



# *Agenda Report*

July 14, 2016

TO: Rose Bowl Operating Company (RBOC)  
FROM: Darryl Dunn, General Manager  
SUBJECT: Wolfgang Puck & Legends Hospitality Contract Amendment

## **RECOMMENDATION:**

It is recommended that the RBOC authorize the General Manager to enter into a contract amendment with Legends/Wolfgang Puck.

## **BACKGROUND:**

Legends/Wolfgang Puck was awarded the exclusive food and beverage rights in the Terry Donahue Pavilion and preferred rights for all catered events at the stadium in June of 2014. In this capacity they handle all catering for suites, club seats, and loge boxes as well as catered events in the pavilion and most in the stadium. Their current contract runs through June 30, 2019 with an RBOC option to extend an additional three years through June of 2021.

Over the course of the past two years the partnership between Wolfgang Puck and Legends on premium food service has proven to be a large part of the RBOC's success as it relates to our largest revenue stream, Premium Seating. Food and beverage offerings, choices and quality is at the top of the list of priorities for our premium seat holders and Legends/Wolfgang Puck has enabled our Premium Seating sales team, also led by Legends, to excel in renewing existing clients as well as sign up new accounts. Staff believes that the food & beverage experience in the Pavilion is one of the most important parts of the experience for premium seating customers. Feedback from clients also shows that since Legends/Wolfgang Puck came on as our food and beverage provider for premium seating, the experience has been greatly enhanced.

While this partnership has been both an experiential and financial success for the RBOC, Legends/Wolfgang Puck has struggled to meet their budgets and turn a profit. There are a few factors that play into this but the main two being the costs of the all-

inclusive menus in the Club and Loge areas and the amount of minor event catering that was anticipated by Legends/Wolfgang Puck.

Thankfully this lack of profits has not impacted the level of service or quality of product served by these groups. However, understanding healthy partnerships breed the best results and experiences we are recommending the following changes to the contract with Legends/Wolfgang Puck.

- Increase of all-inclusive menu costs
  - Currently the RBOC pays \$32 per person in the Club and \$40 per person in the Loge Lounge. We are recommending raising that \$1 in each area to bring us to \$33 and \$41 for FY17.
  
- Elimination of annual guarantee
  - Legends/Wolfgang Puck currently has a \$400,000 guarantee that they must pay to the RBOC annually as part of our commission for suites, catered events, and Blue Moon Club concessions. Currently, making that guarantee is not an issue for Legends/Wolfgang Puck (in FY16 current estimates have this payment to the RBOC being \$452,000 well over our guaranteed amount). The concern for Legends/Wolfgang Puck is that when there is increased competition in the market after 2019, it could result in less major events for the RBOC, and they may have difficulty making this guarantee. This brings us to the next point of another RBOC option at the end of the term.
  
- Addition of another three year RBOC extension for 2022-2024
  - The RBOC currently has a three (3) year extension option at the end of the initial term. We are recommending another three (3) year option, at RBOC's sole discretion, at the conclusion of the first three-year option. As referenced above the RBOC knows that significant competition is coming to the LA area, and securing long term agreements for events as well as key vendors is a priority for staff. We are concerned that future contract negotiations may not allow the RBOC the leverage, and options, that we currently enjoy. In turn being able to add an option to lock in a strong partnership like this even longer is prudent at this time understating how important the Premium Seating experience is to the RBOC.

**FISCAL IMPACT:**

Currently the impact will relate to the \$1 increase to premium all-inclusive menus. This impact will vary based upon what additional licensee events are booked and the financial splits of pavilion costs with those promoters. At this time based on UCLA football, the Rose Bowl Game, and already booked events the impact would be around \$12,000. It is anticipated that there should not be an impact due to the elimination of the financial guarantee.

Respectfully submitted,



for Darryl Dunn  
General Manager