

BEFORE THE METRO CONTRACT REVIEW BOARD

FOR THE PURPOSE OF EXEMPTING)	RESOLUTION NO. 95-2082
CERTAIN METROPOLITAN EXPOSITION)	
RECREATION COMMISSION CONCESSIONS)	Introduced by Mike Burton
MANAGEMENT SERVICE CONTRACTS FROM)	Executive Officer
SEALED BID COMPETITIVE)	
PROCUREMENT REQUIREMENTS)	

WHEREAS, The Metropolitan Exposition-Recreation Commission (Metro ERC) provides for concessions/catering services at the Oregon Convention Center, the Portland Center for the Performing Arts (PCPA), Civic Stadium, and the EXPO Center; and

WHEREAS, In 1989, Metro ERC conducted a competitive Request for Proposals process for concessions and catering management at the Oregon Convention Center for up to a ten-year contract term with the initial six-year contract awarded on a firm basis with an additional four-year renewal option that could be exercised by Metro ERC; and

WHEREAS, Pursuant to that competitive process, numerous proposals were received and evaluated, and Fine Host Corporation was chosen as the most responsive proposer, and subsequently entered into a six-year contract for Oregon Convention Center concessions and catering which expires on June 30, 1995, with a four-year option for an extension; and

WHEREAS, Concessions and catering management services, and operation of Jake's Backstage Cafe, were competitively bid and contracted for by the City of Portland prior to the transfer of the PCPA to Metro from the City of Portland for a ten-year period expiring August 20, 1994; and

WHEREAS, The City of Portland received no responses to its competitive proposal and subsequently received a single proposal to a second round of competitive proposals from McCormick & Schmick's for this contract; and

WHEREAS, On June 13, 1994, Metro ERC approved Metro ERC Resolution No.

94-36 which extended McCormick & Schmick's contract for a period of ten months to expire June 30, 1995; and

WHEREAS, Metro ERC after conducting four public meetings has determined that there are no parties interested in responding to a RFP or sealed bid competition for concession for the PCPA; and

WHEREAS, Metro ERC has determined through the same process that it is appropriate to extend the Fine Host Corporation contract at the Oregon Convention Center subject to the requirement that Fine Host Corporation provide concessions and on the same terms with an extremely favorable management fee for the PCPA during this four-year term; and

WHEREAS, Because there are no interested proposers for the PCPA; and

WHEREAS, Metro ERC has previously engaged in a competitive process for the Oregon Convention Center for up to a ten-year contract period that was fully consistent with the provisions of ORS 279.005 and ORS 279.007, there is no favoritism which will result from adding concessions management services for the PCPA to Fine Host contract and extending the existing Fine Host contract for four years pursuant to the option which was originally provided for in the competitive process; and

WHEREAS, It is appropriate to enter into a competitive proposal process for concessions and catering services at the EXPO and Civic Stadium instead of using a sealed bid process because the competitive proposal process is consistent with ORS 279.005 and ORS 279.007 and will allow for the evaluation of quality and management experience as well as the economic return to the Commission in selecting a provider; and

WHEREAS, Such a competitive process will not result in favoritism since all interested parties will be able to submit proposals; and

WHEREAS, There will be substantial savings to the public in using Fine Host Corporation for PCPA concessions; now, therefore,

THE METRO COUNCIL, ACTING AS THE METRO CONTRACT REVIEW BOARD,
FINDS:

1. That the Fine Host Corporation contract for the Oregon Convention Center concessions and catering services was entered into through a competitive process consistent with ORS 279.005 and ORS 279.007, and the four-year extension provided for in that original process, is appropriate to be entered into at this time with the condition that the Portland Center for the Performing Arts be added at no


additional management fee.

2. That there is no party interested in submitting a competitive proposal for the Portland Center for the Performing Arts concessions contract, and therefore it is appropriate that Fine Host Corporation provide this service pursuant to its existing contract for Oregon Convention Center concessions and catering services.

3. That a competitive proposal process should be utilized for the EXPO Center and Civic Stadium concessions and catering contract process.

4. That the approval of these exemptions will not encourage favoritism or have the affect of substantially diminishing competition for public contracts, and these exemptions will result in substantial cost-savings to the public for the reasons set forth in this Resolution and as established in the record before the Metropolitan Exposition-Recreation Commission at its public meetings and at the time it approved Metro ERC Resolution No. 95-2.

ADOPTED by Metro's Contract Review Board on this 2 day
of Feb., 1995.


J. Ruth McFarland, Presiding Officer

STAFF REPORT

CONSIDERATION OF RESOLUTION 95-2082 REQUESTING THE CONTRACT REVIEW BOARD TO EXEMPT THE PORTLAND CENTER FOR THE PERFORMING ARTS CONCESSIONS MANAGEMENT SERVICES FROM COMPETITIVE BID AND ADD THE MANAGERIAL RESPONSIBILITY TO THE EXISTING FINE HOST CORPORATION CONTRACT WITH THE OREGON CONVENTION CENTER AS SET FORTH IN METROPOLITAN EXPOSITION-RECREATION COMMISSION RESOLUTION NO. 95-2

Date: February 2, 1995

Presented by: Pat LaCrosse

PROPOSED ACTION

Sections 2.04.041(c) of the Metro Code allows the Contract Review Board, where appropriate, to exempt specific contracts from the general requirement of competitive bidding, and direct the use of alternative contracting and purchasing of services.

The Metro Code references ORS 279.015 as the basis for requiring that all public contracts be based upon competitive bid and sets forth a process by which the following findings will permit an exemption and allow execution of a sole source contract extension. The Board must find that:

- It is unlikely that the exemption will encourage favoritism in the awarding of public contracts or substantially diminish competition for public contracts; and
- The award of a public contract pursuant to the exemption will result in substantial cost savings or benefit to the public contracting agency.

FACTUAL BACKGROUND AND ANALYSIS

The Metropolitan Exposition-Recreation Commission (Metro ERC) provides for concessions and catering services at the Oregon Convention Center, the Portland Center for the Performing Arts (PCPA), Civic Stadium and the Expo Center. The Convention Center awarded a contract to Fine Host Corporation in 1989, after conducting a competitive request for proposals process, with an initial term of six years with a provision to extend such agreement for an additional four years, at the option of the Metro ERC. The initial term of this agreement expires June 30, 1995.

Jake's Backstage Cafe has operated the concessions and catering management services at PCPA for the last ten years. That contract expired August 20, 1994 and was extended until June 30, 1995. This new extension also eliminated exclusivity of the catering aspect of the management agreement and these services are now provided by local companies with Jake's still operating the concession at all PCPA facilities. Jake's was selected through a competitive bid process after the City of Portland received no responses in the first round of requests for such services. Jake's

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Jake's Backstage was the only proposal received by the City to provide such services.

Metro ERC conducted four public meetings to determine its catering and concessions management needs and has determined that there will be no parties interested in responding to a RFP or sealed bid competition for concession services for PCPA in the future. Fine Host has offered, an extremely favorable administrative fee with an incentive clause, to management all aspects of the PCPA concessions operations with the appropriate extension of the contract at the Oregon Convention Center.

There will be substantial savings to the Metro ERC if the PCPA is added to the Fine Host contract with this very favorable management fee and that such addition to the contract will not constitute favoritism due to the fact that only one firm bid on the services ten years ago in a competitive process and that putting only concession services out for bid reduces potential revenue. It was Metro ERC's desire to add PCPA concessions services to the Fine Host agreement and did so by passing MERC Resolution No. 95-2 at its January Commission meeting.

Any excise taxes that are applicable to the Expo Center and the Oregon Convention Center food and beverage operations, passed by the Metro Council, will be included in the Fine Host extension and RFP for Management Services for the Expo Center.

BUDGET IMPACT:

Significant cost savings with the very favorable management fee from Fine Host up to a threshold income amount and an incentive schedule after the threshold is met, which should improve direct revenue to the operation. MERC feels that a competitive process will not improve this revenue-positive position with a better proposal.

EXECUTIVE OFFICER'S RECOMMENDATION

The circumstances, as outlined above, provide ample justification for the Contract Review Board to waive competitive bidding of the concessions services for PCPA and recommend approval of the sole source exemption and execution of an extension to the Fine Host contract, inclusive of concessions services at PCPA, by MERC General Manager pursuant to MERC Resolution No. 95-2.