



City Council Meeting

Item 4. Agreement with Oventions Food Services dba Spectra Food Services & Hospitality for Interim Food & Beverage Operations at the Santa Clara Convention Center

July 16, 2019



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Background

- In 2008, the Santa Clara Chamber of Commerce (Chamber) executed an agreement with Aramark Sports and Entertainment Services (Aramark) to provide food and beverages services at the Santa Clara Convention Center.
- Amended in 2014 to extend the term through 2022 with one additional two-year option to extend through June 30, 2024.
- The City terminated the Convention Center Management Agreement with the Chamber effective March 17, 2019 and executed an agreement with Global Spectrum L.P. dba Spectra Venue Management (Spectra) to manage and operate the Convention Center effective March 18, 2019.

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Background

- To maintain continuous service within the facility, Spectra transitioned nearly all of the Chamber contracts to new agreements with Spectra.
- Concurrently on May 13, 2019, the City released a Request for Proposals for Food and Beverage Operations.
- After several months of discussion, the City and Aramark could not agree on the terms of the interim agreement.

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Background

- May 20, 2019 – Aramark delivered a letter to the City with stated intent they would be ceasing food and beverage operations, effective July 26, 2019.
- On June 9, 2019, the City set a letter to Aramark confirming their decision to quit services as final.
- With less than 60 days to secure and transition a new provider, staff contacted Spectra who agreed to provide food and beverage services on an interim basis through another Spectra company, Ovations Food Services.

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Interim Food and Beverage Services Agreement

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Interim Agreement

- Limited Term: July 27, 2019 – December 31, 2019
- New agreement incorporates a 60- to 90-day transition with the City-selected new food and beverage provider to assume full responsibilities on January 1, 2020.
- To minimize transition issues, the business terms of the interim agreement with Ovations generally mirrors the terms of the former Aramark agreement, with exception of the incentive fees.
- Includes \$134,000 budget for start-up expenses (i.e. computers for new staff, on-boarding supplies, applicable license fees, and as-needed relocation expenses). The start-up costs are anticipated to be covered by the existing budget.

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Interim Agreement

	Aramark	Ovations Interim
Base Management Fee	4.5% of gross revenue from \$0-\$3M, plus 5.5% of gross revenue over \$3M (on increment), capped at \$750,000	4.5% of gross revenue for \$0-\$3M plus 5.5% of gross revenue over \$3M (on increment)
Incentive Fees	2.5% of net profits if goals are met	No incentives
	Maximum of up to 10% of net operating income (2.0% service standards, 2.0% net operating income, 2.5% key performance indicators). If all three are achieved can be increased to 10% of net operating income.	

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Transition of Food & Beverage Operations

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Transition Activities

- Ovations has made employment offers to the current management staff available for employment.
- The Aramark general manager and chef are being transferred to other locations within the Aramark company.
- Ovations interim general manger and chef have been identified.
- Ovations has signed a new collective bargaining agreement. They are notifying food service workers of the transition and will be retaining workers are required by the City's Worker Retention Ordinance.
- Notification to current convention center clients who have events booked are being made to advise of the change in food and beverage service provider.

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Transition Activities

- Ovations has prepared and is implementing a transition program including transfer of agreements and liquor license; banking; equipment and supplies; human resources/personnel, and general operations.

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Recommendation

Approve and authorize the City Manager to execute an Agreement with Ovarions Food Services dba Spectra Food Services & Hospitality for Interim Food & Beverage Operations at the Santa Clara Convention Center.