

ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to proposed Revised Amendment No. 4 to Agreement No. 47969 with Sodexo America, LLC (Sodexo) to continue food service operations.

Recommendations for Council action:

1. CONCUR with the Board of Water and Power Commissioners' (Board) action of March 6, 2014, Resolution No. 014-161, authorizing the execution of Revised Amendment No. 4 to Agreement No. 47969 with Sodexo to extend the contract term by 18 months and increase the contract amount by \$504,975 for a total not to exceed \$1,487,294 for food service operations in the John Ferraro Office Building (JFB) including the cafeteria, convenience store, and vending machines.
2. REQUEST the Los Angeles Department of Water and Power (LADWP) to report back to the Energy and Environment Committee in 90 days on the status of the new Request for Proposals (RFP No. 90116) as the replacement contract for Agreement No. 47969 to provide food service operations for the LADWP.

Fiscal Impact Statement: None submitted by the Board. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

TIME LIMIT ITEM - MAY 9, 2014

(LAST DAY FOR COUNCIL ACTION - MAY 9, 2014)

Summary:

On March 19, 2014, your Committee considered a March 7, 2014 Board report and Resolution No. 014-161 relative to proposed Revised Amendment No. 4 to Agreement No. 47969 with Sodexo to continue food service operations in the JFB including the cafeteria, convenience store, and vending machines. According to the Board, on August 3, 2010, the Board awarded Sodexo Agreement No. 47969 for the JFB food services as the result of an advertised competitive process. On May 17, 2011, Sodexo notified the Los Angeles Department of Water and Power (LADWP) that under the terms of the Contract, it was providing its 120-day notice of termination, effective September 16, 2011. In the 19 months prior to the notification of termination, Sodexo incurred losses totaling \$298,843.

The factors that have impacted JFB food service operations include:

- a. Suspension of the public's access to the JFB cafeteria (August 13, 2010 through May 14, 2012). Prior to the closing, the JFB food service operations did not require a minimum and provided revenue to LADWP. Revenue from non-LADWP customers accounted for a significant share of the total revenue.
- b. A reduction in LADWP staffing and consequently JFB occupancy.

- c. A reduction in catering for both LADWP and external organizations that contracted with Sodexo prior to the recent economic downturn. With the revitalization of downtown Los Angeles, the number of lunch options in the immediate area accessible by walking or public transportation has increased significantly resulting in competition to the JFB cafeteria, although not sufficient capacity to support the volume of employees in the JFB.

The Board then stated that Revised Amendment No.4 provides the LADWP with food service including catering for LADWP sponsored functions. In return, the LADWP commits to a minimum monthly purchase of \$29,865 per month for emergency food service and LADWP catering, which is a reduction of nearly 30 percent from the current payment of \$42,000 per month. These minimum monthly charges will continue to be offset by external catering events that are contracted directly with Sodexo produced at the JFB cafeteria facility. Any shortfall of the \$29,865 per month will be discounted by 20 percent with the net amount paid to Sodexo. The potential monthly charges total \$447,975 of the proposed increase. The remaining balance of \$57,000 will be applied to expenses incurred prior to January 27,2014, the last date that Sodexo was in operation.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend disapproval of Revised Amendment No. 4 as contained March 7, 2014 Board report and the detailed in the above recommendations. Additionally, the Committee requested that the LADWP report back to the Committee in 90 days on the status of its new RFP, RFP 90116, to replace the current contract. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLUMENFIELD:	YES
LABONGE:	YES
HUIZAR:	YES
KORETZ:	YES

ARL
3/19/14

-NOT OFFICIAL UNTIL COUNCIL ACTS-