

**METROPOLITAN EXPOSITION-RECREATION COMMISSION**

**Resolution 01-48**

For the purpose of approving increases to the Oregon Convention Center Concession menu prices, effective January 1, 2002.

WHEREAS, the Oregon Convention Center has not increased its concession menu prices since January 2000; and

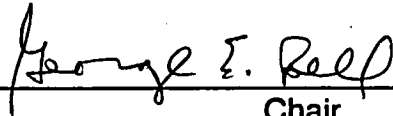
WHEREAS, costs for labor, food, beverages, deliveries and alcohol taxes have increased annually; and

WHEREAS, menu revisions will produce a reasonable profit, yet be market-sensitive to patrons who attend events at the Center; and

WHEREAS, OCC staff, as well as the OCC Advisory Committee, have reviewed the menu price increases with no objections to the increases.

**BE IT THEREFORE RESOLVED** that the Metropolitan Exposition Recreation Commission approves increases to the Oregon Convention Center Concession menu prices, attached as Exhibit A, effective January 1, 2002.

Passed by the Commission on November 28, 2001.

  
Chair

  
Secretary-Treasurer

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

By:   
Kathleen A. Pool, Sr. Assist. Counsel

## **MERC STAFF REPORT**

**Agenda Item/Issue:** Approval of increase to Concession Menu Prices for the Oregon Convention Center, effective January 1, 2002.

**Resolution 01-48**

**Date:** November 28, 2001

**Presented by:** Jeffrey A. Blosser,

**Background and Analysis:** In January 2000, OCC concession menu prices were increased to produce a reasonable profit, yet be market-sensitive to patrons attending events at the Center. OCC also experienced a major change by improving the food options available through major renovation of the concessions stands to food court-like operations. ARAMARK staff has outlined, per the attached documents, the justification for such increases in addition to the inflationary ones.

Since 2000, costs for labor, food, beverages, deliveries and alcohol taxes have increased annually, with inflation of about 2.5 – 3%. OCC staff, ARAMARK management and the OCC Advisory Committee have reviewed the proposed increases and are recommending the MERC Commission approve the recommended increases. These prices will be effective January 2002 through FY 02/03.

**Financial Impact:** These raises in prices will have a very positive impact on concession revenues with anticipated increase of 9%. This will have an immediate impact on the fiscal year and such increases are being projected into the 2002-03 budget.

**Recommendation:** Staff recommends that the Metropolitan Exposition-Recreation Commission approve Resolution No.2001-; and, direct staff to implement the increases to concessions menu prices at the Oregon Convention Center effective January 1, 2002

# Summary Increases

# Proposed Pricing

## Current Pricing September 2001

Total Price with 10% increase	Proposed Price Increase	Actual % Increase
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DRINKS					
Large Fountain Soda	\$3.25	\$3.58	\$3.50	7.7%	Market Increase...Low Cost Item, High Volume
Medium Fountain Soda	\$2.50	\$2.75	\$2.75	10.0%	Market Increase...Low Cost Item, High Volume
Small Fountain Soda	\$1.75	\$1.93	\$2.00	14.3%	Market Increase...Low Cost Item, High Volume
Can Soda	\$2.00	\$2.20	\$2.00	0.0%	Low Perceived Value ...Rarely sell as cash item (.25 cheaper than catering menu)
Bottled Soda (contour)	\$2.50	\$2.75	\$2.75	10.0%	Market Increase...Low Cost Item, High Volume
Juice - Large	\$2.25	\$2.48	\$2.50	11.1%	Market Increase...Low Cost Item, High Volume
Juice - Small					
Bottled Water Large	\$2.50	\$2.75	\$2.75	10.0%	Market Increase...Low Cost Item, High Volume
Bottled Water Small	\$2.25	\$2.48	\$2.50	11.1%	Market Increase...Low Cost Item, High Volume
Mineral Water	\$2.50	\$2.75	\$2.75	10.0%	
Coffee-Large	\$2.00	\$2.20	\$2.25	12.5%	Market Increase...Low Cost Item, High Volume
Coffee-Small	\$1.50	\$1.65	\$1.75	16.7%	Market Increase...Low Cost Item, High Volume
Milk	\$1.00	\$1.10	\$1.25	25.0%	Market Increase...
Domestic Beer	\$4.00	\$4.40	\$4.25	6.3%	Matches Catering Pricing
Imported Beer	\$4.50	\$4.95	\$4.75	5.6%	Matches Catering Pricing
Snacks					
Muffin	\$2.00	\$2.20	\$2.25	12.5%	Market Increase....Still Cheaper than STARBUCKS PASTRY, but not as high quality
Danish	\$2.00	\$2.20	\$2.25	12.5%	Market Increase....Still Cheaper than STARBUCKS PASTRY, but not as high quality
Fruit	\$1.00	\$1.10	\$1.50	50.0%	High waste for little profit, should increase margin
Bagel	\$2.00	\$2.20	\$2.25	12.5%	Market Increase....Still Cheaper than STARBUCKS PASTRY, but not as high quality
Cream Cheese					
Chips	\$0.75	\$0.83	\$1.00	33.3%	High Volume Item....Impulse buy where price shouldn't effect volume of purchases
Cookies	\$1.50	\$1.65	\$1.75	16.7%	High Volume Item....Impulse buy where price shouldn't effect volume of purchases
Yogurt	\$1.25	\$1.38	\$1.50	20.0%	High waste for little profit, should increase margin
Candy					
Ice cream / Frozen Yogurt	\$3.50	\$3.85	\$3.50	0.0%	Price varies for different sizes...Addition of size options, toppings will grow margins
Pretzel	\$1.75	\$1.93	\$1.75	0.0%	High margin exists already...Not sure if we need to raise without increasing perceived value
Cake/Pie					
Meal Items					
Deli Sandwich (a la carte)	\$5.00	\$5.50	\$5.50	10.0%	Now using a higher quality of sliced meats
Deli Sandwich Platter			\$6.75		
Garden Salad	\$3.50	\$3.85	\$3.75	7.1%	Better Profit Margin to cover waste of spoilable product
Caesar Salad	\$5.50	\$6.05	\$5.75	4.5%	Better Profit Margin to cover waste of spoilable product
Specialty Salad	\$5.75	\$6.33	\$6.00	4.3%	Better Profit Margin to cover waste of spoilable product
Hot Dog	\$3.00	\$3.30	\$3.25	8.3%	All-Beef - Kosher Dog
Sausage	\$3.50	\$3.85	\$3.75	7.1%	Market Increase
Hamburger			\$4.75		New 'A La Carte' choice
Hamburger Meal	\$5.50	\$6.05	\$6.00	9.1%	Market increase - 100% Angus Beef
Cheese Burger			\$5.00		New 'A La Carte' choice
Cheese Burger Meal	\$5.50	\$6.05	\$6.25	13.6%	Market increase - 100% Angus Beef
Chicken Sandwich			\$6.00		New 'A La Carte' choice
Chicken Sandwich Meal	\$6.50	\$7.15	\$6.75	3.8%	Raising price may effect volume due to perceived value

# Summary of Increases

# Proposed Pricing

<b>Current Pricing September 2001</b>		<b>Total Price with 10% increase</b>	<b>Proposed Price Increase</b>	<b>Actual % Increase</b>	
French Fries	\$1.75	\$1.93	\$2.00	14.3%	Market Increase
Soup large	\$2.50	\$2.75	\$2.75	10.0%	All soups made from scratch
Soup Small					
Wraps Vegie	\$4.75	\$5.23	\$5.00	5.3%	Pre-made item...Expedience makes up for margins by creating faster transactions
Wraps w/ meat	\$4.75	\$5.23	\$5.00	5.3%	Pre-made item...Expedience makes up for margins by creating faster transactions
Nacho	\$3.00	\$3.30	\$3.25	8.3%	Market increase...Will add options to create better value
Nacho Supreme	\$4.00	\$4.40	\$4.50	12.5%	Market increase...Will add options to create better value
Pizza - Cheese	\$2.50	\$2.75	\$2.75	10.0%	Market Increase.Fresh made sauces
Pizza - Specialty	\$3.50	\$3.85	\$3.75	7.1%	Market Increase.Fresh made sauces
Personal Pizza			\$5.00		New Item. Market Standard for "Captive Audience"
Carved Sandwiches					
Mexican Platter	\$5.25	\$5.78	\$5.75	9.5%	Market Increase
Italian Platter	\$5.25	\$5.78	\$5.75	9.5%	
Chinese Platter	\$5.25	\$5.78	\$5.75	9.5%	
<b>Specialty Coffee Bevs</b>					
12 oz Bev	\$2.50	\$2.75	\$2.50	0.0%	Already much higher than competition...Retail Starbucks are already considerably lower in price
16 oz Bev	\$3.00	\$3.30	\$3.00	0.0%	Already much higher than competition...Retail Starbucks are already considerably lower in price
20 oz Bev	\$3.50	\$3.85	\$3.50	0.0%	Already much higher than competition...Retail Starbucks are already considerably lower in price
Frappacino	\$3.00	\$3.30	\$3.50	16.7%	High volume product...Slow, labor intensive product to make...Should offset labor needs
Blended Bev / Smoothie	\$4.25	\$4.68	\$4.50	5.9%	High volume product...Slow, labor intensive product to make...Should offset labor needs
		\$0.00		<b>NET</b>	
		\$0.00		<b>%</b>	
		\$0.00		<b>Increase</b>	
		\$0.00		<b>8.20%</b>	