



THE PORT
OF LOS ANGELES
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: NOVEMBER 14, 2023

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVE OPERATING AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND CALIFORNIA DINING SERVICES

SUMMARY:

Staff requests approval of an Operating Agreement (Agreement) between the City of Los Angeles Harbor Department (Harbor Department) and California Dining Services (Cal Dining) to provide professional food service and management of the Port Pantry Café (Port Pantry) at the Harbor Administration Building (HAB) and provide vending machine, catering, and coffee services. The proposed term of the Agreement is three years. Proposed annual compensation is \$175,000, or \$525,000 over the three-year term to cover anticipated costs associated with the subsidy, catering, and coffee services.

Cal Dining was selected through the Harbor Department's Request for Proposal (RFP) process. Approval of this Agreement will provide uninterrupted operation of the Port Pantry for employees and visitors. Cal Dining is currently operating the Port Pantry under Agreement No. E6975, which expires on January 25, 2024.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Find that in accordance with the Los Angeles City Charter Section 1022, it is more feasible for an outside contractor to perform this work than City employees;
3. Approve the Agreement with California Dining Services;
4. Authorize the Executive Director to execute and the Board Secretary to attest to the Agreement; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background – The Port Pantry opened in September 2008 and is capable of serving approximately 400 occupants of HAB, as well as visitors to HAB and Port of Los Angeles High School staff. Cal Dining has been operating the Port Pantry since 2011 under

SUBJECT: PROPOSED OPERATING AGREEMENT WITH CALIFORNIA DINING SERVICES

multiple Operating Agreements. Cal Dining's current Agreement No. E6975 expires on January 25, 2024.

On August 30, 2023, the Harbor Department released the Port Pantry Operator RFP to solicit a qualified food service company (Operator) to provide professional food service and management of the Port Pantry. The food service functions include operation of the Port Pantry, catering for special events and meetings, vending machines, and coffee and tea services. Two firms submitted proposals by the October 5, 2023, deadline; one proposal was responsive, and one was non-responsive.

In accordance with Harbor Department policies and procedures, an evaluation committee consisting of members from Waterfront and Commercial Real Estate, Financial Planning and Analysis, and the Office of the City Attorney, reviewed the proposal and considered the project description, previous experience, and other relevant information. The evaluation committee determined that the proposal submitted by Cal Dining was responsive and that Cal Dining has the necessary qualifications and experience to operate, maintain, and manage the Port Pantry, as outlined in the RFP.

Current Agreement:

Term: Cal Dining's current agreement is a three-year agreement (E6975), which will expire on January 25, 2024.

Subsidy: The Harbor Department subsidizes the operation of the Port Pantry by providing an annual food subsidy of 20 percent of menu items, not including catering and any applicable sales tax. The subsidy is passed on to patrons as a 20 percent discount on menu prices. Providing a subsidy increases employee patronage, while giving employees a healthy, affordable, and convenient alternative to local eateries. This also encourages collaboration and productivity, as employees meet in the Port Pantry for lunch without going off-site.

Catering: Catering services are offered for meetings and events at HAB or off site, such as employee appreciation events, as well as Harbor Department marketing and customer meetings.

Vending Machines: Cal Dining provides, through a subcontractor, at least nine reliable vending machines and services at HAB, Port Police Headquarters, Construction and Maintenance and other Harbor Department facilities. This ensures that affordable snacks, drinks, and food items are available to staff who are off-site and who work outside regular business hours.

Coffee Services: Services for coffee, tea, and hot chocolate are provided to Harbor Department employees and invitees at over 49 coffee service areas in various Harbor Department offices and yards through a subcontractor.

Equipment Repairs: The kitchen equipment was purchased by the Harbor Department in 2006. The Operator is responsible for the maintenance of all kitchen equipment owned by the Harbor Department and all major repairs over \$1,250 per instance are the responsibility of the Harbor Department, as necessary.

DATE: NOVEMBER 14, 2023

PAGE 3 OF 5

SUBJECT: PROPOSED OPERATING AGREEMENT WITH CALIFORNIA DINING SERVICES

Eco-Friendly Products: Operator purchases high quality and environmentally responsible disposable products used for food and beverage services. The Harbor Department reimburses the Operator for the additional cost of the environmentally responsible products. Paying for eco-friendly products is an arrangement also employed at the Metropolitan Water District cafeteria in downtown Los Angeles.

Compensation: The annual compensation under the current Agreement is not to exceed \$132,900. This includes \$81,000 for the Port Pantry operations subsidy and catering services combined; \$36,900 for coffee services; up to \$10,000 for repairs to the aging equipment, if necessary; and up to \$5,000 for the purchase of ecologically friendly products. All requests for catering are reviewed to ensure they meet City Controller guidelines.

Proposed Agreement:

Term: Under new the proposed Agreement (Transmittal 1), the term will be for three years.

Subsidy: Subsidy will remain at 20 percent of regular food menu items.

Catering: Catering services will remain the same.

Vending Machines: Vending machine services will be provided at the HAB, Port Police Headquarters, Construction and Maintenance, and other Harbor Department facilities.

Coffee Services: Coffee services will remain the same.

Equipment Repairs: The kitchen equipment was purchased by the Harbor Department in 2006. The Operator will continue to be responsible for the cleaning and upkeep of all kitchen and food service equipment owned by the Harbor Department. All minor and major repairs are the responsibility of the Harbor Department, as necessary.

Eco-Friendly Products: Operator will purchase high quality and environmentally responsible disposable products used for food and beverage services as required by Ordinance 187718 (City of Los Angeles law) and SB 1383 (California State law). All Food and Beverage Providers on City property are required to provide recyclable food-ware, drink-ware, and cutlery to patrons.

Compensation: Annual compensation under the proposed Agreement shall not exceed \$175,000. This includes up to \$120,000 for the Port Pantry operations subsidy and catering services combined and up to \$55,000 for coffee services. All requests for catering are reviewed to ensure they meet City Controller guidelines.

SUBJECT: PROPOSED OPERATING AGREEMENT WITH CALIFORNIA DINING SERVICES

	Annual Compensation		
	Proposed	Current	Difference
Subsidy	\$120,000*	\$81,000*	\$39,000
Catering			
Coffee	\$55,000	\$36,900	\$18,100
Equipment Repairs	\$0	\$10,000	(\$10,000)
Eco Products	\$0	\$5,000	(\$5,000)
Total	\$175,000	\$132,900	+\$42,100

* Proposed budget elements were combined to allow flexibility within the subsidy and catering. Estimated expenditures for the subsidy and catering elements were broken apart for reporting purposes.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the Operating Agreement between the City of Los Angeles Harbor Department and Cal Dining, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Agreement will allow uninterrupted professional food services at the Port Pantry over a three-year term at a total cost of \$525,000, or \$175,000 per year. Spending is anticipated to occur as follows:

Fiscal Year	\$ Amount
2024	\$76,210
2025	\$175,000
2026	\$175,000
2027	\$98,790
Total	\$525,000

Fiscal Year (FY) 2024 funding in the amount of \$76,210 is available within Account 54290 (Misc. Professional Services), Center 0429, Program 000. Future fiscal year funding will be requested as part of the annual budget adoption process, subject to Board approval. A funding-out clause is included in the Agreement.

DATE: NOVEMBER 14, 2023

PAGE 5 OF 5

SUBJECT: PROPOSED OPERATING AGREEMENT WITH CALIFORNIA DINING SERVICES

Spending of \$175,000 per year under the agreement represents a \$42,100, or 31.7 percent, increase relative to current levels. This increase has occurred due to inflationary increases in the costs of goods and services, a potential change from the existing hybrid work schedule for Harbor Department staff as well as higher costs to service additional employees who recently relocated back to the HAB from the Topaz Building.

CITY ATTORNEY:

The City Attorney's Office has prepared and approved the proposed Operating Agreement as to form and legality.

TRANSMITTAL:

1. Operating Agreement with California Dining Services

FIS Approval: MB (initials)
CA Approval: SO (initials)

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Director of Waterfront & Commercial Real Estate

Michael DiBernardo
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APPROVED:

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