



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent Item
April 21, 2009

Honorable Mayor and
Members of the City Council

Title: Convention Center Complex Catering (2/3 vote required)

Location/Council District: 1400 J Street, Districts 1 and 3

Recommendation: Adopt a **Resolution:** suspending competitive bidding in the best interest of the City, in order to use a Request for Proposal (RFP) process to seek the best company to award exclusive catering rights in the Sacramento Convention Center Complex.

Contact: Tina McCarty, Administrative Officer, Sacramento Convention Center Complex 808-8220

Presenters: Tina McCarty

Department: Convention, Culture and Leisure

Division: Convention Center Complex

Organization No: 17000

Description/Analysis

Issue: The current contract with Center Plate, Inc., (aka Classique Catering) as the exclusive provider of food and beverage services within the Convention Center Complex expires on November 1, 2010. Staff recommends suspending competitive bidding in order to use the Request for Proposal process to solicit a new contract with an exclusive provider for these services. The RFP process allows for proposers' references, capabilities, quality assurance, and customer service to be used as determining factors along with the analysis of financial benefit to the City. The exclusive caterer of the Convention Center Complex is a reflection of the Complex itself and is often a determining factor in a client's overall satisfaction. The exclusive caterer can directly influence a client's intention to book another event with the Complex, thus impacting the Complex's ability to generate revenue.

Policy Considerations: The recommendations in this report are in accordance with the provisions of City Code section 3.72.120.C, which states that "council may, without competitive bidding, enter into a contract, when any one or more of the following conditions exist....C. the council determines that it is in the best interest of the City that the bid process not be used".

Environmental Considerations:

California Environmental Quality Act (CEQA): Under the California Environmental Quality Act (CEQA) guidelines, continuing administrative activities do not constitute a project and are therefore exempt from review.

Sustainability Considerations: Not Applicable

Other: Not Applicable

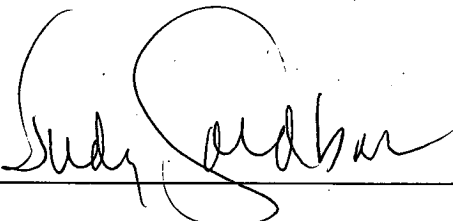
Commission/Committee Action: Not Applicable

Rationale for Recommendation: The Sacramento Convention Center Complex includes the Convention Center, the Memorial Auditorium and the Community Center Theater. All food and beverage business is provided within the Complex by an exclusive caterer, with the exception of backstage catering. The current caterer, Center Plate Inc., also known as *Classique Catering*, has been the exclusive caterer at the Complex since 1991, following a competitive RFP selection process. *Classique Catering* has performed well throughout the duration of the contract, including establishing a strong local catering presence. However, the contract including all extensions will expire in November 2010. It is in the City's best interest to seek competitive proposals.

Financial Considerations: The exclusive catering contract for the Sacramento Convention Center Complex is valued at approximately \$8 million to the caterer and approximately \$2.1 million to the Complex annually, as its portion of the revenue share. This revenue is built into the Convention Center Complex budget model within the Community Center Enterprise Fund.

Emerging Small Business Development (ESBD): ESBD does not apply to concession contracts. (SCC section 3.60.260)

Respectfully Submitted by: _____



Judy Goldbar, General Manager
Sacramento Convention Center Complex

Approved by: Barbara E Bonebrake
Barbara E. Bonebrake, Director
Convention, Culture and Leisure Department

Recommendation Approved:

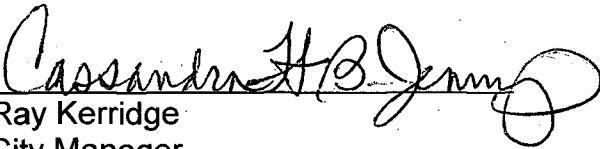

Ray Kerridge
City Manager

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Background

City Council awarded a City Lease Agreement to Volume Services America, Inc., in 1991 for the exclusive Provider of Food and Beverage Services within the Sacramento Convention Center Complex following an RFP process. During the selection process, representatives from the City Finance Department, the consulting firm of Deloitte and Touche, and Convention Center Staff analyzed proposals and selected Volume Services. The initial term of the Agreement was seven years and included an additional seven year extension option, which was exercised by the City in October, 1998.

Volume Services, (now named Centerplate and known as Classique Catering), approached Complex management in early 2003 with opportunities to increase revenues to the Complex. These revenue opportunities included a retail food build-out, Wolfgang Puck Express Café and additional commission percentages. In return for the additional revenue, Centerplate required a five year extension of the Agreement in order to recover their investment. On January 24, 2005, Council approved the request and extended the contract term through November 1, 2010.

The current contract garners approximately 22% in direct revenue to the Complex with an additional 5% in reserves to be used upon mutual agreement for food and beverage operations.

PROPOSED RFP SCOPE OF SERVICES

The Provider will be responsible for the exclusive right to perform Food Services at the Convention Center Complex; (1) to use the Premises, (2) to sell all Food Products, (3) to conduct all in-house catering activities and approved off-premise catering to Licensees, excluding backstage catering at the Complex, (4) to sell novelties, souvenirs, merchandise, programs and other items, and (5) to manage and operate existing and future agreed upon retail outlet stores.

A. **SERVICE TO BE PERFORMED.** Provider shall provide Center with those food services normally associated with Convention Center operations. These services are primarily food and beverage service, and catering related functions.

1. **Catering Services**

Provider will provide Catering Services during those hours necessary for Clients' and Licensees' events and other activities on the Premises which have been approved by the Complex. Provider's Catering Services shall include advance preparation of catering areas, arranging for all necessary staff, equipment rentals and supplies, catering of food and beverages, and cleaning and restoring catering areas to an acceptable condition as set by the Complex. The Provider shall meet with Clients and Licensees in advance to determine Catering Services to be performed, and shall enter into agreements with Clients and Licensees setting forth the agreed upon Catering Services to be performed by Provider and the catering fees to be paid to Provider by Clients and Licensees, copies of which agreements shall be provided to the Complex, upon request on an as needed basis.

2. **Concession Services**

Provider will operate concession stands during those hours necessary for Clients' and Licensees' events and other activities on the Premises which have been approved by the Complex. Provider's Concession Services shall include advance preparation of concession areas, arranging for all necessary staff, equipment and supplies, food products and beverages, and cleaning and restoring catering areas to their condition prior to the event. The Provider shall meet with Clients and Licensees in advance to determine Concession Services to be performed, and shall enter into agreements with Clients and Licensees setting forth the agreed upon Concession Services to be performed by Provider and the food service fees to be paid to Provider by Clients and Licensees, copies of which agreements shall be provided to the Complex, upon request on an as needed basis.

3. **Additional Services** Additionally, specialized services consisting of, but not limited to the following, will be required:

a. **Vending Machines** - Provider shall install, operate and maintain vending machines in the vending machine areas of the Premises specified in *Exhibit A*. The Provider and Complex will mutually agree on the type and number of vending machines to be provided. Provider must comply with the City's outside

- beverage brand agreement, currently with PEPSI; or any subsequent agreement.
- b. Room Service – Catering service will be provided in meeting rooms used by Licensees. Services requested may range from snacks to elaborate catered meals. Hosted service is involved as opposed to individual orders, requiring constant attention by PROVIDER for re-supply, freshness purposes, and immediate removal of food stuffs, and must often be provided at specific meeting times and/or subject to other constraints imposed by the Licensee of the General Manager.
 - c. Exhibitor Services – Service shall be provided to exhibitors at conventions or trade shows with food and/or beverage items served directly at their booth/display location. Price and service agreements between PROVIDER and the exhibitor shall be approved by the General Manager.
 - d. Retail Outlet Operation – Retail outlets are to be operated for the convenience of customers and clients of the Complex as well as downtown businesses and shall be open for morning coffee and lunch at least one hour prior to event. Any future or change in current outlets must meet the level of quality equal to the current outlets of Starbucks and WolfGang Pucks. General Manager must approve any proposed changes.
 - e. Portable “Thematic” Food Service – For certain events held at the Convention Center, Licensees may require specialized or ethnic foods and beverages with related thematic presentations and displays.
 - f. Water Service – Provider shall provide head table water service for all meetings in the Convention Center at no charge. This service shall consist of glassware or plastic cups and pitchers for ice water. In addition, Center may from time to time request water service in meeting rooms for the audience which Provider shall provide at no charge.
 - g. Provision of Personnel – There will be occasions when Provider is called upon to provide host/hostesses, bartenders and/or waiters/waitresses for specialized functions. These functions shall not detract from the normal services and staffing for which Provider is responsible. Rates for such services shall be approved by the General Manager.

B. RIGHTS AND DUTIES OF PROVIDER.

1. The exclusive rights granted provider shall not prevent or prohibit Center from engaging in or contracting outside catering services for certain events which, at the sole discretion of the General Manager, is in the best interest of the City. In addition, Provider agrees that outside catering services may be utilized at special events sponsored by the City of Sacramento where the use of outside catering services is desirable for non-economic reason material to the City's ability to sponsor such event or attract related activities to the Convention Center. Use of the Convention Center by an outside catering service shall not include the sale of alcoholic beverages, the use of food service equipment or inventory, or the use of the Premises as defined herein, other than the service corridors and access to the loading docks, unless otherwise agreed to by the General Manager.

2. Provider understands and agrees that Center's contracts with Licensee for particular functions may stipulate reasonable restrictions on the sale of food, beverages and concessions items where necessary to protect the goods on display or because of the nature of the function. For example, without limiting the generality of the foregoing, such items as gum, snow-cones, and cotton candy may not be sold by Provider without prior written approval of the General Manager. At functions such as meetings, as opposed to public exhibitions, the Licensee may require that no food, beverages or concession items be sold in Licensee's area of occupancy or that the sale of alcoholic beverages in certain situations or locations be prohibited. The General Manager shall consult with Provider prior to agreeing to any such restrictions.
3. Provider understands and agrees that food and beverage sampling may be germane to certain functions themselves, i.e., cooking schools or other food-related exhibitions, and in such cases Center contract with the Licensee may permit Licensee to dispense food and beverage items of normal sample size free of charge. For the purpose of this Section 2 (p. 7) "normal sample size" shall mean not more than 2oz. of liquid or solid food. The General Manager shall consult with PROVIDER prior to agreeing to the dispensing of food by a Licensee. Center and PROVIDER shall comply with all regulations of the Department of Alcoholic Beverage Control with regard to sampling of alcoholic beverages.
4. Center reserves the right to lease space at the Convention Center for the operation of a full service restaurant. It is the intention of the parties that such a restaurant would operate not only at times when the Convention Center has scheduled events but on all days and at all times when comparable restaurants in the area would operate. The restaurant shall not operate buffet lines or other similar food service operations (other than a salad bar) which would be directly competitive with Provider's operations as determined by General Manager. The restaurant shall have its own separate kitchen, storage, receiving areas and a patron entrance accessible only from the exterior of the Convention Center. Provider shall have the first right of refusal for any such restaurant operation at terms and conditions acceptable to City.
5. Subject to the foregoing, Center agrees that in all instances Provider shall have the exclusive right to serve food, beverages, and novelties unless it is mutually agreed that an alternative arrangement is essential to the success of the Licensee's function.

PROPOSAL CRITERIA

Providers will be required to describe experience, resources, personnel, and strategy with regard to the following:

Customer Service. The Provider must meet the expectation of the Complex that all customers are treated equally, and with a gracious regard for their business. Specifically, Provider must be able to handle the full capacity of the Complex when clients are holding events in all facility spaces including Memorial Auditorium and the Community Center Theater. (IE a citywide convention with F&B using all meeting and exhibit space, while servicing the bars at the Theater and a concert audience at the Memorial Auditorium, simultaneously, if necessary)

Quality Assurance. The Provider is required to meet the food quality standards comparable to not less than that of four-star quality rating. Provider must be able to produce and promote quality to Complex clients, even when a lesser price point is required. Specifically, Provider must offer options to clients who are on limited budgets with the same consideration to quality as those clients who have unlimited budgets. Additionally, Provider must possess a broad scope of culinary expertise to fulfill specialty and cultural food requests.

Experience and Responsibility. Provider must possess a minimum of five years experience in providing catering services including concession operation, alcohol sales, catering, and banquet services for events of 4000 people or more. It is the responsibility of the Provider to possess a license to sell alcohol in the Complex, if selected. A brief resume of the key individuals that will lead the catering services, especially those individuals that will be responsive to on-site needs and how they fit within the team's organization, must be provided. Include a brief description of at least three similar service accounts, in which these individuals have been responsible, and a listing of current reference contacts for each including phone number and physical and e-mail addresses. In addition, Provider must include contact information (phone, address, and e-mail) of ten accounts, similar in size to Sacramento, whom the Company has been contracted with for at least three years or more.

Financial Proposal. Provide comprehensive proposed commission structure by completing and returning the form included in the RFP, which details the proposed commission structure. Also include Provider's approach and description of any service or incentive that will be offered to the Complex as part of this agreement including, but not limited to, facility investments, annual guarantees, signing bonuses, sponsorships, and any other fiscal incentive which will be included in the agreement.

In addition to the above requirements, the following are of importance to the City and the Complex and should be addressed in submitted proposals.

- Sacramento has enjoyed and expects the catering Provider of the Complex to cultivate and display a local presence in the community.

- The Provider must operate under the principles of a sustainable business by practicing a recycling program, or at minimum adopt the Complex's recycling program.

SELECTION CRITERIA

The basis for the selection of the Provider will be the evaluation of the written material submitted. The selection committee may elect, upon review of the RFP's, to request oral presentations from top candidates, ask additional questions, and/or request additional material related to assessing the firm's proposal either in writing or by means of a conference call. Providers under serious consideration may be required to provide audited financial statements to ensure company stability.

Evaluation criteria and relative weight assigned to each are listed below:

Written Proposal and Qualifications Evaluation

1.	Financial Proposal	35	percent
2.	Customer Service	25	percent
3.	Quality Assurance	20	percent
4.	Experience and Responsibility	20	percent

The selection committee will consider the final scores, references, and quality of past work. At its discretion the City may add additional criteria prior to the time of selection. The firm selected will enter into a contract with the City, which will include all standard conditions of such contracts.

PROPOSED CATERING CONTRACT TIME LINE

April 21, 2009	Council- request to suspend competitive bidding to allow the use of RFP process
May 1, 2009	RFP Issued
June 9, 2009	Proposals Due
June 10 – Aug 27, 2009	RFP Panel reviews proposals and interviews companies
Aug 31, 2009	RFP Selection Panel issues Intent to Award Letter
Sept 1 – October 30, 2009	Negotiate Contract terms
January, 2010	Council requested to Award New Catering Contract
February 2010 - October 2010	Transition to new Provider, if applicable
November 1, 2010	Current Catering Contract expires

RESOLUTION NO. 2009-

Adopted by the Sacramento City Council

**CONVENTION CENTER COMPLEX CATERING AGREEMENT: REQUEST TO
SUSPEND COMPETITIVE BIDDING PROCESS AND USE REQUEST FOR
PROPOSAL (RFP) PROCESS**

BACKGROUND

- A. An RFP Process was used in 1991 to award the current exclusive catering contract for services at the Sacramento Convention Center Complex (Complex).
- B. After two extensions of the current contract it is prudent to solicit proposals for a new contract. Classique Catering has performed well throughout the duration of the contract, including establishing a strong local catering presence. However, the contract including all extensions will expire in November 2010. It is in the City's best interest to seek competitive proposals.
- C. The use of a Request for Proposal (RFP) process is appropriate as this will allow relevant information such as a caterer's references, quality assurance records, and customer service requirements to be assessed along with the financial benefit to the City in selecting a company for contract award.
- D. The quality and customer service requirements are critical to the success of the Complex, as the exclusive caterer is a direct reflection of the Complex itself and its ability to provide service to its clients.
- E. Suspending competitive bidding is consistent with City Code section 3.72.120.C, which allows suspension of competitive bidding when the Council determines that it is in the best interest of the City.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. Competitive bidding for the exclusive catering rights in the Sacramento Convention Center Complex is suspended, in the best interest of the City, in order to allow the use of a Request for Proposal process to seek the best company for this contract.