



October 15, 2014

To Prospective Bidders:

Enclosed is the State's modified response to proposer questions concerning the Request for Proposals (RFP) released on August 26, 2014, for a Historic-Style Specialty Candy/Confections concession within Old Town San Diego SHP located in San Diego, California. This package includes the following:

- 1) The State's Response to Proposer Questions submitted by four (4) parties. The questions are presented as written by the respective party.
- 2) Errata #1 with modifications to the RFP and/or Sample Contract. Note the proposal submission deadline within the RFP has been extended to December 18, 2014, by 2:00 p.m.
- 3) RFP Addenda with supplemental information to the RFP.

You may access all materials referenced in this letter on the Concessions website at www.parks.ca.gov/concessions.

Sincerely,

Teresa Montijo
Concessions Program Manager

Attachments



**Old Town San Diego SHP Request for Proposals (RFP)
Historic-Style Specialty Candy/Confections Concession
STATE'S RESPONSE TO QUESTIONS FROM INTERESTED PARTIES
(Revised October 15, 2014)**

Questions from Sylvia Rodrigues and Mario Hernandez

1) Is there a specific contractor that we will need to use to fix the damages on the candy shop building?

State's Response: The State does not determine the contractor(s) to complete repairs on the concession-operated structure(s). RFP Page 16, sub-heading Facility Development, requests proposers "identify any proposed contractors to be used", and Sample Contract Page 79, sub-heading Use of Consultants, describes the requirements of such contractors.

2) Is there a list of names proposing for the candy shop?

State's Response: No. The identity of proposers will become public information following the proposal closing date of November 18, 2014.

3) Is there a list that shows how much money the candy shop makes each month? I want to more or less know an estimate so I can make base those sales on my rental offer.

State's Response: RFP Addenda # 1 provides the current candy store concession revenue by month for the past three (3) years.

Questions from Ms. Caroline Garcia, c/o The Wilkinson's

My understanding is that the RFP process of California State Parks is intended to be a fair, competitive bid process to allow for the selection of appropriate businesses within the state park system. The criteria for the current RFP appears to be unduly restrictive and designed to eliminate all potential bidders other than the incumbent business.

- This is the only RFP that has gone out with only one business type listed (it can only be bid as a candy store or bidder is disqualified).

- The rental requirement is astronomical in comparison to other concession spaces of the same size within the State Historic Park.
- The performance bond is doubled in size compared to that of all previous RFP notices.
- There is a \$10,000 minimum investment for facilities despite the fact that the incumbent should have been more than able to maintain as well as make improvements to the building for the last 15 years with the 1.5% of gross sales going to facility maintenance.
- There is an experience requirement of: a minimum of three (3) years' experience within the past ten (10) years as owner, manager, operator or managing partner of a financially successful business of similar size, type and scope described in the RFP, operating as sole proprietor, partnership and/or corporation with annual gross sales of no less than Eight Hundred Thousand Dollars (\$800,000).
- Of the 23 concessions (not including sub concessions) in OTSDSHP, four (4) meet this requirement. El Fandango is now closed leaving only three: Old Town Family Hospitality Corporation, Cygnet Theater, & Cousins Candy.
- This experience requirement systematically excludes 87% of the existing concessionaires in the park, including some veteran concessionaires who have been operating successful historic-style specialty businesses for over 30 years in Old Town.
- This requirement would also exclude current concessionaires such as the Columbia Candy Kitchen, Inc. from bidding, even though they are successfully operating a historic-style candy concession in another California State Historic Park.
- This is the first time this requirement has been implemented by the RFP process. Previous proposal requests required two (2) years' experience in a similar setting with no gross sales restrictions.

4) Why is this exclusionary tactic being implemented by the State that drastically reduces the possibility of eligible bidders?

State's Response: This is not an exclusionary tactic. In accordance with Public Resources Code 5080.03, concessions consider the general public interest in the use and enjoyment of units within the state park system. A candy-confection concession has been successful in achieving that objective and consistent with the general plan for Old Town San Diego SHP. It would not serve the public interest to cease the existence of a candy-confection store within Old Town San Diego SHP by considering entirely different operations at this location in the future.

The State's intent behind the additional experience requirement is to obtain proposals from qualified operators consistent with the objectives of this RFP as described on page 1. Errata #1 clarifies and lowers the sales amount to \$600,000 for the prior business experience.

- This RFP has a minimum required investment of \$10,000 to upgrade building facilities.

- The previous tenant contract had a provision for 1.5% of gross sales to go towards maintenance.
- In the past 5 years listed (2007-2012), the gross sales totaled \$4,359,405.00 which would equate to \$65,391.08 for facility maintenance.

5) Does the 952 square foot concession space require an average of \$13,078.00 worth of work per year (every year) to maintain it? Can the State provide a description of how the \$65,391.08 was spent over the last 5 years? The current RFP does not have this 1.5% maintenance requirement; why has the State elected to remove it?

State's Response: *There is no specific required dollar amount of annual expenditures to maintain the concession space. Over the last five years, the current concessionaire tented for termites and all the associated costs of removal and storage of products; painted the interior and exterior of the store; replaced HVAC compressor and cleaned ducts; refinished wood floors, replaced backroom flooring, and installed reproduction period lighting. The State changed the requirement for a percentage of sales to maintain the premises in the future concession contract to the language in Sample Contract Section 10, Page 66, and the related Contract Exhibit K.*

6) What is the intent and purpose of the open bid RFP process as defined by the California State Parks Concessions Division?

State's Response: *The intent of the competitive bid process for concession contracts is defined in Public Resources Code Section 5080.05, to obtain a best-responsible bidder to operate a concession consistent with the contract; in a manner fully compatible with, and complimentary to, the characteristics, features, and theme of the unit in which the concession will be operated; and in the best interests of the state and public.*

7) Does the State feel that excluding/disqualifying all bids from small business owners (grossing under \$800,000) is in spirit with the intent of the RFP process?

State's Response: *As described on RFP, page 12, relevant to small business preference points, the RFP does not exclude small business owners, defined as those with annual gross receipts less than \$14 million.*

8) Does the state feel that disqualifying all bids that are not specifically a candy/confectionary store is in keeping with the intent of the RFP process and the purpose of business within OTSDSHP?

State's Response: *The State believes the retention of a candy-confection store within Old Town San Diego SHP meets the interest of the general public based on historical performance.*

9) The contract for the candy/confectionary in Columbia State Historic Park is currently \$27,600/year or 5% of annual gross receipts, whichever is greater. Why is there such a drastic difference in the requirement for the San Diego concession site? The two businesses have similar product inventories, retail mark-ups, labor costs, etc. 14% rental cost is more than double the industry standard of 4% to 6%.

State's Response: The concession rent requirement considers historic performance, local economy and park visitation. One business is located within San Diego County and the other in Tuolumne County. These two counties have considerably different economic conditions and park visitation numbers.

10) What is more important to the California State Parks system: financial success or accurate historic interpretation for park visitors?

State's Response: According to Public Resources Code 5080.03, concessions may not be entered into solely for their revenue producing potential. The financial success of a concession operation may serve as an indicator of its success in providing a valued public service.

11) It is unrealistic to expect a new business in its first year of operation to match exactly the gross sales of a 15 year veteran of a concession space. Cousin's didn't start in 1999 making \$1,000,000 or more, the business grew over time. Requiring such a high rent amount for the space is not in spirit with the RFP process. Wouldn't a more equitable requirement (such as one based on an average of the revenue generated in the first three years Cousins Candy was in business) be more in spirit with the RFP process?

State's Response: The rental terms intend to continue the operation of a high-quality candy store to serve park visitors. A future operator benefits from an existing customer base that yields a level of sales commensurate with the minimum contract terms which were also approved by the California Legislature.

Questions from Judy McCord

12) Please explain how "early entry" works? What dates the successful applicant expect to start construction. What does it mean if started before March?

State's Response: "Early entry" consists of a permit to authorize the successful concessionaire to access the concession premises following contract signature, including possession of required insurance and bond, pending final approval of the concession contract by State's control agencies. The RFP, Facility Improvement Plan, commencing on page 16, requests proposers specify a timeline for completion of facility improvements. March 2015 anticipates the new contract effective date.

13) How many DPR 398's have you received? Names, if possible?

State's Response: The identity and number of proposals (DPR 398s) becomes public information after the RFP closing date of November 18, 2014, 2:00 p.m.

14) On the business financial section, do I include my salary? On the annual Concessionaires Financial Statement, I don't so I'm not sure about this.

State's Response: The proposers may decide how to reflect their salary as appropriate within the financial projections on their concession proposal documents. The Financial Proforma section of the DPR 398 provides the opportunity to explain the calculation of operating expenses.

End

**Old Town San Diego SHP Request for Proposals
Historic-Style Specialty Candy/Confections Concession
ERRATA #1**

- 1) In the RFP, Cover Page, Notice of Request for Proposals, and RFP Pages 6-7, all references to the Deadline for Proposal Submission is changed from November 18, 2014 to December 18, 2014, as noted on pages 3-5 of this Errata #1.
- 2) In the RFP, Section 3 – The Proposal, page 12, the provision is changed to read as follows:

C. Individual Information

This section must be completed by each individual, partner, and member of joint ventures; CEO, officers, and holders of 25% or more of the company's shares for corporations; concession manager; and the managing member(s) of the organization identified on the LLC-12 for a limited liability company. The aforementioned identified individual(s) must also complete and sign the Authorization to Release Information in Section IV.

Experience

For the purpose of this RFP, proposers must have a minimum of three (3) years' experience within the past ten (10) years as owner, manager, operator or managing partner of a financially successful restaurant of similar size, type and scope described in the RFP, operating as sole proprietor, partnership and/or corporation with **at least one year of** annual gross sales of no less than ~~Eight Six~~ **Six** Hundred Thousand Dollars (~~\$800,000~~**\$600,000**). Proposals with less than the minimum experience will be disqualified.

Provide a narrative describing in detail the duration, extent, and quality of the proposer's education and business experience with special emphasis on the experience and qualifications related to the subject concession. Be specific with respect to the type and dates of experience, the proposer's role in the management and specific duties, type and size of operations, quality of operations, public agency involvement, contractual relationships, and other factors that demonstrate an ability to successfully operate the proposed concession. Attach additional information as needed.

- 3) In the RFP, Attachment 1, Page 24, remove the following reference material:

~~Old Town San Diego Candy/Confectioner's Reference and Historic Account Book,
Or Advice for Merchants Re-creating a c. 1821-1872 Store by Mary A. Helmich.
Published by the California Department of Parks and Recreation, 1993*~~

- 4) In the RFP, Sample Contract, Section 21 Participation in State Park Marketing Programs, page 76, the provision is changed to read as follows:

22. PARTICIPATION IN STATE PARK MARKETING PROGRAMS

Concessionaire acknowledges that the State has an established advertising and marketing program designed to promote additional revenue for the State and to deliver a consistent and positive image to the public, and Concessionaire agrees to participate in this program in the manner described below without compensation from the State for such cooperation. Any programs established following execution of the contract will be implemented upon mutual consent by Concessionaire and State.

- A. Concessionaire agrees to honor all statewide graphic standards, licensing, and merchandising agreements entered into with corporate sponsors of the Department of Parks and Recreation.
- B. Concessionaire agrees to place on the Premises any advertising that the State approves under this program. Any advertising approved by the State under this program will be placed at State's expense.

Concessionaire agrees to rent or sell, along with all other items of merchandise that are part of the Concessionaire's normal and customary inventory, any item of merchandise that the State approves under this program, provided that Concessionaire is authorized to sell or rent it under the terms of the Contract, and the Concessionaire receives reasonable compensation for its sale.

Concessionaire agrees to participate in and regularly attend meetings of the Old Town San Diego business community and Old Town San Diego State Historic Park concessionaires which both work to promote and advertise local businesses.

Concessionaire agrees to participate in State-sponsored focus groups, community forums, and public meetings to address issues that affect the park and business community at large.

Concessionaire agrees to pay to State a one-time fee of One Hundred Dollars (\$100) to facilitate any concessionaire name change to the State's mobile web application for Old Town San Diego SHP. Such fee is payable upon receipt of an invoice from State.

REQUEST FOR PROPOSALS

FOR

HISTORIC-STYLE SPECIALTY CANDY/CONFECTIONS CONCESSION

LOCATED WITHIN
OLD TOWN SAN DIEGO STATE HISTORIC PARK

AUGUST 26, 2014

~~NOVEMBER~~ DECEMBER 18, 2014

STATE OF CALIFORNIA – RESOURCES AGENCY
DEPARTMENT OF PARKS AND RECREATION
MARKETING AND BUSINESS DEVELOPMENT DIVISION
CONCESSIONS PROGRAM OFFICE
1416 NINTH STREET, 14TH FLOOR
SACRAMENTO, CA 95814



SECTION 2 - THE RFP PROCESS

2.1 PROPOSAL PROCESS

Tentative Proposal Dates

August 26, 2014.....	Opening Date - Publication of the RFP
September 16, 2014	Optional Pre-Proposal Meeting
September 30, 2014	Questions - Last date for proposers to submit written questions
October 14, 2014	Answers - DPR written responses to questions
November 18, 2014	
December	Closing Date - Deadline for proposal submission
November, 2014	Investigation and evaluation of Proposals
December, 2014	Notification of "Intent to Award Contract"
January, 2015	Award, preparation, and execution of contract
March, 2015.....	Commencement of contract

Note: This schedule does not consider unforeseen factors that could impact the timing of the project. It is the intent of the State to keep proposers apprised of changes in the schedule as they occur. Should the award of the contract be protested, additional time will be required to resolve the matter.

Optional Pre-Proposal Meeting

It is strongly recommended that the proposer or designated representative attend the optional pre-proposal meeting at 10:00 a.m. on Tuesday, September 16, 2014 at Old Town San Diego State Historic Park, McCoy House, located at 2870 Congress Street, San Diego, CA 92113. The meeting provides an equitable forum for all proposers to:

- Meet local Department staff;
- Learn about the RFP process, including procedures for questions and answers, proposal submission, and contract award;
- Inspect the concession site and receive information on the park and facility history and Department plans for the park and the concession;
- Review the RFP document.

RFP Content Questions

Questions regarding this RFP must be submitted in writing and received no later than 5 p.m. on September 30, 2014. To ensure fair competition, all proposers will receive the same information and materials; no telephone or personal inquiries about this RFP will be answered. Questions will be submitted in writing to the Department by email or fax at the address and phone numbers listed below. A written compilation of all questions and answers, and any RFP addenda, will be posted at www.parks.ca.gov/concessions

and sent by first-class mail to all identified potential proposers. Questions will be answered as clearly and completely as possible without jeopardizing the competitiveness of the proposals.

Proposers should send their questions addressed to:

California Department of Parks and Recreation
Marketing and Business Development Division
1416 Ninth Street, Room 1442-7
Sacramento, CA 94814
Attention: Teresa Montijo
teresa.montijo@parks.ca.gov

Proposal Bond

Proposals must be accompanied by a Proposal Bond or cashier's check payable to the State of California, Department of Parks and Recreation, in the amount of two thousand, five hundred dollars (\$2,500.00). By submitting a proposal bond the proposer agrees that the bond may be cashed and retained by the State. If a cashier's check is submitted it will be cashed by the State. In the event the proposer fails to execute the contract, the bond or cashier's check will be retained by the State. Further, by submitting a proposal, proposer agrees that the State will suffer costs and damages not contemplated otherwise should proposer be awarded the contract but fail to execute and proceed with the contract, the exact amount of which will be difficult to ascertain. Accordingly, it is agreed that such retained sums shall not be deemed a penalty, but, in lieu of actual damages, shall represent a fair and reasonable estimate of damages to the State for failure of the proposer to execute and proceed with the contract upon notification of award by the State. Bonds will be returned to all proposers once a contract is signed by the best responsible bidder.

Proposal Submission

The proposal, including the Proposal Bond, must be received by 2:00 p.m. on ~~November~~ December 18, 2014 at:

California State Parks
Marketing and Business Development Division
Concessions Program Office
1416 Ninth Street, Room 1442-7
Sacramento, CA 95814



**Old Town San Diego SHP Request for Proposals
 Historic-Style Specialty Candy/Confections Concession
ADDENDA #1**

This addenda hereby adds the following information to the Request for Proposals:

The current candy store concession revenue by month for the past three (3) years is:

	2013-2014	2012-2013	2011-2012
July	\$ 162,141	\$ 148,476	\$ 139,992
August	\$ 133,958	\$ 110,274	\$ 116,768
September	\$ 82,760	\$ 71,327	\$ 75,961
October	\$ 81,482	\$ 66,725	\$ 70,807
November	\$ 69,896	\$ 57,964	\$ 50,745
December	\$ 70,372	\$ 63,555	\$ 59,643
January*	\$ 59,876	\$ 56,116	\$ 58,626
February	\$ 70,855	\$ 68,248	\$ 64,412
March	\$ 100,309	\$ 102,665	\$ 83,953
April	\$ 104,581	\$ 92,647	\$ 92,060
May	\$ 96,372	\$ 100,743	\$ 93,517
June	<u>\$ 117,025</u>	<u>\$ 125,860</u>	<u>\$ 120,523</u>
	\$ 1,149,627	\$ 1,064,600	\$ 1,027,007

*store was closed 1/6/14-1/10/14 to tent for termites.