



Legislation Details (With Text)

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**Title:** Approve the Second Amendment to the Catering Services Agreement between SMG and Pardini's Inc. for the Fresno Convention & Entertainment Center.

**Sponsors:** Office of Mayor & City Manager

**Indexes:**

**Code sections:**

**Attachments:** 1. 2nd Amend Pardinis Catering\_SMG Agreement - Signed by Pardinis & CAO 9.25.17.pdf

Date	Ver.	Action By	Action	Result
10/12/2017	1	City Council	approved	Pass

**REPORT TO THE CITY COUNCIL**

**October 12, 2017**

**FROM:** WILMA QUAN-SCHECTER, City Manager  
BRUCE RUDD, Assistant City Manger  
Office of the City Manager

**BY:** WILLIAM C. OVERFELT, General Manager, SMG  
Fresno Convention & Entertainment Center

**SUBJECT**

Approve the Second Amendment to the Catering Services Agreement between SMG and Pardini's Inc. for the Fresno Convention & Entertainment Center.

**RECOMMENDATION**

Staff recommends that the City Council approve the Second Amendment to the Catering Services Agreement between SMG and Pardini's Inc. (Second Amendment) for the Fresno Convention & Entertainment Center (FCEC) and authorize the City Manager to execute the agreement.

**EXECUTIVE SUMMARY**

Pardini's Inc. (Pardini's), is a locally owned and operated catering company who has been providing catering services to FCEC and has done so for the past seventeen years via contracts with SMG. Pursuant to the Amended and Restated Management Agreement between the City of Fresno and SMG, dated January 1, 2014 (the Management Agreement), all subcontracts related to FCEC must

be approved by the City. The Second Amendment would extend the Catering Agreement for five years, will generate additional commission revenues paid by Pardini's on catering sales, and provide the parties with an option to extend the Catering Agreement for an additional five years, if mutually agreeable terms can be reached.

## **BACKGROUND**

Pardini's, Inc. has been the catering services provider at FCEC for the past seventeen years. The current term was nearing expiration at which point the City engaged Pardini's and SMG in negotiating mutually agreeable terms for a Second Amendment to the current Catering Agreement.

Pursuant to the terms of the Catering Agreement, as amended, the parties have the option of extending the agreement for a five-year period upon mutually agreeable terms. As a result of these negotiations the parties have now reached a tentative agreement and seek Council's approval of the attached Second Amendment which provides: (1) an extension of the Catering Agreement through June 30, 2022; (2) an increase in commission paid by Pardini's to FCEC (through SMG) - the parties have agreed that commission paid by Pardini's will increase by 2.5% to 27.5% of Pardini's Modified Net Receipts up to \$1.3 million and increase to 30% for Modified Net Receipts for catering sales greater than \$1.3 million; and (3) an option to extend the agreement beyond June 30, 2022, for an additional five-year period, through June 30, 2027, if the parties can reach agreeable terms for such an extension. Based on estimates, the terms of the Second Amendment, if approved by the City, are projected to generate over \$1.7 million in commission revenue for FCEC over the term of the agreement extension. Under the Management Agreement between the City and SMG, such revenues are included in the annual operating revenues for FCEC.

Staff seeks the Council's approval of the attached Second Amendment, which has been approved as to form by the City Attorney's Office.

## **ENVIRONMENTAL FINDINGS**

By the definition provided in the California Environmental Quality Act (CEQA) Section 15378, this item does not qualify as a project for the purposes of CEQA.

## **LOCAL PREFERENCE**

Local preference is not implicated for this item because it does not involve the bid process.

## **FISCAL IMPACT**

This item will not negatively impact the General Fund. Based on Pardini's past sales history at FCEC, the Second Amendment should generate over \$1.7 million in commission for FCEC over the life of the extension by June 30, 2022. Revenue generated from catering sales commission will be included in the operating revenue and used to operate FCEC.

Attachment:

Second Amendment to Catering Services Agreement between the SMG and Pardini's, Inc.