August 7, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMEDATION:

>   Authorize the City Manager to execute the Third Amendment to Permit for Food
>   Concession No. 28891 for a three-year term and a subsequent amendment
>   extending the term for one additional two-year period, at the discretion of the City
>   Manager, with the State of California, Department of Rehabilitation, Business
>   Enterprise Program, for the continued operation of the City Hall food service
>   concession. (District 2)

DISCUSSION

Since 1980, the State of California, Department of Rehabilitation, Business Enterprise
Program (State), has operated the City Hall concession stand via a Permit for Food
Concession (Permit) issued by the City. The Business Enterprise Program identifies
and selects a legally blind operator (Operator) to manage the facility, which serves food,
beverages and other approved items to City employees and visitors. Currently, the
Permit also allows the State to provide food and beverage vending machines in the
concession area and at other designated locations within City Hall.

On June 15, 2004, the City Council approved Permit for Food Concession No. 28891
with the State for a one-year term with two consecutive options to extend for periods of
one year each at the discretion of the City Manager. The term of the Permit was
extended under the First and Second Amendments. The Permit expired on June 30,
2007. The Operator has continued operating the concession stand on a month-to-
month tenancy while terms for an amendment to the Permit were negotiated.

To ensure the continued operation of the City Hall concession stand and to provide
continued support for the State's Business Enterprise Program, a proposed Third
Amendment has been negotiated containing the following major terms and provisions:

• Term: The term of the Permit shall be extended for three years and shall terminate
  on June 30, 2010.

- Options to Renew: At the discretion of the City Manager, the City may extend the Terms of the Permit for one additional period of two years.

- Prohibited Products: The use of expandable polystyrene products, commonly known as "styrofoam", by the Operator shall be prohibited within the leased premises.

- Expansion of Leased Premises: At the discretion of the City Manager, the leased premises may be temporarily expanded to accommodate food and beverage service in the lobby or at other locations in the Civic Center for public meetings, or special events as negotiated.

All remaining terms and provisions shall remain in full force and effect. Under the terms, either the City or the State may terminate the Permit at any time by providing sixty days prior written notification to the other party.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on July 11, 2007, and Budget and Performance Management Bureau Manager David Wodynski on July 25, 2007.

TIMING CONSIDERATIONS

City Council action is requested on August 7, 2007, in order to formalize an agreement for the continued operation of the City Hall concession stand.

FISCAL IMPACT

The monthly rent for the leased premises is based on a sliding scale varying from 0.00 percent of monthly gross receipts below $4,000, up to 5.95 percent of monthly gross receipts above $17,625. In addition, the Operator pays a monthly $300 utility reimbursement to the City. The total rent paid during the twelve-month period of June 2006 through May 2007 was $5,500, comprised of $1,900 in base rent and $3,600 in utility reimbursement.

Annual revenues of approximately $5,500 will continue to accrue to the General Fund (GP) in the Department of Community Development (CD).

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

PATRICK H. WEST
DIRECTOR OF COMMUNITY DEVELOPMENT
PHW:BJM

APPROVED:

ANTHONY W. BATTS
CITY MANAGER