



MEMORANDUM

TO: Seattle City Council Libraries, Utilities, and Center Committee
FROM: Kerry Smith
DATE: May 13, 2013
RE: Extended and Restated Agreement for Food Service at McCaw

This legislation authorizes Seattle Center to execute a five year extension to the restated five year agreement with SAVOR to provide food service at McCaw Hall.

McCaw Hall is currently celebrating its ten year anniversary following the \$127 million renovation of the Opera House, made possible by a partnership between Pacific Northwest Ballet ("PNB"), Seattle Opera ("SO"), the Seattle Center Foundation and the City of Seattle. That partnership secured \$55 million in public funds and over \$72 million in private philanthropic gifts. McCaw Hall is jointly managed by the Marion Oliver McCaw Hall Operating Board (the "MOB") with one representative each from PNB, SO and Seattle Center. The MOB is responsible for ongoing management of McCaw Hall. In addition to building revenues earned from other events, McCaw Hall receives a set amount of General Fund and PNB and SO each pay an annual use fee in addition to their direct event expenses. McCaw Hall has balanced its budget every full year of operations since its opening.

SAVOR was selected as the exclusive McCaw concessionaire as a result of a 2008 Request for Proposal process. The initial five year agreement with SAVOR, with the approval of the Seattle City Council, could be extended for an additional five year term. The original agreement has been amended over the last five years to address requirements of the Liquor Control Board, modify concession fees, incentivize achievement of high customer satisfaction reviews and increase SAVOR's capital investment. The original agreement, as amended, is the restated agreement addressed by this legislation.

Agreement Terms:

- **Term:** The five year contract extension is for the period August 1, 2013 through July 31, 2018.
- **Concession Fee:** McCaw Hall receives 7.5% - 17.5% of food service gross sales, based on the type of service provided, with a minimum annual guaranteed fee of \$250,000.
- **Utilities:** SAVOR pays for food service related utilities, garbage and recycling costs.
- **Capital Investment:** To date, SAVOR has invested \$650,000 in various food service improvements and will invest an additional \$100,000 in mobile bar stations, digital/video menu boards and dining improvements in Prelude Restaurant.
- **Kitchen Equipment Reserve Fund:** Starting January 1, 2016, SAVOR will pay 1.5% of food service gross sales into a kitchen equipment reserve fund for maintenance and replacement of city-owned food and beverage service equipment.
- **Donated wine:** Donated wine may be poured under certain conditions for set corkage fees.
- **Customer Service/Performance Incentive:** If performance evaluations and sales reach specified levels, then SAVOR is eligible for bonuses ranging from \$5,000 to \$15,000.

While the revenue generated from food and beverage service concession fees is important to McCaw Hall, of even greater significance is the need to ensure the quality of food and service provided meets the exacting standards of the clients and patrons of McCaw Hall. SAVOR has met those standards admirably and the MOB supports extension of the concession agreement.