'23MAY11 PM 1:44 CITY CLERK

DEPARTMENT OF ENTERPRISE SERVICES
GOLF COURSE DIVISION * HONOLULU ZOO * NEAL S. BLAISDELL CENTER
TOM MOFFATT WAIKIKI SHELL

CITY AND COUNTY OF HONOLULU

777 WARD AVENUE · HONOLULU, HAWAII 96814-2166
PHONE: (808) 768-5488 * FAX: (808) 768-5433 * INTERNET: www.honolulu.gov/des

RICK BLANGIARDI
MAYOR

JERRY PUPILLO
DIRECTOR

TRACY S. KUBOTA
DEPUTY DIRECTOR

May 2, 2023

The Honorable Tommy Waters
Chair and Presiding Officer
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Waters and Councilmembers:

SUBJECT: Resolution Authorizing the Director of the Department of Budget and Fiscal Services or the Director's Designee to Enter into Concession Agreements up to a Ten (10) Year Term to Provide Food and Beverage Services at Six (6) City-Owned Facilities Managed by the Department of Enterprise Services

Attached for your review and appropriate action is a draft resolution authorizing the Director of the Department of Budget and Fiscal Services to enter into concession agreements for a period longer than five (5) years, and up to ten (10) years, to provide food and beverage services at six (6) City-owned facilities managed by the Department of Enterprise Services.

The six (6) concessions included in this resolution (Pali Golf Course Restaurant, Ewa Villages Golf Course Restaurant, West Loch Golf Course Restaurant, Makalena Golf Course Convenience/Pro Shop, Ala Moana Regional Park Food Stands, and Kapiolani Park Beach Center Food Stand) require significant capital investments to the City's facilities and equipment. Concession contract terms of longer than five (5) years will make a concessionaire's investment feasible and will give the concessionaires an adequate amount of time to amortize or recoup the required $25,000 investment.

By extending the contract term, the City can benefit from having a concessionaire make the required capital investment in the facility. It would also make it more attractive to potential concessionaires and may generate additional interest in bidding for these concessions.

We ask for your favorable consideration of our request. Should you have any questions, please contact me at 808-768-5415.

Sincerely,

Digitally signed by Pupillo, Jerome
Date: 2023.05.02 10:50:45 -10'00'

Jerry Pupillo
Director

Attachment

APPROVED:

Michael D. Formby
Managing Director

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. _____

RESOLUTION

AUTHORIZING THE DIRECTOR OF THE DEPARTMENT OF BUDGET AND FISCAL SERVICES OR THE DIRECTOR'S DESIGNEE TO ENTER INTO CONCESSION AGREEMENTS FOR UP TO TEN (10) YEAR TERMS TO PROVIDE FOOD AND BEVERAGE SERVICES AT SIX (6) CITY-OWNED FACILITIES MANAGED BY THE DEPARTMENT OF ENTERPRISE SERVICES.

WHEREAS, the City intends to release solicitations to request sealed bids for concession agreements to manage City-owned facilities in accordance with Hawaii Revised Statutes Section 102-2 for the following six (6) facilities: Pali Golf Course Restaurant, Ewa Villages Golf Course Restaurant, West Loch Golf Course Restaurant, Makalena Golf Course Convenience/Pro Shop, Ala Moana Regional Park Food Stands, and Kapiolani Park Beach Center Food Stand; and

WHEREAS, the City, through its Department of Enterprise Services (DES) and its Department of Budget and Fiscal Services (BFS), plans to issue solicitations to seek bids from qualified entities to enter into concession agreements with terms not to exceed ten (10) years to manage and operate food and beverage services and any other services incidental thereto at the six (6) City-owned facilities under separate agreements; and

WHEREAS, the Department of Parks and Recreation has no objections to the solicitation of bids for the above-referenced concessions in parks; and

WHEREAS, Section 38-4.1(1) Revised Ordinances of Honolulu (ROH) 2021 permits the Council to authorize by resolution the leasing or renting of property of the City and County of Honolulu, including concession agreements, for a period longer than five (5) years when deemed necessary in the public interest and (1) when the lessee/tenant or concessionaire is required by the terms of the proposed contract to expend the sum of $25,000.00 or more for capital assets, or (2) to provide for the renovation or maintenance of any capital asset, or (3) the lessee's/tenant's or concessionaire's expenditure is equal to or in excess of the sum of $25,000.00 as determined by the Council; and

WHEREAS, in soliciting bids for these concessions, the City intends to require an investment of $25,000.00 or more per facility for each of the six (6) City-owned facilities, for maintenance and upgrades and/or improvements to provide food and beverage services to the public, to meet the requirements of ROH Section 38-4.1(1); and

WHEREAS, each concessionaire will be required to provide capital improvements, including new equipment, and fixtures to upgrade the facility; and

CITY COUNCIL
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No. _____

RESOLUTION

WHEREAS, DES is recommending concession agreement terms that exceed five (5) years but shall be no greater than ten (10) years based on the concessionaires' required capital investment per facility of $25,000.00 or more to provide for an adequate amount of time for the concessionaires to recoup the cost of the investment; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu, that it authorizes the Director of the Department of Budget and Fiscal Services, or the director's designee, to enter into separate concession agreements for a term of up to ten (10) years to manage and operate food and beverage services at the six (6) City-owned facilities listed above, provided that the concessionaires are required to expend $25,000.00 or more per facility in capital improvements; and

BE IT FINALLY RESOLVED that copies of this resolution be transmitted to the Directors of the Department of Enterprise Services and Department of Budget and Fiscal Services.

INTRODUCED BY:

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DATE OF INTRODUCTION: _____

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Honolulu, Hawaii Councilmembers