

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
PRESENTORS LIAISON COMMITTEE / SPECIAL MEETING

Thursday, May 10, 2018

The Presentors Liaison Committee of the Board of Trustees of the War Memorial of San Francisco met at 1:00 p.m. on Thursday, May 10, 2018, in the Trustees' Board Room, War Memorial Opera House, Chair Horn presiding.

ROLL CALL

Committee Members Present:	Chair Horn, Trustee Lui, Trustee Moscone, Trustee Shultz, Trustee Wilsey, President Bechtle, <i>Ex officio</i>
Non-Committee Members Present:	Trustee Levin, Trustee Myatt, Trustee Pelosi
Listening by teleconference:	Vice President Walker
Staff Present:	Elizabeth Murray, Managing Director Jennifer Norris, Assistant Managing Director

REGULAR ITEMS

Food and Beverage Concession Agreement:

Chair Horn stated there is one item on today's agenda for the Presentors Liaison Committee, consideration and possible adoption of recommendations on the proposals submitted in response to the War Memorial's Request For Proposal for Food and Beverage Concession and Catering Agreement.

Chair Horn stated that by way of background, the War Memorial's current ten-year agreement with the Patina Restaurant Group for Food and Beverage Concession and Catering Services will expire on July 31, 2018. In accordance with City policy, the War Memorial issued a Request For Proposal or "RFP" on January 10, 2018, inviting proposals from qualified firms interested in operating exclusive food and beverage concessions and catering services at the San Francisco War Memorial and Performing Arts Center. The RFP document provided descriptions of the Center property, premises and usage schedules, the scope of services required, standards of operation, agreement requirements including required City provisions, submission requirements, and description of the selection process and evaluation criteria.

Chair Horn stated the purpose of the RFP is to select a qualified firm to:

- Provide exclusive food and beverage concessions services in the Opera House, Davies Symphony Hall, Herbst Theatre and Zellerbach Rehearsal Hall.
- Provide exclusive catering services in the Opera House, Davies Symphony Hall, Veterans Building Lobby and Zellerbach Rehearsal Hall.
- Provide retail operation of the Veterans Building Café.
- Provide vending machine services at designated vending areas in the buildings.

Chair Horn stated that under the concession agreement, the concessionaire pays the War Memorial varying percentages of concessions and catering sales. The concessionaire also provides an amount of funds for improvements to concession facilities. The actual commission percentages and investment amount are part of each proposer's proposal. The stated term of the new agreement is for five years, with a renewal term of up to an additional five years at the sole discretion of the War Memorial.

Chair Horn said that on March 28, 2018, the RFP submission deadline, the War Memorial received four proposals in response to the RFP. Following staff review, two of the four proposals were determined to meet all the specified minimum qualifications, and those two proposers, Patina Restaurant Group and Global Gourmet Catering, were scheduled for oral interviews with an interview panel consisting of himself, President Bechtle, Beth Murray, Jennifer Norris, and one representative from each of the Opera, Symphony and Ballet. He said the oral interviews were completed last week.

Chair Horn stated that today the Presentors Liaison Committee will hear presentations from each of Global Gourmet and Patina, and then hear comments from resident licensee representatives and War Memorial staff.

Global Gourmet Catering Presentation

Mr. Dave Ashley, CFO and partner of Global Gourmet Catering, made a presentation to the Committee. Mr. Ashley stated that Global Gourmet Catering is very excited about the possibility of becoming the War Memorial's vendor partner. He said Global Gourmet Catering, founded in 1999, is a San Francisco-based company with approximately 1,000 employees, of which half are San Francisco residents. In 2009, Global Gourmet began a boutique concession division working with Another Planet Entertainment and Live Nation to bring better products to event concessions at the Nob Hill Masonic, the Fillmore and the Greek Theater in Berkeley.

Global Gourmet Catering presented a video highlighting the company's commissary kitchen, warehouse and management office located in San Francisco's Dogpatch neighborhood which will support the operations at the War Memorial.

Mr. Garo Eldemir, Beverage Director for Global Gourmet Catering, stated that their operational goals for the San Francisco War Memorial and Performing Arts Center will be to:

- Exceed the demands of all patrons by providing a broad range of fulfilling concession experiences, including offering a wider variety of food options made possible by their local commissary.
- Increase the Center's exposure within the events community by bringing new event clientele to the venues.
- Meet and surpass the War Memorial's expectations for generating increased revenues.

Patina Restaurant Group Presentation

Mr. Ed Sirhal, President of Patina Hospitality, made a presentation to the Committee and introduced Brian Crowell, Patina General Manager on the War Memorial campus, and Nathalie Roynette, Catering Sales Manager. Mr. Sirhal reviewed the three building blocks Patina is providing to make the War Memorial facilities first class in food and beverage:

- Patina has an excellent team in place at the War Memorial providing leadership and acting as a liaison between Patina, the War Memorial and the clients.
- Patina is prepared to invest \$2.5 million, three times the \$750,000 required under the RFP, to completely transform and upgrade the War Memorial food and beverage facilities, which are badly in need of improvement, to first class status.
- Patina proposes to provide new dynamic and innovative guest experiences, including partnering with some of the local cutting edge chefs in San Francisco, as Patina has successfully done at Downtown Disney and on the plaza at the LA Music Center.

Brian Crowell thanked the War Memorial and resident licensees for the opportunity to work at the War Memorial for the past two years and for partnering with him on implementing a variety of food and beverage service improvements and changes. He spoke about his vision to make the food and beverage experience at the War Memorial truly world-class and to have the opportunity to implement dramatic and meaningful upgrades and improvements to the food and beverage facilities in the Opera House and Davies Symphony Hall.

Resident Licensee Comments

Chair Horn asked for comments from representatives of the War Memorial's resident licensees, the San Francisco Opera, Symphony and Ballet. Jennifer Lynch, San Francisco Opera Managing Director of Philanthropy and Audiences, read a joint statement on behalf of the Opera, Symphony and Ballet, which statement is appended to the minutes and made a part hereof, unanimously and emphatically recommending the Global Gourmet proposal.

War Memorial Staff Comments

Chair Horn asked for comments from War Memorial staff. Beth Murray, Managing Director of the War Memorial, stated staff has done a comprehensive review of the proposals from Patina and Global Gourmet, including review of past experience, financial data, and the stated ability to provide innovative and creative services in response to the need for food and beverage to play more than a supporting role in the presentation of art forms in our buildings.

Experience: In reviewing the proposers' portfolios of experience, Patina has a scope of experience that better corresponds to the Center and the Center's needs. They have broad performing arts concession experience, experience in negotiating and working with union staff, and experience in the requirements and burdens of a City contract. Global Gourmet, which established its catering business in 1999, has operated concession services for just 9 years, all in pop or rock and roll venues. Global Gourmet does not have any experience with the hotel and restaurant workers union in San Francisco or elsewhere, and does not have experience with City or other government contracts.

Financial Issues: Income to the War Memorial from concessions and catering services is a critical part of the War Memorial's annual budget. In calendar year 2017, commissions from Patina totaled \$671,000. During the 9 complete years of our current contract with Patina, annual concession sales have grown by 82%, with food and beverage income to the War Memorial increasing by 95%. At the same time, annual attendance has remained flat and in some years declined.

Each of Patina and Global Gourmet has offered competitive commission structures, with Global Gourmet's proposal an average 1% over that of Patina.

As required by the RFP, each of Patina and Global Gourmet has proposed an amount of money to be expended on improvements to food and beverage facilities. Patina has proposed to expend \$2.5 million in improvements and upgrades to food and beverage facilities. Global Gourmet has proposed a \$750,000 capital investment. Global Gourmet has also proposed an expenditure of \$200,000 for pre-opening costs which will include necessary expenditures for purchasing all smallwares such as silverware, plateware, glassware, and other items necessary to the start-up of their operation.

Ability to provide innovative and creative services: Patina has been an excellent partner to the War Memorial during the past 19 years. They have been responsive to the War Memorial's needs and have modified and added services as necessary to accommodate needs of the licensees. While staff is aware of concerns and issues stated by our resident licensees, staff feels that the solid relationship with Patina, as well as Patina's proposed investment monies, provide the necessary foundation for creating and implementing new food and beverage service opportunities that are desired by our resident licensees.

Ms. Murray stated that staff is supporting the proposal of Patina Restaurant Group as Patina has the experience, depth and resources to provide excellent services, which has been demonstrated during their tenure at the Center. Staff is concerned that Global Gourmet's limited performing arts experience and limited capital investment, together with the known hurdles facing any food and beverage operator in the facilities, does not provide the necessary foundation for operating and reforming food and beverage services to achieve what is desired by the War Memorial and resident licensees. Staff feels this lack of foundation presents risks that could impact services at the facilities as well as the War Memorial's revenue budget. Ms. Murray also stated that War Memorial staff will work diligently to implement whatever decision is reached by the board.

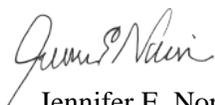
Board Consideration

Following considerable discussion a motion was made by President Bechtle and seconded by Trustee Wilsey to select the proposal of Global Gourmet Catering. Following opportunity for public comment, the following recommendation was unanimously adopted.

RECOMMENDED, By the Presentors Liaison Committee to the Board of Trustees of the War Memorial of San Francisco to select the proposal of, and enter into an agreement with, Global Gourmet Catering for food and beverage concession and catering services at the War Memorial and Performing Arts Center effective August 1, 2018.

ADJOURNMENT

There being no further business, Chair Horn adjourned the meeting at 2:30 p.m.



Jennifer E. Norris
Executive Secretary

Appended to the Minutes of the Presentors Liaison Committee Meeting of May 10, 2018

A JOINT STATEMENT OF SAN FRANCISCO BALLET, OPERA AND SYMPHONY

As the Trustees of the War Memorial Board consider the contract for the next concessionaire of the War Memorial complex, the three resident companies believe that this is a critical issue facing the future viability and sustainability of world-class artistry in the Bay Area. The experience of our patrons, not only in our performances but in our venues, has become absolutely critical to retaining and attracting audiences. The role of food and beverage is more essential than it has ever been as proven through our research and patron feedback.

As such, we appreciate being invited to participate, and provide feedback, during the selection process for the concessionaire contract at the War Memorial complex. Consistent with our verbal feedback and conversations with the committee, we would like to reiterate our position that the resident groups strongly recommend Global Gourmet to the trustees.

Throughout surveys and larger studies conducted by all three of our organizations in recent years, along with countless patron emails and phone calls, we hear time and time again that food & beverage options, pricing, service, and quality are critical and currently do not meet the expectations of subscribers and single ticket buyers. Significant patron research conducted between 2014-2017 with lapsed and new attendees, following declining ticket sales for SFO SFS, SFB, indicate a need for significant changes if we want to attract and retain current and future loyal audiences.

SFO, SFS, and SFB patron survey data and open comments show that poor Food and Beverage experience is currently our largest experience detractor. When asked what suggestions single ticket buyers have to make the experience better, Food and Beverage service was top priority outranking great concert experience (SFS Patron Growth Initiative). When asked to rank satisfaction of food and beverage service along with other venue experiences single ticket buyers gave only an 11% approval rating out of a total of 100 (SFO Patron Growth Initiative).

We were deeply impressed with Global Gourmet's proposal and presentation for many reasons, and would like to highlight those that we feel will directly address the issues we've heard from our patrons in a way that Patina did not or we feel cannot address.

- Global Gourmet is locally owned and operated in the Bay Area with extensive knowledge of our market, audience, local food trends and purveyors.
- There is an immediate opportunity for new, dynamic food offerings as a result of their local kitchen facility. It is a critical advantage that would enable immediate changes to the way food is conceived and prepared. Although we believe capital improvements to the facilities are critically important, it is also vital that we move even more quickly to address the variety, style and quality of our food and beverage offerings. Global Gourmet clearly demonstrates this ability and advantage.
- Global Gourmet provided thoughtful customized options for service based on changing audience demographics and programming.
- There was a resonance of language, ideas, approaches and philosophy with the urgent needs of all three resident companies.
- Global Gourmet is known for their emphasis on customer service with the ability to support huge corporate and entertainment clients. Their success comes from a strong business operation with professional facilities and deep employee base. The size and scope of operation and references from major longstanding clients impressed us all.
- Overall we feel the proposal better reflected what all three organizations need if we are to deliver world-class, memorable experiences to current patrons, and address the concerns articulated by newer patrons.

These elements have been repeatedly cited as barriers to why first time attendees do not necessarily come back a second or third time, even in spite of near-unanimous admiration of our beautiful, grand and historic venues. We sincerely appreciate the efforts that Patina has made in some of these areas, but we fear that it has not moved the perception and experience of food and beverage in the War Memorial venues to a great enough degree.

All of the resident companies are facing increasingly tight budgets that require creative solutions for patron engagement both for broad audiences and more targeted groups. We are finding the need for greater flexibility in pricing and format for special events, using a variety of locations in our venues, aimed at cultivating, attracting and celebrating patrons.

JOINT STATEMENT, continued

For all these reasons, the three resident companies believe it is time to make a change. All three organizations unanimously and emphatically recommend the Global Gourmet proposal. If Global Gourmet is selected, we look forward to working with them and the War Memorial board of trustees and staff to create an experience in these venues that reflects their extraordinary history and beauty, while also meeting the changing expectations of our patrons. We deeply appreciate the opportunity to provide feedback and input and are happy to address any specific questions the trustees of the War Memorial may have.

Sincerely,

Carl Pascarella, President
San Francisco Ballet

Keith Geeslin, President
San Francisco Opera Association

Sakurako Fisher, President
San Francisco Symphony

Glenn McCoy, Executive Director
San Francisco Ballet

Matthew Shilvock, General Director
San Francisco Opera

Mark Hanson, Executive Director
San Francisco Symphony