

## Agenda Report

TO:

CITY COUNCIL

DATE:

**AUGUST 3, 1998** 

FROM:

**ACTING CITY MANAGER** 

SUBJECT:

AUTHORIZATION TO ENTER INTO A CONTRACT WITH SERVICE

AMERICA FOR CONCESSION SERVICES RELATED TO NEW

YEARS' DAY EVENTS

## RECOMMENDATION

It is recommended that the City Council authorize the Acting City Manager to enter into a contract with Service America for the provision of food, beverage and novelty concessions at various city locations related to New Years' Day events for a period of one year. The proposed contract is exempt from Competitive Bidding pursuant to City Charter section 1002[F] contracts for professional or unique services.

It is further recommended that the proposed contract be granted an exemption from the competitive selection requirement of the Affirmative Action in Contracting Ordinance, pursuant to P.M.C. 4.09.060[C], contracts for which the City's best interests are served.

## **BACKGROUND**

In May 1986, the City Council, known at the time as Board of Directors, approved contract number 12,763 between the City and Service America Corporation. Under the agreement Service America provided food, beverage and novelty concessions at the Rose Bowl, Brookside Park, Memorial Park, Central Park, the Civic Center Plaza immediately surrounding City Hall and such areas annually designated for Tournament of Roses Post-Parade activities.

In September 1997, the City Council approved an amendment to contract number 12,763 which among other things, extended the term of the contract by ten years and reduced the geographical area covered by the contract to those areas located inside the Rose Bowl concourse fence. The logic behind revising the geographic area of coverage was to bring the contract scope into conformity with the area under the control and operation of the Rose Bowl Operating Company (RBOC), which administers the contract, pursuant to the RBOC Operating Agreement. A consequence of this action, however, has been to leave the City without a concessionaire for New Years' Day events outside of the Rose Bowl area. It should be noted that as the contract amendment did not take affect until after January 1, 1998, there was no impact this past New Years.

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Typically, the City would undertake a competitive selection process to identify a concessionaire for non-Rose Bowl New Years' Day events, however, it is staff's position that continuing to utilize Service America, at least for the near future, would be in the best interests of the City.

The RBOC has expressed a desire to remove itself from the management and operation of those New Years' Day events that take place outside of its area of control. Accordingly, the responsibility for coordinating non-Rose Bowl game related New Years' events is transitioning from the RBOC to City Hall. Somewhat complicating the transition is the impact of the new Master License Agreement with the Tournament of Roses Association and the involvement of City staff previously unfamiliar with New Years' events staging.

Rather than complicate the situation further, staff recommends taking advantage of Service America's twelve (12) years of experience providing concession services for New Years' events and its intimate familiarity with staging such operations.

It should also be noted that non-game related New Years' Day events represent a very small percentage of concession activities when compared to the Rose Bowl Game. As such, it would seem unlikely that any other concessionaire, i.e. one without the concession at the Rose Bowl Stadium would be able to achieve the economies of scale sufficient to provide a return to the City equal to that offered by Service America; 35.4% of gross revenue, less tax. Nevertheless, staff will undertake a competitive selection process within the next year to ensure the City receives the best value.

## FISCAL IMPACT

Under the proposed contract Service America will return to the City 35.4% of gross revenue, less tax. Over the last three years the average return to the City has been \$14,210 for non-game related New Years' Day concessions, as the following table illustrates.

New Years	1998	1997	1996	3 year average
Return to City	\$21,000	\$7,400	\$14,232	\$14,210

Respectfully submitted,

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Approved by:

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