



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.

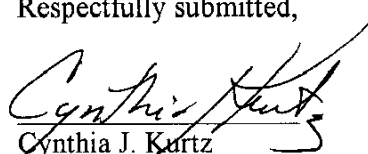
It should also be noted that non-game related New Years' Day events represent a very small percentage of concession activities when compared to the Rose Bowl Game. As such, it would seem unlikely that any other concessionaire, i.e. one without the concession at the Rose Bowl Stadium would be able to 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

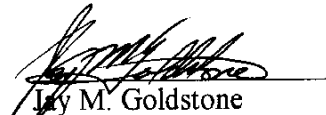
Under the proposed contract Service America will return to the City 35.4% of gross revenue, less tax. Over the last three years the average return to the City has been \$14,210 for non-game related New Years' Day concessions, as the following table illustrates.


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

Respectfully submitted,

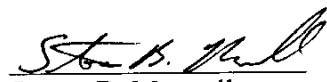
  
Cynthia J. Kurtz  
Acting City Manager

Approved by:

  
Jay M. Goldstone  
Director of Finance

  
Robert C. Baderian  
Director of Parks & Natural Resources

Prepared by:

  
Steven B. Mermell  
Purchasing Administrator