

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION NO. 94-36


Authorizing the Portland Center for the Performing Arts Director to execute a 10-month extension to the PCPA Concessionaire Agreement with McCormick & Schmick's Concessions for the period August 21, 1994 to June 30, 1995.


The Metropolitan Exposition-Recreation Commission finds:

1. That the exclusive Contract for providing concessions, operation of Jake's Backstage Cafe, and catering services at PCPA facilities expires on August 20, 1994.
2. That it is desirable to have food and beverage contracts on all MERC facilities expire on June 30, 1995 in order to package bidding processes as is appropriate for the facilities.
3. That extension of the existing Concessionaire Contract on a non-exclusive basis will provide continuity of service in concessions for all PCPA facilities and operation of Jake's Backstage Cafe, while creating opportunity to test the concept of non-exclusive catering for backstage and public events.

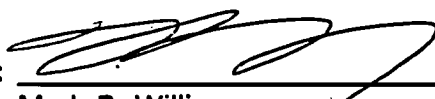
BE IT THEREFORE RESOLVED that the Metropolitan Exposition-Recreation Commission approves a 10-month extension to the Concessions Contract with McCormick & Schmick's Concessions for the period August 21, 1994 through June 30, 1995; and directs the Portland Center for the Performing Arts Director to execute such an extension of this agreement on behalf of the Metropolitan Exposition-Recreation Commission.

Passed by the Commission on June 13, 1994.


Chairman


Secretary/Treasurer

Approved As to Form:
Daniel B. Cooper, General Counsel

By: 
Mark B. Williams
Senior Assistant Counsel

MERC STAFF REPORT

Agenda Item/Issue: Extension of Concessionaire Contract with McCormick & Schmick Concessions to June 30, 1995

Resolution No. 94-36

Date: July 13, 1994 Presented By: Harriet Sherburne

Background and Analysis: In 1984, the City of Portland conducted a competitive bidding process for exclusive concessionaire services in facilities of the Portland Center for the Performing Arts (PCPA). As a result of this process, the City entered into a long-term agreement with McCormick & Schmick's Concessions. In 1987, the Contract was amended to add the facilities of the New Theatre Building, and particularly Jakes Backstage Cafe, as well as to extend the duration of the Agreement to a 10-year term expiring August 20, 1994. Under the terms of the Agreement, McCormick & Schmick's Concessions (MSC) has had exclusive rights and responsibility for providing concessions services throughout PCPA facilities, operation of Jakes Backstage Cafe, and any backstage or event catering in the PCPA facilities. Responsibility for this contract was transferred to MERC by the City of Portland.

With the expiration of the long-term exclusive contract at hand, MERC engaged consultants to advise on alternatives for food and beverage contracting in the future. After review of alternatives MERC has determined that an interim period to June 30, 1995 provides opportunity to test the viability of non-exclusive catering along with continuation of concessions and cafe operation under an extension of the contract with McCormick & Schmick's Concessions. It is anticipated that MERC will solicit bids for a long-term contract to provide food and beverage services at PCPA facilities beginning July 1, 1995. Experience and information gained in the 1994-95 interim period is expected to be considered in designing the structure of concessions, cafe operation and catering in the bid process.

Work is underway to obtain a Community Event Dispenser License for PCPA facilities in the name of MERC. The licenses will be similar to those held for the Oregon Convention Center.

Under the exclusive contract, there was approximately \$250,000 per year in catering revenue, representing nearly 30% of total annual sales. Under the new approach, that business will be shared by a number of qualified caterers, each of whom will pay a commission on sales to PCPA. It is our goal to achieve a similar dollar volume in the 10-month extension period and to receive approximately 10% commission.

Fiscal Impact: The guaranteed rent under the non-exclusive extension is less than that under the exclusive agreement which included catering (\$110,000 per year). The base rent for the 10 month period will be \$4,500 per month or 6 percent of gross sales, whichever is greater, plus 50 percent of pre-tax profit. Pro forma based on the past year shows potential income under this approach of approximately \$60,000.

Recommendation: Staff recommends that the Metropolitan Exposition-Recreation Commission approve extension of the Concessionaire Agreement with McCormick & Schmick for PCPA facilities for a 10-month period to commence August 21, 1994 and end June 30, 1995.

**AMENDMENT TO CONTRACT FOR FOOD AND BEVERAGE CONCESSION
PRIVILEGES AT THE PORTLAND CENTER FOR THE PERFORMING ARTS
AND
AGREEMENT FOR USE OF THE LOBBY SPACE OF THE
NEW THEATRE BUILDING FOR A CAFE**

THIS CONTRACT/AGREEMENT AMENDMENT is entered into this 13th day of July, 1994, between the Metropolitan Exposition-Recreation Commission (Metro ERC), McCormick & Schmick Concession Services, Inc. (MCS), Traditional Concepts, Inc. (TCI), and Oak Street Bar & Grill, Inc. (OSB&G), hereinafter collectively referred to as "the parties."

RECITALS:

1. Metro ERC operates the Portland Center for the Performing Arts (PCPA), in Portland, Oregon.
2. In 1984, the City of Portland entered into contract number 21776 with Oak Street Bar & Grill, Inc., pursuant to a public bidding process, for the food and beverage concession at the PCPA.
3. In 1987, the City of Portland, MCS, TCI, and OSB&G entered into an agreement amending and extending the 1984 agreement, substituting MCS for OSB&G (while not relieving OSB&G of any of its preexisting obligations), and providing that TCI guarantees all obligations of MCS under contract number 21776 or any related cafe or other agreement.

////

4. The 1984 and 1987 agreements were assigned to Metro ERC by virtue of the consolidation agreement entered into between the City of Portland, Metro, Metro ERC, and Exposition-Recreation Commission (ERC).

5. The parties wish to amend and extend all agreements currently existing between them so as to extend the expiration date of said agreements from August 20, 1994, to June 30, 1995.

IT IS THEREFORE AGREED AS FOLLOWS:

1. All previous agreements between the City of Portland, Metro ERC, MCS, TCI, and OSB&G relating to concession and/or cafe services at any PCPA facilities shall be extended from their current expiration date of August 20, 1994, until June 30, 1995, and shall, subject to the following amendments, continue in full force and effect until June 30, 1995.

2. For the period of September 1, 1994 to June 30, 1995, the financial arrangement between the parties shall be as follows:

a. OMCS, TCI, and OSB&G shall pay to Metro ERC monthly base rent of \$4,500 per month, or 6 percent of gross sales, whichever is greater; percentage rent shall be reconciled January 31, 1994 and June 30, 1994 and shall not exceed 6 percent on an annualized basis.

b. OMCS, TCI, and OSB&G shall share their pre-tax profits with Metro ERC equally.

c. Metro ERC shall pay to OMCS, TCI, and OSB&G a management fee equal to 5 percent of gross sales, plus \$1,500 per month for accounting charges.

3. MCS, TCI, and OSB&G shall no longer have exclusive catering rights in PCPA facilities. MCS, TCI, and OSB&G shall instead be licensed as a caterer in PCPA facilities, on a non-exclusive basis, subject to whatever rules and regulations Metro ERC may implement. Commissions on non-exclusive catering shall be excluded from rent in item 2. above.

4. Metro ERC intends to become the holder of the OLCC license for sale and service of liquor on PCPA premises. MCS, TCI, and OSB&G shall cooperate with Metro ERC in securing the transfer of the license from MCS to Metro ERC.

5. MCS, TCI, and OSB&G shall designate an officer of the corporation to be the responsible party for compliance with any OLCC requirements.

6. MCS, TCI, and OSB&G shall no longer be responsible for vending machine sales. Metro ERC will enter into its own agreements with a third party for such services.

7. The concessions and cafe staffing matrix which has previously been agreed to shall continue in effect, provided that the Director of the PCPA shall have the right to make any changes required by PCPA or PCPA tenant operational needs.

8. The concession stands in the Civic Auditorium and Arlene Schnitzer Concert Hall, together with any associated equipment, shall be available for use by any licensed Metro ERC caterer for front or back of the house events. MCS, TCI, and OSB&G shall, however, have the right to keep others out of certain cupboards and storage areas, which shall be agreed to between the parties. MCS, TCI, and OSB&G shall continue to have the obligation to clean concession stands after use, other than floors which shall be cleaned by

////

Metro ERC. Other licensed caterers using concession stands shall be responsible for cleaning up after their use.

9. MCS, TCI, and OSB&G shall have exclusive right of use of the New Theatre Building cafe area. Other licensed Metro ERC caterers shall be required to bring all the equipment and supplies necessary to perform their contracted work. Other licensed Metro ERC caterers shall be allowed to use water and waste facilities in areas to be identified and agreed to by the parties.

10. Any notices permitted or required to be given to the City of Portland by MCS, TCI, and OSB&G shall be given to:

Director
Portland Center for the Performing Arts
1111 SW Broadway
Portland, OR 97205

with a copy to:

Metro
Office of General Counsel
600 NE Grand Avenue
Portland, OR 97232

11. Except as specifically modified herein, any and all provisions, requirements, or obligations contained in any of the preexisting agreements between MCS, TCI, OSB&G,

////

////

////

////

////

the City of Portland, the ERC, or Metro ERC regarding concession and/cafe services in PCPA facilities shall continue in full force and effect, through June 30, 1995.

IT IS SO AGREED:

**METROPOLITAN EXPOSITION-
RECREATION COMMISSION**

By _____
Chairman

Date _____

By _____
Secretary-Treasurer

Date _____

TRADITIONAL CONCEPTS, INC.

By _____

Title _____

Date _____

**McCORMICK & SCHMICK
CONCESSION SERVICES, INC.**

By _____

Title _____

Date _____

OAK STREET BAR & GRILL, INC.

By _____

Title _____

Date _____

APPROVED AS TO FORM:
Daniel B. Cooper, General Counsel

By _____
Mark B. Williams
Senior Assistant Counsel

gl
1208