



City of San Antonio

Agenda Memorandum

File Number: 17-1823

Agenda Item Number: 13.

Agenda Date: 4/20/2017

In Control: City Council A Session

DEPARTMENT: Convention & Sports Facilities

DEPARTMENT HEAD: Michael J. Sawaya

COUNCIL DISTRICTS IMPACTED: District 2

SUBJECT: Second Amendment of Food Service Agreement for the Alamodome with SAVOR Black Tie Joint Venture through its majority partner, SMG Food and Beverage, LLC.

SUMMARY:

This Ordinance authorizes a Second Amendment to the Food Service Agreement for the Alamodome with SAVOR Black Tie Joint Venture through its majority partner, SMG Food and Beverage, LLC.

BACKGROUND INFORMATION:

Ordinance No. 2016-01-28-0031, dated January 28, 2016, authorized a Food Services Agreement for the Alamodome with SAVOR Black Tie Joint Venture through its majority partner, SMG Food and Beverage, LLC, for a period of fifteen (15) years, beginning March 1, 2016 through February 28, 2031, to perform catering, concession services and merchandise sales for a variety of events to include sporting events, concerts, and family shows.

The City and SAVOR Black Tie Joint Venture have negotiated and agree to the supplemental terms and conditions set forth in this Second Amendment:

- A list of all branded third-party vendors shall be supplied to City no later than July 1 of each Agreement Year. The approved list of branded vendors will be used to determine the concession sales that will be calculated and paid at the lower commission rate of 30%.
- Concessions & Bar Sales not covered by Section 4.02(e) related to branded third-party sales will pay a commission in the amount of 40% for sales between \$1 and \$3,000,000; and for annual Concessions &

Bar Sales, not covered by Section 4.02(e) related to branded third-party sales, in excess of \$3,000,001 a commission in the amount of 44% will be paid;

- For branded third-party sales, meaning the third-party is clearly linked with the unique product (s) being sold, a commission in the amount of 30% will be paid;
- For Merchandise Sales, when City requests Concessionaire to sell Merchandise, City retains 100% of net profits after Concessionaire earns a management fee of 3% of Gross Receipts. City shall bear all direct operating expenses associated with the sale of Merchandise. Concessionaire shall not sell or permit others to sell Merchandise without City's consent.

ISSUE:

The terms have been negotiated between the parties to ensure that the SAVOR Black Tie Joint Venture continue to have successful concession sales.

ALTERNATIVES:

Alternatives to the proposed action include not amending the current agreement with SAVOR Black Tie Joint Venture and directing staff to renegotiate the terms of the amended agreement.

FISCAL IMPACT:

This contract generates approximately \$2.8 million annually in City revenue from commissions from catering, concessions, and merchandise sales with an estimated total of \$39 million in commissions for the length of the contract. This revenue is budgeted in the Community and Visitor Facilities Fund.

RECOMMENDATION:

Staff recommends authorizing a Second Amendment of Food Service Agreement for the Alamodome with SAVOR Black Tie Joint Venture through its majority partner, SMG Food and Beverage, LLC.