



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

Board of Harbor Commissioners

DATE: JULY 9, 2014

FROM: REAL ESTATE

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

SUMMARY:

Staff recommends 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 \$107,000 to cover anticipated costs associated with the subsidy, catering, coffee services, equipment repairs, and environmentally friendly products.

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. E6604, which expires on August 2, 2014.

RECOMMENDATION:

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

1. 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;
2. Approve the Agreement with California Dining Services;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the Agreement; and
4. 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 Agreement No. E6604, which will expire on August 2, 2014.

On February 21, 2014, 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

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operation of the Port Pantry, catering for special events and meetings, vending machines, and coffee and tea services. Although three firms attended the pre-bid conference, Cal Dining was the only firm that submitted a proposal. The other firms considered the building population and access and could not submit a workable proposal that would benefit the firm and the Harbor Department.

In accordance with Harbor Department policies and procedures, an evaluation committee, that consisted of members from Real Estate, Planning, and Human Resources divisions, and Port of Los Angeles High School, 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 was awarded a three-year agreement (E6604), which will expire on August 2, 2014.

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, five reliable vending machines and services at HAB and at the Port Police Headquarters Building. 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 45 coffee service areas in various Harbor Department offices and yards through a subcontractor.

Compensation: The total annual compensation is not to exceed \$73,000. This includes \$48,000 for the Port Pantry operations subsidy and catering services combined, to allow flexibility within the subsidy and catering elements, and \$25,000 for coffee services.

PROPOSED AGREEMENT:

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

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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, 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 maintenance of all kitchen equipment owned by the Harbor Department and all major repairs over \$1,000 per instance 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. The Harbor Department will reimburse 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 proposed annual compensation under the proposed Agreement is not to exceed \$107,000. This includes \$69,000 for the Port Pantry operations subsidy and catering services combined; \$27,000 for coffee services; up to \$6,000 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.

	Annual Compensation		
	Proposed	Current	Difference
Subsidy	\$69,000*	\$48,000*	\$21,000*
Catering			
Coffee	\$27,000	\$25,000	\$2,000
Equipment Repairs	\$6,000	\$0	\$6,000
Eco Products	\$5,000	\$0	\$5,000
Total	\$107,000	\$73,000	+\$34,000

* 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 approval of Operating Agreement with Cal Dining for continued operation of the Port Pantry. As an activity involving the issuance of a permit to use an existing facility involving negligible or no expansion of use, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article III Class 1(17) of the Los Angeles City CEQA Guidelines.

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ECONOMIC BENEFITS:

Approval of the proposed Agreement will support three full-time direct jobs for the five-county region.

FINANCIAL IMPACT:

The proposed Agreement with Cal Dining will allow uninterrupted professional food services at the Port Pantry. The annual compensation is not to exceed \$107,000. Over the term of the Agreement, total compensation authority will be \$321,000. The proposed Agreement will cost \$34,000 more annually to cover anticipated costs associated with the subsidy, catering, coffee services, equipment repairs, and environmentally friendly products. The majority of the higher costs are in the subsidy allowance due to the additional employees who have recently moved into the HAB from the Pacific Place building. Over the previous three-year contract period, approximately \$189,300 in funds was expended. Funds for Fiscal Year 2014/2015 in the amount of \$107,000 have been budgeted in Account 54290, Center 0424, Program 000. Funds for future fiscal years will be requested as part of the annual budget adoption process, upon Board approval. A funding-out clause is included in the Agreement.

CITY ATTORNEY:

The proposed Agreement is subject to approval as to form and legality by the Office of the City Attorney.

TRANSMITTAL:

- 1. Agreement


JACK C. HEDGE
Director of Real Estate

FIS Approval:  (initials)
CA Approval:  (initials)


DAVID L. MATHEWSON
Interim Deputy Executive Director

APPROVED:


EUGENE D. SEROKA
Executive Director