





City of Carson

Report to Mayor and City Council

December 21, 2010
New Business Discussion

SUBJECT: CONSIDER AUTHORIZING STAFF AND THE CITY ATTORNEY TO ENTER INTO FORMAL NEGOTIATIONS FOR AN EXCLUSIVE CATERING SERVICES AGREEMENT WITH MASTROIANNI FAMILY ENTERPRISES, LTD., D/B/A JAY'S CATERING


Submitted by William W. Wynder
City Attorney


Approved by Jerome G. Groomes
City Manager

I. SUMMARY

The City Council is requested to authorize staff and the office of the City Attorney to enter into formal negotiations with representatives of Mastroianni Family Enterprises, Ltd., doing business as Jay's Catering, for a possible exclusive catering services agreement at the Congresswoman Juanita Millender-McDonald Community Center at Carson (Community Center).

This recommendation comes after completion of an extensive "request for proposals" process and the careful screening of three (3) finalist vendors for such a contract services agreement, each of which are, in the view of staff, fully capable of meeting the city's requirements for catering services at the Community Center.

Given the various proposals from the vendors, and given further that, as a professional services agreement the City Council is not required to award the same based only on proposed revenues to the city, staff and the City Attorney are of the opinion that Council should, at this phase of the process, direct staff to open formal negotiations with a "recommended vendor" with the view that a final contract services agreement would be brought back for formal Council action at a later date.

If those negotiations proves unsatisfactory to staff, the Council will be so advised and authorization to negotiate with another of the finalist vendors will then be sought.

II. RECOMMENDATION

AUTHORIZE staff and the office of the City Attorney to enter into formal negotiations with representatives of Mastroianni Family Enterprises, Ltd., doing business as Jay's Catering, for a possible exclusive catering services agreement at the Congresswoman Juanita Millender-McDonald Community Center at Carson, for a five (5)-year term commencing on February 1, 2011 and concluding on February 3, 2016.

22.

III. ALTERNATIVES

TAKE another action the City council deems appropriate.

IV. BACKGROUND

On November 18, 2008, the City Council approved a nineteen (19)-month contract extension with Jay's Catering for catering services at the Community Center. The extension was granted due to the economic downturn which began in the summer of 2008. The nineteen (19)-month contract extension was to allow time for the economy to stabilize and provide consistency in the city's catering operations during the recovery period.

On July 27, 2010, requests for proposals (RFP) to provide exclusive catering services at the Community Center were issued to the public, and mailed directly to nineteen (19) prospective vendors. Staff is pleased to report that eleven (11) potential vendors attended the mandatory pre-proposal meeting on August 10, 2010.

On September 30, 2010, the City Clerk received three proposals, one from Jay's Catering, the current vendor, and the others from Choura Events and Elegant Affair Catering. Those proposals were carefully evaluated by a team consisting of: Jerome Groomes, City Manager; William Wynder, City Attorney; Michael Page, Community Center Manager; Victor Fernandez, Community Center Operations Supervisor; and Lisa Morales, Booking Manager, Torrance Cultural Arts Center.

Each proposing vendor was interviewed at length by the entire evaluation team. In addition, references were checked for the proposing vendors, and a number of un-announced on-site visits to various venues while actual events were in progress were undertaken by various members of the evaluation team. This process, and the various on-site "spot checks," has taken well over two months to complete.

At the end of the process, the evaluation team is of the opinion that all three vendors are capable of meeting the requirements of the city's RFP. However, of these three vendors, two vendors seemed to *best* meet the city's requirements. However, there are differences in the various financial elements of these two competing proposals to the city.

After reviewing the financial statements of all three proposals, it was determined that Elegant Affairs sales volume was considerably smaller than Jay's Catering and Choura Events. The various sales volumes were as follows: Choura

Events: \$10.9 million, Jay's Catering: \$9 million, Elegant Affairs: \$262,000.00. If the team were to evaluate the proposals based solely on the sales volumes, it would be determined that Elegant Affairs is likely the least qualified to generate the kinds of revenue to the city that the RFP had envisioned.

Next, the team evaluated the proposed percentages of gross sales being offered to the city on a per year basis by Jay's Catering and Choura Events. That evaluation led to the conclusion that what is being proposed by *both* vendors is *significantly lower than the current percentages being paid* by Jay's Catering. Attached are the proposals of Jays Catering and Choura Events (Exhibits Nos. 1 & 2) submitted with their response to the RFP.

To illustrate the difference further, attached to this report is an analysis of catering revenues for the fiscal years of 2007/08 and 2009/10 comparing Jay's Catering and Choura Events *proposed* percentages with Jay's Catering *current* percentages. (Exhibit Nos. 3 & 4).

Given the differences in the various revenue projections and proposals from the three finalists, staff and the City Attorney are of the considered judgment that the best way to proceed is for the City Council to authorize formal negotiations with representatives of Mastroianni Family Enterprises, Ltd., doing business as Jay's Catering, for a possible exclusive catering services agreement at the Community Center with the view that a final agreement would be brought back for formal Council action at a later date.

If those negotiations prove unsatisfactory to staff, the Council will be so advised and authorization to negotiate with another of the finalist vendors will be sought.

V. FISCAL IMPACT

Based on existing sales volumes for FY 2009/10 and the proposed percentages offered by the two most qualified proposers, the fiscal impact upon the city of these two proposals would be as follows: Choura Events \$231,747.22 in projected revenue to the city vs. Jay's Catering \$218,363.04 in projected revenue to the city = \$13,384.18 difference between the two proposals, both of which are *considerably less than current percentages being paid* to the city by Jay's Catering.

VI. EXHIBITS

1. Jay's Catering Revenue Proposals. (pg. 5)
2. Choura Events Revenue Proposals. (pg. 6)
3. 2007/08 Revenue Analysis. (pg. 7)
4. 2009/10 Revenue Analysis. (pg.8)

Document3

Prepared by: William W. Wynder, City Attorney
sf:Rev061902

Reviewed by:

City Clerk	<u>City Treasurer</u>
<u>Administrative Services</u>	<u>Development Services</u>
<u>Economic Development Services</u>	<u>Public Services</u>

Action taken by City Council

Date_____ Action_____

City of Carson
Request for Proposal No. P10-05
Food and Beverage Service Operation and Management

City of Carson
701 E. Carson Street
Carson, California 90745

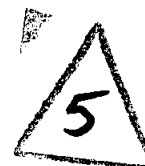
Gentlemen:

In accordance with City of Carson Request for Proposal No. P10-05, we are pleased to offer the City of Carson the following considerations in exchange for the privilege of providing catering services at the Congresswoman Juanita Millender-McDonald Community Center.

Item	Category	Percent of Gross Sales per Year					
		1 st	2 nd	3 rd	4 th	5 th	%
1.	Alcoholic Beverage Sales (exclusive of off-premise sales)	20	20	22	22	24	
2.	Food Service and Sales (exclusive of alcoholic beverages and off-premise catering)	18	18	19	19	20	
3.	Miscellaneous Sales (flowers, vending, equipment rentals, photographic service)	10	10	10	10	10	
4.	Off-Premise Sales (if any) based on gross sales	5	5	5	5	5	
5.	Proposed Gratuity/Service Charge for first 24 months of contract;	21	21	N/A	N/A	N/A	

The undersigned proposer hereby understands, warrants, and agrees:

1. That the proposer had read, understood, and agrees to provide catering services in accordance with the terms, conditions, and specifications contained herein.
2. That the proposer is fully qualified and capable of providing the services described herein,
3. That the proposer has provided a bidders bond, cashiers' or certified check in the amount of \$25,000 payable to the City of Carson pursuant to Section 16.1 of this Request for Proposal. Check or bond will be refunded if the proposer is not awarded a contract.



City of Carson
Request for Proposal No. P10-05
Food and Beverage Service Operation and Management

City of Carson
701 E. Carson Street
Carson, California 90745

Gentlemen:

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Item	Category	Percent of Gross Sales per Year					
		1 st	2 nd	3 rd	4 th	5 th	%
1.	Alcoholic Beverage Sales (exclusive of off-Premise sales)	30%	30%	30%	30%	30%	
2.	Food Service and Sales (exclusive of alcoholic beverages and off-premise catering)	18%	20%	22%	20%	18%	
3.	Miscellaneous Sales (flowers, vending, Equipment rentals, photographic service)	25%	25%	25%	25%	25%	
4.	Off-Premise Sales (if any) based on gross sales	18%	20%	22%	20%	18%	
5.	Proposed Gratuity/Service Charge for first 24 months of contract;	19%	19%	19%	19%	19%	

The undersigned proposer hereby understands, warrants, and agrees:

1. That the proposer had read, understood, and agrees to provide catering services in accordance with the terms, conditions, and specifications contained herein.
2. That the proposer is fully qualified and capable of providing the services described herein,
3. That the proposer has provided a bidders bond, cashier's or certified check in the amount of \$25,000 payable to the City of Carson pursuant to section 16.1 of this Request for Proposal. Check or bond will be refunded if the proposer is not awarded a contract.

EXHIBIT NO. - 2



Catering RFP No. P10-05
Revenue Analysis

2007-2008 Catering Revenue				
Month	Food	Alcohol	Rentals	Gratuities
July	116994.09	10217.13	638.10	22345.56
August	151038.87	11541.28	1130.40	26190.84
September	183583.34	15609.08	1153.86	32575.38
October	90639.78	14016.73	171.30	16127.45
November	121319.80	6918.01	961.15	18914.56
December	153814.45	12265.30	2693.85	16338.24
January	93217.29	10037.25	508.60	15965.61
February	141893.84	9081.79	3482.79	24456.66
March	109095.16	9586.81	1096.85	19869.02
April	139857.88	11121.55	1064.95	20641.41
May	157832.58	8216.53	394.30	23226.30
June	130260.96	10853.70	1301.95	19981.01
	1589548.04	129465.17	14598.10	256632.04

Proposed Percentage per Catering Company based on 2007-2008 Catering Revenue						
Catering Companies	Food	Alcohol	Rentals	Gratuities Paid to City	Proposed Gratuity Charged to Clients	Total Catering Revenue to City
Jay's Proposed %	1589548.04	129465.17	14598.10	256632.04	21%	313471.49
	0.18	0.20	0.10	0.00		
	286118.65	25893.03	1459.81	0.00		
Choura Proposed %	1589548.04	129465.17	14598.10	256632.04	19%	328607.72
	0.18	0.30	0.25	0.00		
	286118.65	38839.55	3649.53	0.00		
Elegant Proposed %	1589548.04	129465.17	14598.10	256632.04	19%	427215.49
	0.24	0.30	0.12	0.02		
	381491.53	38839.55	1751.77	5132.64		
Jay's Current %	1589548.04	129465.17	14598.10	256632.04	19%	389999.93
	0.22	0.30	0.10	0.00		
	349700.57	38839.55	1459.81	0.00		

Comparisons based on 2007-2008 Catering Revenue			
Jay's Compared to Jay's	389999.93 Current % 313471.48 Proposed % - 76528.45	Choura Compared to Jay's	328607.72 Choura 313471.48 Jay's - 15136.24
Elegant Compared to Jay's	427215.49 Elegant 313471.48 Jay's - 113744.01	Elegant Compared to Choura	427215.49 Elegant 328607.72 Choura - 98607.77



EXHIBIT NO. - 3

Catering RFP No. P10-05
Revenue Analysis

2009-2010 Catering Revenue				
Month	Food	Alcohol	Rentals	Gratuity
July	52336.81	10087.32	665.90	11443.01
August	109893.14	10201.47	113.25	19226.75
September	83386.57	9242.43	137.85	13923.10
October	114494.22	14321.76	248.40	21744.38
November	79550.16	9290.17	103.98	14739.94
December	144511.17	14568.68	512.27	19318.23
January	65090.08	7063.06	38.00	10158.97
February	52737.13	5470.35	68.50	7903.85
March	36946.77	3077.35	171.00	7079.07
April	132618.25	12386.41	0.00	24166.07
May	119413.83	10912.72	532.00	17574.43
June	91975.76	9203.25	72.30	23010.09
	1082953.89	115824.99	2663.45	190287.89

Proposed Percentage per Catering Company based on 2009-2010 Catering Revenue						
Catering Companies	Food	Alcohol	Rentals	Gratuity Paid to City	Proposed Gratuity Charged to Clients	Total Catering Revenue to City
Jay's Proposed %	1082953.89	115824.99	2663.45	190287.89	21%	218363.04
	0.18	0.20	0.10	0.00		
	194931.70	23165.00	266.35	0.00		
Choura Proposed %	1082953.89	115824.99	2663.45	190287.89	19%	230345.06
	0.18	0.30	0.25	0.00		
	194931.70	34747.50	665.86	0.00		
Elegant Proposed %	1082953.89	115824.99	2663.45	190287.89	19%	298781.80
	0.24	0.30	0.12	0.02		
	259908.93	34747.50	319.61	3805.76		
Jay's Current %	1082953.89	115824.99	2663.45	190287.89	19%	273263.70
	0.22	0.30	0.10	0.00		
	238249.86	34747.50	266.35	0.00		

Comparisons based on 2009-2010 Catering Revenue			
Jay's Compared to Jay's	273263.70 Current % 218363.04 Proposed % - 54900.66	Choura Compared to Jay's	230345.06 Choura 218363.04 Jay's - 11982.02
Elegant Compared to Jay's	298781.80 Elegant 218363.04 Jay's - 80418.76	Elegant Compared to Choura	298781.80 Elegant 230345.06 Choura - 68436.74

