



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Albert Balagso

SUBJECT: SEE BELOW

DATE: 10-13-09

Approved

Date

10/21/09

COUNCIL DISTRICT: Citywide

SUBJECT: REPORT ON REQUEST FOR PROPOSAL FOR OUTSOURCING RETAIL CONCESSIONS FOR THE HAPPY HOLLOW PARK AND ZOO

RECOMMENDATION

Report on Request for Proposal (RFP) for the outsourcing of Happy Hollow Park and Zoo (HHPZ) Retail Concessions and adoption of a resolution authorizing the City Manager to:

1. Negotiate and execute a Retail Concession Agreement with California Parks Companies to provide retail services at Happy Hollow Park and Zoo inside the newly constructed "Explore & More Store," effective from the date of execution by the City Manager through five (5) years, with fifteen percent (15%) of gross sales from the Retail Store to be paid to the City, with a Minimum Annual Guarantee of \$6,300 per month.
2. Execute two additional one-year options to extend the agreement after the initial term of the Retail Concession Agreement.

OUTCOME

Create a strong financial return for the City of San José through operation and management of retail operations at Happy Hollow Park & Zoo inside the new "Explore & More Store" as well as operate the sales kiosk located outside the entrance to the store, and operate and manage the rental of strollers/wheelchairs to Happy Hollow Park & Zoo visitors.

BACKGROUND

In November 2000, San José voters approved a \$228 million Parks Bond Measure for the improvement of City parks, including the design and construction to implement the approved 1996 Happy Hollow Park & Zoo Master Plan.

Happy Hollow Park & Zoo is currently closed for construction and the improvements consist of three major components:

1. Improvements and expansion of existing park and zoo (currently under construction) including a new entry plaza, zoo exhibits, retail space, administration offices, food and beverage concessions, education building, and new attractions. All improvements are ADA compliant and projected Silver LEED certification.
2. A new 550-space parking lot on the Roberts landfill east of Coyote Creek.
3. A new 700-foot pedestrian bridge across Coyote Creek connecting the parking lot with the new facility as approved by Council on May 19, 2009.

A retail store will be located in the new Happy Hollow Park & Zoo entry plaza. The total square footage of the "Explore & More Store" is 2,353 sq. ft. with 1,532 sq. ft. of sales floor and 534 sq. ft. for office and storage space. There is also a 287 sq. ft. section for stroller/wheelchair rentals.

The "Explore & More Store" was designed by retail consultants during the renovations of the new Happy Hollow Park & Zoo. It was designed into sections that include branded items, plush animals, safari themed merchandise, and San Jose's favorite mascot, Danny the Dragon, themed items.

There is a sales kiosk that will be located outside the entrance of the store designed to sell additional products. The stroller/wheelchair storage area is part of the retail store building and is located on the west side of the "Explore & More Store."

It should be noted that a separate Happy Hollow Park and Zoo Food and Beverage RFP was released October 6, 2009. Staff's intention is to present to the City Council an award recommendation for that RFP on December 1, 2009.

ANALYSIS

The RFP for Retail Services was released through the City's e-procurement system on July 22, 2009. A total of 57 companies viewed the RFP and one proposal was received by the August 26, 2009 deadline from California Parks Companies. The City used the following criteria to evaluate and rate the proposal:

Minimum Qualifications: The initial proposal review by the Procurement Officer consisted of a pass/fail assessment to ensure that all minimum qualifications were met and that the proposal was complete.

Evaluation Team: A four-member evaluation team was named with representatives from the Parks, Recreation and Neighborhood Service (PRNS) Department. One additional former HHPZ staff member and one department analyst also participated as consultants to the evaluation team based on previous retail experience. The single proposal was scored by each team member

independently and discussed only in a group setting with a Procurement Officer present to facilitate all team meetings and discussions.

Technical Evaluation: The technical evaluation consisted of a thorough review of the written proposal for financial capability, occupancy and transition timeline, customer service, environmental plan, experience and qualifications, marketing and operating plans, and local business preference. The California Parks Companies' written proposal was scored out of a total of 210 points. The minimum average score required to be successful was 125 points. California Parks Companies scored 166 points and was invited to participate in the oral interview.

Local and Small Business Preference: In accordance with City policy, 10% of the total evaluation points were reserved for local and small business preference. The Proposer did not request consideration for the City's local business preference. Therefore, the application of the local business preference had no effect on the recommendation of award.

Oral Interview/Presentation: On September 10, 2009 the Proposer clarified responses to the RFP, demonstrated the knowledge and ability to meet the City's requirements, and presented key personnel that would consist of the implementation team. At the conclusion of the oral presentation, the scores were tabulated out of 100 points and finalized. From the oral interview, California Parks Companies scored 89 points out of 100.

Protest Period: The RFP process included a 10-day protest period that commenced on September 25, 2009. The protest period ended on Tuesday, October 6, 2009. No protests were received.

Recommendation Summary: Staff recommends award of contract to California Parks Companies. The evaluation panel deemed California Parks Companies proposed retail concession program to be highly qualified based on the evaluation criteria above. California Parks Companies has a proven track record of successful implementations and superior customer service. Their experience includes major California parks such as Lassen Volcanic Park, Angel Island and Ardenwood Farm. California Parks Companies, currently and for 30 years, has worked innovatively with other governmental entities such as the National Park Service, State of California Park System, and East Bay Regional Park System.

California Parks Companies' retail concession program contains several key features which will provide revenue opportunities, excellent guest service, effective cost control, environmental capacity, age appropriate educational opportunities in the store, (i.e. author readings and the "fit kid" program which promotes healthy lifestyles), and financial accountability at Happy Hollow Park and Zoo Retail Store. California Parks Companies' written proposal included the following highlights:

- An efficient operation model of the "Explore and More Store," retail support of special events, 30 years of retail and marketing expertise, and value-added items to existing HHPZ operations, such as adding retail items to the 'for sale' birthday packages at HHPZ.

- Cost control features include a Point of Sale system that can generate daily, weekly, and monthly financial reports, and demographic information of Happy Hollow Park Retail Operations.

EVALUATION AND FOLLOW-UP

This memo will not require any follow-up from staff to Council. The follow-up of Happy Hollow Park and Zoo staff will be an annual review of business operations with California Parks Companies. These annual reviews will help determine if the City of San Jose will seek an extension of the Retail Concession Contract in five years. At that time (five years from now), if the contract is extended, it will be brought back to Council for approval.

POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this item does not meet any of the above criteria, this memorandum will be posted on the Council Agenda for November 3, 2009.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the Finance Department.

FISCAL/POLICY ALIGNMENT

This Council item is consistent with Council approved Budget Strategy Memo General Principle #2, "We must focus on protecting our vital core City services."

COST SUMMARY/IMPLICATIONS

Fifteen percent (15%) of California Parks Companies' gross sales from the Happy Hollow Park and Zoo Retail Store will be paid to the City of San Jose, with a Minimum Annual Guarantee of \$6,300 per month. The initial first year capital outlay of \$2,000 for tenant improvements and up to \$8,000 for the purchase of strollers and wheelchairs is included in the City of San Jose's FFE allocated for this project.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn.	Amount for Contract	2009-10 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
001	6634	Happy Hollow Park & Zoo FF&E	\$237,000	Up to \$10,000		06/23/2009 28593

CEQA

Mitigated Negative Declaration, File No. PP05-142, dated April, 2007


Albert Balagso
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Neighborhood Services

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