Columbus Zoo and Botanical Garden and Aquarium, and the National Aquarium.

Event Network began merchandising and operating cultural attraction stores in 1998, and its first project was the Titanic Exhibition. Event Network operates retail stores in 21 AZA zoos and aquariums and five botanical gardens that are members of the American Public Gardens Association. Its contracts include the Philadelphia Zoo, the Shedd Aquarium, the National Aquarium, and the Lincoln Park Zoo.

Business Plan

Los Angeles Focus

All proposals made an effort to understand and reflect the unique nature of Los Angeles for facilities, menu, and retail offerings.

SSA's vision presented visual references to Union Station and Angels Flight and included specific food subcontractors well known in Los Angeles (Pink's Hotdogs restaurant) and child-based food preparation (Bean Sprouts Kitchen) as well as a celebrity chef commitment (Sammy Monsour of Preux & Proper) for one of the dining facilities.

Service America/Centerplate/Sodexo proposed inclusion of the iconic Randy's Donuts as a subcontractor, as well as Churro Boss and Mateo's Paletas. Through its proposed subcontractor, Wildlife Trading Company (WTC), the company proposed to collaborate with Los Angeles artist Ruben Rojas on the design of items for the retail stores, and to sell a plush representation of mountain lion P-22 which WTC developed for the Santa Monica Mountains Fund and the National Wildlife Federation.

Event Network identified specific retail product lines and suppliers that could reflect the Zoo and Los Angeles. These included unique t-shirts and other items reflecting the Zoo's well-known alligator, Reggie; products designed with themes from L.A. Zoo exhibits such as The LAIR (reptiles); and utilizing area suppliers for gifts and products.

Sustainability

As a component of their business plan, each proposer outlined its commitment to sustainability.

SSA highlighted its commitment to sustainable seafood through its work with the Monterey Bay Aquarium, to local sourcing through its investment in Evergreen Farm in California's Central Valley and its work with vendors to decrease the use of plastic in retail packaging, including finding compostable alternatives.

Service America/Centerplate/Sodexo cited the Sodexo Better Tomorrow 2025 pledge and plan, designed to fit the sustainable development goals of the United Nations. Its subcontractor, WTC, cited its role in the development of plush toys that use environmentally sensitive fill and the use of snare wire to create

sculpture and jewelry, as well as its work in Africa to commission goods from local cooperatives and to provide hands on help to these groups.

Event Network cited its work to eliminate all single-use plastic in its product line and to redesign proprietary products, such as its “adopt an animal” kit, to eliminate plastic altogether.

Good Food Purchasing Policy and Fresh Food

Both **SSA** and **Service America/Centerplate/Sodexo** signed the Good Food Purchasing Policy as part of their bid proposal. Both presented their versions of the two most popular foods eaten at the Zoo – hamburger and chicken tenders – in addition to the other dishes listed above.

SSA. SSA showed the use of fresh chicken for tenders, hand breaded, which they committed to serving to Zoo visitors. Additionally, SSA highlighted its subcontracting relationship with Bean Sprouts, which focuses on kid-friendly, vegetable-laden good food crafted in the shape of animals to make healthy eating fun, and with child-sized counters for easy ordering.

Service America/Centerplate/Sodexo highlighted its commitment to well-known local/regional vendors such as Santa Monica Seafood, Gioia Cheese, and Central Coast Creamery. In the tasting, Service America/Centerplate/Sodexo served frozen chicken tenders of good quality.

Investment and Facility Improvement

Timing of Capital Expenditures

SSA presented a comprehensive plan for its capital expenditure and facility improvement proposal. Its vision included a complex makeover for the retail space as well as creative renovations of the food venues at the Zoo. Additionally, SSA’s plan included the use of Airstream trailers for specific food options, notably Bean Sprouts for kid-friendly and kid-sized healthy food options. SSA’s proposal provided an expedited spend of \$4,230,000 in the early years of the contract that would have a quicker impact on the experience of the Zoo’s visitors.

Highlights of **SSA’s** proposed improvements for Years One - Five included:

- **Zoo Grill** would be converted to **Topanga Farms**, a wholly new interior with a canyon coastal design that highlights the City of Los Angeles Good Food Purchasing Policy, including fresh local produce and bread from Homeboy Bakery and with all changes compliant with the Los Angeles Green Building Council. The décor would include utilizing art that celebrates the City’s Good Food Policy.
- **Reggie’s** would become **Mercantile Good Food Kitchen**, a sit-down restaurant curated and run by the team behind Los Angeles’ Preux & Proper – Sammy Monsour and Joshua Kopel. This would be the first in a series of celebrity chef relationships for the space, each lasting 24-36

months. The facility would be redesigned with a new, fresh look to utilize the current kitchen space.

- **Gorilla Grill** would become **Pink's Hotdogs**, the restaurant's first outpost at a major Los Angeles attraction. The space would be transformed into Pink's iconic white and red architecture and serve its well-known hotdog combinations, including the *Betty White*.
- To better draw visitors into the retail space, SSA would transform the lower retail space on the plaza's north side and current stroller facility into **Cup & Pint**, a site with crafted coffee drinks from Java Madre to start off the morning or for a caffeine break, and afternoon and evening beer from Golden Road Brewery to help adults relax after hours of family excitement.
- All **International Marketplace** buildings would receive a new exterior look to mirror the look of Los Angeles Union Station, with interior redesign of all spaces and the inclusion of Cup & Pint (above) in the lower north space.
- To add flexibility and mobility for retail and food, SSA's plan for this period includes Airstream trailers for food service and a tuk tuk outfitted as a mobile retail space that can be deployed to meet the needs of changing visitor traffic flow.

Service America/Centerplate/Sodexo identified back-of-house improvements as necessary for the first years of the contract, along with point of sale and technology solutions. This proposer outlined the importance of upgrading the warehouse, commissary kitchen and food delivery processes, along with utilizing food sales automation technology to increase speed of food sales and service in the early years of the contract, with major facility upgrades in the later years of the contract. Service America/Centerplate/Sodexo submitted two financial bids in their proposal for food & beverage and retail services. Their two bids differed in amount of capital expenditure and commission to the Zoo. One bid was for \$6,000,000 in capital expenditure over the 15 years of the contract, with \$4,000,000 expended in the first ten years, and offered a higher commission rate, while the other was for \$11,000,000 in capital expenditure over the term of the contract and offered a lower commission rate. The \$11,000,000 capital expenditure bid contained a wealth of benefits to the Zoo, but the commission revenue was not as beneficial to the Zoo as the \$6,000,000 bid. For this reason, the Committee moved forward with review of the \$6,000,000 bid.

Highlights of Service America/Centerplate/Sodexo's proposed improvements for Years One – Five included:

- The main (commissary) kitchen and back-of-house areas upgraded with new equipment for increased efficiency and materials handling and transportation upgrades would be implemented.
- The aging food and beverage warehouse would be upgraded to allow for ease of deliveries and more freezer/cooler and shelving space.
- A digital menu board platform would be added to allow for self-order kiosks, which would ensure order accuracy while reducing the labor required to run some locations.

- The current **Churro Factory** permanent kiosk would be replaced by **Churro Boss**, with specialty churros and Zoo-themed churro sundaes and an exterior redesign to conform to the Churro Boss brand aesthetic.
- The current **International Marketplace** retail would become three stores: **Wonders of Wildlife** (replacing **Rainforest Traders**), **The Conservation Shop** (replacing **Wildlife Wonders**) and **The World Trade Shop** (replacing **Wild Couture**), with some interior changes such as adding more retail-specific lighting and installing custom floor fixtures and hand-crafted displays.

Highlights of Service America/Centerplate/Sodexo's proposed improvements for Years Six - Ten included:

- **Zoo Grill** would be converted to **Grove Kitchen**, which would include installation of equipment to allow for automated food selection and tray scanning check-out system, using automated kiosks for check-out that are ten times faster.
- **Reggie's** would become **The Reserve**, with a locally sourced, plant-based, vegetable forward menu and full table and bar service.
- **Randy's Donuts** would replace the **Sweet Treats** location next to Mahale Café, with an exterior change to reflect Randy's iconic look. Special donuts would be designed for the Zoo. Self-order and self-pay technology would be integrated into the design.

Event Network focused much of the capital and improvement of their retail-only proposal on supporting the flow of visitors at the Zoo – redesigning the use of space both in the International Marketplace area and elsewhere in the Zoo.

Highlights of Event Network's proposed improvements for Years One – Five included:

- Redesign of the north and south **Marketplace** to reflect the plains of Africa and the forests of Borneo.
- Addition of exterior shade structures shielding visitors from the sun and creating a more cohesive market feeling.
- A series of interior seating options – hanging pod chairs, window chair groupings – to create a place for family members to rest while others explore the shop.
- Creation of an additional retail structure – an airy structure of metal “tree trunks and branches” with hanging pod seating carved into the hillside near the Elephant exhibit. This additional retail facility would allow Zoo visitors to rest and to access a unique selection of goods.

Electronic Point of Sale System and Other Technology Tools

Each proposal included the installation of an expanded point of sale system (POS) to allow for improved customer experience at checkout and significantly more access to data for revenue tracking and decision-making. All proposers were aware of the connectivity challenges at the Zoo – Internet, cellular and Wi-Fi – and included addressing these challenges as a component of their proposals. Highlights of the technology outline of each proposer follows:

SSA proposed to incorporate its online ordering platform (already piloted in zoos) for the Los Angeles Zoo. They planned to add kiosk ordering for high volume spaces, and work with their INGroup (data and informatics team) to use its POS system to allow SSA and the Zoo greater information on spend, inventory management and sales tracking, and to add mobile ordering options with timed pick up for Zoo visitors. Based on their experience with “Fiona,” the baby hippo at the Cincinnati Zoo, SSA plans to use e-commerce and online marketing to connect with the Zoo’s social media community for online sales.

Service America/Centerplate/Sodexo proposed to add kiosk and/or tablet ordering for high volume spaces and self-order/self-checkout in multiple spaces, as well as digital menu boards for order pick-up in multiple sites. Tray scanning technology and self-service checkout would be added. For retail, subcontractor WTC uses customized software for tracking and live dashboards. WTC also plans to use its online experience with the Iditarod Trail Committee online store to create the Zoo’s online retail presence.

Event Network proposed using mobile retail technology such as wireless POS tablets for “line busting” and inventory look up as well as for sales outside the traditional store environment, such as at special events even when network connectivity is not available. Event Network’s digital team would work with the Zoo’s marketing and social media team to create an online retail presence as they have done with the Philadelphia Zoo, among others.

Capital Expenditure Budgets

Table 6 a – SSA (source: Bid Proposal 2/7/19 and Follow-Up Clarification 3/7/19)

Capital Expenditure	SSA Food,& Beverage, Retail	SSA Food, Beverage	SSA Retail
Amount Proposed	\$9,000,000	\$5,000,000	\$3,000,000
Timing Proposed	Year 1-5 (\$4,230,000) Year 6-10 (\$1,770,000) Year 11-15 (\$3,000,000)	Year 1-5 (\$2,000,000) Year 6-10 (\$1,500,000) Year 11-15 (\$1,500,000)	Year 1-5 (\$1,500,000) Year 6-10 (\$750,000) Year 11-15 (\$750,000)

Table 6 b – Service America/Centerplate/Sodexo

(source: Bid Proposal 2/8/19 and Follow-Up Clarification 3/8/19)

Capital Expenditure	Service America/Centerplate/Sodexo
Amount Proposed	\$6,000,000
Timing Proposed	Year 1-5 (\$2,000,000) and Year 6-10 (\$2,000,000) and Year 11-15 (\$2,000,000)

Table 6 c – Event Network

(source: Bid Proposal 2/8/19 and Follow-Up Clarification 3/5/19)

Capital Expenditure	Event Network (Retail Only)
Amount Proposed	\$1,250,000
Timing Proposed	Year 1-5 (\$685,000), Year 6-10(\$450,000), and Year 11-15 (\$350,000)

Proposed Revenue Sharing

Each proposer submitted a unique bid proposal for commissions to the Zoo and minimum annual guarantee as outlined in the tables to follow. The commission percentages proposed for food & beverage were higher than those currently received by the Zoo. For retail, they also were higher, but there was a wider variance among proposers. The minimum annual guarantee (MAG) is a minimum annual payment in the event the revenue-sharing commission does not generate this amount. The RFP required a Minimum Annual Guarantee of \$1,700,000 for food, beverage and retail service operations combined. Proposals for retail only were required to include a MAG equal to or exceeding \$700,000. Proposals for food and beverage only were required to include a MAG equal to or exceeding \$1,000,000. *(A detailed breakdown of commission percentages currently paid to the Zoo and those proposed can be found in the tables to follow.)*

For concession food & beverage sales, **SSA** proposed a commission percentage that ranged from 24% to 27% as compared to current commission percentages ranging from 12.3% to 23.6% (based on sales volume). **Service America/Centerplate/Sodexo** proposed a commission percentage that ranged from 22% to 29.5%.

For retail merchandise sales commissions **SSA** proposed a commission percentage of 34%, as compared to current commission percentages ranging from 15.5% to 22% (based on sales volume). **Service America/Centerplate/Sodexo** proposed a commission percentage of 20% to 25%. **Event Network** proposed a commission percentage ranging from 32.5% to 35%.

Table 7 a – Current Revenue Sharing

Food Sales – Cumulative Sales	Revenue Percentage
Up to \$1,000,000	12.25%
Up to \$1,500,000	14.5%
Up to \$2,500,000	20%
Above \$2,500,001	23.6%
Merchandise – Cumulative Sales	
Up to \$1,000,000	15.5%
Up to \$1,500,000	17.5%
Up to \$2,500,000	18.5%
Above \$2,500,001	22%
Catering Sales Commission	16.5%
Site Fees Commission	16.5%
Stroller Rentals Commission	10%
Wheel Chair Rental Commission	30%
Tram Sales Commission	15%
Kiddie Train Commission	10%
Service Charge Commission	16.5%
Outside Catering Fees Commission	50%
Subcontract Food Sales Commission	23.6%
Photo Booth Commission (include face painting, caricatures)	50%
MAB Vending Sales Vending Fees	47%
MAB Vending Sales Commission	40%

Table 7 b – SSA Proposed Revenue Sharing

Proposed Revenue Sharing	SSA Option 1 Food, Beverage & Retail	SSA Option 2 Food, Beverage	SSA Option 3 Retail
Daytime Visitor Dining			
Up to \$3,000,000	24%		
Up to \$5,000,000	25%	23%	
Above \$5,000,001		25%	
Up to \$7,000,000	26%		
Above \$7,000,001	27%		
Catering Food & Beverage (external clients)	18%	16.5%	
Retail Merchandise			
Up to \$3,000,000	34%		30%
Above \$3,000,001	34%		34%
Tram Sales	20%		20%
Stroller Rentals (SSA net after ScooterBug)	10%		10%
ECV Rentals (SSA net after ScooterBug)	30%		30%
Photo & Caricature Subs (SSA net after ScooterBug)	50%		50%
Vending	40%	40%	
Minimum Annual Guarantee Years One – Fifteen	\$2,500,000	\$1,500,000	\$1,000,000

Table 7 c – Service America/Centerplate/Sodexo Proposed Revenue Sharing

Proposed Revenue Sharing	Years 1-5	Years 6-10	Years 11-15
Food and Non-Alcoholic Beverages			
Up to \$2,500,000	22%	22.5%	23%
Up to \$5,000,000	24.5%	25%	25.5%
Up to \$7,500,000	27%	27.5%	28%
Above \$7,500,001	29.5%	30%	30.5%
Merchandise/Gifts			
Up to \$2,000,000	20%	20.5%	21%
Up to \$4,000,000	22.5%	23%	23.5%
Above \$4,000,001	25%	25.5%	26%
Catering Service Including Alcohol			
Up to \$1,000,000	16.5%	17%	17.5%
Above \$1,000,001	19%	19.5%	20%
Concessions Alcoholic Sales	30%	30%	30%
Trams	15%	15%	15%
Stroller and Wheelchair Rentals	15%	15%	15%
Photo Booth	20%	20%	20%
Subcontractor (based on amount received by SA/Cp/Sodexo)	50%	50%	50%
Minimum Annual Guarantee	\$1,700,000	\$2,000,000	\$2,250,000

Table 7 d – Event Network Proposed Revenue Sharing

Proposed Revenue Sharing	Years 1-5	Years 6-10	Years 11-15
Merchandise Sales			
Up to \$3,500,000	32.5%	33%	33.5%
Above \$3,500,001	35%	35.5%	36%
Tram Sales	20%	20.5%	21%
Photo/Art (percentage of EN share)	50%	50.5%	51%
Stroller Rentals (percentage of total)	30%	30.5%	31%
Minimum Annual Guarantee	\$1,200,000	\$1,325,000	\$1,450,000

Attendance Enhancement

The RFP requests that bid proposals include commission increases based on increased Zoo attendance as follows: 1,900,000 visitors, 2,000,000 visitors, and 2,100,000 visitors. Each proposer included its own unique bid proposal for this category.

Table 8 a – SSA Attendance Enhancement

Attendance	Commission Increase/Attendance Enhancement for Option 1 Food Beverage & Retail	Commission Increase/Attendance Enhancement for Option 2 Food & Beverage	Commission Increase/Attendance Enhancement for Option 3 Retail
Above 1,900,000	0.45% calculated on Total Annual Retail Sales (retroactive to \$1) or \$20,000 per year plus if exceeded for each of 5 years additional \$300,000 calculated at end of year 5 (\$400,000 for years 6-10 and \$450,000 for years 11-15)	\$10,000 per year plus if exceeded for each of 5 years additional \$200,000 calculated at end of year 5 (and for years 6-10 and years 11-15)	\$10,000 per year plus if exceeded for each of 5 years additional \$100,000 calculated at end of year 5 (and for years 6-10 and years 11-15)
Above 2,000,000	0.75% paid on Total Retail Sales (retroactive to \$1) or \$40,000 per year plus if exceeded for each of 5 years additional \$300,000 calculated at end of year 5 (\$400,000 for years 6-10 and \$450,000 for years 11-15)	\$20,000 per year plus if exceeded for each of 5 years additional \$250,000 calculated at end of year 5 (and for years 6-10 and years 11-15)	\$20,000 per year plus if exceeded for each of 5 years additional \$125,000 calculated at end of year 5 (and for years 6-10 and years 11-15)
Above 2,100,000	1% paid on Total Retail Sales (retroactive to \$1) or \$60,000 per year plus if exceeded for each of 5 years additional \$300,000 calculated at end of year 5 (\$400,000 for years 6-10 and \$450,000 for years 11-15)	\$30,000 per year plus if exceeded for each of 5 years additional \$300,000 calculated at end of year 5 (and for years 6-10 and years 11-15)	\$30,000 per year plus if exceeded for each of 5 years additional \$150,000 calculated at end of year 5 (and for years 6-10 and years 11-15)

Table 8 b – Service America/Centerplate/Sodexo Attendance Enhancement

Attendance	Commission Increase
Above 1,900,000	1%
Above 2,000,000	1.25%
Above 2,100,000	1.5%

Table 8 c – Event Network Attendance Enhancement

Attendance	Commission Increase
Above 1,900,000	.5%
Above 2,000,000	.5%
Above 2,100,000	.5%

Proposer’s History

Financial Capacity

All proposers submitted financial references and attested to the source of financial resources they would use to provide the proposed capital expenditures.

Insurance

Both **SSA** and **Event Network** agreed to the insurance requirements in the RFP; **Service America/Centerplate/Sodexo** stated the need to negotiate this point during the interview.

Management

All proposers submitted management teams that met or exceeded the ten years of experience required in the RFP. The senior management of each company evinced strong experience in food & beverage and/or retail and knowledge of the zoo and aquarium field.

The interviews offered an opportunity for the Proposal Review Committee to meet the onsite teams for each proposer. For each bidder, the proposed onsite team leads met or exceeded the required experience.

SSA introduced its potential onsite team including the General Manager, the potential Executive Chef, the celebrity chef from Preux & Proper, and the Bean Sprouts co-owners — all team members or subcontractors.

The potential General Manager for **Service America/Centerplate/Sodexo** attended the interview, as did its retail subcontractor from Wildlife Trading Company. The potential Executive Chef was unable to attend the interview.

Event Network introduced its potential onsite General Manager at the interview.

Concession Services Agreement

As a requirement of the RFP, proposers consented to the terms of the Concession Services Agreement included in the RFP document.

Reputation and Experience in Zoos and Aquariums

All of the proposers are well known in their area of concessions expertise and each has a depth of experience in zoos and aquariums as well as other large venues. The proposers all have decades of experience in providing concessions to some of the most highly respected zoos and aquariums in the United States. Their experience is outlined more fully in the Qualification section above.

Conclusion

All three proposers (**SSA, Service America/Centerplate/Sodexo, and Event Network**) are among the leading concessions providers to zoos and aquariums in the United States. Each proposer submitted innovative and well-considered proposals and each brings strong experience in large arena/stadium venues, zoos, and aquariums to their bid. One proposer clearly rose above the others in the scoring of the Committee.

SSA, one of the two companies that is currently in a joint venture to provide concession services to the Zoo, provided the most compelling proposal outlining transformative facility and menu improvement that will change the face of the Zoo for visitors and employees.

Under SSA's vision for the Los Angeles Zoo concessions, visitors will enter the Zoo and walk up the hill past the sea lions and seals. As they crest the hill, they will see redesigned food and retail venues with a look that reflects the architecture of that quintessential image of Los Angeles — Union Station. To the left will be the Mercantile Good Food Kitchen, an expanded sit-down restaurant with a menu curated by a celebrity chef but retaining a fun food atmosphere focused on fresh, locally sourced ingredients. Just up the hill will be the renovated retail area focused on children — Joey & Fawn. Across the path, visitors can get a curated coffee drink or a beer at Cup & Pint, with outdoor seating near the alligator (Reggie and Tina's) enclosure, where guests can plan the day or rest at its end. From Cup & Pint visitors can step up into the Marketplace for gifts and apparel.

Zoo visitors will experience a range of food choices, with an emphasis on following the Los Angeles Good Food Policy Guidelines, which will be incorporated into the visual design of Topanga Farms to convey to visitors the City and the Zoo's commitment to healthy, sustainable food. From an Airstream

trailer that will house Bean Sprouts (serving healthy, kid-friendly, animal-shaped food) to an outpost of Pink's Hotdogs, and from a pizza café that reflects Angels Flight to a fresh new marketplace for custom coffee every morning, SSA's proposal strikes a balance that reflects the generational diversity of the Zoo's family of visitors and the unique character of the City of Angels.

It was in the area of capital improvement expenditures that SSA's proposal was most compelling. **SSA** made the largest commitment for facility improvement and the most accelerated timing of front-of-house improvement — the upgrades that Zoo attendees would see and benefit from first. Most apparent were the differences in capital expenditures allocated to the retail store areas. Neither Event Network nor Service America/Centerplate/Sodexo had such a transformative vision for the Zoo's concessions facilities, nor were they willing to place as significant an investment in the early phase of the contract term. SSA's commitment to spend the majority of the capital expenditure budgeted for the first ten years in the initial years of the contract, and its competitive commission offer, places it beyond the competition.

The Proposal Review Committee reviewed all proposals with great care and attention, and clearly ranked the SSA proposal for food, beverage and retail above all others. Their recommendation was incorporated into a report on the RFP process, visions and financial offers from the three proposers, which was submitted to the Concessions Committee of the GLAZA Board of Trustees for consideration on **March 13, 2019**. After careful consideration the GLAZA Concessions Committee accepted the recommendation of the Proposal Review Committee unanimously and forwarded their recommendation to the GLAZA Board of Trustees for consideration at its **March 14, 2019**, meeting. The GLAZA Board gave extensive review to the report and recommendation, especially the financial aspects of the bid proposals. The GLAZA Board of Trustees unanimously accepted the Proposal Review Committee's recommendation and directed GLAZA staff to create a recommendation report for the City Council to request Council to approve SSA as the selected concessionaire and to authorize GLAZA to execute the Concession Services Agreement (attached) with SSA.

RECOMMENDATION

The GLAZA Board of Trustees recommends that the City Council approve SSA as the selected Concessionaire for the Los Angeles Zoo Food and Beverage and Retail Services Operation and authorize GLAZA to execute the attached concessions services agreement with SSA and make technical, nonmaterial changes as necessary.

Fiscal Impact Statement

SSA's financial proposal is more beneficial to the Zoo than that of the other proposers. SSA proposed a Minimum Annual Guarantee at \$2,500,000, which is \$500,000 greater than that of Service America/Centerplate/Sodexo. It also is \$800,000 greater than the MAG required by the RFP. Moreover, SSA's proposed annual commission payments to the Zoo were greater than that of Service America/Centerplate/Sodexo. The option of combining SSA for food & beverage only and Event Network for retail were on par with SSA's overall payments to the Zoo as the single provider of both food & beverage and retail concessions. Based on current sales volume there will be a \$600,000 improvement in commissions to the Zoo. After considering the possibility of additional revenue from expansion of attendance due to capital improvements, commission to the Zoo could grow further. The capital expenditure proposal from SSA is \$6,000,000 over the first 10 years and \$9,000,000 over the life of the contract, a significant and positive impact on the Zoo's retail and concessions facilities and greater than the other proposers.

DRAFT

CONCESSION SERVICES AGREEMENT

For

THE LOS ANGELES ZOO

Between

THE GREATER LOS ANGELES ZOO ASSOCIATION

And

(NAME OF OPERATOR)

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LOS ANGELES ZOO CONCESSION SERVICES AGREEMENT

THIS CONCESSION SERVICES AGREEMENT ("Agreement") is made and entered in this ____ day of _____, 201_, by and between the GREATER LOS ANGELES ZOO ASSOCIATION, a California nonprofit 501(c)(3) corporation (hereinafter referred to as "GLAZA") and (INSERT OPERATOR NAME) ("Operator"), a (INSERT STATE) (INSERT ENTITY TYPE) ("(INSERT NAME)" or "Operator"). GLAZA and Operator may hereafter be referred to individually as a "Party" and collectively as "Parties."

WHEREAS, The Los Angeles Zoo, located at 5333 Zoo Drive in Griffith Park, Los Angeles, California (the "Zoo"), is owned and operated by the City of Los Angeles (the "City"). The Zoo Department is headed by the General Manager/Zoo Director and is a City Council-controlled department of the City, with an advisory Zoo Commission; and

WHEREAS, GLAZA was formed in 1963 for the purpose of assisting in the establishment, development, beautification and improvement of the Zoo, GLAZA has been granted, pursuant to an Operating Agreement, a Concession Agreement and annual Memoranda of Understanding between GLAZA and the City (collectively, the "City Agreements"), the exclusive right and privilege to maintain and operate all approved concession operations at the Zoo including, but not limited to, food and beverage sales, catering, liquor sales, souvenir and retail sales, vending machine operations, tram and/or other transportation systems and the sale and rental of miscellaneous items at the Zoo for the benefit of Zoo patrons ("Concessions"). Pursuant to the Operating Agreement, the City has the right to terminate the Concession Agreement with GLAZA upon 180 days' prior written notice and assume, through the Zoo Department, any or all of GLAZA's contracts for Concessions; and

WHEREAS, the Los Angeles City Council ("Council") instructed GLAZA to prepare a Request for Proposals ("RFP") for the management of Concessions at the Los Angeles Zoo; and

WHEREAS, GLAZA and City evaluated the proposals received from concession operators using an evaluation panel comprised of representatives from GLAZA, the City, and technical experts in the fields of concessions and Zoo management ; and

WHEREAS, Operator's proposal attached hereto as Exhibit A received the highest score and was recommended and selected by GLAZA's Board and the City Council to manage the Los Angeles Zoo Concessions in accordance with the terms and conditions of this Agreement; and

WHEREAS, Council approved the Agreement on _____, 201_ (CF # _____); and

WHEREAS, Operator desires to enter into such Agreement to assist the City and GLAZA in providing the public with premium, high-quality food and beverages,

catering, liquor sales, retail, vending machine operations, tram service, photo booth, stroller and wheelchair rentals and other services at the Los Angeles Zoo.

NOW THEREFORE, in consideration of the terms, covenants and conditions hereinafter to be kept and performed by the respective Parties, it is agreed as follows:

SECTION 1. DEFINITIONS

For the purpose of this Agreement, the following words and phrases are defined and shall be construed as hereinafter set forth:

Alcoholic Beverage Services	The exclusive sale and serving of alcoholic beverages at the Zoo and at any catered event held at the Zoo, except as provided herein.
Agreement	This Concession Services Agreement, as the same may be amended from time to time as provided herein.
Capital Investment	Funds contributed by Operator and agreed to be invested and used to benefit the parties to this Agreement as set forth fully in Section 12 herein. It is understood, as delineated herein, that the Zoo will retain any unspent balances of Capital Investment at the end of each five year period during the Term.
Catering	All food and beverage sales and services at the Zoo for third-party events.
City	The City of Los Angeles, as more fully defined in the recitals in this Agreement.
Commencement Date	The first day of the Term of this Concession Services Agreement.
Concession or Concessions	The Concessions operations at the Los Angeles Zoo including, but not limited to, food & beverage sales, catering, liquor sales, employee meals, in-house conferences and meetings, souvenir and retail sales, vending machine operations, tram and/or other transportations systems, and the sale and rental of miscellaneous items at the Zoo to be operated by the Operator pursuant to the terms and conditions of this Agreement.
Contract Year	A fiscal year period (July 1 st through June 30 th).
GLAZA	The Greater Los Angeles Zoo Association, as more fully defined in the recitals in this Agreement.
Gross Receipts	All receipts due or earned by Operator from all Services provided pursuant to the terms of this Agreement, including,

but not limited to, (a) receipts from the sale of Concessions, rentals, merchandise and other Services; (b) amounts due to Operator from any subcontractor, e.g. vending machines and specialty food booths; (c) service charges collected on Catering sales that are not amounts paid directly to Operator's employees in the form of gratuities; and (d) Operator's mark-up on any charges such as rental fees for events, if any, less (i) retail sales taxes and other direct taxes imposed upon the receipts collected, (ii) billed tips and gratuities paid directly to Operator's employees, and (iii) discounted employee food. Gross Receipts shall not include deductions for returns, allowances, or rebates.

Operator	(Name of selected Operator), as more fully defined in the recitals in this Agreement.
Outside Caterer	Any caterer used by GLAZA or the Zoo on Zoo grounds other than Operator, as permitted under the terms of this Concession Services Agreement
Personnel	Zoo and GLAZA employees, docents and volunteers.
Preferred Caterer	The Operator of the Concessions at the Zoo shall be the preferred caterer for GLAZA and Zoo events and functions and private site rentals at the Zoo.
Premises	The Premises authorized by the Zoo for use by Operator as defined in Section 5 herein, and as may be amended from time to time.
Proprietary Equipment	Any equipment, fixtures, and/or signage installed by Operator at the Zoo that can only be used by Operator due to logo or name identification or other special or exclusive need or use of Operator. Such Proprietary Equipment shall not be considered a part of Operator's Capital Investment obligation hereunder unless such Proprietary Equipment can be modified in such a way that a successor operator can utilize such equipment and is willing to accept such equipment in the event of termination of this Agreement.
Services	Services shall have the meaning assigned to it in Section 7 of this Agreement.
Smallwares	Shall include, but not be limited to, service ware for cafes and concessions locations, such as bowls, platters, and baskets; catering service ware, such as buffet equipment, coffee service equipment, china, silver, and glassware; and kitchen pots, pans, utensils, and other equipment that is not attached, fixed or considered a permanent improvement.
Term	The term of the Services to be provided under this Agreement, as defined in Section 6 herein.

Zoo

The Los Angeles Zoo, as more fully defined in the recitals in this Agreement.

Zoo-Hosted Food and Beverage Services

All Concessions paid for by the Zoo or GLAZA at Zoo- and GLAZA-sponsored events, including, but not limited to, donor events, member events, volunteer events, Zoo or GLAZA conferences or office meetings, Board meetings and others. Operator shall provide Zoo-Hosted food and beverage Services at a 35% discount off of the average price actually charged to others for such services. Operator will report, but pay no commission on, Gross Receipts from such Zoo-Hosted Food and Beverage Services.

Zoo Patrons

Attendees of the Zoo, admitted through the front gate during the regular operating hours of the Zoo and during all evening events. This includes paid and non-paid attendees, members, school groups, small children, hosts and guests at catered events, and guests of GLAZA or the Zoo.

SECTION 2. RIGHTS AND RESPONSIBILITIES

GLAZA, as authorized by the City under the terms of the Concesssion Agreement between GLAZA and the City, hereby grants Operator, subject to the terms and conditions in this Agreement, the right and obligation (i) to operate and manage the Los Angeles Zoo Concessions; (ii) to provide Concessions during the hours of operation and in such location(s) in the Zoo as GLAZA requires; (iii) to provide Alcoholic Beverage Services with respect to Concessions and Catering at the Zoo to the extent the Zoo and GLAZA require; (iv) to provide tram and tour operations at the Zoo; (v) to act as the Zoo's Preferred Caterer; and (vi) to perform such other obligations and services as the parties may mutually agree in writing (collectively the "Services"). Operator shall report to and take direction from GLAZA and the Zoo with regard to all aspects of the Services. All operational plans and details must be pre-approved in writing by GLAZA and the Zoo.

Operator shall manage and operate the Services on a year-round basis pursuant to applicable City codes, rules, regulations, ordinances and laws including, without limitation, Zoo policies, levels of noise, accounting procedures and public/private access.

Operator shall provide food and beverage services, related restaurant management, Catering services, retail operations and other services at the Los Angeles Zoo on all days, except Christmas Day, during all Zoo hours and after-hours events as required by GLAZA.

The Zoo reserves the right to develop or improve the Premises as needed, without interference or hindrance; however, the Zoo and GLAZA shall consider and request Operator's views and operational perspectives.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF GLAZA

GLAZA hereby represents, warrants, and covenants that as of the date hereof, and unless otherwise set forth below, continuing throughout the Agreement Term:

- A. No agreement or understanding exists between GLAZA and any third party to reserve or grant any right to provide any of the Services referenced herein, except for catered events by an Outside Caterer permitted from time to time by GLAZA.
- B. GLAZA is authorized by the City to enter into this Agreement with Operator, and the individual executing this Agreement on behalf of GLAZA is authorized to do so.
- C. Entering into this Agreement shall not cause GLAZA to be in default of any agreement with respect to the Zoo.
- D. In the event GLAZA's rights under this Agreement are affected or terminated as a result of actions by the City, Operator waives any right of recovery or damages from GLAZA or the City and such actions shall not be a default of this Agreement by GLAZA or the City.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF OPERATOR

Operator hereby represents warrants and covenants that unless otherwise set forth below, and continuing throughout the Term:

- A. The execution and delivery of this Agreement shall not cause Operator to breach or be in default of any agreement to which Operator is a party or may be bound.
- B. No consents or approvals are necessary under any agreement to which Operator may be a party or may be bound in connection with the execution and delivery of this Agreement by Operator.
- C. Operator will at all times cooperate with GLAZA and the Zoo and comply with GLAZA and the Zoo's requests (that are not in contravention of the terms of the Agreement) in connection with the operations of the Zoo including in the areas of the Zoo not subject to this Agreement.
- D. Operator shall not interfere or obstruct any activities of an Outside Caterer on Zoo ground including the use of all kitchen facilities as directed by GLAZA and the Zoo Operator may establish reasonable rules and policies for Outside Caterer's use of facilities.
- E. Operator, its employees, agents, contractors, vendors or subcontractors shall not act or fail to act, in a manner that would negatively affect GLAZA's or City's liability including but not limited to causing GLAZA's insurance premiums, including but not limited to, workers' compensation, fire and liability, to increase or be canceled.

SECTION 5. PREMISES

The Premises authorized by the Zoo for use by Operator shall only include the food, beverage and merchandise stand locations, cart storage, warehouse, office space, stroller rental and vending machine spaces noted on Exhibit B hereto which is incorporated herein by reference. The current Premises include:

Food and Beverage Concession

- Zoo Grill
- Reggie's
- Zoo Grill Kiosk
- Mahale Kiosk
- Churro Factory
- Gorilla Grill
- Café Pico
- Central Kitchen
- Mahale Café
- La Casita (Fork in the Road)

Retail Concessions and Other Premises

- International Marketplace
- Rainforest Traders
- Stroller and wheelchair and photo booth locations
- Office Space
- Warehouse
- Tram
- Vending Locations

- A. **Premises Delivered on an “As Is” Basis.** GLAZA and the Zoo shall provide access to those Premises on an “as is” basis for use in accordance with this Agreement. The Premises may be changed, modified, reduced, increased or eliminated by GLAZA and the Zoo from time to time and without obligation or compensation to Operator. Notwithstanding the foregoing, it is agreed and understood that “as is” condition is not intended to make Operator responsible for any asbestos removal and/or toxic or hazardous materials that exist in these areas as of the commencement of the Term. Operator shall provide written notice of such conditions to GLAZA, who shall cause the removal or correction of such conditions within a reasonable time at no cost to Operator.
- B. **Use of Premises.** Operator shall not use or permit the Premises to be used, in whole or in part, for any purpose other than as set forth in this Agreement, except with prior written consent of GLAZA and the Zoo, nor allow any use in violation of any present or future laws, ordinances, rules or regulations relating to sanitation or the public health, safety or welfare in connection with the use of the Premises. Operator expressly agrees at all times to maintain, use and operate the Premises in a safe, clean, wholesome and sanitary condition, and in compliance with any and all laws, ordinances and rules and regulations relating to public health, safety or welfare and City and GLAZA standards and directives.
- C. **Right of Inspection and Access to Premises.** GLAZA and the Zoo, their authorized representatives, agents and employees shall have the right to enter upon the Premises at any and all times, and such inspections may be used to determine if Operator is complying with the terms and conditions of this Agreement and to evaluate Operator. The inspections may provide a basis for action by GLAZA and the Zoo to terminate, renew or deny the extension option or for any other appropriate action.

- D. **Equipment.** Unless otherwise noted herein, all fixtures, Smallwares and equipment located in the Premises are owned by the City and shall be delivered to Operator in an “as is” condition and shall be returned to City at the end of the Term in as good repair and operation condition as received. A complete inventory shall be taken by Operator and audited by GLAZA at the commencement of the Term and attached hereto as **Exhibit C**. All replacement equipment shall become the property of the City upon termination of this Agreement, including Smallwares.

- E. **Utilities.** All utilities, i.e., water, sewer, gas and electricity shall be provided at no charge or cost to Operator as long as the utilities are available at no cost to GLAZA. Operator shall be responsible for the repair and maintenance of utilities, including plumbing and electricity, but only from the point where such utilities enter a facility operated by Operator, unless caused by Operator’s negligence. Operator shall exercise utility conservation efforts. If in GLAZA’s sole and exclusive opinion, Operator is still not utilizing reasonable utility conservation efforts after two (2) written notices, GLAZA may require Operator, at Operator’s sole cost and expense, to install utility-conservation devices in the Premises. If Operator does not install such devices within thirty (30) calendar days after receiving written notice, GLAZA reserves the right to install such devices and invoice Operator for the associated costs. In the event that GLAZA becomes responsible for payment of utilities, GLAZA will pass such costs through to Operator without mark-up. If the rate of utilization is more than standard usage, Operator shall be responsible for the extra cost.

- F. **Garbage Removal.** Garbage removal will be provided at no cost to Operator from a central location. Operator, at its sole cost, shall deliver all garbage resulting from or related to the Services in appropriately sealed bags to the central location, sorted by recyclables, etc. as directed by GLAZA.

- G. **Security.** Standard security measures within the Zoo will be provided at no cost to Operator. Any extra security necessary for events or Concessions cash control shall be the responsibility of Operator including, but not limited to, cash room and transportation of cash for deposit in a financial institution.

- H. **Parking.** Parking will be made available for Operator’s employees and contractors at specified lots.

SECTION 6. TERM

The initial term of the Agreement shall be ten (10) years, commencing on _____, 201_ and terminating on _____, 20___. Additionally, there shall be one five (5) year extension option, exercisable in GLAZA’s and the City’s sole discretion on 180 days’ prior written notice. In the event that the Parties have neither negotiated a new agreement nor terminated this Agreement with no fewer than six (6) months’ written notice, this Agreement shall continue on a month-

to-month basis pursuant to the same terms and conditions herein.

For purposes of this Agreement, a Contract Year will be defined as a fiscal year period (July 1st to June 30th). The initial Contract Year shall be the period from the Commencement Date of this Agreement through and including June 30, 20___. The final Contract Year shall be the period from July 1st through the termination date of the same fiscal year.

Neither City nor GLAZA shall be liable to Operator for any reason because of an action to decline to exercise the five (5)-year extension option or to disapprove renewal of the Agreement.

SECTION 7. SERVICES AND OPERATING RESPONSIBILITIES

Operator shall, at all times during the Term of this Agreement, provide oversight and management of the Concessions and Premises at the Zoo. Operator shall report to and take direction from GLAZA's designated representative and the Zoo's designated representative on all aspects of the Services. All of Operator's operational plans, planning and capital improvement plans shall require prior written approval of GLAZA and the Zoo. Additionally, Operator agrees to provide the following Services and comply with the following responsibilities and conditions:

- A. Licenses and Permits.** Operator shall obtain, at its sole expense, any and all permits, approvals and licenses that may be required in connection with the operation of the Concessions including, but not limited to, business licenses, health permits, police, fire and Building and Safety permits. All permits, approvals and licenses shall be posted in the appropriate areas on a year-round basis.
- B. Quality, Pricing and Merchandising.** Operator shall provide the Services in a manner consistent with the needs and requirements of Zoo Patrons as defined by GLAZA and the Zoo. All, prices, portions and merchandise mark-ups items to be sold or rented must be approved in writing by GLAZA and the Zoo prior to being offered for sale. The Services shall be of excellent quality and acceptable to GLAZA and the Zoo based on any benchmarks which may be provided to Operator from time to time, and to Zoo Patrons as received from feedback provided through social media monitoring, secret shoppers and quantitative and qualitative feedback results given in person, via text message, Web and phone interviews, and/or surveys conducted by Operator or GLAZA.
 - i. Quality of Goods Sold.** All Concessions sold by Operator shall be of the finest quality, wholesome and pure, and will conform in all respects to all applicable federal, state and City regulations. Operator shall offer for sale to Zoo Patrons a full range of fresh and pre-packaged food items and beverages (alcoholic and non-alcoholic). Operator expressly agrees to comply with the City's Good Food Purchasing Guidelines for Food Service Institutions, attached hereto as **Exhibit D**. Operator shall not offer for sale

any food or beverage items which are adulterated, misbranded, impure, spoiled, expired, of poor quality or otherwise unfit for consumption and, to the extent any such items are discovered, they shall be immediately removed from any food preparation or service area. Operator shall report monthly to GLAZA and the Zoo concerning quality control and ensure that all deficiencies are corrected in a timely manner. Operator shall not use artificial trans-fat (e.g. industrially created partially hydrogenated plant oils) in the preparation of food products. All packaged food shall be free of trans-fat. Energy drinks will not be served at the Zoo. No peanuts or peanut related products shall be served at the Zoo.

- ii. **Menus.** Operator shall develop innovative menus which emphasize variety, nutrition, quality, local and ethnic products and which focus on farm-fresh, seasonal foods that reflect the diversity and culture of Los Angeles, subject to the review and approval of GLAZA and the Zoo. GLAZA and the Zoo may require other food, beverages and supplies for selected events, programs and activities (subject to restrictions on prices provided herein). In no event shall Operator provide any food, beverages or merchandise for sale without the prior written approval of GLAZA. Operator shall present new menus and tasting sessions twice annually, no later than the first day of March and the first day of September for GLAZA's and the Zoo's review and approval, along with all analytical data as cross reference.
- iii. **Healthy Food Options.** Operator shall offer for sale to the public an appropriate selection of food and refreshment items, which shall include a variety of healthy choice options for food and beverages. This includes the availability of fresh fruits and fresh vegetables, bottled water, 100% juice, beverages which contain at least 50% fruit juice with no added sweeteners and healthy snacks.
- iv. **Alcoholic Beverage Services.** Operator shall provide Alcoholic Beverage Services for Zoo Patrons and Catering to the extent required by GLAZA and the Zoo.
- v. **Pricing.** Operator shall establish and control the reasonable pricing of all items available for sale at the Zoo in the manner described below, subject to the review and written approval of GLAZA and the Zoo. Operator shall post all Concession prices and items for sale prominently on signs approved by GLAZA. Attached hereto as **Exhibit E** is a detailed listing of all Concessions items to be initially offered for sale. Any changes to **Exhibit E** shall be submitted in writing to GLAZA for review, comment and approval at least thirty (30) calendar days in advance of the proposed effective date of change. In setting sales prices for Concessions, Operator shall ensure that such prices shall be no higher than similar items in other tourist attractions in the Los Angeles area. Upon request by GLAZA and not less than annually, Operator will provide a written survey comparing the prices of a minimum of twenty (20) top-selling Zoo Concessions items to other, local benchmarks and competitive, well-known brand concepts. This information will also be

provided to the Zoo. To the extent Operator seeks to increase the price of any Concessions item, Operator shall first obtain GLAZA's written approval.

vi. **Employee Concession Discounts.**

- a) Operator shall offer Zoo and GLAZA employees, docents and volunteers ("Personnel") all food and beverage and retail items available for sale at the Zoo at a fifty percent (50%) discount from the price actually charged to Zoo Patrons and others for such items.
- b) Operator shall offer guests and family members of Personnel who are accompanied by Personnel all food, beverage and retail items available for sale at the Zoo at a fifty percent (50%) discount off the average price actually charged to Zoo Patrons and others for such items.
- c) Mondays through Fridays, Operator shall offer a planned daily lunch special for Personnel, in a quantity and quality similar to that served to Zoo Patrons and others, at a fifty percent (50%) discount off the average price that would be charged to Zoo Patrons and others for such a meal.
- d) Mondays through Fridays, beginning no later than 8:30 a.m., Operator shall offer breakfast items for Personnel at a fifty percent (50%) discount off the average price that would be charged to Zoo Patrons and others for such breakfast items.
- e) Operator will report, but pay no commissions on, Gross Receipts from such Personnel sales.
- f) Operator may make the same discount structure available to its on-site employees.

vii. **Office Coffee Service.** Operator shall provide, or cause to be provided, at no additional cost to GLAZA or the Zoo, office coffee, filtered water dispensers, hot tea and appropriate condiments in the Zoo and GLAZA offices for GLAZA and Zoo employees during the Term. Two (2) one hundred (100) cup coffee makers shall be set up for staff each morning and three (3) additional, individual-cup coffee makers located in GLAZA's and the Zoo's administrative office areas shall be supplied by Operator. Operator agrees to provide the equipment, beverages and supplies as detailed on **Exhibit F** hereto. Such equipment, beverages and supplies shall be presented to GLAZA and the Zoo for approval and shall be of a quality standard established by GLAZA from time to time.

C. Catering Services.

i. **Preferred Caterer.** GLAZA shall first refer all Catering, GLAZA and Zoo-Hosted Food & Beverage Service inquires to Operator, who shall provide high-quality menu choices at reasonable market pricing. If GLAZA and the Zoo determines that the quality of food does not meet GLAZA, the Zoo or the City's standards, in GLAZA or the Zoo's sole and exclusive discretion, GLAZA and the Zoo may request the chef be transferred, or, if GLAZA or the Zoo determines that Operator is not able to satisfy the customer's desired menu, price/budget,

service, experience, or other criteria, GLAZA or the Zoo may authorize the use of an Outside Caterer. Notwithstanding the foregoing, GLAZA and the Zoo will sponsor occasional events that involve serving and selling food and beverage items, such as but not limited to Brew at the Zoo, Roaring Nights, and Zoo Lights. Operator may participate in these events, but will not be the exclusive caterer.

- ii. **Sharing of Commission.** In the event an Outside Caterer is contracted for an event, GLAZA shall not be obligated to share with Operator any commissions received.
- iii. **Catering of Alcoholic Beverages.** Operator shall be the sole provider of alcoholic beverage service for all events at the Zoo. Notwithstanding the foregoing, GLAZA or the Zoo may invite alcoholic beverage providers to GLAZA and/or Zoo sponsored events if the product and/or services are donated.
- iv. **Catering of Zoo- and GLAZA-Hosted Conferences and Meetings.** Operator shall provide Catering for Zoo- or GLAZA- sponsored conferences and meetings at a thirty-five percent (35%) discount off the average price actually charged to Zoo Patrons and others for such services. This includes, but is not limited to, internal meetings, lunch meetings and Board meetings. Operator will report, but pay no commissions on, Gross Receipts from such services
- v. **Catering Booking and Coordinating.** The booking and coordinating of all catered events at the Zoo (excluding the Zoo parking lot) shall be handled by GLAZA. GLAZA shall be responsible for generating the appropriate paperwork and receiving the appropriate approvals relating to the provision of Services for such events in a timely manner from all necessary Zoo divisions. Prior to the commencement of the Term of this Agreement, GLAZA will develop booking guidelines that GLAZA may change from time to time. Operator shall be bound by the guidelines. The intent of such policy shall be to emphasize events that will maximize the use of the Zoo and clearly relate to the Zoo's mission. GLAZA reserves the right not to approve any group, organization or corporation that wishes to stage an event at the Zoo that may not, in GLAZA's sole and exclusive opinion, present GLAZA and/or the Zoo in a favorable way.
- vi. **Catering Deposits.** Any deposits that have been received by the current operator for the catering of events taking place after the Commencement Date of this Agreement shall be transferred to Operator upon the Commencement Date of this Agreement. Operator agrees to perform and execute any and all catering for events on the books prior to _____, 20____, based on the terms and conditions agreed between the current operator and the customer. For any and all events that are booked after _____, 20____, but before _____, 20____, to be executed after _____, 20____, Operator shall provide input and review of catering and approve menus, pricing, and other terms and conditions of the event catering.

- vii. **Indemnification and Insurance Requirements for Outside Caterers.** If an Outside Caterer is utilized for any event, GLAZA shall require the Outside Caterer (i) to provide indemnification in favor of GLAZA, the City, the Zoo and Operator which is not less than the provisions set forth in Section 17 below; (ii) to name GLAZA, the City, the Zoo and Operator as additional insureds on the comprehensive general liability and umbrella insurance required to be maintained by the Outside Caterer (which insurance, along with any other insurance, may be less than GLAZA's insurance requirements set forth in Section 10 below; and (iii) to deliver certificates of insurance and endorsements to GLAZA, the City, the Zoo and Operator at least forty-eight (48) hours prior to the event. In addition, GLAZA shall require the Operator, with respect to the provision of alcoholic beverages, to (i) provide indemnification in favor of the Outside Caterer which is not less than the provisions set forth in Section 17 below; (ii) provide that the Outside Caterer shall be an additional insured on the liquor liability portion of the comprehensive general liability insurance required to be maintained by Operator under Section 10 below; and (iii) deliver a certificate of insurance to the Outside Caterer at least forty-eight (48) hours prior to the event.

D. Transaction Receipts.

- i. On request, Operator shall offer receipts to Zoo Patrons for every transaction.
- ii. Operator shall at all times have a sign placed within twelve (12) inches of any cash register, in clear view to the public, and in minimum one-inch lettering, which states: *"If a receipt for this transaction is not provided on request, please contact the Greater Los Angeles Zoo Association at (323) xxx-xxxx."*

E. Hours of Operation. Operator shall cause to be open and in full operation all of the Concessions during the Zoo's hours of operation, seven (7) days per week, and three hundred sixty-four (364) days per year. Notwithstanding the above, Operator may make a formal request to GLAZA to close certain Concessions areas during the Zoo's days and hours of operation based on a schedule proposed by Operator and approved in writing by GLAZA at least fourteen (14) calendar days prior to the dates requested where the same shall indicate a proposed daily and weekly scheduling, indicating which stands, shops, carts and services are requested to be closed. All requests for closure or a reduction in hours of operation shall be accompanied by an economic analysis including past attendance statistics by date.

F. Equipment. Operator will provide all loose equipment (e.g. vending machines, merchandising fixtures and equipment, interior décor and display cases) in sufficient quantity for the operation of the Concessions. Operator shall repair and/or replace the same, if required, at Operator's sole cost and expense. Operator shall also provide and maintain at its sole expense all heavy and light duty equipment including, but not limited to, kitchen equipment, mobile food and beverage carts, point-of-sale systems, credit/debit card machines and new technology systems.

- G. Preventive Maintenance, Repairs and Equipment Replacement.** Operator shall allocate at least one and one-half percent (1.5%) of Gross Receipts on a monthly basis for preventive maintenance of equipment and at least one percent (1%) of Gross Receipts on a monthly basis for Smallwares replacement. Operator shall report to GLAZA and the Zoo that these funds are available for these purposes. Operator shall develop an annual preventive maintenance and Smallwares purchase plan in conjunction with GLAZA and the Zoo and seek to expend such funds on a regular basis so the equipment and Smallwares are maintained and replaced on an optimal basis.
- H. Insurance for Loss of Equipment and Facilities.** Operator shall insure all Concessions equipment and facilities for full replacement cost during the Term of this Agreement.
- I. Inventory.** Operator acknowledges the seasonality of the operation of the Concessions and Services at the Zoo. Operator expressly agrees to maintain sufficient inventory of food, beverages, merchandise and supplies at all times in order to sustain its projected sales and provide excellent customer service. Further, Operator agrees to rotate merchandise to reflect changing and special exhibitions and changes of season.
- J. Customer Satisfaction Surveys.** Operator shall make customer survey cards available to Zoo Patrons. A copy of such survey cards is attached hereto as **Exhibit G**. The initial form of such survey cards and any changes thereto, shall be subject to the prior written approval of GLAZA. Customer surveys shall be available in Spanish and English, in written and digital form with results accessible to both Operator and GLAZA and the Zoo. Within twenty-four (24) hours of receipt of any negative survey card, Operator will provide GLAZA a written description of any action(s) taken or to be taken by Operator in response to any complaints or problem areas noted. In connection with Catering events and services, Operator shall forward an approved survey card, together with a stamped, self-addressed reply envelope, to the Catering customer immediately following the catered event.
- K. Secret Shopper Service.** Operator shall commission, at its sole expense, a monthly "secret shopper" service to visit the Concessions Premises and prepare a report sent directly to both Operator and GLAZA regarding the quality of the Concessions operations and Services. Operator will provide a report to GLAZA and the Zoo within five (5) calendar days of the secret shopper report with an explanation of Operator's resolution of any reported deficiencies.
- L. Daily Operations Reports.** Operator shall provide GLAZA and the Zoo with daily, written reports on operations, including Gross Receipts and any operational issues with respect to the facilities, operations or Zoo Patrons.
- M. Health, Safety and Security of Zoo Patrons and Employees.** Operator shall comply with all applicable federal, state, City, municipal, and Zoo fire, safety and health laws, ordinances, rules and regulations. Operator shall train its

employees to respond to fire, civil defense, bomb threats, earthquakes and other emergencies based on procedures established by the Zoo. Additionally, the Operator agrees to the following duties and responsibilities:

- i. Operator, through a GLAZA-approved third party, shall pay for and perform health and safety inspections of the Premises monthly and send the inspection reports directly to GLAZA. GLAZA reserves the right to perform its own health and safety inspections at any time, and if the conditions at any of the Concessions Premises do not meet appropriate standards, GLAZA may direct Operator to take necessary action, which may include closing one or more of the Concessions Premises. If there are any infractions by the Operator, Operator will reimburse GLAZA, at Operator's sole cost and expense, for the reasonable costs incurred in any GLAZA-commissioned third-party inspection of the Premises.
 - ii. Operator agrees that it will immediately notify GLAZA of all known cases of communicable diseases, skin infections or food poisoning contracted by its employees, Zoo or GLAZA employees, volunteers, docents or Zoo Patrons. Operator shall promptly report to GLAZA the details of any such case, the action it has taken to remedy the case and any action it has taken to prevent recurrence.
 - iii. Operator shall immediately notify GLAZA of any fire, accident or safety hazard that occurs at any Concessions Premises under the control of Operator. Within twenty-four (24) hours of notice, Operator shall take reasonable measures to remedy any condition in any Concessions Premises which is unsafe, unhealthy or dangerous.
 - iv. GLAZA and the Zoo reserve the right to perform their own health and safety inspections at any time, and if the conditions at any Concession Premises do not meet appropriate standards, GLAZA and the Zoo may direct Operator to take necessary action, which may include closing one or more Concession Premises.
- N. Cleanliness.** Operator shall ensure the Premises are always maintained in a safe and clean condition and will work in conjunction with GLAZA and the Zoo to keep the Premises clean, uncluttered and sanitary at all times. Operator agrees to respond and correct any instruction of GLAZA and the Zoo immediately or to provide a written response with twenty-four (24) hours of necessary corrective action.
- i. **General.** Operator shall maintain all food service equipment, kitchen serving equipment, guest serving equipment and merchandising equipment including, but not limited to, all Smallwares, carts, tables and chairs in a clean and sanitary condition at all times. This shall include daily cleaning and maintenance of all facilities, office spaces, storage areas, the cart storage building and trams yard, as well as all floors, seating/dining areas in and around Concessions stands and

perimeter areas (within twenty (20) feet of each building/structure) according to GLAZA and Zoo standards to maintain appearance and cleanliness standards in a manner satisfactory to GLAZA and the Zoo.

- ii. **Garbage Removal.** Operator shall provide receptacles and bags for garbage removal covering a perimeter of fifty (50) feet from all Concessions Premises to dumpsters or areas designated by GLAZA for removal by the Zoo, and shall cause the same to be removed no less than on a daily basis.
- iii. **Grease Disposal.** Operator will have all grease generated by its Services placed in an Operator-supplied grease barrel and will remove the grease therefrom when no more than three quarters (3/4) full or monthly, whichever comes first. Operator will provide written documentation to GLAZA regarding the frequency of grease removal and identification of the disposal location.

O. Concessions Promotions. Operator shall be responsible, at its sole expense, for the promotion and advertising of the Services, as well as for the creation of brochures, presentation decks and other promotional materials for Catering, special exhibitions and other such Services as may be required by GLAZA and the Zoo from time to time. The Parties shall meet by mutual agreement on a regular basis to develop an annual marketing program for the Services. Promotional materials, including any language used on radio, television or social media shall be pre-approved in writing by the GLAZA and the Zoo. Any use of the name, marks, logo, image and other intellectual property of the Zoo or GLAZA shall be pre-approved in writing by the Zoo and GLAZA.

P. Signage. All signage for the Services deemed necessary by Operator shall be the sole financial responsibility of Operator and shall not be considered a Capital Investment. All signage must have prior, written design and placement approval by GLAZA and the Zoo. The Zoo will provide directional signage to the Concessions locations, the design of which shall be at the sole discretion of the Zoo. Under no circumstances shall Operator use or display temporary or paper signs that do not fit the standards of GLAZA and the Zoo.

Q. Diversion of Business. Operator shall not divert, cause, allow or permit to be diverted any business from the Zoo and shall take all reasonable measures to develop, maintain and increase the business conducted by it under this Agreement.

R. Conduct. Operator and its representatives, agents, subcontractors, servants and employees shall at all times conduct its business in a quiet and orderly manner to the satisfaction of GLAZA and the Zoo.

S. Disorderly Persons. Operator shall use its best efforts to permit no intoxicated person or persons, profane or indecent language or boisterous or loud conduct in or about the Premises and will call upon the aid of Zoo security personnel to assist in maintaining peaceful conditions. Operator shall not knowingly allow the use or possession of illegal drugs, narcotics or controlled substances in the Premises.

SECTION 8. OPERATOR'S PERSONNEL

- A. **Personnel.** Operator shall recruit, train, supervise, direct, discipline and, if necessary, discharge any and all personnel working in Concessions. All employees shall be employees of Operator and not of GLAZA or the Zoo. Operator shall be solely responsible for all employer obligations in connection with its employees, including without limitation, salaries, overtime, all local, State and Federal payroll taxes, workers' compensation insurance, pension, and health and welfare benefits. Operator shall develop a protocol, subject to GLAZA and Zoo approval, for the engagement of any employee or subcontractor. Operator's protocol shall comply with all applicable City, State, and/or Federal labor laws. Staffing levels shall be based on Zoo attendance projections and labor standards in accordance with requirements established by GLAZA and the Zoo.
- B. **Qualified Personnel.** Operator will, in the operation of the Concessions, employ or permit the employment of only such personnel as will assure a high standard of service to the public. All personnel will be trained in accordance with Operator's submitted training plan prior to starting work at the Premises. All such personnel, while on or about the Zoo grounds, shall be neat in appearance and directed to be courteous at all times and shall be appropriately attired in conjunction with agreed upon appearance standards, with badges or other suitable means of identification. Operator shall prohibit persons employed by Operator, while on or about the Zoo grounds, to be under the influence of illegal drugs, narcotics, other controlled substances or alcohol, or use inappropriate language, or engage in otherwise inappropriate conduct for a work environment. In the event an employee engages in such inappropriate behavior, GLAZA or the Zoo may direct Operator to remove that person from the Zoo grounds or from employment at the Zoo. Operator will create an employee handbook that will delineate these requirements to be signed by all employees. GLAZA and the Zoo will review the handbook to ensure that it complies with all required Zoo and applicable City policies.
- C. **Insurance.** Operator shall indemnify and hold harmless GLAZA and the Zoo and carry sufficient insurance acceptable to the City's Risk Manager and GLAZA for any and all acts or actions of Operator's employees interfacing with any person or entity, including GLAZA and Zoo employees, GLAZA guests, Zoo Patrons, GLAZA, the Zoo and the City.
- D. **Background Screening of Employees.** At Operator's sole cost and expense, Operator will properly screen using Live Scan and conduct a background check of all job candidates prior to hiring to reduce the possibility of Operator hiring any person who would pose a security or other risk to Zoo Patrons, the Zoo or Zoo/GLAZA employees, docents, volunteers or facilities.
- E. **General Manager of Concessions and Key Personnel.** The General Manager and other key personnel shall be identified to GLAZA and the Zoo by name and responsibilities. Changes to key personnel are subject to the

reasonable written approval by GLAZA and the Zoo. Subject to written approval of GLAZA and the Zoo, Operator shall employ an on-site, full-time General Manager who shall have primary day-to-day operating responsibility for the Concessions and Services during the Term of this Agreement. GLAZA shall have the right to interview and approve Operator's General Manager and other key personnel prior to their assignment to the Zoo. Changes to the General Manager and other key personnel must be approved by GLAZA and the Zoo.

- i. Such person must be a qualified and experienced manager or supervisor of Concession operations, vested with full power and authority to accept service of all notices provided for herein regarding the operation of the Concessions, including the quality and prices of Concessions goods and services and the appearance, conduct and demeanor of Operator's agents, servants and employees. The General Manager shall be available and on-site during regular business hours and, at all times during that person's absence, a responsible subordinate shall be in charge and available.
 - ii. Operator agrees that its on-site General Manager will have at least ten (10) years of food, beverage, catering and merchandise general management experience in a similar place of public attraction (e.g. a zoo, amusement park or theme park, airport, stadium, arena or other similar public facility) with gross annual revenues of at least Five Million U.S. Dollars (\$5,000,000).
 - iii. The General Manager shall devote the greater part of his or her working time and attention to the operation of the Concessions and shall promote, increase and develop the Concession business. During the days and hours established for the operation of the Concessions, the General Manager's full attention shall be directed to the operation of the Concession business.
 - iv. The General Manager will serve as the primary and direct liaison to GLAZA, and shall be responsible for developing and maintaining consistent and regular communication, meetings and reporting of all Concessions activities and issues.
 - v. At the commencement of the Term, Operator's General Manager shall be _____ (name) _____. Operator agrees that there shall be no change of this point of contact without the prior written approval of GLAZA, which shall not be unreasonably withheld.
- F. **Reassignment of Personnel.** If GLAZA or the Zoo objects to any employee of Operator, Operator will remove that employee from the Zoo premises. Operator shall have the right and sole discretion whether to discharge or transfer the employee to another non-Zoo location.
- G. **Uniforms and Identification.** Non-management employees of Operator must be appropriately uniformed and identifiable when performing their work assignments at the Zoo. Operator must submit samples of uniforms and other employee apparel to GLAZA for prior written approval no later than ninety (90) calendar

days prior to the commencement of the Term, and within ninety (90) calendar days prior to the Operator making any substantive change to the uniforms during the Term. Uniforms must be kept in a neat and clean condition at all times. Operator will provide, at its sole cost and expense, all uniforms and identification badges required and will require the wearing of such at all times when employees are on-duty at the Zoo.

- H. **Drug-Free Workplace.** Operator shall maintain a drug-free workplace and not allow the manufacture, distribution, dispensing, possession or use of an illegal controlled substance by Operator's employees, and maintain a non-smoking environment in all interior and exterior areas of the Premises and surrounding areas, except in designated areas of the Zoo parking lots.

- I. **Freedom from Tuberculosis.** Prior to commencing work at the Zoo, and annually thereafter, all Operator's employees preparing food, and others as required by statute (e.g. Section 5163 of the California Public Resources Code) or directive of GLAZA or the Zoo, shall have received tuberculosis tests at Operator's sole cost and expense. Operator shall maintain detailed records of this testing for all its employees at the Zoo and shall provide GLAZA with certificates on applicable employees indicating freedom from communicable tuberculosis. In the event Operator does not fully comply with this testing requirement, Operator shall be in default of this Agreement.

- J. **Employee Training.** Operator shall at all times employ adequately trained personnel to provide the Services. Operator shall maintain a trained relief staff to substitute for Operator's regular personnel, if necessary.
 - i. **General Training.** Operator shall develop a formal orientation and training program for all managers, chefs and line-level employees, as well as part-time and seasonal staff. Training shall be both experiential as well as task based and include, but not be limited to, non-discrimination training and sexual harassment training. Operator shall work with GLAZA to include a Zoo immersion course and other on-site training as well as use of training software, as applicable and approved by GLAZA. The proposed training program shall be submitted for prior approval to GLAZA no later than ninety (90) calendar days prior to the beginning of the Term and within sixty (60) calendar days prior to Operator making substantive changes to the training program during the Term.

 - ii. **Alcohol Service Training.** All employees involved in the sale, service and distribution of alcoholic beverages shall be trained in effective alcoholic awareness, which includes training based on any applicable laws of California. This training shall include the State of California Department of Alcoholic Beverage Control (ABC) sanctioned training of the Licensee Education on Alcohol and Drugs Alcohol Seller/Server Training Program (LEAD) and may include, without limitation, policies and procedures

developed by Operator dealing with alcohol management and a nationally recognized program such as “Techniques for Effective Alcohol Management” (or “TEAM”) or “Techniques for Intervention Procedures by Servers of Alcohol (or “T.I.P.S.”). Operator shall provide GLAZA with certificates on applicable training for all employees involved in the sale, service and distribution of alcoholic beverages. Operator will not knowingly service intoxicated or under-age persons and will coordinate with, and immediately notify Zoo security of any known or observed safety concerns, use of illegal substances or improper use of alcohol that pose immediate threats of safety to Zoo Patrons, intoxicated individuals or employees.

SECTION 9. PRODUCT SPONSORSHIP RIGHTS

- A. **Sponsorships Generally.** GLAZA, with approval from the City, from time to time enters into sponsorship arrangements with food, beverage and merchandise suppliers. These sponsorship arrangements may require the exclusive or featured use of certain food, beverage or merchandise products at the Zoo. GLAZA, rather than Operator, retains all sponsorship rights including, but not limited to alcoholic and non-alcoholic pouring rights. Operator will honor and comply with such arrangements.
- B. **Alcoholic Beverage Sponsorships.** In the event GLAZA receives alcoholic beverages as a contribution from any source for service at GLAZA events, Operator shall provide service of such beverages at no additional cost to GLAZA.
- C. **Other Sponsorships.** GLAZA, with approval from the City, may enter into other sponsorships from time to time that may affect the products Operator is able to sell at the Zoo. GLAZA will keep Operator informed of sponsorships related to this Agreement, and Operator agrees it will not sell or promote any food, beverages or merchandise that would cause GLAZA to be in breach of any of its current or future sponsorship agreements.
- D. **Pepsi Sponsorship.** Pepsi Beverages Company (“Pepsi”) has an agreement with GLAZA for exclusive rights for most non-alcoholic beverages sold at the Zoo for a ten (10) year period ending January 31, 2024. Further, Pepsi has first right of renewal based on the best terms and conditions GLAZA can negotiate from others. Pepsi provides all required dispensing equipment at no cost, including five (5) Pepsi-identified mobile distribution carts. Pepsi provides vending machines to dispense Pepsi and Ocean Spray products in quantities and locations as may be mutually agreed by and between GLAZA and Pepsi. GLAZA anticipates continuing its relationship as detailed herein for the duration of the sponsorship and retains the right to extend the same without compensation to Operator. Notwithstanding the forgoing, approximately ninety (90) to one hundred and eighty (180) calendar days prior to the expiration date of the sponsorship agreement, GLAZA will consult with Operator, Zoo and City before entering into new exclusive rights agreement with Pepsi. Operator agrees that it will not sell or promote any food, beverages, or

merchandise that would cause GLAZA to be in breach of its agreement with Pepsi.

- E. **ICEE Sponsorship.** The ICEE Company (“ICEE”) has an agreement with GLAZA for frozen drinks sold at the Zoo for a five (5) year period ending February 29, 2019. ICEE provides all the required dispensing equipment at no cost to GLAZA. Operator agrees that, if this agreement with ICEE is renewed beyond the current end date or if GLAZA enters into an agreement with another supplier of frozen drinks, it will not sell or promote any frozen drinks that would cause GLAZA to be in breach of its agreement with ICEE or a new supplier.

SECTION 10. INSURANCE

- A. **Insurance Requirements.** During the Term of the Agreement, and without limiting Operator’s obligation to indemnify, hold harmless and defend GLAZA, the City and the Zoo, Operator shall maintain at its own expense, at a minimum, the amounts of insurance coverage listed below. Operator’s policies for the insurance coverages shall be primary and non-contributory to any similar insurance and/or self-insurance that GLAZA, the City of Los Angeles, or the City of Los Angeles Department of the Zoo maintains. All policies shall include GLAZA, its Board of Trustees, boards officers, agents and employees, the City of Los Angeles, its officers and employees and the City of Los Angeles Department of the Zoo and its officers and employees as an additional insureds by specific endorsement.
- i. Workers' Compensation in an amount equal to or greater than the statutory limits as required by the laws of the State of California as well as Employer’s Liability Insurance in a minimum amount of \$1,000,000, including sexual harassment coverage. Coverage shall apply to all personnel employed either directly or by way of contract from any payroll or staffing service provider used by Operator and include a waiver of subrogation in favor of the City, the Zoo and GLAZA.
 - ii. Commercial General Liability insurance or other comparable broad form general liability coverage, shall include but shall not be limited to coverage for bodily injury, property damage, advertising and personal injury, products-completed operations, host/liquor liability, fire, explosion liability, independent contractor coverage and contractual liability, in a minimum amount of \$10,000,000 per occurrence and \$20,000,000 in total.
 - iii. Operator shall maintain Auto Liability Insurance in a minimum amount of \$5,000,000 combined single limit.
 - iv. Direct damage "all risk" property insurance to cover damage to Concession premises and equipment. This policy shall include liability coverage for damage or harm to Zoo and/or GLAZA premises, animals and exhibits in a minimum amount of \$10,000,000 per occurrence.

- B. **Subrogation**. Operator hereby waives its right of subrogation on all insurance claims.
- C. **Third Party Insurance Requirements**. Subcontractors, vendors, individuals and entities hired by Operator to perform work on or about the Zoo or invited onto Zoo premises by Operator shall be subject to the applicable insurance requirements of this Agreement. Each contractor and subcontractor shall name GLAZA and the City of Los Angeles as additional insureds by specific endorsement. A copy of the endorsement shall be provided to GLAZA and the City Risk Manager.
- D. **Form of Insurance**. Operator may meet insurance requirements through separate, combination or package policies if those policies meet the required limits and the required scope of coverage and are from insurance carriers acceptable to GLAZA and the City. Umbrella and/or excess policy limits may be accepted to meet the required limits and the required scope of insurance.
- E. **Disclosure of Limitations**. Operator shall disclose to GLAZA any limits in any of the insurance policies or the required certificates of insurance, including any umbrella and/or excess liability policies.
- F. **Acceptable Insurers**. Insurance coverage must be procured from companies earning a minimum rating of A6 in Best's Rating Guide.
- G. **Notice of Cancellation**. All such insurance policies shall require a minimum thirty (30) calendar days' notice requirement to GLAZA and City prior to cancellation or material amendment or endorsement of any policy that would affect this Agreement.
- H. **Proof of Insurance**. As evidence that Operator has the required coverage, Operator shall provide the certificates of insurance and duplicate original policies to GLAZA and the City in a form acceptable to the Office of the City Administrative Officer, Risk Management and be uploaded to the City Risk Management website www.Quickcomply.org. In the event GLAZA does not receive this proof of insurance coverage at least thirty (30) calendar days prior to the Commencement Date, GLAZA may cancel this Agreement.
- I. **Miscellaneous**. Failure to maintain the required insurance shall constitute a material breach of this Agreement and shall give GLAZA the right to terminate this Agreement immediately. Operator expressly agrees that should GLAZA exercise this right, GLAZA shall not be held responsible for, and Operator shall have no claim or cause of action against GLAZA or City, for any incidental, consequential or other resulting damages (physical or monetary) caused directly or indirectly by such termination.

SECTION 11. CONCESSION COMMISSIONS

- A. **Commissions Generally**. On the 10th day of each month, Operator shall make a monthly commission payment to GLAZA based on the following percentages

of the monthly Gross Receipts as defined in Section 1 above (“Commission”):

Department	Years 1-5	Years 6-10	Years 11-15
Food	___%	___%	___%
Non-Alcoholic Beverage	___%	___%	___%
Alcoholic Beverage	___%	___%	___%
Catering Food	___%	___%	___%
Catering Beverage	___%	___%	___%
Catering Private Events	___%	___%	___%
Merchandise	___%	___%	___%
Trams	___%	___%	___%
Stroller/Wheelchair Rental	___%	___%	___%
Photo Booth	___%	___%	___%

B. Minimum Annual Guarantee. Notwithstanding the Commission payments above, Operator shall pay a minimum annual guarantee (“Minimum Annual Guarantee”) to GLAZA on or before the first (1st) day of July of each Contract Year if the total monthly Commission payments referenced above in subsection A. are not equal to or do not exceed the Minimum Annual Guarantee as set forth below:

Years one (1) to five (5) the amount of _____ U.S. Dollars (\$_____) annually;
 Years six (6) to ten (10) the amount of _____ U.S. Dollars (\$_____) annually;
 Years eleven (11) to fifteen (15) in the amount of _____ U.S. Dollars (\$_____) annually, if GLAZA and the Zoo exercise the option to extend the Agreement.

Payment of the Minimum Annual Guarantee shall be prorated for the first and the final year of the Term.

If by June 30th of each fiscal year, the total monthly Commission payments referenced in subsection A. above are not equal to or do not exceed the Minimum Annual Guarantee, the difference between the actual Commission payment received and the Minimum Annual Guarantee will be due and payable by July 15th of the subsequent fiscal year, pro-rated as necessary for the first year of the Term and the final year of the Term.

C. Additional Commission. To ensure that the Zoo receives the full value of any attendance and related Concession sales increases, in addition to the Commission set forth in Section 11 A. and the Minimum Guarantee in Section 11 B. above, Operator shall propose in a format similar to Section 11 A, herein above, additional Commission as a percentage of all concession, food and beverage or retail gross receipts (“Additional Commissions”) if annual Zoo attendance (daytime and nighttime) exceeds 1.9 million; if annual Zoo attendance (daytime and nighttime)

exceeds 2.0 million and if annual Zoo attendance (daytime and nighttime) exceeds 2.1 million.

- D. **Payment of Minimum Annual Guarantee at End of Term.** Except as set forth otherwise in this Agreement, beginning with any month-to-month extension after the end of the Term, Operator shall pay GLAZA, no later than the first (1st) day of each month, a monthly payment of One-Twelfth (1/12) of the previous Contract Year's Minimum Annual Guarantee .
- E. **Payment of Additional Commissions.** If the Gross Receipts collected result in Additional Commission greater than the Minimum Annual Commission paid to GLAZA, Operator will pay such Additional Commission in excess of the Minimum Annual Guarantee to GLAZA no later than the twentieth (20th) calendar day of the month following the month in which such Gross Receipts were collected.
- F. **Statement of Gross Receipts, Reports.** Not later than ten (10) calendar days following the end of each calendar month during the Term, Operator shall provide GLAZA and the Zoo with a statement of Gross Receipts, by department and/or sales category, for the immediately preceding calendar month. Each monthly payment of commission shall be based upon the cumulative total of Gross Receipts during the applicable Contract Year, minus amounts previously paid during such Contract Year. In addition to the statement of Gross Receipts, Operator shall provide to GLAZA daily, weekly and/or monthly reports of customer counts, per capita spending, and other such statistical data as may be requested by GLAZA from time to time.
- G. **Profit and Loss Reports.** Not later than ten (10) calendar days following the end of each calendar month during the Term, Operator shall provide GLAZA and the Zoo with a profit and loss statement by department and/or sales category for the immediately preceding calendar month.
- H. **Maintenance of Records.** Operator shall maintain complete and accurate financial records for all transactions involving the Zoo, including but not limited to those items that support sales revenue, such as cash register receipts and other sales receipts. These items shall be properly stored on the Premises and shall be kept for a minimum of five (5) years or until the completion of any applicable audit conducted at GLAZA's request, whichever is later. Such receipts shall not be destroyed or discarded until the resulting audit report has been accepted by GLAZA.
- I. **Audit.** GLAZA and the City shall have the right to audit the books and records of Operator on an annual basis at a time and location as may be mutually agreed. If the result of any such audit establishes that Operator has overpaid GLAZA, such overpayment shall be credited against payments currently payable to GLAZA. If the audit reveals an underpayment to GLAZA, Operator shall pay GLAZA the difference plus a Five Percent (5%) underpayment fee and interest at the rate of twelve percent (12%) per annum or the maximum rate

allowed by law, whichever is less, from the due date of the original payment. If the audit reveals a discrepancy in excess of Two Percent (2%) of the total amount of payments payable to GLAZA during any fiscal year, the cost of said audit shall be paid by Operator in addition to the underpayment fee.

- J. **Independent Audit.** Operator shall obtain at its own expense an annual audit of its books and records performed by an independent accounting firm preapproved in writing by GLAZA and the Zoo.
- K. **Excluded Services.** Operator will report, but pay no commissions, on Gross Receipts from Zoo-Hosted Food and Beverage Services, Personnel meals, or in-house conferences and meetings catering.
- L. **No Right to Off-Set.** Operator shall not have the right to off-set the amount of any payment owed to GLAZA against amounts that GLAZA may owe to Operator.

SECTION 12. CAPITAL INVESTMENT

- A. **Capital Investment.** Operator shall expend a guaranteed minimum of _____ U.S. Dollars (\$ _____) for capital investments for the renovation, remodeling and equipping of the Concession ("Capital Investment") for years one (1) through five (5) of the first ten year period of the Agreement, and for years six (6) through ten (10) of the second ten year period and during the five-year option period if exercised by the Zoo and GLAZA. Amounts charged against the Capital Investment commitment shall include only direct costs and shall not include overhead, indirect cost, or management fees of Operator or any related party. Any unspent amount remaining at the end of each five year period will be paid to the Zoo.
- B. **Capital Investment Schedule.** The Capital Investment shall be set out on a capital investment schedule to be presented to the Zoo and GLAZA in three (3) installments. The first installment of the investment schedule shall be due on the Commencement Date of the Agreement, which is the first (1st) day of the first Contract Year, the second installment shall be due on the first (1st) day of the sixth (6th) Contract Year, and if the extension option is exercised by GLAZA and the Zoo, the next installment schedule shall be due on the first (1st) day of the eleventh (11th) Contract Year.
- C. **Expenditure of Capital Investment.** An initial installment of the investment schedule and timeline for the expenditure of One Hundred Percent (100%) of the Capital Investment is set forth in Operator's Proposal, attached hereto as Exhibit _____. Operator shall prepare, complete, and submit to GLAZA for approval a finalized timeline for the expenditure of the Capital Investment no later than _____ (____) calendar days following the Commencement Date of this Agreement for the first (1st) installment; no later than _____, 20____, for the second (2nd) installment; and if the extension option is exercised by GLAZA and the Zoo, no later than

_____, 20___, for the third (3rd) installment. This timeline will indicate a completion date for the remodeling and renovation for each five-year period. Operator's timeline shall reflect any additional GLAZA and Zoo review and approval dates during the renovation period relating to equipment to be ordered, color choices, or other items that were not part of the initial proposed timeline. The timeline will additionally be in compliance with all State, County and City (including, but not limited to, Los Angeles Department of Building and Safety, Los Angeles Fire Department, Los Angeles Department on Disability, Los Angeles Department of City Planning and the Cultural Heritage Commission) building codes and will include provisions for approval by City, County, and any other governmental agencies for needed permits, as well as application or submittal dates for these permits. Operator shall also submit a sustainability plan in compliance with the Los Angeles Green Building Code.

All improvements under the Capital Investment plan must be completed in a manner that minimizes disruption to Zoo Patrons and Zoo operations. The final Capital Investment plan may be impacted by the Zoo's Vision Plan. The details of the final Capital Investment plan shall be negotiated and approved by both GLAZA and the Zoo prior to commencement of improvements.

- D. **Retention of Capital Investment.** In the event Operator does not complete an approved renovation, remodeling and/or equipping and expend at least one hundred percent (100%) of the Capital Investment on or before the end of each five-year (5) period, Operator shall pay to the Zoo such unspent Capital Investment amount and the Zoo may use this amount at its sole discretion including improvements to the Concession. The parties agree that it would be impracticable for GLAZA to determine actual damages in such event; therefore, payment of the unexpended Capital Investment is a reasonable estimate of such damages and that such amount is not a penalty.
- E. **Delay.** If GLAZA, the Zoo, the City or the County of Los Angeles delay giving their respective approvals and/or permits, through no fault or cause of Operator, Operator's timeline for all items affected by such delays shall be extended for a period of time equal to such delay. If Operator misses submittal dates for permits per the timeline or such submittals are incomplete and have to be re-submitted for any reason within the control of Operator, the timeline will not be extended.
- F. **Budget.** A budget and schedule showing the uses of the Capital Investment is included in **Exhibit H**. The parties will appropriately revise the Capital Investment budget as the remodeling and renovation plans are finalized, including changes during the renovation period. In no event shall such a revision cause the guaranteed minimum Capital Investment set forth in Section 12 A. to be reduced.
- G. **Notice of Delay.** In the event of a delay, Operator shall provide GLAZA with written notice thereof within twenty-four (24) hours of the start of the delay, and include the reason for the delay and the estimated duration of the delay. Operator and GLAZA agree to work together to minimize the likelihood of a delay, and if such delay occurs, to minimize its duration. If the delay arises as a result of Operator's actions

or inactions, then the damages detailed in Section 26 C. below shall apply.

- H. **Capital Investment Amortization.** An amount equal to Operator's guaranteed minimum Capital Investment obligation will be a debt owed to the Zoo at the beginning of each five year period and any unspent balance at the end of each five year period will be due and owing to the Zoo, to be paid within thirty (30) days of the end of the five year period. Each guaranteed minimum Capital Investment obligation of Operator shall be amortized, straight-line, no interest, over a five (5) year period beginning on the first day of each five year period. Operator's initial guaranteed minimum Capital Investment obligation shall be amortized, straight-line, no interest, over a five (5) year period beginning on the Commencement Date of this Agreement. The second guaranteed minimum Capital Investment obligation shall be amortized, straight-line, no interest, over a five (5) year period beginning on the first day of Contract Year six (6) of the Term. If GLAZA and the Zoo exercise the option to extend the Agreement, the third guaranteed minimum Capital Investment obligation shall be amortized, straight-line, no interest, over a five (5) year period beginning on the first day of Contract Year eleven (11) of the Term. Amortizations of investments shall be completed by the end of each five (5) year period. The funds shall be considered fully-amortized at the end of each five year period of the Agreement regardless of when the Capital Investment funds are actually spent and there shall be zero buy-back at the end of each five (5) year period of the Term.
- I. **Effect of an Early Termination on Capital Investment.** If the Agreement is terminated by GLAZA because of Operator's default or by Operator for any reason other than default by GLAZA or as may occur under Section 3 E., Operator will not be entitled to forgiveness of any unamortized amount of its Capital Investment, and the Capital Investment shall immediately become payable to and the property of the Zoo to invest at its discretion in Concession improvements.
- J. **Transfer of Title.** All rights, title and interest in and to the improvements, furniture, fixtures and equipment shall transfer to the Zoo at a time determined in writing by GLAZA, and shall be insured for full replacement cost by Operator until the transfer.
- K. **Accounting.** No later than ninety (90) calendar days following completion of any remodeling, renovation, refurbishment and equipping, and again after expenditure of any refurbishment funds, Operator shall provide GLAZA and the Zoo with a detailed written accounting (the "Capital Expenditure Accounting") of all expenditures in support of its Capital Investment and/or equipment replacement commitments, including, but not necessarily limited to original invoices from architects, contractors, materialmen, vendors, suppliers, and other third parties who provided goods, services and/or materials. The Capital Expenditure Accounting shall include only direct costs and shall not include overhead, indirect costs, or management fees of Operator or any related party. GLAZA shall have the right to audit and verify all such records, with costs charged to Operator, and Operator agrees to cooperate with any such audit. Upon GLAZA's review (and audit if it so chooses), GLAZA will notify Operator if it accepts the Capital Expenditure Accounting as submitted, or if it proposes adjustments thereto. If GLAZA proposes

adjustments, Operator may either accept the same or request arbitration pursuant to Section 30 herein.

- L. **Operator Expenses**. It shall be the responsibility of Operator to hire the architects, designers and all other contractors for the renovation including the planning, design and construction process, subject to GLAZA and the Zoo approval. Operator shall obtain all permits and build or renovate the facilities on a fixed-fee basis with Operator guaranteeing the completion. Any cost overruns shall be the responsibility of Operator and shall not be charged against future Capital Investments.
- M. **Expenditures for Proprietary and Non-Proprietary Equipment**. Expenditures by Operator for Proprietary Equipment, signage or trade fixtures shall not constitute a Capital Investment. All non-Proprietary Equipment, including but not limited to Smallwares purchased through the Capital Investment shall become the property of GLAZA. Such Smallwares are not to be removed by Operator at the expiration or earlier termination of this Agreement. It shall be the Operator's responsibility to provide replacements for all broken, lost or damaged Smallwares and to provide an inventory annually throughout the Term to ensure the overall Capital Investment is maintained to the standards established by GLAZA and the Zoo. Notwithstanding the forgoing, the parties agree and understand that the expenditure for purchased Smallwares is not to be considered a Capital Investment.
- N. **Equipment Rental**. Operator shall have the right to lease or rent equipment or fixtures, which expense shall be considered an operating expense and not charged against the Capital Investment. Upon termination of the Agreement, Operator shall be responsible for returning all leased or rented equipment and fixtures with no liability to GLAZA or the Zoo. Operator shall be fully responsible for any damage thereto, including wear and tear and other charges owed to the third-party vendor.

SECTION 13. OPERATIONS AUDITS

- A. **Operations Audits, Generally**. In addition to any other such audits as may be required or contemplated by this Agreement, Operator shall be subject to periodic, monthly operating audits of the Concessions by GLAZA and/or a third party retained thereby. These audits shall be made available to the City. Such operations audits may include, but shall not be limited to, a comprehensive review of:
 - (a) Service quality, attentiveness, courteousness;
 - (b) Food quality, presentation, and merchandising;
 - (c) Sanitation practices and conditions;
 - (d) Personnel appearance;
 - (e) Training program techniques, schedules, and records;
 - (f) Safety conditions;
 - (g) Operational performance from a financial perspective; and
 - (h) Other related operational conditions and/or practices.
- B. **Operations Audit Results**. Operator shall be notified in writing of conditions

needing correction or improvement in writing. Operator shall promptly comply with any such notice, and correct any such condition within fourteen (14) calendar days of receipt of the written notice. Notwithstanding the foregoing, any corrections and/or improvements relating to health or safety must be corrected within twenty-four (24) hours of receipt of notice. The Operator shall reimburse GLAZA for actual out-of-pocket expenses for all audits throughout the Term. In addition to the forgoing, a GLAZA representative may track quality control monthly in all areas and maintain a scorecard in the form set forth in **Exhibit I** hereto to ensure compliance and that all deficiencies are corrected in a timely manner.

SECTION 14. COMPLIANCE WITH CITY CONTRACT PROVISIONS

Operator shall comply with the City Standard Provisions, dated October 2017 v.3, which are attached as **Exhibit J**. Contractor shall also be subject to the following City ordinances and requirements:

- A. **Contractor Responsibility Ordinance.** Operator is advised that this Agreement shall be subject to the provisions of Los Angeles Administrative Code Section 10.40 et seq., Contractor Responsibility Ordinance (“CRO”), attached as **Exhibit K**. The Responsibility Questionnaire submitted by Operator in its response to the Request for Proposals is attached as **Exhibit K**.
- B. **First Source Hiring Ordinance.** Operator shall comply with the provisions of Los Angeles Administrative Code Sections 10.44 et seq., First Source Hiring Ordinance (“FSHO”). Operator shall refer to **Exhibit L**, “First Source Hiring Ordinance” for further information regarding these requirements.

SECTION 15. REPAIR, MAINTENANCE AND REPLACEMENT

- A. **Plumbing.** Operator, at its sole cost and expense, shall be responsible for all plumbing connections, clearing of backups and regular preventive maintenance of all drain lines for the operation of the kitchens within its assigned facilities. Operator shall not be responsible for the repair and replacement of plumbing pipes for the facility beyond the exterior walls, unless caused by Operator’s negligence.
- B. **Equipment Operation.** Operator shall be responsible, at its sole cost and expense, for the operation, maintenance, repair and installation of any and all equipment (including the permanently installed equipment) used in the Concessions. Any new equipment installations or modifications shall be reviewed and approved in writing by GLAZA and the Zoo prior to installation.
- C. **Electrical.** Operator, at its sole cost and expense, shall be responsible for installing, maintaining, troubleshooting and providing preventive maintenance on electrical service, devices and equipment beyond the secondary power panels. Operator shall be responsible for maintaining and/or replacing any and all bulbs and

for cleaning fixtures within its assigned building facilities. Operator shall not be responsible for providing utility service, except as stipulated in Section 5 E. above.

- D. **Repairs/Renovations**. The cost and expense of all repairs, alterations, improvements, renewals, renovations or replacements to the Zoo facilities necessitated by Operator's Services shall be borne solely by Operator subject to GLAZA's and the Zoo's prior written approval. In the event Operator's negligence causes any damage to any real or personal property of GLAZA or the Zoo, Operator, at its sole and exclusive cost, shall pay the cost of any and all necessary repairs, renewals and/or replacements, which expense shall not be counted against the guaranteed minimum Capital Investment.
- E. **Pest Control**. Operator, at its sole cost and expense, shall employ an approved pest control vendor and provide a copy of the contract and copies of such pest control company's inspection reports to GLAZA. Inspections shall occur not less than once per month. GLAZA may require Operator to perform additional treatments or service if pest control becomes a problem. Further, GLAZA reserves the right, at its expense, to appoint an independent hygienist to evaluate pest control and sanitation procedures and recommend improvements, as necessary. Operator shall comply with the hygienist's recommendations within a reasonable amount of time. Operator shall provide sealing/foaming of holes/openings to its facilities and equipment that may allow access by pests. Operator shall comply with any and all demands from the Zoo regarding pests and chemicals.
- F. **Exhaust Hoods**. Operator, at its sole cost and expense, shall be responsible for maintaining, servicing and cleaning all exhaust hoods and flues associated with its kitchen operations. This includes, but is not limited to, grease removal, maintenance and testing of fire suppression systems.
- G. **Preventive Maintenance**. Operator, at its sole cost and expense (pursuant to Section 7.G. above), shall establish a preventive maintenance program for all installed equipment, buildings, plumbing, electrical and other facilities covered under this Agreement. Operator shall maintain complete records of maintenance performed on all installed equipment, buildings, plumbing, electrical and other facilities covered under this Agreement. Operator shall complete and send a report to GLAZA and the Zoo no less than once per month, showing that Operator is adhering to all preventive maintenance procedures.
- H. **Painting**. Operator shall be responsible, at its sole cost and expense, for painting, touching-up and cleaning all walls, display cases and common areas within its designated service facilities and work areas.
- I. **Walls**. Operator is responsible, at its sole cost and expense, for cleaning, replacing wall paper, repairing and replacing trim, as required, and performing all drywall repairs, as needed, within its designated facilities and work areas.
- J. **Tile**. Operator, at its sole cost and expense, shall clean and maintain all tile work

within its designated facilities and work area. Operator shall also maintain any rubber floor trim and tile in good condition.

- K. **Doors**. Operator, at its sole cost and expense, shall maintain, repair and refinish all service doors incident to the Concessions Premises as well as other spaces, facilities and buildings occupied by Operator.
- L. **Carts and Cart Storage Building**. Operator, at its sole cost and expense shall secure necessary permits and licenses for the operation of carts. Operator shall maintain all service carts (food, beverage and merchandise), the cart storage building and all equipment, furnishings and equipment therein, in good repair and in a clean and sanitary condition at all times and at its sole cost and expense.
- M. **Furniture**. Operator shall be responsible, at its sole cost and expense, for the maintenance and repair of all furniture, fixtures and showcases in good condition and repair to the standards established by the City for its operations in all buildings and spaces occupied by Operator.
- N. **Trams**. Operator shall be responsible, at its sole cost and expense, for complete maintenance and upkeep of the trams to the highest possible standards, including, but not limited to, on-site offices, and storage and/or repair facilities. Operator to provide maintenance records for review upon request by GLAZA, the Zoo or the City
- O. **Strollers and Wheelchairs**. Operator shall be responsible, at its sole cost and expense, for complete maintenance and upkeep of the strollers and wheelchairs to the highest possible guest service standards. Operator to provide maintenance records for review upon request by GLAZA, the Zoo or the City.
- P. **Vending Machines**. Operator shall be responsible, at its sole cost and expense, for complete maintenance and repair of all vending machines throughout the Zoo under this Agreement.

SECTION 16. USE OF GLAZA'S OR ZOO'S INTELLECTUAL PROPERTY

- A. **Generally**. The names "Los Angeles Zoo," "Los Angeles Zoo and Botanical Gardens," and the "Greater Los Angeles Zoo Association" are registered trademark/service marks ("Marks") of the City and GLAZA respectively.
- B. **No Use of Operator Information**. Operator may not display its corporate trademarks or services marks in connection with the Services or on Zoo-related marketing. Operator may not use the Marks or make reference to GLAZA or the Zoo on Operator's website or in its publicity information without first receiving the written approval of GLAZA and the Zoo.
- C. **No Conveyance of Intellectual Property**. Operator agrees that (i) nothing in this

Agreement is intended to convey to Operator any ownership or other rights in the Marks, or any other trademarks, service marks, copyrights or other intellectual property rights of GLAZA and of GLAZA's affiliated businesses or the City (collectively, the "GLAZA and City Trademarks"); (ii) ownership of all such GLAZA Trademarks shall remain the property of GLAZA, its affiliates, or the City, as the case may be; and (iii) Operator will not use any GLAZA Trademarks under any circumstances without the prior written consent of GLAZA, which consent GLAZA or the Zoo may withhold in their sole and absolute discretion.

- D. **Grant of License**. GLAZA and Operator agree to work together using trademarks and logos from the Zoo on cups, souvenirs, and other merchandise sold at the Concessions. It is expressly understood and agreed that any such use of Zoo or GLAZA trademarks or logos on any such merchandise shall be subject to the prior written approval of GLAZA and the City and constitutes a limited, non-exclusive, non-assignable and non-transferrable license.

SECTION 17. INDEMNIFICATION

- A. **Indemnification by Operator**. Operator, on behalf of itself and its employees, agents, subcontractors, vendors, individuals and entities invited or hired by Operator to be on Zoo premises ("Operator Entities"), shall indemnify, defend and hold harmless GLAZA, the City and the Zoo, and each of their respective trustees, boards, officers, agents, affiliates, vendors, assigns, employees and successors in interest (each an "Indemnified Party," collectively the "Indemnified Parties") from and against any and all claims, damages or liabilities of any nature whatsoever, losses, demands, costs, expenses, including attorneys' fees (both in house and outside counsel), suits, lawsuits and causes of action, cost of litigation (including all actual litigation costs incurred by Indemnified Parties, including but not limited to, costs of experts and consultants), taxes, and judgments arising from or related to the death or bodily injury to any person or persons, including Operator's employees and agents, damage or destruction of any property of the Indemnified Parties or of third parties, or other loss, damage, or expense resulting from Operator's or any Operator Entity's alleged or actual act, error or omission, regardless of whether such act or omission was active or passive, arising out of the arrangements between Operator and GLAZA, the City or the Zoo that are contemplated by this Agreement, or such matters as may arise out of this Agreement as may be changed from time to time by the parties hereto, provided however, that Operator shall not be obligated to indemnify, defend, or hold harmless any Indemnified Party with respect to damages which are due to the sole negligence or willful misconduct of Indemnified Party. Indemnitor shall also indemnify the Indemnified Parties from and against any loss or damage incurred by Operator or an Operator Entity with respect to real or personal property, including but not limited to exhibits, animals, grounds, landscaping, buildings and/or related items caused in whole or in part by the negligence (whether active or passive), actions, inactions or misconduct of Operator and/or any of the Operator Entities and will further defend, indemnify,

and hold harmless GLAZA, City and the Zoo from and against any and all claims, injuries, damages, losses, or suits including attorneys' fees, arising out of or related to Operator's performance or non-performance pursuant to this Agreement, except for injuries and damages caused by the sole negligence or willful misconduct of GLAZA or the Zoo. The rights and remedies of the Indemnified Parties provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement. This provision will survive the expiration or termination of this Agreement.

- B. **Indemnification by GLAZA, the City and the Zoo**. Neither GLAZA, the City nor the Zoo shall be obligated to, and will not, indemnify, defend or hold harmless Operator with respect to any claim, liability, loss, demand, damage, cost, expense, including attorneys' fees, suits, and causes of action, taxes or judgments.

SECTION 18. PROHIBITED ACTS

During the Term of this Agreement, Operator shall not:

- A. Use the Premises to conduct any other business operations of Operator not related to the Zoo;
- B. Do or allow to be done anything which may interfere with the effectiveness or accessibility of utility, heating, ventilation or air conditioning systems or portions thereof on the Premises or elsewhere on Zoo grounds, nor do or permit to be done anything which may interfere with free access and passage in the Premises or the public areas adjacent thereto, or hinder police, fire or other emergency personnel in the discharge of their duties;
- C. Interfere with the public's enjoyment and use of the Zoo or use the Premises for any purpose which is not essential to the Concession's operations;
- D. Rent, sell, lease or offer any space for storing of any articles whatsoever within or on the Premises other than specified herein;
- E. Overload any floor or roof in the Premises;
- F. Place any additional lock of any kind upon any window or interior or exterior door in the Premises, or make any change in any existing door or window lock or the mechanism thereof, unless a key therefore is maintained on the Premises, nor refuse, upon the expiration or sooner termination of the Agreement, to surrender to GLAZA or the Zoo any and all keys to the interior or exterior doors on the Premises, whether said keys were furnished to or otherwise procured by Operator, and in the event of the loss of any keys furnished by GLAZA, Operator shall pay GLAZA, on demand, the cost for replacement thereof;

- G. Do or permit to be done any act or thing upon the Premises which will invalidate, suspend or increase (except in connection with increased or changed usage) the rate of any insurance policy required under the Agreement or carried by GLAZA or the City covering the Premises or the buildings in which the same are located or which, in the opinion of GLAZA or the Zoo, may constitute a hazardous condition that will increase the risks normally attendant upon the operations contemplated under the Agreement, provided, however, that nothing contained herein shall preclude Operator from bringing, keeping or using on or about the Premises such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its business, or from carrying on said business in all respects as is customary;
- H. Use, create, store or allow any hazardous materials as defined in Title 26, Division 19.1, Section 19-2510 of the California Code of Regulations, or those which meet the criteria of the above Code, as well as any other substance which poses a hazard to health and environment, provided, however, that nothing contained herein shall preclude Operator from bringing, keeping or using on or about the Premises such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its business, or from carrying on said business in all respects as is customary except that all hazardous materials must be stored and used in compliance with all City, State and Federal rules, regulations, ordinances and laws;
- I. Permit undue loitering on or about the Premises;
- J. Use the Premises in any manner that will constitute waste;
- K. Use or allow the Premises to be used for any improper, immoral, or unlawful purposes;
- L. Permit gambling on the Premises or install or operate or permit to be installed or operated thereon, any device which is illegal, or use the Premises or permit it to be used for any illegal business or purpose;
- M. Permit smoking in the Premises or on Zoo grounds, with the exception of the Zoo parking lot.

SECTION 19. PERFORMANCE AND PAYMENT BONDS

- A. **Performance Bond.** Prior to the Commencement Date of this Agreement, a faithful performance bond in the amount of One Million U.S. Dollars (\$1,000,000) shall be executed by Operator and by a responsible corporate surety company authorized to transact business in the State of California and holding a certificate of authority as an acceptable surety on federal bonds issued by the Department of the Treasury ("Faithful Performance Bond"). The form of bond for the faithful

performance of this Agreement shall be such that GLAZA may proceed against Operator and its sureties immediately upon default in the performance of this Agreement. Deposit of cash in lieu of a bond may be made with GLAZA under such procedures as may be approved by GLAZA, in its sole and exclusive discretion. Cash may be deposited in a responsible bank in the City, and the interest on a time certificate of deposit or passbook account may accrue to and be paid to Operator; however, the right to make withdrawal of principal shall be assigned to GLAZA and the Zoo for the term of this Agreement and any extension thereof. Said bond shall be returned to Operator after fulfillment of all Services or upon the termination of this Agreement, less any amount that may be withheld therefrom by GLAZA and/or the City by this Agreement.

- B. **Use of Bond to Mitigate Damages**. The Faithful Performance Bond sum shall serve as security for faithful performance of all covenants, promises, and conditions assumed by Operator hereunder, and may be applied in satisfaction or mitigation of damages arising from a breach hereof, including, but not limited to, failure to secure required insurance, and/or to complete the Services as specified. Allocation of the amounts on deposit in satisfaction or mitigation of damages shall be without prejudice to the exercise of any other rights provided herein or by law to remedy a breach of this Agreement. In the event any or all of said amount is applied in satisfaction or mitigation of damages, Operator shall immediately deposit such sums as are necessary to restore the Faithful Performance Bond to the full amount of One Hundred Percent (100%) of the amount of the bond originally required.
- C. **Payment Bond and Form**. Prior to execution of this Agreement, Operator shall file with GLAZA a Payment Bond (Material and Labor Bond) for an amount equal to the projected cost of the construction of the renovations to food service and merchandise shops and related work to satisfy the claims of material suppliers and of mechanics and laborers employed by it on the work and in an amount to be agreed upon by Operator and GLAZA. Said bond shall be executed by Operator and by a responsible corporate surety company authorized to transact business in the State of California and holding a certificate of authority as an acceptable surety on federal bonds issued by the Department of Treasury. Such bond may also be obtained from an insurance company with a Certificate of Authority from the California Insurance Commissioner authorizing the company to write surety insurance within the State of California. GLAZA must approve the bond submitted by Operator in compliance with this requirement. Operator shall pay all bond premiums, costs, and incidentals. Operator shall maintain the bond in full force and effect until the work is accepted by Operator and approved by GLAZA and the Zoo, and until all claims for materials and labor are paid, and shall otherwise comply with the California Civil Code. Changes in the work, or extensions of time made pursuant to the Agreement, shall in no way release Operator or surety from its obligations. Notice of such changes or extensions shall be waived by the surety.

SECTION 20. TAXES, PERMITS AND LICENSES

- A. **Licenses and Permits**. Operator shall obtain and maintain in good standing, at its own cost, all legally required licenses and permits, including alcoholic beverage licenses required to be obtained by Operator to provide the Alcoholic Beverage Services. GLAZA shall cooperate with Operator in obtaining such licenses and permits.
- B. **Suspension or Revocation of Operator's Licenses**. In the event Operator's authority to operate under its alcoholic beverage license is suspended or revoked as a result of Operator's actions (and not as a result of any actions of GLAZA, the Zoo or the City or any other reason which is not in Operator's control), Operator shall be considered in default of this Agreement as provided in Section 26 C., and shall be subject to the provisions thereof. In event of the suspension or revocation of such license as a result of the actions of GLAZA or any other reason which is not in Operator's control, GLAZA shall have the right to suspend Operator's rights hereunder only with respect to the provision of Alcoholic Beverage Services, which otherwise would be allowed under the suspended or revoked license, so that Operator shall continue to provide the Services in all other respects. Operator may, within thirty (30) calendar days after suspension or revocation of the alcoholic beverage license, and at the cost and expense of Operator, retain a third party who is acceptable to GLAZA and who possesses the right to operate in any area requiring Alcoholic Beverage Service until Operator's rights shall have been reinstated.
- C. **Payment for Permits and Licenses, Collection of Taxes**. Operator shall pay all federal, state, and local licenses and permit fees and collect and pay for all sales, use and excise taxes relating to the provision of the Services.
- D. **Taxes**. All taxes (federal, state, county, city and local), including possessory interest tax, shall be the responsibility of Operator. Moreover, any assessments for taxable possessory interests assessed against GLAZA during the Term shall be the responsibility of the Operator and not deductible or off-set against any other amounts.

SECTION 21. LAWS AND REGULATIONS

- A. **Compliance with Laws**. Operator shall comply with all federal, state, City and local equal opportunity, wage and hour, and tax laws covering its business and employees. Operator shall not discriminate in the terms and conditions of employment, promotion, transfer or termination because of race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status or medical condition.
- B. **OSHA Compliance**. Operator agrees that it and its subcontractors will give access to the authorized representatives of the state and federal government for the purpose of inspecting and/or carrying out their duties under the Occupational Safety

and Health Act (“OSHA”) of 1970, as amended. Operator shall notify GLAZA within ten (10) calendar days of any such inspection or action by federal or California OSHA inspectors and the results of the inspection. Operator shall be responsible for any OSHA violations or any regulation issued thereunder, and shall immediately remedy any conditions giving rise to such a violation, and shall defend and hold GLAZA and Zoo harmless from any fine, penalty or liability in connection therewith.

- C. **EPA Compliance**. Operator certifies that any facility operated by Operator in whole or in part or used in the performance of this Agreement is not listed on the Environmental Protection Agency (“EPA”) List of Violating Facilities. Operator shall immediately notify GLAZA, prior to Commencement Date of this Agreement, of the receipt of any communication from the EPA, indicating that any facility that Operator proposes to use for the performance of this Agreement is under consideration to be listed on the EPA List of Violating Facilities. Operator shall include a certification substantially the same as this certification in every subcontract associated with this Agreement.

SECTION 22. RELATIONSHIP OF THE PARTIES

Operator is not in any respect acting, nor shall it act, nor shall any person connected with Operator represent him or herself, as an agent, partner, or employee of GLAZA, City or the Zoo. Operator shall be solely responsible for full compliance with all requirements under all laws and regulations now or in the future applicable to Operator, its business affairs and its performance of its duties under or pursuant to this Agreement. Operator shall not have the right or authority to assume or create any obligations or debts, or to make any representations or warranties on behalf of GLAZA, whether express or implied, or to bind GLAZA in any respect whatsoever.

All persons employed by Operator or GLAZA are to be and shall remain, employees of Operator or GLAZA, and under no circumstances shall Operator or GLAZA or any person employed by either of them be deemed to be an employee of the other party.

SECTION 23. SECURITY

Operator agrees to comply with any and all security requirements of the Zoo as they relate to Operator’s procedures, practices and employees. All of the employees of Operator, whether or not they are permanent or full-time, shall be subject to Zoo security rules and regulations when on the Zoo's property. Operator understands and agrees that personal property, particularly its consumable goods, is not the responsibility of GLAZA or the Zoo or the City. Neither GLAZA nor the Zoo nor the City shall be responsible for the loss of personal effects of any employees, agents and/or subcontractors of Operator.

SECTION 24. FACILITY CLOSING AND/OR INTERRUPTION OF SERVICES

- A. **Partial Closings**. Existing and/or temporary food service, merchandise shop facilities or roads that may affect tram, vending, or cart operations may be closed or have service temporarily interrupted to accommodate any and all construction,

restoration or repair activities, or for any other reason deemed appropriate by GLAZA or the Zoo. GLAZA shall give Operator reasonable advance notice, if possible, to arrange for any such closing or interruption. Neither GLAZA nor the Zoo shall be responsible or liable for any loss of revenue, including but not limited to losses due to such a closing. In the event individual Concession locations within the Zoo are closed or restricted, GLAZA may, but is not required to, provide alternative locations at which Operator, at its own expense, will set up temporary Concession facilities. Minimum commission and percentage commission amounts will not be revised and will remain due and owing in such an event.

- B. **Complete Zoo Closings**. In the event of a closing of the entire Zoo for a period that exceeds sixty (60) calendar days, Operator may request that GLAZA suspend collections of Commissions as long as the previous sixty (60) calendar days' Commissions were paid. Such relief may be afforded by GLAZA to allow Operator to relocate impacted facilities.

- C. **Vision Plan**. The Zoo is currently involved in a master planning process, which may result in significant improvements and expansion of certain concessions, infrastructure and animal-related facilities. The completion and results of this process cannot be represented, determined or documented at this time. Operator agrees and understands that it did not rely on any representations or information regarding the master planning process from any source. In the event that facilities, personnel, activities, construction, attendance and hours of availability are impacted (such as by construction or demolition), there will be no compensation or modification of any amounts due and owing to GLAZA nor shall this be cause for the Agreement to be modified or amended in any way.

SECTION 25. SUSPENSION OF SERVICES FOR LABOR DISPUTES

Operator may not suspend Operator's Services at any time. If there is a possibility of a labor dispute, GLAZA has the right, without incurring any liability to Operator, to take whatever action it may deem necessary or desirable in order to have concession services remain open and operate the Concessions. If any suspension of Services continues for longer than thirty (30) calendar days, GLAZA may, by written notice to Operator, terminate this Agreement. GLAZA shall not be responsible or liable for any loss of revenue including, but not limited to, losses due to such closing. If the suspension continues for longer than thirty (30) calendar days through no fault of the Operator and the Agreement is terminated by GLAZA pursuant to this clause, GLAZA or the successor operator agrees to pay Operator an amount equal to seventy percent (70%) of the unamortized portion of the Capital Investment for that five year period. If the Operator is at fault, no payment would be made to the Operator for the unamortized portion of the Capital Investment. If the fault cannot be determined or agreed, arbitration procedures as in Section 30 below will apply.

SECTION 26. TERMINATION

- A. **Removal of Employees, Property**. At the end of the Term, Operator agrees to

remove all of its employees and property from the Zoo as of the last day of the Term, in a smooth, orderly and cooperative manner unless some other date and time is agreed upon in writing between the parties to this Agreement. Operator shall leave the areas occupied in a clean state and in good repair. All equipment in the condition as originally accepted by Operator and all equipment and fixtures, shall be in good working order. Operator's property left at the Zoo after such time shall be considered abandoned and shall be subject to disposal by GLAZA.

- B. **Bringing Current of Financial Accounts.** Within sixty (60) calendar days after the end of the Term, the parties agree to bring all financial obligations and reporting requirements current as of the date and time set out in Section 26 A. herein.
- C. **Termination by GLAZA and the Zoo for Cause.** GLAZA and the Zoo may immediately terminate this Agreement without any obligation to repay any unamortized portions of Capital Investment upon the occurrence of any one or more of the following:
- i. Any default by Operator of any material term or condition of this Agreement and the continuance of any such default for a period of fifteen (15) calendar days after written notice by GLAZA of the same. A default under this Agreement shall include but is not limited to:
 - a) The failure of Operator to make any payment to GLAZA as required in the Agreement for a period of thirty (30) calendar days after such payment is due and owing;
 - b) The voluntary abandonment of any facility by Operator without GLAZA's prior written consent;
 - c) The failure of Operator to secure all necessary decrees, acts, orders, consents, licenses, certificates, and/or permits and insurance necessary to manage and operate the Services;
 - d) The failure of Operator to meet quality assurance criteria, such as maintaining food and beverage concession stands and carts, maintaining cart storage, buildings and warehouses in a clean and sanitary condition, serving and storing wholesome food and beverages at proper hot and cold serving temperatures in appropriate protected storage, preparation and serving environments to the satisfaction of the Los Angeles County Health Department's standards based on their periodic inspections and inspection reports; or
 - e) The breach of any representation, warranty or covenant made by Operator in this Agreement.
 - ii. Judicial proceedings in any state and/or any U.S. Federal Court as follows:

- a) The filing by Operator of a voluntary petition in bankruptcy or insolvency, or a petition for reorganization;
 - b) The consent to an involuntary petition in bankruptcy or the failure to vacate within thirty (30) calendar days from the date of entry thereof any order approving an involuntary petition by Operator;
 - c) The appointment of a receiver for all or any substantial portion of the property of Operator; or
 - d) The entering of an order, judgment or decree by any court of competent jurisdiction. on the application of a creditor, which adjudicates Operator as bankrupt or insolvent or approves a petition seeking reorganization, or appoints a receiver, trustee, or liquidator of all or a substantial part of such Operators assets and such order, judgment or decree continues unstated and in effect for any period of thirty (30) consecutive calendar days.
- D. **Termination by GLAZA and the Zoo without Cause.** Operator recognizes the Zoo possesses a special and unique character and that Operator operates the Services at the Zoo to further the excellence of the experience for Zoo Patrons. If at any time GLAZA or the Zoo deems that continued operations under the Agreement with Operator will harm, bring into disrepute or adversely affect the integrity of GLAZA or the Zoo, or are not in keeping with the dignity and mission of the Zoo, or if at any time GLAZA or the Zoo deems that it would be in its or the Zoo's best interest not to continue the Agreement with Operator, GLAZA and the Zoo may terminate this Agreement for convenience. In addition to the forgoing, GLAZA and the Zoo may also terminate this Agreement for no reason. In such an event as set forth above, GLAZA shall provide to Operator one hundred twenty (120) calendar days' written notice, specifying the date of such termination. If the Agreement is terminated by GLAZA and the Zoo pursuant to this clause, GLAZA, or the successor operator, shall to pay Operator an amount equal to the unamortized portion of the Operator's Capital Investment for that five-year period.
- E. **Amendments to Operator's Corporate Structure.** In the event Operator's Articles of Incorporation are modified without GLAZA's and the Zoo's prior written approval, GLAZA and the Zoo may exercise any and all rights and remedies available under applicable provisions of law, including, but not limited to, breach of contract. In the event that Operator changes ownership in any material way, without GLAZA's prior written approval, GLAZA has the rights to terminate this Agreement with thirty (30) calendar days' notice to Operator and without remittance of any the unamortized Capital Investment to Operator.
- F. **Purchase of License.** Upon the termination of this Agreement, GLAZA or Operator's successor shall purchase, and Operator agrees to sell and transfer, Operator's alcoholic beverage license(s) covering the Zoo, to the extent and under the terms and conditions permitted by applicable law. The price GLAZA or the successor operator pays shall be the "market value" as of the date of such transfer.

The "market value" shall be established by Operator's obtaining a minimum of three (3) written statements from brokers that deal in the purchase and sale of alcoholic beverage licenses in the County of Los Angeles. The price paid by GLAZA or successor operator shall be based on the average of these written valuations. Operator is aware that the value of this license at the time of such sale and transfer is subject to "market" trends and may be higher or lower than Operator paid at the beginning of the Term. Further, Operator agrees to pay all out-of-pocket costs and escrow fees applicable to such sale.

SECTION 27. NO ASSIGNMENT; SUBCONTRACTING

- A. **No Assignment**. Operator shall not assign, transfer or convey this Agreement, or its rights hereunder, without the prior written consent of GLAZA and the Zoo, which may be withheld for any or no reason in GLAZA's sole and exclusive discretion.

- B. **Subcontracting of Services**. Except as may be provided in this Agreement and agreed to in writing by GLAZA and the Zoo, Operator shall not subcontract to a third party any of its rights or duties. No subcontract entered into by Operator shall relieve Operator of any of its liabilities or obligations. Notwithstanding the foregoing, Operator shall be permitted to subcontract the provision of nationally or regionally recognized specialty food products, such as specialty coffee carts and to subcontract the vending services, provided however, that the terms of such subcontracting shall be subject to GLAZA's written approval. Any subcontractors shall be subject to the same insurance, permits, indemnification obligations and other requirements applicable to Operator under this Agreement and under the same terms and conditions, including without limitation the provision of applicable certificates of insurance naming GLAZA, the City and the Zoo additional insureds thereunder.

SECTION 28. NOTICES

- A. **Notices to GLAZA**. All notices required to be given by Operator to GLAZA pursuant to this Agreement shall be in writing and personally delivered, sent by federal express, telefax, or overnight courier, or sent by registered or certified mail, return receipt requested to:

Greater Los Angeles Zoo Association
5333 Zoo Drive
Los Angeles, CA 90027
Attn: Dawn Petersen-Amend, General Counsel

With required copy to:

Greater Los Angeles Zoo Association
5333 Zoo Drive
Los Angeles, CA 90027
Attn: Hugh Miller, Chief Financial Officer

Or to such other person or place as GLAZA may designate in writing.

- B. **Notices to Operator.** All notices required to be given by GLAZA to Operator pursuant to this Agreement shall be in writing and personally delivered, sent by federal express, telefax, or overnight courier, or sent by registered or certified mail, return receipt requested to:

[ADDRESS]
[ADDRESS]
[ADDRESS]
[ADDRESS]

With required copies to:

[ADDRESS]
[ADDRESS]
[ADDRESS]
[ADDRESS]

Or to such other person or place as Operator may designate in writing.

SECTION 29. GOVERNING LAW

This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of California.

SECTION 30. ARBITRATION

Except as otherwise provided in this Agreement, in the event of a dispute between GLAZA and Operator with respect to any issue arising out of or relating to this Agreement or the breach thereof, such dispute shall, upon request by GLAZA, be determined by arbitration. Such arbitration shall be conducted before three (3) arbitrators (unless GLAZA and Operator agree to one (1) arbitrator) chosen as follows: GLAZA shall select one (1) representative and Operator shall select one (1) representative. These two (2) arbitrators shall choose one other person of their choice to act as an additional arbitrator. The three (3) arbitrators shall then arbitrate and their decision shall be final and binding upon all parties concerned. Such decision shall be rendered within thirty (30) calendar days of the close of the hearing record. The arbitration proceedings conducted hereunder shall be conducted in Los Angeles, California, and each party shall bear its own costs, except that

the prevailing party shall be entitled to attorneys' fees pursuant to Section 31(G) of this Agreement. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof, except that no award of punitive damages by the arbitrator(s) may be enforced in any court. This clause shall not apply to disputes between Operator and the City.

SECTION 31. MISCELLANEOUS

- A. Waiver.** The making or failure to make any payments, take any action, or waive any rights shall not be deemed an amendment of this Agreement, nor consent to such action or to any future action or failure to act, unless the party required to so consent or act expressly agrees in writing.
- B. Entire Agreement.** This Agreement and attached Exhibits which are incorporated herein by reference constitute the entire Agreement of the parties and supersedes all prior or contemporaneous agreement, whether oral or written, between the parties, including, without limitation, the RFP and Operator's response to the RFP other than any portion contained herein.
- C. Amendment.** This Agreement may not be amended or modified except in a written document signed by all of the parties hereto.
- D. Severability.** If any paragraph, subparagraph, sentence, clause, phrase, or portion of this Agreement is, for any reason, held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portion of this Agreement, provided that the substantial economic benefits of this Agreement and the intent of the parties is not frustrated thereby.
- E. Confidentiality.** Operator and GLAZA agree that this Agreement contains confidential and proprietary information. The Agreement shall not be disseminated nor its material terms disclosed to third parties without the consent of both parties hereto except as required by law.
- F. Captions and Headings.** The captions and headings in this Agreement are for convenience only and in no way define, limit, or otherwise describe the scope or intent of this Agreement, or any provision hereof, nor shall they in any way affect the interpretation of this Agreement.
- G. Attorneys' Fees.** If GLAZA or Operator commences or engages in any action by or against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and to recover from the losing party reasonable attorneys' fees and other costs incurred in connection with the action, preparation for such action, any appeals relating thereto, and enforcing any judgments rendered in connection therewith.

- H. Further Acts.** Each party agrees to perform any further acts and to execute, acknowledge, and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement.
- I. Good Faith.** Both parties shall cooperate in the implementation of the provisions of this Agreement in a spirit of good faith and fair dealing so as not to defeat the rights of the parties as set forth herein. Both parties further agree that any consent or approval required hereunder shall be given or withheld on a reasonable and timely basis unless otherwise stated to the contrary in this Agreement.
- J. Time.** Time is of the essence in the performance of Operator's duties and obligations hereunder.
- K. Rights of Third Parties.** This Agreement does not give any right to any third party unless explicitly stated herein.
- L. Force Majeure.** Neither party shall be bound to meet any obligation if prevented from doing so as a consequence of force majeure, including but not limited to measures taken or imposed by any government or public authority or in case of any other event beyond the control of the parties, including but not limited to natural disasters (such as storm, hurricane, fire, flood, earthquake), war, civil unrest, terrorist activities, states of emergency, government actions or sanctions, embargos, nationalizations, strikes and breakdowns of public utilities (such as of electricity or telecommunication services). GLAZA shall use all reasonable efforts to notify Operator of the circumstances causing the delay and to resume performance as soon as possible, both without undue delay.
- M. Limited Liability of GLAZA and City.** Under all circumstances, Operator agrees that there is an absolute cap on GLAZA's or the City's potential liability under this Agreement (including reimbursement for costs or attorneys' fees) at a maximum amount equal to the amount of Commission paid to GLAZA from Operator under the Agreement for the twelve (12) month period prior to the event giving rise to the claim.
- N. Authority.** Each party represents and warrants to the other that it has full power and authority to enter into this Agreement and that it is binding upon such party and enforceable in accordance with its terms.
- O. City Assumption of GLAZA's Rights and Responsibilities.** The City, through the Zoo Department, may assume GLAZA's rights, responsibilities and obligations under the Agreement, and all references to GLAZA, unless otherwise stated, shall be considered the City through the Zoo Department.

SECTION 32. INCORPORATION OF DOCUMENTS

This AGREEMENT and incorporated documents represent the entire integrated Agreement of the Parties and supersedes all prior written or oral representations, discussions, and agreements. The following Exhibits are attached to, incorporated in, and made part of this Agreement by reference:

EXHIBIT A	OPERATOR'S PROPOSAL
EXHIBIT B	CONCESSIONS PREMISES
EXHIBIT C	INVENTORY OF EQUIPMENT, SMALLWARES, AND FIXTURES
EXHIBIT D	CITY OF LOS ANGELES GOOD FOOD PURCHASING GUIDELINES FOR FOOD SERVICE INSTITUTIONS
EXHIBIT E	CONCESSIONS ITEMS TO BE OFFERED FOR SALE AT THE ZOO
EXHIBIT F	OFFICE COFFEE SERVICE EQUIPMENT, BEVERAGES AND SUPPLIES
EXHIBIT G	SAMPLE CUSTOMER SURVEY CARD
EXHIBIT H	CAPITAL INVESTMENT BUDGET AND SCHEDULE
EXHIBIT I	QUALITY CONTROL SCORECARD
EXHIBIT J	CITY STANDARD PROVISIONS (10/17; v.3)
EXHIBIT K	CITY OF LOS ANGELES CONTRACTOR RESPONSIBILITY ORDINANCE
EXHIBIT L	CITY OF LOS ANGELES FIRST SOURCE HIRING ORDINANCE

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

Greater Los Angeles Zoo Association

[OPERATOR]

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____