DATE       July 31, 2009

TO          Members of the Economic Development Committee: Ron Natinsky (Chair),
            Tennell Atkins (Vice-Chair), Dwaine Caraway, Jerry R. Allen, Sheffie Kadane,
            Ann Margolin, Linda Koop and Steve Salazar

SUBJECT    Dallas Convention Center’s Food and Beverage Contract

Attached is a briefing on the Dallas Convention Center’s Food and Beverage
Contract. On Thursday, August 6, 2009 we will brief you on exercising a one-
year option on the contract.

Please contact me if you need additional information.

A.C. Gonzalez
Assistant City Manager

c:       Mary K. Suhm, City Manager
             Deborah Watkins, City Secretary
             Tom Perkins, City Attorney
             Craig Kinton, City Auditor
             Judge C. Victor Lander, Judiciary
             Ryan S. Evans, First Assistant City Manager
             Forest Turner, Assistant City Manager
             Jill A. Jordan, P.E., Assistant City Manager
             Dave Cook, Chief Financial Officer
             Frank Poe, Director, Convention & Event Services
             Helena Stevens-Thompson, Assistant to the City Manager
Dallas Convention Center
Food and Beverage Contract Renewal

Briefing to the Economic Development Committee
August 6, 2009
Background

- August 2002, eighty-four month food and beverage contract awarded to Service America Corporation dba Volume Services America
- Capital investment requirement of $1.5M
- Established a joint venture with AH STAR LTD to focus on MWBE participation
- Contract may be extended by three option terms of one each year
- February 2003, name changed to Centerplate
- February 2009, Centerplate purchased by Kollberg & Company
Centerplate

- Centerplate, has its principal executive office in Stamford, CT, is a leading provider of food and related services including concessions, catering and merchandise services in more than 130 sports facilities, convention centers and other entertainment venues throughout the United States and Canada.
- Committed to delivery of excellent customer service
- Committed to MWBE participation
- Management staff fully engaged in facility operations activities (i.e. production meetings, client site visits, management meetings, special projects)
- An active partner in the Convention and Event Services’ ISO: 14001 initiative
Financial Operations

- Management fee base contract of $275,000 per year, plus allowable expenses, and a percent of net profits:
  - 10% of net profits up to 8.5 M in gross sales
  - 20% of net profits on gross sales greater than $8.5M
- Allowable expenses
  - Direct operational expenses
  - Repair and Maintenance of City owned equipment and facilities
  - Permits, taxes and licenses that are directly related to F&B operations
  - Personnel expenses with the exception
    - General Manager
    - Catering Manager
    - Executive Chef
Allowable Expenses

- Paper goods
- Housekeeping supplies
- Small-ware replacement
- Waste removal
- Pest Control
- Armored car service
- Advertising and promotions
- Office supplies
- Telecommunications
### Financial Operations (cont)

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<tbody>
<tr>
<td><strong>Gross Sales</strong></td>
<td>9,331,362</td>
<td>8,328,250</td>
<td>6,760,984</td>
<td>10,018,576</td>
<td>8,954,455</td>
<td>8,581,753</td>
<td>51,975,381</td>
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<tr>
<td><strong>Cost of Sales</strong></td>
<td>1,795,133</td>
<td>1,521,805</td>
<td>1,244,936</td>
<td>1,906,609</td>
<td>1,795,515</td>
<td>1,599,310</td>
<td>9,863,308</td>
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<tr>
<td><strong>Net Income</strong></td>
<td>7,536,228</td>
<td>6,806,445</td>
<td>5,516,049</td>
<td>8,111,968</td>
<td>7,158,940</td>
<td>6,982,443</td>
<td>42,112,073</td>
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<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Operating</strong></td>
<td>3,823,426</td>
<td>3,484,516</td>
<td>3,374,813</td>
<td>4,177,999</td>
<td>4,273,714</td>
<td>3,695,872</td>
<td>22,830,339</td>
</tr>
<tr>
<td><strong>Management Fee</strong></td>
<td>275,000</td>
<td>275,000</td>
<td>275,000</td>
<td>275,000</td>
<td>275,000</td>
<td>275,000</td>
<td>1,650,000</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>4,098,426</td>
<td>3,759,516</td>
<td>3,649,813</td>
<td>4,452,999</td>
<td>4,548,714</td>
<td>3,970,872</td>
<td>24,480,339</td>
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<tr>
<td><strong>Net Profit</strong></td>
<td>3,437,802</td>
<td>3,046,929</td>
<td>1,866,236</td>
<td>3,658,969</td>
<td>2,610,226</td>
<td>3,011,572</td>
<td>17,631,734</td>
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<tr>
<td><strong>DCC Share</strong></td>
<td>3,063,391</td>
<td>2,715,088</td>
<td>1,679,613</td>
<td>3,240,565</td>
<td>2,335,956</td>
<td>2,707,546</td>
<td>15,742,159</td>
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</tbody>
</table>
Option Year Terms

- One year option
- Management fee increases by 5% to $288,750
- Capital investment by Centerplate of $300,000
- Gross Sales benchmark increases 5% to $8,925,000
Recommendation

- Extend one year option with Centerplate for food and beverage operations at the Dallas Convention Center
- Authorize an amendment to the contract providing for the one-year extension
Next Steps

- City Council Action on August 12, 2009