

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION NO. 174

Approving proposed new Jake's Catering Pricing and Change in Service request at the Portland Center for the Performing Arts as per attached memo dated May 7, 1992 from Richard S. Arthur, General Manager, Jake's Catering.


THE METROPOLITAN EXPOSITION-RECREATION COMMISSION FINDS:

1. That whereas Jake's Catering is the official Concessionaire and Caters for the Portland Center for the Performing Arts;
2. That Jake's Catering has the right to request a change in pricing and service twice each year;
3. That the last change in service request occurred August 7, 1991;
4. That Jake's catering has researched the pricing and service level and supplied sufficient evidence justifying the change;
5. That such change will generate approximately \$6,800.00 additional revenue to the Commission;


BE IT FURTHER RESOLVED that they Metropolitan Exposition-Recreation Commission approved the changes in prices and service per attached Exhibit "A".

Passed by the Commission on May 13, 1992.


Chairman


Secretary/Treasurer

APPROVED AS TO FORM:


Metro General Counsel



Portland Center for the Performing Arts

Robert A. Freedman, Director / Portland Civic Auditorium • Ariene Schnitzer Concert Hall • Intermediate Theatre • Dolores Winnigstad Theatre

May 5, 1992

TO: Metropolitan Exposition-Recreation Commission

FROM: Robert A. Freedman ^{(C) JFR}
Director, Portland Center for the Performing Arts

SUBJECT: Jake's Pricing and Change in Service Request

BACKGROUND

Attached is a proposal from Jake's Catering concerning some price, menu and portion changes for the concession operation at the Portland Center for the Performing Arts. As background information, the following are some of the highlights from the Concessionaire Agreement:

1. Term: September 1, 1984 through June 30, 1994 (9 years, 10 months)
2. Concessions (Rental)

	Guarantee, greater of:
9/1/84 - 6/30/85	\$ 90,000 vs. 13.75% of Gross Sales
7/1/85 - 6/30/86	95,000 vs. 13.75% of Gross Sales
7/1/86 - 6/30/87	95,000 vs. 13.75% of Gross Sales
7/1/87 - 6/30/94	110,000 vs. 14.50% of Gross Sales
3. Utilities: For the cafe (Jake's Backstage) only, concessionaire pays 1.5% of Gross Sales for utilities. MERC pays utilities in all other areas.
4. Catering/Cafe (Jake's Backstage) Rental:

On Gross Sales up to \$300,000	MERC receives 5.0%
On Gross Sales of \$300,001 to \$400,000	MERC receives 5.5%
On Gross Sales of \$400,001 to \$500,000	MERC receives 6.0%
On Gross Sales of \$500,001 and above	MERC receives 6.5%

Note: Revenues generated from catering/cafe (Jake's Backstage) apply towards the minimum guarantee.

5. Price Increases:

- A. Concessionaire will not make requests for pricing/portion adjustments more than two times per fiscal year (July 1 - June 30).
- B. Price adjustments with proper justifications should be submitted to the Commission six to eight weeks prior to implementation.
- C. The last request made by Jake's for price, menu and portion changes was passed by the Commission on August 7, 1991.
- D. The current request was made by Jake's on February 11, 1992.

6. Revenue to MERC:

The following revenue to MERC was generated as a result of the contract.

1991	\$124,535
1990	139,679
1989	154,625

PROPOSAL

Jake's is requesting price changes for soft drinks and cookies. They are also requesting a change in the wine and liquor portions being served. They are requesting wine portions be reduced from 9oz to 6oz (served in a 6oz glass) and liquor portions be reduced from 1-1/8 or 1-1/4 (for call drinks) to 1 oz. After discussion, Jake's amended their original request to these numbers.

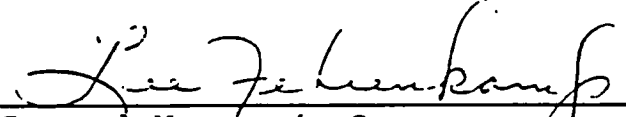
The reduction in the amount of alcohol being served has been requested for three reasons according to Jake's. 1) increased profitability; 2) reflect national trends for reduced consumption of alcohol; 3) reduced liability with reduced portions.

The concessionaire has included comparative price information in the request. It is estimated that the price increase for cookies and soft drinks could result in increased revenue to the Commission of approximately \$6,800 annually.

Jake's Pricing and Change in Service Request
May 5, 1992
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RECOMMENDATION

The price increase and change in portion do not seem unreasonable and are in keeping with prices being charged locally. The reduction in the amount of alcohol being served is in keeping with national trends in entertainment facilities and with portions being served in other MERC facilities. It is also in keeping with MERC's TEAM policy to ensure that we serve and that visitors to our facilities consume alcohol responsibly. Staff recommends the Commission approve these changes.


General Manager's Concurrence

Date: May 7, 1992

To: Robert Freedman, P.C.P.A. General Manager

Re: Price Increase Proposal

In accordance with our contract, Jake's Catering is submitting this proposal to M.E.R.C. for adjustments in pricing and portions.

The following items have been selected for review because of their percentage of sales and potential impact on the bottom line. We feel it is necessary to pursue a price increase to defray increased labor costs and certain increases on the wholesale level.

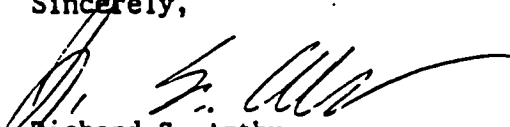
1.	Soft drinks:	<u>Old Price:</u>	<u>New Price:</u>
	A. 12 oz pop	\$1.00	\$1.25
	B. 16 oz pop	\$1.50	\$1.75
2.	Cookies:	<u>Old Price:</u>	<u>New Price:</u>
	A. Chocolate Chip (3.3 oz)	\$1.00	\$1.25
	B. Macadamia Nut Macaroon (3.3 oz)	\$1.00	\$1.25
3.	Reduce wine portion to 6 oz pour: Serve in appropriate size cup. (old portion as per contract, 9 oz)	\$2.75	\$2.75
4.	Reduce liquor pour to 1 oz: (portion as per contract, 1 1/8 oz for well, 1 1/4 oz for call)	Price Varies Depending on Call	

The pop and cookie price increases are fairly self explanatory, comparables are listed as per Attachment #1. The arguments for reducing the alcoholic beverage portions are:

1. Increased profitability.
2. When the portions were set in the contract, consumption nationally for alcoholic beverages was much higher and people were looking for perceived quantity as value. In recent years, there has been a dramatic trend towards less consumption.
3. Because a substantial portion of our market is geared towards concert performances, the issue of liquor liability is paramount to all those that are party to the service in these buildings. Better portion control of this situation would allow us a lessened chance for over consumption.

I believe these requests to be reasonable and justified and respectfully submit them for your consideration. We would like to see the price increases effective immediately as we are reaching the latter part of the season's activity for the P.C.P.A.

Sincerely,


Richard S. Arthur
General Manager

RSA:kp
cc: file



May 7, 1992

Attachment #1

Comparable Pricing as follows:

<u>Pop</u>	<u>Size:</u>	<u>Cost:</u>
Fine Host - Coliseum Portland, Oregon	14 oz	\$1.25
	20 oz	\$2.00
	32 oz	\$2.50
Multnomah Kennel Club Portland, Oregon	12 oz	\$1.00
	22 oz	\$1.50 - \$1.75
	32 oz	\$1.75 - \$2.00
King Dome Seattle, Washington	14 oz	\$1.50
	24 oz	\$1.75
 <u>Cookies</u>		
Multnomah Kennel Club Portland, Oregon	2 oz	\$0.50
	4 oz	\$1.75
King Dome Seattle, Washington	3.3 oz	\$1.50
	(Chocolate Chip, Macadamia Nut Macaroon)	
 <u>Wine</u>		
Fine Host - Coliseum Portland, Oregon	5 oz	\$2.75



Beverage Prices

Heathman: 241-4100

Well \$3.75 is all call
Premium 4.75-6.00
Beer 2.75 Draft, 2.75-3.50 Bottle
Wine 3.50-5.00, 20.00-130.00 Bottle

Hilton: 226-1611

Well \$3.75
Call 4.75
Premium 6.50-8.00 (Grand Marnier)
Beer 2.00-2.50 Glass, 2.25-3.75 Bottle
Wine 3.00-4.00, 13.00 House, 25.00 Special

Pazzo's 228-1515

Well \$3.25
Call 3.75-5.25
Premium 5.25
Beer 2.25-3.25 Glass, 2.75-3.25 Bottle
Wine 3.00, 3.75, 6.50 Glass, 15.00-300.00 Bottle

Marriott: 226-7600

Well \$3.25
Call 3.50
Premium 3.75
Beer 2.50 Glass, 3.50 Pint, 2.50-3.00 Bottle
Wine 3.00-4.00 Glass

Alexis: 224-8577

Well \$2.50-3.50
Call
Premium 3.00-4.00
Wine 3.25-3.75 Glass, 11.95-19.95 Bottle

Atwaters: 275-3600

Well \$3.50
Call 4.25
Premium 4.25-5.00
Beer 2.25-2.75
Wine 4.50 Glass

Broadway Revue: 227-3883

Well \$3.00
Call 3.50
Premium 3.75-4.75
Beer 2.25 Domestic, 2.25 Microbrew, 3.00 Imported,
Wine 3.75-5.00 Glass, 13.00-50.00+ Bottle

Benjamins: 223-8103

Well \$2.85
Call 3.50
Premium 4.00, Grand Marnier 4.50
Beer 2.25-2.50 Glass, 1.50-2.00 Bottle
Wine 3.25-4.50 Glass, 12.95-21.95 Bottle, 24.95-51.95 Captains List

Benson: 295-4130

Well \$3.75-4.00
Call 4.50
Premium 5.75 Good Scotch
Beer 2.25-2.75 Glass
Wine 3.50 Houses, 5.50-5.75 Chardonnay

JBS: 220-2888

Well \$3.25
Call 3.75
Premium 4.25-4.75, 5.75 Remy
Beer 1.50-2.00 Draft
1.75 Domestic Bottle
2.25 Imported Bottle
Wine 2.75-3.75 Glass