



Edwin M. Lee, Mayor  
Philip A. Ginsburg, General Manager

January 5, 2012

**Question and Answers for the Coit Tower Request for Proposals 2011**

Attendees of the November 30<sup>th</sup> and December 7<sup>th</sup> Pre-Submittal Conference:

Debra Leifer, Page and Turnbull  
Dario Hadjian, Pellegrini  
Stefano Cassolato, Garland PR  
Joseph Ruiz, Rhapsody Green Center  
Martha Monroy, Martha Bros. Coffee  
Norah Hernandez, M & M Market  
Vincent Lo, Fashion House  
Jon Golinger, Telegraph Hill Dwellers  
Michelangelo Marcarpan  
Nicole Beach, Pacific Gateway Concessions  
Drake Beaton, Pacific Gateway Concessions  
Amanda Ho, AMD Trading Inc.  
Aaron Ho, AMD Trading Inc.  
Richard Ventura, EEF  
Choolwe Kalulu, Benchmarks  
Yolanda Jones, YCAT-C Inc.  
David Schoop, Annie's Hot Dogs  
Aida Villagrava, World Business Management  
Jack Lui  
David Morris, Hornblower  
Gayle Leyton, Self Employed  
John Miles, Sunset Promotions  
Ida Zoubi, Caffe Ida, Caffe Trieste  
Anne Halsted, Pioneer Park Project

Please note, only answers in writing are deemed final. Please disregard previous question and answer posting.

Q1) What is the point credit for this concession opportunity for a Local Business Enterprise (LBE) and what percentage of work should be an LBE?

A1) The LBE contracting requirements do not apply to leases.

Q2) Is this a net or gross lease?

A2) This is a net lease.

Q3) Who is responsible for the upkeep of the murals?

A3) The Arts Commission is responsible for the restoration and preservation of the murals. The Lessee is responsible for making sure that the murals are protected.

Q4) How will the Recreation and Park Department protect the murals?

A4) While the Arts Commission is responsible for the murals, the Department will work closely with the Arts Commission and Lessee to ensure that the murals are protected. In addition, the Department will be allocating 1% of revenues from the Coit Tower concession towards preservation of the murals. The Department has also required that an artwork protection plan be submitted with responses to this RFP.

Q5) Can the Lessee choose who they work with for the special events as required in the RFP?

A5) It is the responsibility of the Lessee or hired subcontractor to promote, market, and plan each special event. The Lessee will work with the Permits and Reservations division of the Recreation and Park Department to book up to one special event per month.

Q6) About how long has Coit Tower been leased out to an entity to run concessions?

A6) The Department has leased Coit Tower for concession opportunities for decades.

Q7) Are you looking for one single entity to manage all of the operations listed below or separate entities to manage the food & beverage, retail, and elevator?

A7) The Department will accept proposals from joint entities provided that they collectively meet the minimum qualifications set forth in the RFP.

Q8) Are you seeking any administrative staff in this bid for Coit Tower?

A8) No.

Q9) How much is the security deposit?

A9) The security deposit is \$50,000.

Q10) What happens if the elevator is down for service? How am I protected as the Lessee?

A10) The Department is responsible for the upkeep and maintenance of the elevator. If the elevator is inoperable, the Department will work with Lessee to determine the appropriate rent reduction for the time period that the elevator is not operating.

Q11) How much was the previous Lessee paying for a minimum annual guarantee (MAG) to the Department?

A11) The current Lessee is paying the greater of \$150,000 or 90% of gross elevator revenues, 20% of gross revenues from the gift shop, 15% of gross revenues from the food and beverage concession, 50% of gross revenues from the telescopic viewing machines, 40% of gross revenues from special events, and 10% of gross revenues from tour guides. The current Lessee has paid the Department an average of \$633,000 per year for the past five years. Please see chart below which shows the gross revenues from the past five years of concessions at Coit Tower.

<b>Fiscal Year</b>	<b>Elevator</b>	<b>Gift Shop</b>	<b>Outdoor Food &amp; Beverage</b>	<b>Binoculars</b>	<b>Special Events</b>	<b>TOTAL Gross Revenue</b>	<b>Total Rent Paid to Department</b>
<b>FY 06/07</b>	\$531,524.75	\$257,524.64	\$74,090.53	\$5,901.06	\$0.00	\$869,040.98	\$596,436.14
<b>FY 07/08</b>	\$661,180.50	\$269,163.52	\$0.00	\$4,757.60	\$0.00	\$935,101.62	\$705,416.13
<b>FY 08/09</b>	\$684,660.00	\$289,714.91	\$0.00	\$3,131.18	\$650.00	\$978,156.09	\$673,123.91
<b>FY 09/10</b>	\$719,446.00	\$288,924.24	\$0.00	\$3,504.12	\$3,250.00	\$1,015,124.36	\$648,769.48
<b>FY 10/11</b>	\$595,061.50	\$289,767.10	\$17,751.36	\$4,848.65	\$2,200.00	\$909,628.61	\$541,390.24

Please note, the food and beverage concession was not in operation for fiscal years 07/08, 08/09 and 09/10. In addition, the food and beverage concession was open only from July 2006 through February 2007 and from April 2011 through June 2011. The current Lessee has been offering a limited menu of beverages, snacks and ice cream.

The current Lessee has offered a small number of special events at Coit Tower. As per the recently issued RFP, Lessee can have up to one special event per month provided that they follow the general rules and regulations set forth for special events at Coit Tower.

Note that in 2011 the Department completed an elevator modernization which corrected the elevator's mechanical problems. The elevator is now upgraded which will greatly decrease need for elevator service throughout the duration of this initial Coit Tower RFP opportunity. Please see chart below for more detail regarding the elevator modernization project and other elevator repairs or replacements which caused the elevator to be shut for a period of time.

**Elevator Repair and Service History from 2006-2011**

<b>Month/Year</b>	<b>Length of time Elevator Out of Service</b>	<b>Reason for Elevator Out of Service</b>
<b>Aug/2006</b>	60 Hours	Motor Repair
<b>May/2009</b>	1Week	Replacing the Traveler
<b>May/2009</b>	3 Days	Brake Repair
<b>May-June/2009</b>	2 ½ Weeks	Replacement of the worm gear and re-pouring the Babbitt bearings
<b>Nov/2010-Feb/2011</b>	3 months	Elevator Modernization

The chart below shows elevator revenue from November through February from fiscal year 2006/2007 through fiscal year 2009/2010. The projected revenue lost for this period of time is \$101,290.72.

**Average Elevator Admission Revenue for November, December and January from Fiscal Year 2006/2007 through Fiscal Year 2009/2010.**

<b>FY</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>Total</b>
<b>06/07</b>	\$28,412.10	\$28,076.40	\$28,401.30	\$84,889.80
<b>07/08</b>	\$37,268.10	\$36,298.80	\$28,803.60	\$102,370.50
<b>08/09</b>	\$40,427.55	\$34,485.75	\$34,205.40	\$109,118.70
<b>09/10</b>	\$39,889.35	\$36,331.20	\$32,563.35	\$108,783.90
<b>Total Average for all four years</b>				<b>\$101,290.72</b>

Q12) Can I use a generator to power my mobile food concession?

A12) The Department will not allow generators for power supply at Coit Tower. The Department will, however, accept other modes of power such as a marine battery or other quiet power options. In addition, the Department will entertain proposals from respondents to upgrade electricity at Coit Tower to supply power to concessions, at respondent's sole expense.

Q13) Are the murals painted by Diego Rivera as indicated in the RFP?

A13) The murals are painted by 27 artists as part of a Public Works of Art Project in 1933. None of the murals were painted by Diego Rivera.

Q14) Do the food and beverage concessions have to be placed in on the front deck area of the Coit Tower?

A14) The Department envisions placing the food carts in the front deck area, however the Department will consider proposals for alternate food and beverage cart locations. Alternate food and beverage cart proposed locations will need input from the surrounding community and approval by the General Manager.

Q15) Do the Telegraph Hill Dweller and Pioneer Park Project support this RFP?

A15) Both the Telegraph Hill Dwellers and the Pioneer Park Project have worked closely with the Department on the development of the RFP and have participated in the previous selection panel to select a Lessee for this concession opportunity. Both groups, however, have not gone on record supporting this RFP.

Q16) Will security guards be used in this RFP?

A16) No. No security guards will be used as part of this opportunity.

Q17) What is the Possessory Interest Tax for this opportunity?

A17) The possessory interest tax is 1% of the assessed value of the property. In order to calculate the assessed value of the property, one would use the following calculation:

Minimum Monthly Payment X Present Worth Factor (Term of Lease in Months-see Compound Interest Table for Present Worth Factor) = Assessed Value of Lease X 85% (15% discount given to Lessee for doing business on City Property) = Total Assessed Value.

For this opportunity the possessory interest tax in 2012 is \$29,341. The assessment value will raise no more than 2% per year for each year of the term of the contract.

Q18) Is the Lessee responsible for paying utilities (electricity and water)?

A18) The Department is responsible paying for the current level of utilities.

Q19) Does the City cover the insurance for the Lessee?

A19) No. The Lessee will need to obtain the appropriate level of insurance coverage as required by the City's Risk Manager.

Q20) What types of insurance are needed in order to operate this concession?

The required insurance can be seen in the sample lease template that is provided as an appendix to the Coit Tower RFP. All required insurance provisions are under Section 19 of the sample lease template. The RFP is located on our website at the following link:  
<http://www.sfrecpark.org/documents/CoitTowerRFP11.3.11.pdf>.

Q21) How many people in total are currently working/managing Coit Tower?

A21) The current Lessee employs 4-5 part time employees in addition to management during the winter months and 8-10 part time employees in addition to management during the busier summer months.

Q22) Do we have to purchase our own toilet paper for the public restrooms?

A22) Yes. The Lessee is also responsible for purchasing the necessary cleaning equipment for general maintenance.

Q23) What liabilities do we have in terms of damages from the public, inside and outside of Coit Tower? For example, if the public vandalizes and graffiti the walls outside of Coit Tower, are we responsible for the cost of repair or does the city cover it?

A23) The Department is responsible for damages to Coit Tower caused by the public or Department staff. The Lessee will bear the costs for the repair to damages caused by them or through their actions and/or negligence.

Q24) What is the maximum number of people the observation deck can hold?

A24) 49.

Q25) Does this opportunity have Terrazo?

A25) No.

Q26) How many entrances and exits are there to the observation deck?

A26) There is one entrance and exit on the observation desk.

Q27) As part of the capital improvements, will we need to bring the entire building up to code?

A27) The improvements required are not anticipated to trigger any building code upgrades.

Q28) Can the food cart stay in the building?

A28) No. Per Department of Public Health requirements, the food cart will need to return to a commissary at the end of each day to be serviced, cleaned and restocked.

Q29) Is there electricity we can tap into?

A29) There is limited electricity on site that the Lessee can use per Department approval.

Q30) Can the Lessee utilize both sides of the promenade for the cart?

A30) The Department will accept proposals for use of either side of the promenade for a food and beverage cart and for seating. Only one food and beverage cart will be accepted. All proposed locations for the food and beverage cart and tables and chairs are subject to approval by the General Manager.

Q31) Can we put the food and beverage cart on the sidewalk?

A31) No.

Q32) Is cooking going to be allowed onsite?

A32) There are no cooking facilities located at Coit Tower and no access to water. If Lessee proposes to cook in the cart they will need to obtain permission from the Department of Public Health.

Q33) Would the Lessee operate the special events?

A33) Yes. The Lessee will work with the Department's Permits and Reservations division to provide up to one special event per month.

Q34) Are the revenue streams broken down into subcategories so that we can see how many of a particular item are sold?

A34) No. The Department does not have this information. All available revenue information is located in the RFP and amendments.

Q35) Will the Lessee be responsible for marketing the space for special events?

A35) Yes. The Lessee will be responsible for marketing the events and working with the Department's Permits and Reservations Division to book the events.

Q36) What is the available electricity?

A36) There are four (4) twenty (20) amp circuits in the lobby, two (2) twenty (20) amp outlets in the gift shop and one (1) twenty (20) amp circuit in the back exterior of Coit Tower.

Q37) How often does the elevator breakdown?

A37) The elevator had some operational repairs over the last five years that are captured in the amendment to the RFP. However, the Department does not anticipate many future problems with the elevator as it has recently undergone a complete modernization.

Q38) Who is responsible for maintaining the elevator?

A38) The Recreation and Park Department.

Q39) Can we offer coffee and food inside the gift shop?

A39) No. Food and beverages are not allowed inside Coit Tower.

Q40) How many telescopes are there?

A40) There are 8 telescopes at Coit Tower.

Q41) How often are the trees trimmed and how do you ensure that the public will be able to see the view of the bay and city through the trees?

A41) The Department is currently involved in an effort in conjunction with the Pioneer Park Project to trim the overgrown trees and create view corridors.

Q42) How do you keep track of elevator sales?

A42) Each elevator ticket sale is made in a Point of Sale system. The Lessee provides the Department a monthly breakdown of elevator sales.

Q43) Is Coit Tower an official America's Cup viewing area?

A43) Although Coit Tower has spectacular views of the Bay, it is not an official America's Cup viewing area.

Q44) Will this opportunity be put out to bid again in five years?

A44) This opportunity is for a five (5) year lease with a three (3) year option to extend to be exercised by the City. Once the lease expires, the City anticipates putting this opportunity out to bid once again.

Q45) What are the parameters for exercising the potential option to extend?

A45) The option to extend the lease for an additional three (3) years will be negotiated between the Lessee and the City.

Q46) Why was there significant revenue from food and beverage five years ago, and then it tapered off?

A46) The current Lessee did not have any food and beverage concessions for certain years and food and beverage service was limited during other years. The current Lessee claims that uncertainty of their lease agreement due to the previous RFP processes caused them to cease their food and beverage service.

Q47) What kind of food is served currently and was served in the past?

A47) The current Lessee serves a variety of snacks and beverages including chips, ice cream, water and juices. In previous years they operated a food and beverage concession with more substantial items such as hot dogs.

Q48) I only want to operate the audio tours, how can I find a partner to bid with?

A48) The Department recommends that you speak with interested bidders to develop a joint proposal for the Coit RFP opportunity. One way to learn about interested bidders is to speak to those who came to one of the prebid conferences.

Q49) Can we keep equipment for special events on site?

A49) There is no storage available on site for special event equipment.

Q50) Is the Caretaker's Apartment part of the Lease?

A50) No. The Caretaker's Apartment is not part of the premises for this opportunity.

Q51) Can we put in heaters on the observation deck? If so who would pay for the heaters?

A51) The Department is open to proposals for propane fueled heaters on the observation deck for use during special events. Such heaters must be temporary and would not be permitted to be affixed to any part of the premises. The Lessee is responsible for any costs associated with the purchase and operation of such heaters. All applicable permits, such as permits and/or approvals from the San Francisco Fire Department, must be obtained prior to use of such heaters. Use of such heaters will be subject to approval by the General Manager and must not in any way damage the facility.

Q53) Can we add a canvas dome over the observation deck?

A53) The Department will not allow any dome or structure to be affixed to the Tower. The Department would potentially consider proposals for use of a covering for the observation deck during special events if the cover is free standing, does not attach in any way to the tower, and is not visible from below the tower. Any covering will be subject to approval by the General Manager.

Q54) Where do you rent audio tours?

A54) Currently there are no audio tours for rent although the next Lessee may implement an audio tour to be rented at Coit Tower.

Q55) Can you cook hot dogs on site?

A55) The Lessee will need to obtain permission from the Department of Public Health to cook on site. No kitchen facility will be provided at Coit Tower.

Q56) Can we plug into electricity on site?

A56) Yes, with Department approval.

Q57) How much money does RPD spend on Coit Tower annually?

A57) The Department spent an average of \$43,887 each year on Coit Tower over the past three years. This does not include the labor and material costs through contracts such as Otis who repairs and services the elevator and recently performed a modernization on the elevator. In addition, Coit Tower sits atop Pioneer Park that the Department maintains. The Department spent an average of approximately \$211,219 to \$216,219 on Pioneer Park per year for the past three years.

Q58) The Recreation and Park Department along with the Telegraph Hill Dwellers and San Francisco Municipal Transportation Agency (SFMTA) instituted a pilot program to restrict weekend parking at the Telegraph Hill parking lot from May through October. This has been considered a pilot program for the past three years and I would like to know if there are any plans to make these restrictions permanent under the same conditions as seen in the past.

A58) The Department is working with the SFMTA on the parking limits and have determined that the current parking restrictions will remain until further notice.

Q59) A lead survey was completed at Coit Tower a little over a year ago. It was determined that follow up work was necessary. When will the lead abatement begin and how long will this a project take to complete?

A59) The Department is working with the Arts Commission to develop a plan to protect the murals during the minimal amount of abatement that will be performed. The schedule is undetermined at this time.

Q60) This question just came after reading an article on SFGate about a newly formed neighborhood group called the Protect Coit Tower Committee. Having been through this process before, I know it is of utmost importance to have any respondent be on the same page as both RPD and the various neighborhood groups. What effect will their recent filing (and stance against any special events) have on the RFP and subsequent neighborhood outreach and approval process?

A60) The ballot measure filed with the Department of Elections is a non binding policy statement. The measure will need at least 9,702 valid signatures to be placed on the ballot. The submittal of signatures or even the placement of the measure of the ballot would not affect the ability of the RPD to enter into a binding agreement under the RFP. If passed by a majority vote, the measure would express the voters' views regarding the management of Coit Tower. But while City officers and employees should consider declarations of policy, those measures do not limit the authority that the City's Charter and ordinances vest in City officers and employees. Therefore, the voters' adoption of the declaration of policy alone would not affect the authority of RPD after adoption of the measure to enter into a binding agreement consistent with the requirements set forth in the RFP that RPD issued for the Coit Tower concession and lease.

Q61) You stated that the current Lessees have been there since 1992, are they liable for the current condition of the building and murals?

A61) Per the current Lessee's contract, the Lessee is responsible for protecting the murals and for general maintenance of the premises including servicing of the restrooms and keeping the premises clean and free of garbage and rubbish. The Department is responsible for the upkeep, repair and maintenance of the Coit Tower Building. The San Francisco Arts Commission is responsible for the preservation and maintenance of the murals.

Q62) Who is responsible for the landscaping?

A62) The Department is responsible for the landscaping surrounding Coit Tower. The Department of Public Works is responsible for the landscaping of the foliage surrounding the Christopher Columbus statue that stands in the middle of the parking lot.

Q63) Why were there no guards or docents present to insure the safety of the murals?

A63) The current Lessee is responsible for ensuring that appropriate staffing levels are maintained so that consistent enforcement of the rules and regulations surrounding the protection of the murals is present. Docents are present on a weekly basis offering guided tours of the murals to the public organized by City Guides Walking Tours.

Q64) How often does your department check the building and grounds?

A64) There are constantly Department staff at Coit Tower responding to various maintenance needs and performing gardening and landscaping duties.

Q70) Why doesn't the management provide official hosts to welcome the public and to answer questions?

A70) The Lessee is responsible for maintaining adequate staffing to provide service to the public visiting Coit Tower. Lessee's staff greets all visitors who take the elevator, located directly inside the entrance to the interior of Coit Tower, providing service up to the viewing balcony.

Q71) It appears that the family that operates the concessions now has made a rather good living with little care of the Tower. How did the place get to be so badly operated and in need of so much repair?

A71) The Department is responsible for the maintenance of the building and dedicates as many resources as available to the upkeep of Coit Tower. Coit Tower was recently repainted, the elevator was modernized last year, and the Department responds to other such repair and maintenance requests as needed.

Q72) Who is in charge of monitoring the Tower? How often?

A72) The Department works with the Lessee to ensure that rules and regulations are enforced. As stated in answer to previous question, the Department is constantly monitoring the building and performing maintenance and landscaping duties.

Q73) On Page 4 of the Proposal Instructions, on Number 4, there is mention of "The Second Floor," and we did not visit that area. Why?

A73) The second floor is off limits to the public and is not part of this concession opportunity.

Q74) Can we put concessions in the parking lot?

A74) No.