



Rose Bowl Operating Company

May 1, 2008

TO: Rose Bowl Operating Company
From: Darryl Dunn
Subject: One Year Contract Extension with Centerplate

RECOMMENDATION:

It is recommended that the RBOC approve a contract amendment with Centerplate to extend their services through June 30, 2009 under the following conditions:

1. Same commission structure that exists currently (see background)
2. An investment of \$400,000 for the purchase and installation of a point of sale system, including devices and credit card receiving capabilities throughout the Rose Bowl. It should be noted that in the event that Centerplate is not the concessionaire at the Rose Bowl effective July 1, 2009, the RBOC shall reimburse Centerplate \$150,000.
3. Grant the proposed contract an exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Section 4.08.049 (B), contracts for which the City's best interests are served.

BACKGROUND:

Centerplate (then Service America) has provided the Rose Bowl with concession services since 1987. They specifically provide all food and beverage services within the fence line of the Rose Bowl, excluding the Press Box, and have the right to novelty services for all events except UCLA and the Rose Bowl Game.

The current contract expires on June 30, 2008. Staff has been satisfied with the operational services Centerplate has provided, and have noted an improvement in the food quality and customer service of Centerplate over the past 3 years.

The compensation to the RBOC by Centerplate comes in the form of a percentage of the gross food and beverage sales. Below is the commission structure, as well as the amounts Centerplate has generated for the RBOC the past eight years.

Commission Structure

\$0	\$2,100,000	35.4%
\$2,100,001	\$2,350,000	45.0%
\$2,350,001	\$2,850,000	52.0%
\$2,850,001	and above	54.0%

Amounts Centerplate has paid the RBOC the past 8 years:

FYE 6/30/08	\$885,000	Actual/Est.
FYE 6/30/07	739,216	Actual
FYE 6/30/06	767,981	Actual
FYE 6/30/05	602,132	Actual
FYE 6/30/04	629,381	Actual
FYE 6/30/03	773,783	Actual
FYE 6/30/02	1,035,634	Actual
FYE 6/30/01	680,602	Actual

Over the past few months, staff, along with an ad-hoc committee of the board and the RBOC's food & beverage consultant, the Bigelow Companies, have analyzed the alternatives related to the best action for the RBOC to take related to the food & beverage operation. As the RBOC Board recognizes, efforts concerning the Strategic Plan are continuing, and one element that is very important to the Strategic Plan is the food/beverage operation at the Rose Bowl. It is staff's opinion at this time, rather than enter into a long term contract with Centerplate or an alternate food/beverage operator, the RBOC is better served having a short term agreement in place, as we anticipate within the next 12 months, we will have more certainty related to the direction of the future of the Rose Bowl related to prospective renovations. By retaining Centerplate for one additional year, staff is confident that our primary goal, which is to provide quality food & beverage service for our events will be accomplished.

The current commission structure, as well as the current 25 cents surcharge, and contribution by Centerplate for support of Pasadena Unified School District are recommended to stay in place through June 30, 2008. It should be noted that in 1998, when a 10 year contract extension was granted to Centerplate, a \$2 million investment by Centerplate to build and furnish new concession stands and related equipment. In that spirit, the RBOC and Centerplate have tentatively agreed that Centerplate will invest \$400,000 for the purchase of a point of sale system, including devices and credit card

receiving capabilities throughout the Rose Bowl. It should be noted that in the event that Centerplate is not the concessionaire as of July 1, 2009, the RBOC will reimburse Centerplate \$150,000. The RBOC will protect its interest by taking a security position with respect to the point of sale system which Centerplate will be required to install. It is the opinion of Centerplate and the RBOC's consultant related to food & beverage, Chris Bigelow, that the point of sale system, which would provide credit card acceptance capabilities throughout the stadium to both enable lines to move quicker at our events, as well as provide an increase of approximately 10% in revenue to the RBOC.

FISCAL IMPACT:

The estimated fiscal impact for FYE June 30, 2009 in food and beverage revenue to the RBOC is estimated to be \$850,000 to \$950,000.

Respectfully submitted

Darryl Dunn
General Manager