



APPROVED
BY THE CITY COUNCIL

OCT 12 1999

OFFICE OF THE
CITY CLERK

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THOMAS V. LEE
DEPUTY CITY MANAGER
DOWNTOWN DEPARTMENT

CITY OF SACRAMENTO
CALIFORNIA

1030 15TH STREET
SUITE 250
SACRAMENTO, CA
95814-4009

PH 916-264-8109
FAX 916-264-7279

September 8, 1999

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Fourth Amendment to City Agreement # 91-190, Between the City of Sacramento and Volume Services, Inc.

LOCATION AND COUNCIL DISTRICT: Sacramento Convention Center,
Council District One

RECOMMENDATION:

It is recommended that Council, by Resolution, execute the Fourth Amendment to City Agreement Number 91-190 between the City of Sacramento and Volume Services, Inc. for the provision of catering services at the Sacramento Convention Center complex.

CONTACT PERSON: Michael Ross, General Manager,
Sacramento Convention Center, 264-5297

FOR COUNCIL MEETING OF: October 12, 1999

SUMMARY:

Following the successful expansion of the Convention Center and the renovation of the Center and the Memorial Auditorium, staff recommends amending the lease agreement between the City and Volume Services, Inc. in order to maximize the lessee's rent to the City, and to provide the best possible service to the public. The proposed Fourth Amendment to City Agreement Number 91-190 provides for expanded services and sets the market rate for lessee's rent.

COMMITTEE/COMMISSION ACTION:

None.

BACKGROUND INFORMATION:

- Since 1991, Volume Services, Inc. has been the provider of food and beverage services under an exclusive agreement with the City of Sacramento.
- The lease was awarded by Council after business proposals by competing vendors were analyzed by the City Finance department, the consulting firm of Deloitte and Touche and other City staff. The agreement expires in 2005.
- The significant terms of the proposed Fourth Amendment to City Agreement Number 91-190 are as follows:
 - The right to provide contracted services at the Convention Center is expanded to include the entire Convention Center complex, consisting of the Convention Center, the Convention Center Theater, the Exhibit Halls and the Memorial Auditorium. Backstage catering is excluded from the amendment.
 - The lessee is required to construct, equip and operate a café nearest the 13th Street and J street side of the Sacramento Convention Center and to return to the City 10% of gross receipts in addition to all other rent paid to the City.
 - Following consultation with the City's Real Property division, the rental rate for the lessee's office space is set at \$1.50 per square foot, not to exceed \$30,000 per year; the Director reserves the right to limit the amount of office space leased to the lessee. The rent rate shall be reviewed for adjustment every two years beginning in November, 2000.
 - The lessee is entitled to except from reported gross receipts those revenues which are received as tips or gratuities which shall be disbursed in accordance with the rules and policies of the Hotel Employees and Restaurant Employees Local Number 49:
 - The amount of the lessee's funding for permanent lease hold improvements, small wares, and fixed and portable food service equipment is increased by \$100,000 to cover improvements to food service areas in the Memorial Auditorium.
 - The proposed Fourth Amendment clarifies the meaning of the term, "extraordinary repair and maintenance", to mean that portion of repair and maintenance functions which cannot reasonably be performed by Volume Services, Inc. internal repair staff.

FINANCIAL CONSIDERATIONS:

It is anticipated that the terms of the proposed fourth amendment to City Agreement Number 91-190 will generate approximately \$115,000 in new revenue to the City over the remaining 5 years of the agreement.

POLICY CONSIDERATIONS:

The execution of the proposed fourth amendment to City Agreement Number 91-190 is consistent with City policy to take actions to enhance the fiscal viability of the City, while providing a high level of service to the public.

ESBD CONSIDERATIONS:


None. The lessee operates under an exclusive agreement with the City and is not an ESBD vendor.

Respectfully submitted,



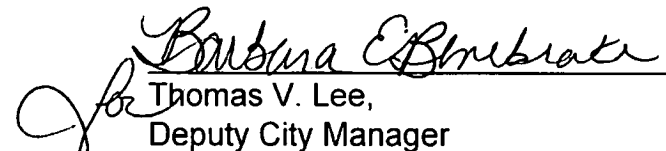
Michael Ross, Manager
Sacramento Convention Center

RECOMMENDATION APPROVED:



Robert P. Thomas
City Manager

APPROVED:



Thomas V. Lee,
Deputy City Manager

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CITY CLERK

RESOLUTION NO. 99-572

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**FOURTH AMENDMENT TO CITY AGREEMENT # 91-190,
BETWEEN THE CITY OF SACRAMENTO AND VOLUME
SERVICES, INC.**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

The City Manager is authorized to execute the Fourth Amendment to City Agreement Number 91-190 between the City of Sacramento and Volume Services, Inc. for the provision of catering services at the Sacramento Convention Center complex.

MAYOR

ATTEST:

CITY CLERK

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FOR CITY CLERK USE ONLY

RESOLUTION NO: _____

DATE ADOPTED: _____