

**CITY OF GOODYEAR  
CITY COUNCIL ACTION FORM**

**SUBJECT: Council to authorize staff to enter into a contract with Professional Sports Catering to provide exclusive concession services for the Goodyear Ballpark and Recreational Complex**

**STAFF PRESENTER:** Bruce Kessman, Ballpark General Manager  
**COMPANY:** Professional Sports Catering  
**CONTACT:** Jason Wilson, Vice President of Operations

**RECOMMENDATION:**

Authorize staff to enter into a contract with Professional Sports Catering to provide exclusive concession services for the Goodyear Ballpark.

**PURPOSE:**

The food service contract is a critical component of the ballpark operations. As the exclusive concession provider, Professional Sports Catering shall be responsible for managing all aspects of the food service operations within the ballpark including four fixed concessions stands, 25 portable units, a fully functional catering unit, and practice field concession areas. As part of the contract, Professional Sports Catering has committed to a capital investment of \$750,000 to be used to develop areas in our ballpark to boost per capita spending. This investment shall be amortized over ten years and all capital improvements and equipment purchased from this investment will be turned over to the City upon the completed term of the contract. Professional Sports Catering will pay the City a percentage of net sales as outlined in the Staff Report. The term of the contract shall be for a seven-year period with five one-year options to extend.

**BACKGROUND AND COMMUNITY BENEFIT:**

In January 2015, a formal request for proposal was issued and the process consisted of a mandatory site visit during spring training on March 13, 2015. After a thorough evaluation of all of the proposals, the evaluation team, consisting of representatives from the Cleveland Indians, Cincinnati Reds and City staff, unanimously selected Professional Sports Catering.

Professional Sports Catering is the fastest growing brand in baseball and is considered by many in the industry to be the one of the best managed and most innovative food service companies in the field. Professional Sports Catering is the only full service food and beverage provider that focuses exclusively on minor league and spring training baseball venues. Professional Sports Catering currently operates in 20 minor league baseball stadiums nationwide and has operated in the Peoria Sports Complex for the past two years. Although Professional Sports Catering is a relatively small entity, in 2014, they announced a partnership with Levy Restaurants. Levy Restaurants is one of the premier event and hospitality groups in the world and together with Professional Sports Catering, they are able to combine resources and innovation with creativity and industry knowledge. Through branded concepts, a customer-friendly approach, and the

power of Levy Restaurants, Professional Sports Catering is committed to bringing forth innovative concepts to enhance the fan experience and maximize revenue.

Goodyear Ballpark will be aligning with a reputable partner that has a proven history of enhancing the fan experience through unique, quality food selections. Professional Sports Catering specializes in providing services in similar venues all across the nation. They have increased per capita spending by 10% to 45% in every venue they have operated in. Guests visiting the ballpark will enjoy creative food selections, freshly prepared to the highest quality, at prices that are comparable to other facilities in the Cactus League. Facility users and lessees will also gain a valuable partner in creating unique food services for all occasions.

### **PREVIOUS ACTIONS AND DISCUSSION:**

In July 2008, Council authorized staff to enter into an exclusive concession contract with Ovations Food Services. The Ovations contract consisted of an initial five-year term, with two one-year options and was fully exercised and expired on July 31, 2015. This contract provided the City with a \$1.3 million capital investment which paid for costs associated with complete build out of kitchens, pantries, concession stands and all capital equipment needed to establish optimum service standards within the ballpark. All capital improvements and equipment purchased from this investment has now been turned over to the City upon the completed term of the contract.

### **FISCAL ANALYSIS:**

The City of Goodyear will benefit from an initial capital investment, funding of an equipment replacement account, utility contribution, and commissions.

***Investment:*** Professional Sports Catering will invest **\$750,000** on food and beverage equipment and enhancements over the course of the agreement. This capital investment will be amortized over ten years and will target various areas of the ballpark to create “destination” places to enhance the ballpark experience and drive sales. The capital investment will also be used to re-brand concession stands, upgrade points-of-sale equipment, improvements to both public concession areas at the development complexes, and repair/replacement of capital equipment.

***Replacement Fund:*** Professional Sports Catering proposes to hold annually a fund of three-quarters of one percent (0.75%) of net sales to be used for the replacement and/or repair of the City owned capital equipment. This funding is projected to generate \$11,500 annually and unused funds shall accumulate each year of the agreement.

***Utility Fund:*** Professional Sports Catering proposes an annual utility fund of one-quarter of one percent (0.25%) of net sales to be paid to the City of Goodyear as a utility contribution. The utility fund is expected to generate an additional \$3,750 annually to help offset utility costs.

**Commissions:** The contract provides that Professional Sports Catering will offer the City a percentage share of net sales for certain categories as outlined below:

<b>Category</b>	<b>Annual Sales</b>	<b>Commission to City of Goodyear</b>
<b>Concessions Food</b>	\$0-\$500,000	33%
	\$500,001 and up	45%*
<b>Concession Alcohol</b>	\$0-\$500,000	34%
	\$500,001 and up	45%*
<b>Catering and Events</b>	\$0-\$250,000	25%
	\$250,001 and up	35%*

**Subcontractor Sales:** 50/50 Split

\*Commission bonuses in each category are paid on the increment and all commission tiers are subject to annual CPI adjustments.

Using the recent 2015 concessions data, this proposed commission structure will result in \$515,000 in commissions paid to the city annually. Over the initial seven-year term, the contract is projected to generate \$3.7 million including commissions, replacement fund, and utility fund. Should this contract be extended for the five additional option years, the concession contract is projected to generate \$6.4 million over the life of the agreement.

**ATTACHMENTS:**

Contract for Concession Services