

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION NO. 95-22

Approving the selection of Fine Host Corporation/S. Brooks and Associates, Joint Venture as the exclusive contractor to provide catering and concessions management services for the Civic Stadium and Portland Metropolitan Exposition Center commencing July 1, 1995 and ending June 30, 1999.

The Metropolitan Exposition-Recreation Commission finds:

1. That professional management services are needed at the Civic Stadium and the Expo Center to provide necessary catering and concession functions for these facilities' operations.

2. That such services cannot be provided by in-house staff and the Commission solicited responses for these services through an approved Request for Proposal process.


3. That the Metropolitan Exposition-Recreation Commission has the authority to contract such services in the best interest of the facilities managed by the Commission.

4. That a selection process provided a contractor who met all of the qualifications of the RFP and was recommended to the Commission by the Food and Beverage Committee as requested by the Metropolitan Exposition-Recreation Commission.

BE IT THEREFORE RESOLVED, that the Metropolitan Exposition-Recreation Commission approve the Committee's recommendation and select the Fine host Corporation/S. Brooks and Associates, Joint Venture as the contractor to provide exclusive catering and concessions management services for the Civic Stadium and the Portland Metropolitan Exposition Center; and authorize the MERC General Manager to negotiate and execute an agreement to provide such services.

Passed by the Commission on May 10, 1995.

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



By: Mark B. Williams
Sr. Assistant Counsel



Chairman



Secretary-Treasurer

MERC STAFF REPORT

Agenda Item: Approval of Fine Host Inc./S. Brooks and Associates, Joint Venture, as the selected contractor to provide exclusive concessions/catering and food/beverage management services for the Portland Metropolitan Exposition Center and Civic Stadium.

Resolution No.: 95-22

Date: May 10, 1995

Presented By: Chris Bailey
Jeff Blosser
Candy Cavanagh

Background Analysis: MERC Commission authorized staff to solicit responses to the Request for Proposals to provide professional management services to operate the Catering and Concession business on an exclusive basis at the Civic Stadium and the Expo Center. Staff advertised and sent out proposals to over forty companies. A pre-bid meeting was held to discuss issues pertaining to the requested responses (minutes attached) and tours of the facilities were given by appropriate staff. Three (3) bids were received as responses to the RFP request and these were reviewed by the MERC Food and Beverage Committee staff and two major users of the Stadium and Expo. The Committee consisted of MERC Commissioners Mitzi Scott, Bernie Foster and Ben Middleton. Staff representation: Chris Bailey, Jeff Blosser, Candy Cavanagh, and Norm Kraft. The two major facility clients were Jack Cain, Portland Rockies and Michael O'Loughlin of O'Loughlin Enterprises, a trade show producer. This group reviewed all proposals; interviewed the three companies; evaluated the proposals and made their recommendations to the three MERC Food and Beverage Commissioners in a public meeting on May 2, 1995. The recommendation has been forwarded to the MERC Commission for approval.

Staff also reviewed, interviewed and rated the three submitted proposals as well as provided reference checks on Fine Host/SBA, JV and Service America. The staff scoring reflected a unanimous selection of Fine Host/SBA, JV as the selected vendor in a very closely contended process. All staff rated Fine Host/SBA, JV, 1st; Service America as 2nd and G. Boss, Inc. as 3rd. Staff did have the following comments pursuant to this discussion and these comments were expressed to the Committee as outlined below.

- a) Staffing proposed by Fine Host/SBA, JV was very acceptable to Stadium and Expo with virtually no transition issues except replacement of equipment at Expo. Both Fine Host/SBA, JV and Service America regarded the transition at each facility as not a problem.
- b) Jeff Blosser expressed some concern that David Sloma would be spread

"too thin" in this new operation as General Manager of OCC and Regional Manager of all other MERC facilities and the Oregon Aquarium. Also, he expressed to Fine Host/SBA, JV the need to add staff to the operation if business warrants these additions. The OCC Director wanted assurances from Fine Host that adequate management would be maintained at OCC if this response was selected by MERC.

- c) Marketing was a definite strength of the Service America proposal. Service America had very strong promotional packaging skills and all staff were impressed with this part of their proposal. Fine Host/SBA, JV was somewhat weaker in this area and G. Boss marketing proposal was not specific or detailed. Jeff Blosser also discussed the issue of competitiveness by having two national companies operating MERC facilities for four years and how that could be very beneficial to MERC in the long run. Blosser also felt the two national companies would provide a good bidding arrangement for all MERC facilities' food services management in four years as well as providing excellent service to MERC.
- d) Fine Host answered the First Opportunity portions of the presentation by joint venturing with S. Brooks and Associates. The joint venture proposal covered all aspects of MERC's needs the best due to the Fine Host/S. Brooks and Associates partnership. Service America was a close second in their presentation and ability to lock in contracts and outreach efforts. G. Boss talked only about employment percentages and had no detail related to First Opportunity efforts.
- e) Financially, Fine Host/SBA, JV returns were the most favorable to MERC with Service America's coming in second and G. Boss, third (detail attached).

Recommendation: The Committee recommended Fine Host/SBA, JV by a 2/1 vote with Service America receiving the other vote. Staff recommended Fine Host with a few cautions and questions. The two users selected Fine Host/SBA, JV (Jack Cain) and G. Boss, Inc. (Michael O'Loughlin) in their comments and responses to the proposal and interviews. With this in mind, the Committee recommends Fine Host/SBA, JV as the preferred contractor to provide Catering and Concessions Services for the Civic Stadium and the Expo Center; and further recommends the MERC Commission approve the MERC Food and Beverage Committee recommendation and instruct the MERC General Manager to negotiate and execute a contract for such services.

**MERC CONCESSIONS/CATERING MANAGEMENT RFP
FOR CIVIC STADIUM AND EXPO - PRE-PROPOSAL CONFERENCE**

Tuesday, March 7, 1995, 10:00 am
Portland Metropolitan Exposition Center - Conference Room

Those in Attendance:

Michael Nelson, Ogden Services	Jeffrey A. Blosser, Director Oregon Convention Center
John Lamkin, Ogden Entertainment	
Louis Sinos, Swanson Corporation	
Phillip Auron, Auron Concessions Inc.	Chris Bailey, Manager Expo Center
Roger Hoen, Ogden Services	
Gregg Johnson, Volume Services	
Wayne Tolleson, Volume Services	Candy Cavanagh, Manager Civic Stadium
Bert Paley, Service America	
Michael Juszczak, Sportservice	
Ben Hilberg, Food Management Corp.	Norm Kraft, Accountant MERC
Garry Lawrence, McCormick & Schmick	
Dan LaFlamme, New Generation	
Nove Meyers, Cascade Concessions	
Barbara Spencer, Cascade Concessions	
Josie Hata, J.T. Hata Corp.	
Glen Boss, G. Boss Inc.	
David Sloma, Fine Host Corp.	
Paul Frasceila, Fine Host Corp.	
Kathleen Ewing, Tiffany Food Service	
Kent Hunter, Tiffany Food Service	
Greg Flakus, Winning Ticket Strategy	

Blosser opened the meeting at 10am outlining the purpose of the conference. He asked that all RFP questions be asked in the actual conference to ensure all proposers receive the same information within the minutes. Blosser also noted the following points:

- All present please sign in so that conference minutes can be mailed to you.
- Effective this date, please do not solicit or lobby MERC Commissioners or Metro Councilpersons.
- Submit completed RFP; \$50,000 proposal bond to accompany proposal; submit 12 copies of proposal by 5pm on April 7; after pre-proposal conference, any RFP questions are to be submitted in writing by March 15, those received after the 15th will be returned unanswered.

- All proposals become the property of the Commission and are subject to public records law. If you have financial material that needs to be kept confidential, please submit with proposal separately bound and clearly marked confidential.
- MERC takes the First Opportunity/WBE/MBE RFP requirements very seriously and includes those issues in the selection criteria.
- MERC Review Committee will use criteria sheet to short list the proposals received to three or four proposals based on responses. Interviews will be held with the short list vendors. The Selection Committee will be the four staff present, major clients from Expo and Stadium, possibly a public citizen involved in food or hospital area and three MERC Commissioners.
- MERC's intent is to have one exclusive contractor for catering/concessions at Expo and the Stadium. The \$550,000 investment is for both facilities. Four year contract with one two-year option. Amortization of investment is paid back over the life of the contract.

C. Bailey, Expo Center Manager, briefly outlined the history and event mix of the Expo Center and layout of facility. Reviewed the food and beverage areas.

C. Cavanagh, Stadium Manager, also outlined the history, event mix and layout of facility. Reviewed projected figures for new Portland Rockies Baseball Club. Pointed out that Stadium has an on-going contractual arrangement with a local promoter to bring concerts to the Stadium. Budgeted for 3 concerts.

Question: Will the investment be done in accordance with the City of Portland Purchasing or be done as an independent contractor?

Answer: We will probably leave that up to the contract, as you can probably get better on that than we can. The investment basically is just the \$550,000 and I know that we have done this in the past and we have left it up to the vendor to hopefully use its ability, for national purchases or volume purchases, to buy at a better price probably than we could.

Question: The \$550,000 is an estimate by who?

Answer: Estimate by staff.

Question: And it basically pays for equipment/upgrades?

Answer: We are replacing equipment at Expo and also some improvements at both Stadium and Expo. I think you will find in the proposal that there is a transition plan - \$550,000 is what we are requiring, it may take more than that, but at least that is what we are requesting in the transition planning process. We would like the vendors to take a look at both of the facilities and make some recommendations to us and see what they think that \$550,000 needs to be spent on and if there is an additional amount that needs to be spent over the course of the contract. There is a reserve amount put in here on the management fee basis for additional improvements throughout the 4 years of the contract.

Question: You just said the depreciation is six year?

Answer: Yes

Question: On page B-17, it says simple straight line depreciation shall be used, with a five-year life assumed for....., is that a misprint?

Answer: I would think that what we want is six, is it not?

N. Kraft: Some of the language is a factor that came out of the last contract language that depreciation on assets that are above and beyond the \$550,000. Because that relates to the amortization picture where depreciation is different - we are talking about two different capital items. It's all cash; it's all capital,

Question: What you are saying is the initial \$550,000, it will be 6 years. If we decide it should go to \$750,000, the other \$200,000 will be five years. Is that correct?

Answer: Yes

Question: When is the decision going to be made whether MERC is going to keep operating the Stadium and the Performing Arts?

Answer: The consolidation effort is getting under way very shortly. I think the anticipation there is that we will have operation of both of those facilities for at least 2-3 years at this point. We are looking more at five years at probably the outset for the Stadium for sure. We probably, depending on how we want to structure the contract, if the government decides for us to change our business, then there is obviously an out to any contractual process and any investment at that point would then be whatever the unamortized value to be given back to that contractor. We

don't anticipate any significant changes in a short period of time, but that is not to say that the powers to be can't make that determination. The consolidation effort for Expo and the Stadium, the Stadium getting started sooner than Expo, but Expo starts July 1, for Metro, our parent government agency to take over the management fully, either ownership and/or some long term arrangements for Expo. So basically, we are a management entity at this point, for those that are not owned by Metro. The only facility owned by Metro is OCC. My guess, Glen, is that it is five years probably, PCPA is not part of this contract so that it doesn't have any bearing on anything. The Stadium folks are looking at plans and financing for at least five years. Government works very slow so I would imagine that it would take that long.

Question: But you must make a decision on Expo this year?

Answer: Right, but I still think that based upon the proposal you would have to make the assumption that we would these in the proposal I think, and if decisions are made by the government then that is really something else out of our purview and obviously we would adjust the contract based on that and whatever the investment would be. My guess is that you are still looking at 3-5 years for sure.

C. Cavanagh: I have some follow-up information that might be helpful. The first process which we are now embarked upon is what we are calling our consolidation process, as Jeff brought up, and the two facilities that are being focused in upon are the Stadium and PCPA because they are managed by our Commission but still owned by the City. That occurred in the first phase of that consolidation and now the second phase is going to bring that to a conclusion where the assets will actually be owed by whatever governmental agency is asked to operate the facilities. Once that procedure takes place then from the results of that recommendation, a Stadium Task Force is planned to be formed, which will then begin looking at the Stadium asking those very broad based questions that most communities ask when they have an older facility: a) do we want a facility such as a municipal outdoor stadium in our community, b) if so, are we going to renovate the facility that we have or are we going to build a new one, if we are going to build a new one, where will it be located, what will the design look like, what purposes will it serve. All those types of questions. When we sat down and really calculated out how quickly that whole process could roll through the governmental agencies that would need to be involved, we are estimating that it will be a minimum of five years before any critical decision is made and implemented as far as a new Stadium or a renovated Stadium.

Question: You had mentioned a little earlier in addressing the question of depreciation that there would actually be an investment above and beyond the \$550,000. I just wanted make sure that I am clear on this because on the top of page B-7 it says that the list shall total no more than \$550,000, so I just want to be sure I am clear on this

- is it \$550,000 or is it \$550,000 plus whatever you think is necessary?

Answer: \$550,000 is the limit on this proposal. As we go through, we have an investment process in our contracts for future capital if necessary, or things like that, that may make the operation more successful, net number is better, things like that, inside here. Most of that has to do with the operating aspect. If there is in fact, what we are asking is, tell us how the operation in this transition can be run the best. If that means that \$750,000 needs to be spent, maybe that means that we as MERC need to spend the other \$200,000 to make it happen the best it can. But based on your involvement, your involvement is the cap of \$550,000.

Question: Mention was made a few minutes ago about the fact that it is your desire to have all the equipment in the Expo Center replaced. So I assume then that there is a buy-out of the concessionaire's equipment?

Answer: We estimated it based on a cost for that on the \$550,000. If, in fact, a buy-out provision can be put together then that is obviously an option at a lesser cost.

Question: If that is the case then, can we be provided with information relative to the value of the equipment?

Answer: You have an inventory list, I don't know if we know the value right now. MERC itself, has not assigned an appraiser to come in and do a piece by piece walk through.

Question: Would the Expo concessionaire be willing to provide us with a number?

Answer (G. Boss): Not at present.

Discussion: I have a problem with that because it gives him, what I would consider to be an unfair advantage in the process.

Boss: Being a competent concessionaire you should be able to see the equipment and you have a list of all the equipment in the facility, you should be able to put a figure on that. You probably should also know what you need before you walk into the door.

Well I appreciate your veiled shot.

Question: I think the bottom line of this is - is the present concessionaire going to be expected to come up with \$550,000 just like we are, that is the bottom line?

Answer: Well I think the issue there would be the improvements and if staff is saying that the maximum amount is \$550,000, what we would take a look at is the expenditure. To answer Paul's question, MERC will do an independent appraisal and hand those out prior to your submission of proposals, hopefully. I think we can get that done in the next few days and get them out before the 15th which is going to be short notice if you have any questions on that. Maybe we will exempt that 15th date deadline on that itself, it will take us some time to put that together.

Question: Same thing down at the Stadium?

Answer: We have a value for the Stadium all ready, I believe, because all that equipment is ours. All the equipment at the Stadium is ours to begin with, so there is no buy-out provision there, the buy-out provision would be MERC back to the vendor. It is already all of our equipment, so in terms of that I don't think that is an issue. This one we may need to do an independent appraisal and get that value ourselves if that is the case.

Question: I am just curious, is there an answer to Mr. Lansing's question, which is what I was getting to.

Answer: And I was talking, so I didn't hear it, what did you ask John?

Question: What the bottom line of the whole thing Jeffrey is, we are going to be expected to come up with \$550,000, is the present contractor at the Expo Center going to have to come up with \$550,000 as well or does the equipment he has at Expo, which he can value at any amount, - do you see what I am getting at? We have to come up with \$550,000, what about the present contractor?

Answer: I think the intent there is to spend the \$550,000 and to get that between the two facilities. It may, the fact that the present vendor gets it, that may be spent at the Stadium. So it does not really specify the exact location of the \$550,000 and so we may need to say, ok since the present vendor is here, we may want 100,000 spent at the Expo Center and what we need for money to be spent.

Question: So in the proforma you expect to see, it should be filled in there shouldn't it?

Answer: The \$550,000 needs to be amortized, yes.

Question: Seems like you leave the equipment in place to run the operation where ever it comes from, and if the current concessionaire what, is he to go out and sell all his equipment so he can buy new equipment for this, I mean that would be the

intent of what he just got done saying. No matter who it is that have to extend this amount of money regardless of whether this equipment is on site, I am a little confused on this.

Answer: Well that is not necessarily true. We may or may not need the vendor to spend it here if it is the current vendor or a selected one. But we may need him to spend it at the Stadium. Since both operations are in the management purvey of the selected vendor, what we are saying is we feel that as a staff, that \$550,000 needs to be spent at both facilities. As a maximum. It probably needs to be more but the maximum for this contract we are saying \$550,000. If, in fact, the current vendor is selected, like I said before, we may require the current vendor to spend \$150-\$200,000 here to upgrade certain things, and then spend \$300-\$350,000 at the Stadium depending on that mix.

Question: If there is equipment here at Expo already that is owned by the vendor, what will become of that, seems it puts him at a disadvantaged.

Answer (G. Boss): I still own the equipment that is here, in spite of the \$550,000, I still own everything that is here.

Question: Ok, but if I come in and I don't have any equipment here at all, I know that the \$550,000 is coming back to me, if this guy comes in, he is going to have to put in \$550,000 plus the equipment that he already owns.

G. Boss: I will still own the equipment.

I understand that you own it, but you still have to use it no matter what.

Answer: The intent is to spend the \$550,000 to improve the facilities. That is what the proposal says that is what our intent would be. Again, staff has not determined exactly what that means between the two facilities. What we are saying is we estimate that the two facilities need that kind of investment and the maximum amount for this contract is \$550,000.

Question: But that doesn't count the equipment that is here at Expo?

Answer: Well we already had equipment at the Stadium too, that doesn't mean that we won't have additions to that equipment at the Stadium whether its portables, fencing or some other areas we feel that are necessary for the improvement of that operation.

Question: Who currently is in charge of booking events other than baseball in the

Stadium? And second of all, would you entertain, within the proposal, that would assist in getting more events in the Stadium during the summer other than what is currently scheduled?

Answer (C. Cavanagh): As each of you ask questions would you please identify yourselves. The first part of your question is that as the Stadium Manager, I also do the booking of the events, we have a very small staff and we actually do not have on-site sales and marketing individual. With the exception of our exclusive contract with our concert promoter who, by contract has the exclusive rights to book concerts and entertainment activities into the facility. So that is the first part of your questions. If you noticed in the RFP, it does talk about marketing and I don't think there would be any problem with us expanding that marketing to include ideas you might have for securing additional summer business for Civic Stadium. We would like to see it as busy as possible.

Question: How long is the contract currently with the concert promoter?

Answer: It was initiated last year, actually it is an annual contract, so it was a one year contract last year with 2 one-year options by mutual agreement. We went ahead and renewed it for the summer coming up and then it would have one more option year by mutual agreement next year.

Question (G. Boss): Is the Rose Garden going to have an amphitheater?

Answer (C. Cavanagh): I couldn't answer that for you, I know that there has been talk of the OAC seeking out land and looking to put one up.

Question (Bert Paley, Service America): You own the equipment at the Stadium, therefore we are all in the same boat - but you don't own the equipment at Expo so if one of the criteria selecting the concessionaire is the \$550,000 - the current concessionaire has his equipment plus \$550,000, where as the other concessionaire, in order to make that quote on the evaluation scale, would have to put in more than \$550,000 if that equipment were to remain there and not be a part of the value - it would put everybody at a disadvantage. No matter where you put the money, it is one-upmanship in this building.

Answer: Well I guess I would liken that to any contract, new contractor taking over business that somebody else already owns. This is not a facility that has ownership of all its equipment. I am sure that there are other facilities where contractors have taken over that have had the same kinds of issues. Our proposal is going to be based upon the \$550,000 expenditure and seeing how you will spend that money in terms of what you think the operation needs. Part of that may be the buy-out, but that is

the determination that this staff will make. I think that to make it apples to apples is we want to see what the \$550,000 means in terms of how you want to run the two facilities. We can't do anything about the situation with the current owner at this point. It is a point that everyone has to deal with and while I understand that there may be some disadvantage there, or at least a perceived disadvantage, we don't have any other way around it, in fact, if we are going to change ownership of Expo in terms of how it is being managed from a food and beverage standpoint. We as a staff feel that we need \$550,000 investment for both facilities, that determination again, will be made in consultation with the selected vendor, for where and how that \$550,000 will be spent.

Question (Roger Hoen, Ogden): Were there some instances of an outside concessionaire for concerts at the Stadium?

Answer (C. Cavanagh): The only incident we had during our first concert, I walked down there and there was a young woman doing some crew backstage catering out of the back of a station wagon, as soon as I talked to the site manager about it, she was gone and never has come back to cater.

Question: The language in the contract makes reference to exclusive except for as designated by MERC. Are you talking about only religious kinds of things or open catering?

Answer: The intent is for specific menu items based on that kind of a need. Religious or what not. I think that what MERC has done in the past it allows certain menu items, because of dietary needs for some groups, whether it is dietary, religious or what. But those are very few and far between. You can ask Fine Host, they are here, how we have handled that over the last four or five years. And I think they will answer that question, that we have been very good about the exclusivity nature of providing that service. We do have the Promise Keepers or some groups like that may be at the Stadium, or religious groups that may come to Expo that may have special dietary needs and there may be some certain circumstances that require us to talk to you about that. Maybe we need kosher food or something along those lines that may be a requirement of us booking a piece of business. The intent is that the exclusivity of the catering and concessions be of a sole vendor.

Candy Cavanagh: Another circumstance that could be bringing in some sort of outside catering and I will use a specific example. We do an exhibition football game late in the year and one of the sponsors of that event is NW Natural Gas and they like to bring in about, I think it runs a couple hundred people, and they put a tent up and NW Natural Gas wants to bring in gas barbecues and have some of their VIPs flip hamburgers for other VIPs and in that case we have gone to the concessionaire and

asked them if they have a problem with that allowing the client to do that and for the sake of the sponsorship and to-date we have had cooperation with our existing concessionaire. So we have allowed, on a very small scale, some of that to go on. For the most part we say no that we have a sole source caterer/concessionaire but when it is vital/important to an event sponsorship then we let them.

J. Blosser: At the OCC we have a restaurant show where they give away a lot of food, but that is the business they are in. You may have the same scenario at Expo, Boyd's Coffee coming in doing something like that. We try to steer away from those but for the most part it is either negotiate a buy-out with the client or deal with the concessionaire and deal with it.

Question (G. Flakus): In the contract on page B-12 where you are talking about the 5% reserve, would you go over that a bit more thoroughly and does that apply with the terms given to either Fine Host or the last caterer or is this a new clause?

Answer: It is not in the current contract with Expo but it is in the current contract with the Stadium and the Convention Center. Actually the reserve was 6% of the current contract rather than 5%. The intent there is to set up a fund to make sure we have funds available for things that are there in paragraph b - utilities, marketing, and capital items on an ongoing basis for the operation. That is the intent.

Question (G. Flakus): So it would be 5% both for the Civic Stadium site and the Expo site or a combined 5%?

Answer: 5% at both facilities

Question (G. Flakus): 5% of the net at both?

Answer: At each

Question: So that 5% is appropriate at the Stadium and 5% is then appropriated at Expo?

Answer: The way that process works is any expenditures other than the utilities are currently between the manager on-site and the facility manager and anything that is not expended in that 5% drops to the bottoms line to be split.

Question: Annually?

Answer: Annually

N. Kraft: When you said net gross, I just wanted to know if that is net gross or net net.

J. Blosser: We have excise tax at Expo.

Question (Roger Hoen, Ogden): Does that work in the reverse as well? That if in fact, you find that each facility is not profitable that year that could be taken and put in the general fund?

Answer: I don't understand your question.

Question: In other words, you could use it for something else?

Answer: Well the current contract allowed that. What we are looking at here is basically that money is hopefully there to spend on the operation on an annual basis. IF there are funds left in that account, because no one had determined what needed to be spent, then it does go to the bottom line to be split.

Question (G. Boss): Page B-2 bottom, Excise Tax - is that tax going to be passed on to the customers - already in place at the Expo Center?

Answer: Tax on food is not already in place at the Expo Center. It will be with this contract. 7.5% excise tax will be added to our budget for both OCC and the Expo on food and beverage. The intent there would be to try to make it up whether or not we can directly pass it through in year one, I am not sure. It is a pretty big increase in prices, we are going through the same situation right now with the current vendor at the OCC on how to do that with the extension of that contract. I can't speak for Chris, but the obvious intent would be to pass the whole thing through. Whether or not you can increase prices in one year 7.5% plus whatever inflationary items might be there, I don't know. But that would be left up to the successful vendor, facility manager and Commission.

C. Cavanagh: We should make a note that pricing does have to go through the MERC Commission approval process, so it is not something that the vendor and the manager just do. And they are fairly price-sensitive.

G. Boss: The 7.5% is very marginal

J. Blosser: Yes it is, on the gross - we don't have sales tax here, so the 7% is an excise tax which goes straight off the top and then that is what Norm was talking about the net gross proceeds is then available for the rest of the contract to be applied to.

Question (Greg Flakus): The number of stands both at Expo and the Stadium, does the current concessionaire have the exclusive right to determine which stands will stay open and which will be closed, how does that work at both places?

Answer (C. Bailey): Speaking for the Expo, the current contractor has a very long and cooperative work history with the clients, there is a highly competitive booking nature here at the Expo - any new events they need to confer concessionaire to decide on number of stands open or closed.

C. Cavanagh: I pretty well have to duplicate what Chris says. We understand that if the crowd is not very large, we have to take a look at how many stands need to be open, what we try to do is work with the concessionaire to keep it cost-effective for both sides. Sometimes clients make demands on us to have stands open when maybe it is not cost-effective to do so, so we have actually gone in and asked concessionaire to work with clients' requests. I think for the most part we work in cooperation with concession and client on this issue.

Question (Mike Juszczak, Sportservice): What percentage of the business at the Expo is catering?

Answer (C. Bailey): I wish I had a clear answer for you, the current contract that was fashioned by Mult. Co., did not clearly establish the extension between foods, there are items that are, in my perspective would be more typically a concession item. Probably in the purest sense of catered event in terms of the event schedule, a lot of the plus or minus 65 contracts that may be issued out of Expo, there is probably one or two at the most that would be classified as catering. A small part of the operation.

Question: What is the rental structure at Expo and Stadium?

Answer (C. Bailey): Structure at the Expo is very straight forward, flat rental per space required, there currently is no relationship between box office gross or net square footage, it is simply a flat rental.

Question: I am talking about food and beverage.

Answer (C. Bailey): Oh, I am sorry, excuse me, Expo Center is 42% concessions and 20% catering. Stadium is a management fee, 14.5% of the net profit. If it is a loss that month then it is a negative management fee.

Question (Roger Hoen, Ogden): The trash removal to facility compactors is that like the concourses at the Stadium, the concessionaire takes the bags to a central garbage compactor?

Answer (C. Cavanagh): Usually in the past, it actually has Stadium staff take it. There is a chute and it goes down in the lower part of the building. However we do ask the concessionaire to bag it up and put it out on the concourse. And I would have to defer to our current contractor to know exactly who takes the responsibility for that. Just a matter of having it prepared for pickup and the actual Stadium staff removes it from the site.

Question: Is this intended to change that?

Answer: No

Question (Nove Meyers, Cascade): Currently at the Stadium there is a management fee, what events allow alcohol to be served?

Answer: Some concerts, depending on the concert.

Question (Nove Meyers, Cascade): Also, if there are questions or concerns about the contract, will the contract concerns be reviewed with the selected contractor and MERC - can the language be negotiated?

Answer: The negotiation of the contract will basically done with the selected vendor. If there are some real serious issues on this contract, then you need to note those in your proposal when you send it in. If you submit a proposal with the current contract and then try to renegotiate it after we have selected you, then yes we will have a problem with that. I think, in the interview process, if you have selected as one of the interviewees, that would probably be the perfect point to bring up the contract issues, in terms of things that are sticklers to making the deal, I wouldn't wait until you are already through the signing process. If there are some serious questions as to terms of the agreement, please bring those up in your proposal, if you like, definitely bring those up in the interview process, because the interview process is basically going through to make sure that if we can put a deal together, that is what we are asking. We are asking for operational/management questions, but we are also making sure that everything is okay with the deal.

Question: I understand that you want to do that, but in terms of legally, we are putting ourselves on the line for \$50,000 and if we refuse to enter a contract, am I misunderstanding that?

Answer: If you get all the way down to the point of we are ready to sign the contract and there is an issue, you submit a proposal and you are not selected, the money goes back to you.

Question: I submit a proposal, I am selected, but I don't like the way the contract is written, you are saying you can't renegotiate that is my bid bond subject to that.

Answer: That is correct

Question: If I don't review questions with the language of the contract, I want to bid, I put down in my bid that this is not acceptable in the performance of my bid unless we can negotiate.

Answer: That's fine

Question (Sean, Boss Inc.): I have a questions on page B-12, Calculation of Net Profits and it has to do with what items not considered direct operation costs, #1. If you are a large company, multi-divisional company you may have a corporate headquarters, if you are locally owned and operated you don't necessarily have a corporate headquarters. For a closely held small business that operates of the facility, is there a concept of corporate supervision or support services?

Answer: My guess would be that if that were the case, it would have to be a negotiated point. The point is that we want the direct operating costs to be exactly that even if the local vendor has other businesses someplace else, we want to make sure that the overhead and the corporate base or the management base is not directed toward the operation. So that ends up being, from the last contract we went through, correct me if I am wrong Norm, some haggling over the final, direct operating costs would be, there might be some that are disputed.

Question (Mike Juszczak, Sportservice): Getting back to the issue of catering and concessions, what is the breakdown between concessions and catering?

Answer: Well we do have a breakdown, if that is your question.

M. Juszczak: Yes it is.

C. Bailey: Are you in a position to respond to that, Glen?

G. Boss: I will try to clarify it a little bit. We do a small amount of catering, some for show management and a couple of parties, this facility does not have the accommodations for a real fancy party.

Question (G. Johnson, Volume Services): Of the current \$1.1 million in concessions last year what is the mix between concessions and catering, not 95/5 but the way you pay on it.

G. Boss: I pay rent for concessions at 42% on all the food stands, the deli, chinese food, pizza and catering for parties is 20%.

Question: How much of this \$1.1 million is pizza and deli, chinese food ,etc.?

Answer: I don't know that he has to necessarily answer that. I think.....

Question:a rough guess.

Answer (G. Boss): Approximately 85% of the catering amount is deli-type food.

Answer: I don't know that we can give out dollar amounts for this session, I think you have to take a look at the proposal itself based upon the amount of gross receipts to make the bid on it.

Question: I think why everyone is trying to ask the question regarding gross sales is to classify this paid rent. What dollar amount is 42% and what dollar amount is 20%.

Answer: I think the mix may change, I don't know that we will continue to have the same kind of mix.

Question: We understand that, but what we are asking for is the mix - how much do they pay you for the 20% how much do they pay you for the 42% - that is all we are asking.

Answer (N. Kraft): I didn't bring that information with me and honestly I had never really looked at the mix. Off the top of my head I would say probably, 20% is catering.

Question (Louis Sinos, Swanson Corp.): On page D-1 - Look at the 95-96, you will see \$100,000 under estimated proforma for Expo catering, that would be the current amount?

Answer (N. Kraft): That \$100,000 is a number I basically came up with assuming that the current mix of concessions and catering that would be changing with this new contract. That is just really a number, I really don't have any real hard figures to back it up.

Question (Louis Sinos, Swanson Corp): The liquor licenses, are those in the name of the concessionaire or in the name of the Commission?

Answer: In the name of the Commission.

Question (Nove Meyer, Cascade): To get back to the agreement at the Stadium, under the current lease and management, we have to come up with 14.5% of the net profits for insurance and the bond, B-11, current agreement net profit out of the 14.5 We also have to pay corporate insurance, the bond for this contract....

Answer (N. Kraft): Underneath the existing contract that is the case...

C. Cavanagh: Are you asking what it is currently?

Nove Meyer, Cascade: I am asking that based on the current percentage rate and what you are paying and based on this contract requirement, am I correct in the assumption that currently the current concessionaire receives 14.5% net profit that is the first line and then out of that 14.5% they also have to pay or would have to pay under this contract, the cost of getting the bond, and the cost of the insurance.

Answer: The cost of corporate insurance, in terms of the operating insurance, if you have liability insurance that has to do with the operation then that is something you can deduct.

Question: How about the bond?

Answer: The bond would not be considered a deductible item.

The bond expense would have to come out of the concessionaires 14.5% amount.

Question (G. Flakus): Page B-13 #12 Are the accounting procedures required by the contract currently in place at both facilities?

Answer (Norm Kraft): The accounting procedures mentioned in the RFP are in place at the Stadium but they are not in place at Expo because there is a separate contract at Expo. But the intent would be for those to be in place at both facilities for the contract in the RFP.

Question: The contract in the RFP, is it in place anywhere else within MERC?

Answer: Yes, with some modifications

Question (Mike Juszczak, Sportservice): Is there any subcontracting of the stands?

Answer: The intent there is that the Commission's view on minority and women-owned businesses and first opportunity is very stringent and please take that very seriously. How you structure your proposal in that area has weight on the final

selection criteria. You can do it any way you want to, the intent there would be to make sure that it is addressed in your proposal. We may have questions about, issues about it, I don't know about subcontracting specifically two points of sale that is not necessarily the intent of that. The intent is to make it as part of the operation of how you do business whether its subcontracting other services, your employee base, etc.

Question (Roger Hoen, Ogden): What is the union status in both facilities now?

Answer: Non-union at Expo and union at Stadium

Question: What is the situation with merchandise and novelty sales that come through?

Answer (C. Cavanagh): It depends on the event. The ball club holds the merchandising/novelty rights for its merchandise; for concerts, they are contracted and arranged for through the promoter.

J. Blosser: In other words, the food vendor does not participate in it.

Question (G. Boss): How high up the management line do you go for paying salaries for the management - I run the business, I also own the business, so since I am a working owner, would my salary be covered under this contract? and then I get a percent of the profit? or....

Answer: The normal process has been that the manager of the unit is paid as part of the operating costs. If there is a regional general manager, there is a portion of that cost paid up to certain amount that was negotiated last time. I think, in your case, maybe an individual administration issue. I think the intent is that the general manager of that unit is part of operating cost. If in fact there is an additional management layer on top of that, that is one that needs to be negotiated.

Stadium Tour will begin at 1:30pm - meet at Gate 13, 20th and Morrison. Meet out in the lobby in about 5 minutes for Expo Tour.

End of Meeting

From the Stadium Tour: There was discussion regarding the concern of capital investment and how it should be aimed at the Stadium due to our desire to keep any Stadium renovation non-seismic triggering the following information is provided to clarify that discussion.

Because of the Civic Stadium's age and new City codes, which require earthquake abatement measures on any significant renovation which may take place, staff suggests capital investment be focused on improvements which will not require any significant changes to the facility's physical structure. Improvements in the exterior plazas at the corners of SW 18th and 20th and Morrison are expected to expand concourse space and provide additional areas for food/beverage sales. A re-configuration of the Stadium's east bleacher area, along SW 18th Ave. could result in a combination of raised seating and flat decking, again expanding areas where additional food service points of sale could be added.

G. Boss Inc.

Fine Host
counter

Service America
Adjusted

DESCRIPTION	Consolidated	%	Consolidated	%	Consolidation	%
Concession Food	1,014,050.00	45.2%	1,014,050.00	45.2%	984,500.00	43.9%
Catering Food	100,000.00	4.5%	100,000.00	4.5%	179,000.00	8.0%
Non-Alcoholic Bev.	582,930.00	26.0%	582,930.00	26.0%	559,375.00	24.9%
Beer/wine/liquor	513,585.00	22.9%	513,585.00	22.9%	488,130.00	21.8%
Merchdse at Cost	940.00	0.0%	940.00	0.0%	0.00	0.0%
Sub Total	2,211,505.00		2,211,505.00		2,211,005.00	
Miscellaneous	12,000.00	0.5%	12,000.00	0.5%	10,000.00	0.4%
Labor Rebilled	1,500.00	0.1%	1,500.00	0.1%	1,500.00	0.1%
Gratuity Rebilled	17,500.00	0.8%	17,500.00	0.8%	20,000.00	0.9%
Total Other Revenue	31,000.00	1.4%	31,000.00	1.4%	31,500.00	1.4%
Gross Sales	2,242,505.00		2,242,505.00		2,242,505.00	
less excise tax	(99,562.88)		(99,562.88)		(99,562.88)	
Net Gross Sales	2,142,942.13		2,142,942.13		2,142,942.12	
Product Cost:						
Concession Food		0.0%	285,965.00	29.6%	228,161.00	23.2%
Catering Food		0.0%	27,171.00	29.4%	27,500.00	15.4%
Non-Alcohol Bev.		0.0%	93,576.00	16.3%	87,440.00	15.6%
Beer/Wine/Liquor		0.0%	87,995.00	17.4%	113,677.00	23.3%
Other		0.0%	0.00	0.0%	0.00	0.0%
Total Product Cost	465,018.00	21.7%	494,707.00	23.1%	456,778.00	21.3%
Labor:						
Direct Labor	304,297.00	14.2%	270,011.00	12.6%	321,441.00	15.0%
Gratuity Billed Out	0.00	0.0%	8,572.00	0.4%	0.00	0.0%
Salaried/Indirect	150,005.00	7.0%	128,577.00	6.0%	180,000.00	8.4%
Fringes	54,515.00	2.5%	51,431.00	2.4%	110,317.00	5.1%
Total Labor Costs	508,817.00	23.7%	458,591.00	21.4%	611,758.00	28.5%
Start-up Costs	50,000.00	2.3%	50,000.00	2.3%	50,000.00	2.3%
Operating Costs	94,867.00	4.4%	90,004.00	4.2%	42,859.00	2.0%
Amortization Costs	122,606.00	5.7%	123,521.00	5.8%	91,666.00	4.3%
Contract Reserve	107,147.00	5.0%	107,147.00	5.0%	107,147.00	5.0%
Admin.Fee(FH)	128,576.53	6.0%	53,573.55	2.5%	53,573.55	2.5%
Total Operating Exp.	503,196.53	23.5%	424,245.55	19.8%	345,245.55	16.1%
Total Expenses	1,477,031.53	68.9%	1,377,543.55	64.3%	1,413,781.55	66.0%
Profit Available	665,910.60	31.1%	765,398.57	35.7%	729,160.57	34.0%
Mngmt Fee	(93,227.48)	-4.4%	(76,539.86)	-3.6%	(72,916.06)	-3.3%
Return to MERC	572,683.11	26.7%	688,858.71	32.1%	656,244.51	29.3%
	management fee --		management fee --		management fee --	
gross sales --	0.06		0.025		0.025	
net profit --	0.14		0.10		0.10	
flat fee --	0.00		0.00		0.00	

METROPOLITAN EXPOSITION-RECREATION COMMISSION

FOOD AND BEVERAGE COMMITTEE

**Tuesday, May 2, 1995 - 10:00 am
Oregon Convention Center - King Board Room**

Committee Members Present: Mitzi Scott, MERC Commissioner; Bernie Foster, MERC Commission; Ben Middleton, MERC Commissioner; Jack Cain, Portland Rockies; Mike O'Loughlin; Jeffrey A. Blosser, OCC Director; Candy Cavanagh, Civic Stadium Manager; Chris Bailey, Expo Manager; and Norm Kraft, Concessions/Catering Compliance Officer.

Others Present: Jim Waki, MERC Staff; Carmen Torzon and Jan Besseling, Service America Corporation; Randy Ziegler, Paul Fracella, and Dennis Beaudoin, Fine Host Corporation; S. Perkins and Glen Boss, G. Boss Incorporated and Len Bergstein, Northwest Strategies.

Commissioner Scott opened the meeting by stating the three companies, who had responded to the Expo/Stadium Concessions/Catering Management RFP, had been interviewed. She noted the purpose of the meeting would be to formulate a recommendation of a selected contractor. Commissioner Scott asked each of the Commissioners on the Committee to present their findings and recommendation.

Commissioner Middleton applauded all three proposers on their presentations and proposals. He generally pointed out strengths and weaknesses of each proposer as they related to MERC's needs. Middleton stated Fine Host Corporation was his bias at this point.

Commissioner Foster also commended each proposer on their presentations. His concern was what was best for the Stadium and Expo in the next five years. His recommendation was to contract with Service America.

Commissioner Scott also thanked each proposer for their presentations. She generally reviewed strengths and weakness of each company and her conclusion was two-fold: 1) would like to see staff check references of each proposer and report findings to the MERC Commission and 2) her scoring sheets reflected a tie between Fine Host Corporation and Service America Inc.

Commissioner Scott asked the Expo and Stadium clients, who participated on the Committee, to voice their recommendations.

Jack Cain, Portland Rockies, stated his recommendation would be to contract with Fine Host.

Mike O'Loughlin, O'Loughlin Enterprises, who served on the Committee as a tenant of Expo as well as serving on the Expo Advisory Committee, recommended contracting with the current Expo contractor, G. Boss, Inc.

Commissioner Scott noted the Committee could take either of the following actions:

1. Make a recommendation to the full MERC Commission at its meeting on May 10, pending staff checking references of the companies; or
2. Submit the Committee's findings to the full MERC Commission on May 10 and seek a decision from the Commission.

Both Commissioner Foster and Middleton requested the Committee move forward with a recommendation to the Commission.

MOTION: (Middleton) I move we recommend that the MERC Commission enter into a contract with Fine Host Corporation/S. Brooks and Associates, Joint Venture, as proposed.

SECOND: Commissioner Scott

Commissioner Scott asked the proposers present if there were any comments. Glen Boss, G. Boss, Inc., suggested the Commission consider issuing one contract for Expo services and one contract for Stadium services.

VOTING: AYES: Commissioners Middleton and Scott
NAYS: Commissioner Foster

Commissioner Scott reiterated her interest in reviewing the reference checks. Staff was directed to check references and provide findings at the Commission meeting on May 10. Scott also invited the three proposers to attend the May 10 Commission Meeting.

As there was no further business to come before the Committee, the meeting was adjourned.