



Staff Report

File #: REPORT 19-0699, Version: 1

**Honorable Mayor and Members of the Hermosa Beach City Council
Regular Meeting of October 22, 2019**

**AWARD OF CONTRACT TO THE DLR GROUP FOR THE
COMPLETION OF THE COMMUNITY THEATRE NEEDS
ASSESSMENT AND APPROVE THE APPROPRIATION OF
\$49,295 TO CIP STUDY 693 TO PROVIDE ADDITIONAL
FUNDS TO COMPLETE THE NEEDS ASSESSMENT**
(Community Resources Manager Kelly Orta)

Recommended Action:

Staff recommends that the City Council:

1. Award the contract to the DLR Group for the completion of the Community Theatre Needs Assessment; and
2. Approve the appropriation of \$49,295 to CIP Study 693 from the Capital Improvement Fund to provide the additional funds necessary to complete the needs assessment.

Executive Summary:

The City Council determined the City's 500-seat Community Theatre to be a high priority item during its Strategic Planning in 2015. In response, the Parks, Recreation and Community Resources Advisory Commission established a Community Theatre Subcommittee. Following several months of study and analysis, a Request for Proposals (RFP) was issued for the production and management of the facility. As a result of the top proposer removing themselves from consideration and the remaining proposals deemed unsuitable, it was determined that a facility infrastructure assessment should be completed to help guide future decisions on the use of the facility. An RFP was issued on June 19, 2019 that resulted in seven qualified proposals. Following review of the proposals and interviews with all participating firms, staff recommends the award of contract to the DLR Group for the completion of a Community Theatre Needs Assessment.

Background:

The 500-seat Community Theatre is a City-owned facility, managed and operated by staff since the property was purchased from the Hermosa Beach City School District in 1978. The City, itself, does not curate the theatre. The Community Theatre is solely a rentable facility that hosts a variety of productions such as live-stage performances, movie screenings, award presentations and other events for guests of all ages.

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Planning in 2015. In response, the Parks, Recreation and Community Resources Advisory Commission (Commission) established the Community Theatre Subcommittee at its regular meeting on April 5, 2016 and appointed Commissioners Rosenfeld and Lange to serve on the Subcommittee. Following several months of study and analysis, the City Council, at its regular meeting on October 26, 2016, approved the Community Theatre Subcommittee's recommendation to issue a Request for Proposal (RFP) seeking an outside organization to program and manage the Community Theatre. The RFP was issued in April 2017 and a total of three proposals were received. After analysis of the proposals including several rounds of interviews, the Community Theatre Subcommittee made a final recommendation for the City to begin negotiations with the top proposal. The City Council approved this recommendation at its regular meeting on November 14, 2017 and created a City Council Subcommittee with negotiating powers to include Mayor Stacey Armato and Councilmember Jeff Duclos. Unfortunately, the top proposer became unavailable to proceed due to their commitment to multiple projects that had been started in the interim. In addition, the Subcommittee's determination was that the remaining two proposals were not suitable, as they did not share the same vision for the facility and the requirement for varying levels of daily management by City staff left no viable proposal to consider.

Following the initial RFP process, it became apparent that having an assessment completed on the facility's infrastructure would provide a clearer picture of its current state; renovation options; and, conceptually, areas of improvement that would enhance its ability to provide a greater variety of productions for the community. The absence of this insight throughout the RFP process added a level of uncertainty regarding the amount of work that the facility would need to elevate it to a desired standard. More than one proposer expressed concern about this and was highlighted by the Commission Subcommittee to be its recommended next step in the study of the facility. The recommendation to conduct an assessment of the facility's infrastructure was provided to the City Council Subcommittee, which agreed that it was the appropriate path. The recommendation was formally presented to the City Council at its regular meeting on November 13, 2018. At this meeting, Council directed staff to begin looking into the completion of a facility infrastructure assessment of the Community Theatre and to include an analysis and conceptual cost estimate of two scenarios:

1. A major renovation of the Community Theatre to transform it into a regional performing arts center; and
2. A conservative renovation to upgrade the Community Theatre, taking into consideration its current users and maintaining the community focus of the facility.

The importance of having both scenarios as part of the analysis is that it provides an alternative lens into the potential renovation of the facility while providing realistic cost estimates for future budgetary allocations. Further, this also provides an opportunity to gain valuable insight into the current state of the facility as well as its future potential depending on the desired direction and available funding opportunities. To complete this study, the City Council approved appropriation of \$30,000 from the Capital Improvement Fund for a newly created Community Theatre Capital Improvement Project (CIP Study #693). This total was determined by cost estimates provided by several companies

specializing in theatre facility assessments. In addition, the City Council expressed an interest in ensuring that the needs assessment include market comparisons with similar theatre facilities for programming and management practices. This additional level of analysis would require additional fees above the original quote of \$30,000, and, therefore, a formal RFP was issued to complete the project.

Staff issued RFP 19-06 (**Attachment 1**) on Thursday, June 19, 2019, seeking proposals from qualified companies to provide:

- A needs assessment of the Community Theatre that includes:
 - An evaluation of the current structural and functional condition of the facility;
 - Its amenities;
 - Equipment; and
 - Current limitations.
- Review of the facility's current users;
- Market trends for similar theatres in the surrounding area; and
- An analysis and conceptual cost estimate of two options:
 - A major renovation of the facility that would transform it into a regional performing arts center; and
 - A conservative renovation that would maintain the community-focus of the facility.

In order to provide additional information on the current state of the facility and its operations to those interested in submitting a proposal, a mandatory pre-proposal meeting was held on Thursday, June 20, 2019, which included a comprehensive walk through of the Community Theatre and its associated facilities; the box office, green/dressing room, and the light booth followed by a question and answer period. A total of twenty individuals were in attendance representing over ten firms. Seven proposals were received by the RFP deadline of July 22, 2019.

Discussion:

Following a cursory review of the proposals, all seven were found to be satisfactory and invited to an interview on July 30, 2019. The interview panel consisted of Lisa Nichols, Senior Recreation Supervisor currently managing the Community Theatre facility; a longtime Community Theatre user; and the California State contact for the American Association of Community Theatres and Founder of California Community Theatre. Following the interviews, the panel narrowed the selection to the top two proposals consisting of the DLR Group and AMS Planning and Research. Both firms demonstrated a strong understanding of the proposed project; experience in completing similar studies; and the availability of valuable resources that would benefit the assessment. Based on further review of the top two proposals by staff including the City's Theatre Technicians, staff recommends the award of contract to the DLR Group. Overall, its scope of work, applicable experience on similar facilities, and approach to community outreach were superior and highly impressive. The proposal submitted by the DLR Group is included as **Attachment 2**.

The DLR Group

The DLR Group has been in business for nearly 50 years and includes a team of various backgrounds, professions, and specialty areas that combined, create a comprehensive team to oversee the Community Theatre needs assessment. Its team has worked on more than 300 performance facilities on a variety of projects including nearly 100 needs assessments, feasibility studies, and programming and planning studies. A majority of the DLR Group's clients are not-for-profit or governmental institutions. Staff is confident in the services to be provided by the DLR Group and its extensive experience it would bring to the Community Theatre needs assessment.

Overall, staff and the interview panel were impressed with the DLR Group's approach to community outreach and its commitment to this component when determining a future desired use for a civic facility. It demonstrated a strong understanding of the importance of community outreach and stakeholder involvement, which is a crucial component to this study.

Community Outreach Component

Widespread community outreach was not an included component in the original RFP as the focus was more on the current facility use and infrastructure. It quickly became clear to staff that expanding the scope to include outreach beyond current facility users would provide a much more comprehensive assessment that would help guide future decisions of the facility beyond infrastructure upgrades. In fact, all seven firms discussed the importance of this added component during the interviews. As a result, staff requested clarifying information on the approach to this community-wide outreach from the top two firms prior to determining its recommendation. The DLR Group's response to this inquiry is included as **Attachment 3**.

Project Cost

The DLR Group's proposal totals \$79,295. Although much higher than the amount previously allocated for this CIP Study, it now includes a much broader scope that creates a more comprehensive analysis of the facility and community interest for its future use.

Included in Table 1 below is a complete list of of all seven proposals received and each firm's proposed project cost.

**Table 1: Community Theatre Needs Assessment RFP Response and
Cost Proposals**

COMPANY NAME	PROPOSED COST
DLR Group	\$79,295
AMSPlanning and Research	\$77,700+ up to*\$15,000
EC3	\$98,000
Gensler	\$233,239
John Sergio Fisher and Associates, I	\$57,100
Make Architecture	\$48,939
SVA Architects	\$174,576

**The additional \$15,000 is for the additional community outreach that was requested from the DLR Group and AMS Planning and Research once the interviews were conducted. This additional cost from AMS Planning and Research was provided with a range of options, comparable to the approach from the DLR Group, and with an added total expense of up to \$15,000.*

As previously mentioned, the DLR Group and AMS Planning and Research were the top two firms selected by the interview panel. The remaining five firms listed above are in alphabetical order. Among the top two finalists, the DLR Group was the lowest priced option at \$79,295. Its portfolio of experience in working on similar projects (i.e. facility size, historically significant designation, city-owned, etc.) was superior, giving staff the confidence that it would be the ideal team to lead this project.

Overall, staff was impressed with the caliber of firms that participated in the RFP process. Each brought a wealth of knowledge and experience that demonstrated its ability to satisfactorily perform the tasks outlined in the RFP. The DLR Group continued to stand out throughout the process and Staff is confident in its approach to provide a comprehensive and satisfactory needs assessment for the Community Theatre facility.

General Plan Consistency:

This report and associated recommendation have been evaluated for their consistency with the City's General Plan. Relevant Policies are listed below:

Governance

- Goal 2. The Community is active and engaged in decision-making processes.
 - 2.7 Major planning efforts. Require major planning efforts, policies, or projects to include a public engagement effort.
- Goal 5. Small beach town character is reflected throughout Hermosa Beach.
 - 5.7 Visitor and resident balance. Recognize the desire and need to balance visitor-

serving and local-serving uses as a key to preserving character and the economic vitality of the community.

Land Use

- Goal 10. A strong sense of cultural and architectural heritage.
 - 10.4. Historical resources as cultural tourism. Promote historic places and cultural tourism as an economic development strategy.
- Goal 11. A proud and visible identity as an arts and cultural community.
 - 11.3. Art as cultural tourism. Recognize the value of the arts to the city's quality of life and economic stability and promote cultural tourism as an engine for economic development.
- Goal 12: A mix of cultural facilities that support and encourage the community's vibrant range of art creation and presentation.
 - 12.2. Future venues for art. Consider opportunities to incorporate community performance, craft, and other artistic facilities into the development or redevelopment of City-owned community facilities.

Parks & Open Space

- Goal 1. First class, well maintained, and safe recreational facilities, parks and open spaces.
 - 1.1. Facility upgrades. Improve and update park and open space facilities on a regular basis.
- Goal 3. Community parks and facilities encourage activity and interaction.
 - 3.6. Availability of City facilities. Consider the demand and availability of City facilities for general community use in the long-term lease and/or rental of City facilities.

Fiscal Impact:

\$30,000 has already been appropriated to CIP Study 693-Community Theatre Needs Assessment. The additional funds of \$49,295 would be appropriated from the Capital Improvement Fund. There are sufficient funds available for the additional appropriation.

Attachments:

1. Community Theatre Needs Assessment RFP (19-06)
2. DLR Group Proposal
3. DLR Group Community Engagement Supplemental Information
4. DLR Group Cost Proposal
5. Professional Services Agreement

Respectfully Submitted by: Kelly Orta, Community Resources Manager

Noted for Fiscal Impact: Viki Copeland, Finance Director

Legal Review: Mike Jenkins, City Attorney

Approved: Suja Lowenthal, City Manager