

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION 95-15

WHEREAS, the Metropolitan Exposition-Recreation Commission desires Food and Beverage Management Services for both the Oregon Convention Center and the Portland Center for the Performing Arts Facilities; and

WHEREAS, the Commission has the authority to negotiate and enter into agreements to manage the Food and Beverage Management Services of its facilities; and

WHEREAS, the Commission approved an extension of the Food and Beverage Management Services with Fine Host Corporation and to add the Portland Center for the Performing Arts Facilities to the current agreement for the management of concession services; and

WHEREAS, the Commission directed staff to negotiate such an extension and addendum, which is attached, and considerations and conditions are approved by the Metropolitan Exposition-Recreation Commission; now, therefore,

BE IT RESOLVED,

That an extension of the Fine host Corporation Agreement be adopted. The new extension will include the following elements:

1. Extends the Management Services for Food and Beverage at the Oregon Convention Center for four (4) years.
2. Adds management services of the concessions operations at the Portland Center for the Performing Arts Facilities for four (4) years with an investment of \$350,000 through a loan format.
3. Provides professional food and beverage management services for both facilities which will provide income and excellent service to both facilities.

Passed by the Commissions April 12, 1995.

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

By: 
Mark B. Williams, Sr. Assist. Counsel


Chairman


Secretary/Treasurer

MERC STAFF REPORT

Agenda Item / Issue: Approval of Extension to Fine Host Concessions/Catering Agreement and the Addendum to this contract to add Management of Food and Beverage Concession Services at the Portland Center for the Performing Arts facilities.

Resolution: 95-15

Date: April 12, 1995

Presented by: Jeffrey A. Blosser

Background and Analysis: The addendum and extension are a result of a lengthy public discussion on Food and Beverage Management Services for all of MERC facilities. The results were approved by the MERC Commission directing staff to solicit responses for such services under an RFP (Request for Proposals) for the Civic Stadium and Expo Center. The MERC Commission approved extending the Fine Host contract at the Oregon Convention Center and requesting Metro to approve a single source exemption from the bidding process to add the PCPA facilities to the Fine Host Contract. Metro subsequently approved this request and staff has now negotiated a contract with Fine Host to include both the extension and the addition of PCPA.

Fiscal Impact: The negotiated contract will improve the income to PCPA by a minimum of \$10,000 from the past contract and will lower the income levels at the Oregon Convention Center primarily due to an add-on of excise tax and change in management fees. Changes will be about \$150,000-\$175,000 lower the first two years. There will also be a capital investment program in the form of a loan of some \$350,000 for PCPA. This will be paid back through the operation as an expense.

Discussion: Extensive public discussion and approval at both MERC and Metro Council meetings.

Recommendation: Staff recommends that the Metropolitan Exposition Recreation Commission approve Attachment A (enclosed) which extends the Fine Host Management Agreement with the Oregon Convention Center and addends the agreement by adding the Portland Center for the Portland Arts Facilities Concessions Management Services.

ATTACHMENT A

Extension of the Agreement for the Oregon Convention Center contains the following changes to the original Fine Host Agreement, dated September 27, 1989.

- A. All references to the Memorial Coliseum are deleted from this Agreement.
- B. All references to the Civic Stadium are deleted from this Agreement.
- C. All provisions of this Agreement and the changes affect only the Oregon Convention Center and the Portland Center for the Performing Arts with Memorial Coliseum and Civic Stadium deleted by this reference.
- D. Term of this extension is for four (4) years, commencing July 1, 1995 and ending June 30, 1999.
- E. New Definition: "Net Gross Receipts" shall mean food and beverage gross receipts after any applicable Metro Excise Tax has been deducted. Metro Excise Taxes shall not otherwise be claimed as an allowable expense.
- F. Six percent (6%) contract reserve shall be reduced to five percent (5%) for the extension of the OCC Agreement and for the Addendum of the PCPA.

1. Extension for the Oregon Convention Center

a) Allowable expenses in addition to those currently in effect at OCC.

- liability insurance for specific facility unit
- legal and accounting associated with the operations excluding labor/union issues.
- travel/entertainment/promotional
- 50% moving expenses for management staff
- payroll and benefits
- bonuses

b) Expenses not to be deducted

- performance bond
- legal costs for union disputes or employees

- out of town corporate costs
 - training except for normal everyday training of local staff
 - 50% moving expenses for management
 - any corporate expenses not associated with local unit management
- c) Other expenses not defined will be discussed by both entities, but MERC has final approval on determinations of allowable expenses outside those listed above.
- d) All contract reserves (five percent, 5% of net gross receipts) will be used for operational purpose as outlined in this Agreement. Any unused or remaining funds from the contract reserve account will remain with the Oregon Convention Center as revenue annually.
- e) Compensation to Fine Host for supplying Management Services for the Food and Beverage operation at the Oregon Convention Center will be as follows:
- Two and a half percent (2 1/2%) of Net Gross Receipts
 - Ten percent (10%) of Net profit available as a management fee
- f) All operating costs for the Oregon Convention Center will not exceed five percent (5%) of gross sales. Any costs exceeding this five percent (5%) cap for operational items will be the responsibility of Fine Host and will not be claimed as an allowable expense. Operational costs are defined to include all on-site costs other than labor and product costs. If operational costs which are outside of MERC or Fine Host control exceed the five percent cap, then these additional costs shall be included and will be expensed even if they exceed the five percent (5%) cap.
- g) All other provisions of the original Agreement remain in effect through the term of this extension.

2. Addendum for the Portland Center for the Performing Arts (PCPA)

Fine Host will manage the Food and Beverage operation for PCPA events on a Management Fee basis as follows:

- a) Contract to be an addendum to current Fine Host Agreement with the Oregon Convention Center and will run concurrently with the OCC extension which expires June 30, 1999 with no extension provisions.
- b) Management at PCPA shall be established as determined by MERC, and are currently established as in the organizational chart with fees, charges and labor as estimated in the attached (Exhibits 1, 2 & 3).

- c) Fine Host will commit \$350,000 as a loan, at 9% interest, to PCPA facilities for improvements to the Food and Beverage operation at PCPA. ~~Repayment~~ ~~Replacement~~ to be taken out of the operation as an expense to be amortized over a six (6) year term. Any remaining balance will be repaid through a buy out if the Fine Host contract is terminated or is not selected as the contractor for the period following June 30, 1999.
- d) Fine Host will not receive any administrative fee for its management services at PCPA until MERC receives \$130,000 of net profit for concessions services. Fine Host will receive fifteen percent (15%) of net profits generated over the \$130,000 threshold amount. PCPA will receive eighty-five percent (85%) of net profit over the \$130,000 in addition to one hundred percent (100%) of net profits up to the \$130,000 threshold amount.
- e) Allowable expenses are as follows:
- liability insurance for specific unit
 - legal and accounting associated with the operation excluding labor/union issues
 - travel/entertainment/promotion
 - 50% moving expenses for management
 - start up costs for the first year of \$15,000
 - payroll and benefits
 - repayment of loan
 - operating expenses such as laundry, paper supplies, cleaning, etc.
 - other support. - General Manager/Office Manager costs allocated
 - bonuses
- f) Expenses not to be deducted
- performance bond
 - legal costs for union/employee disputes
 - out of town corporate costs
 - training, except for normal everyday training of local staff
 - 50% of moving expenses for management
 - any corporate expenses not associated with local unit management
- g) Contract reserve will be five percent (5%) to be used for operational purposes as determined by PCPA and Fine Host management. The unused or remaining funds in the contract reserve account shall be utilized as net profit proceeds and split accordingly.
- h) The exclusive rights granted under the Addendum shall not be construed so as to

prevent or prohibit MERC to continue existing PCPA features and client programs as follows:

1. **ASCH - Heathman Mezzanine Linkage:** The passage door between the Concert Hall and Heathman Hotel shall be recognized as an existing feature; it shall be allowed to be open in conjunction with performances by the Oregon Symphony Orchestra consistent with past practice. OSO patrons shall be allowed to pass into the Heathman Mezzanine for refreshments as negotiated and agreed by PCPA and OSO.
 2. **Winningstad Theatre Snack Program:** The major resident company of the Winningstad Theatre, Tygress Heart Shakespeare Company (THSCo) has requested and negotiated with PCPA for a custom program for concessions services to its audiences. This program shall be recognized as an existing element of audience service which shall be continued so long as it is agreed by THSCo and PCPA.
 3. **Intermediate Theatre Program:** The major resident company of the Intermediate Theatre, Portland Center Stage (PCS), has requested test programs for increased concessions service to its audience on the third and fourth levels of the New Theatre Building. If so requested by PCPA, Fine Host will participate in the design and evaluation of experimental programs, and will agree to long-term implementation of those services which are agreed to by PCS and PCPA.
 4. **Open Catering:** MERC has adopted a non-exclusive catering program in PCPA facilities, which shall be continued for the term of this Addendum. As a consequence of its position as concessionaire for PCPA facilities, Fine Host shall be recognized as an approved caterer, and added to the listing of authorized providers distributed to users of the facilities. The financial terms for Fine Host catering activity shall be the same as the contractual provisions ~~for concessions services at PCPA facilities~~ **for other approved full service caterers providing services at PCPA facilities.** Fine Host shall cooperate with outside caterers as they perform services for clients of the facilities, as approved by PCPA.
- i) All other provisions of the original Agreement remain in effect through the term of this Addendum. PCPA Addendum is part of this Agreement by reference as if said Addendum was part of the original Agreement.

Labor Transfers from OCC to PCPA**Fixed Transfer:**

General Manager	\$10,000.00	\$192.00 per week
Office Manager	\$ 8,000.00	\$154.00 per week

Event Basis:

Catering Kitchen Support
will be documented and transferred on an event basis

Sales Manager 2 will be transferred based on functions booked
commissions and base to be by unit

PCPA Labor:

Operations Manager	\$38,000.00
Restaurant Supervisor	Hourly \$12.00
Event Supervisors	Hourly \$10.50
Accounting Clerk	Hourly \$ 8.00
Waitstaff	Hourly \$ 6.50
Runners	Hourly \$ 6.50
Concession Workers	Hourly \$ 7.75/\$8.50
Bartenders	Hourly \$ 7.75

General Expenses - OCC:

Liability	\$38,000.00
Legal/Accounting	\$ 5,000.00
Miscellaneous Support	\$ 3,800.00
Travel/Entertainment	\$ 3,000.00
Bonus GM	\$13,600.00
Bonus Managers	\$ 6,000.00
Casualty Bond	<u>\$ 3,750.00</u>
Subtotal	\$73,150.00

Other Operating \$171,359.00
(laundry, paper supplies, payroll, cleaning)

Total General Expenses \$244,509.00

General Expenses - PCPA:

Liability Insurance	\$ 6,000.00
Legal/Accounting	\$ 725.00
Miscellaneous Support	\$ 900.00
Travel/Entertainment	\$ 700.00
Bonus GM	\$ 2,000.00
Bonus Managers	\$ 1,000.00
Casualty Bond	<u>\$</u>

Subtotal \$11,325.00

Other Operating \$12,675.00

Total General Expenses \$24,000.00

General Manager

OCC

PCPA

Executive Chef

Sales Manager 2

Sales Manager

Cnc/Personel Manager

Banquet Mgr.

Office Manager

PCPA Oper. Mgr

Sous Chef

Conc Workers

Runners

Waitstaff

Bartenders

Runners

Accounting Clerk

Rest. Supervisor

Event Supervisor

Accounting Clerk

Line Cooks

Hot/Cold Prep

Dishroom

Waitstaff

Runners

Conc Workers

Bartenders

Runners