

Memorandum



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

- 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)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	ITD
Gross Sales	9,331,362	8,328,250	6,760,984	10,018,576	8,954,455	8,581,753	51,975,381
Cost of Sales	1,795,133	1,521,805	1,244,936	1,906,609	1,795,515	1,599,310	9,863,308
Net Income	7,536,228	6,806,445	5,516,049	8,111,968	7,158,940	6,982,443	42,112,073
Expenses							
Operating	3,823,426	3,484,516	3,374,813	4,177,999	4,273,714	3,695,872	22,830,339
Management Fee	275,000	275,000	275,000	275,000	275,000	275,000	1,650,000
Total Expenses	4,098,426	3,759,516	3,649,813	4,452,999	4,548,714	3,970,872	24,480,339
Net Profit	3,437,802	3,046,929	1,866,236	3,658,969	2,610,226	3,011,572	17,631,734
DCC Share	3,063,391	2,715,088	1,679,613	3,240,565	2,335,956	2,707,546	15,742,159

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