



## STAFF REPORT

**DATE:** February 19, 2019

**TO:** Ronald L. Olson, City Manager

**FROM:** Leslie Hinkle, Executive Director of Community Development

**SUBJECT:** Management Services Agreement for Mixed Beverage Service Operations

### **BACKGROUND AND FINDINGS:**

The City of Killeen holds a mixed beverage license from the Texas Alcoholic Beverage Commission for the Killeen Civic and Conference Center Complex to provide alcoholic beverage services for its clients. The license includes the Killeen Civic and Conference Center, Special Events Center and Rodeo Arena and Grounds. The City obtained Mixed Beverage and Beverage Cartage permits in March 2002 and added a catering permit in 2011 in order to provide mixed beverage service to other authorized City facilities.

The City has had a management services agreement with YH SH, LLC, DBA Jesters since 2005. The current management services agreement expires March 14, 2019. After the last internal audit performed by Matt Grady, the City Internal Auditor, one of the recommendations was to consider developing an RFP for mixed beverage service operations. This recommendation was considered and RFP 19-12 was developed and released on December 9, 2018.

The RFP closed on January 10, 2019 with three proposals received; Shilo Inn & Restaurant, YH, SH, LLC, and Let Us Do the Cooking, LLC. City staff held interviews with all three proposers on January 15, 2019, and evaluated each proposal based on the criteria outlined in the RFP. Let Us Do the Cooking, LLC ranked the highest of the three proposals. Let Us Do the Cooking's proposal also presented several new services that can potentially bring additional revenue to the City.

As part of the management services agreement City staff is proposing a two year management services agreement and if both parties agree, this agreement may be extended by up to two (2) additional two-year terms. Let Us Do the Cooking, LLC (Manager) is proposing the following management fees and additional services;

A. Management fee of 40% of gross receipts realized by the Permittee (City) for mixed beverage service charges (including service charges collected on behalf of City).

B. Table service - charged to the client at an hourly rate, depending on the number of servers requested. Base rate will be \$25.00 per hour. Permittee will receive 10% of the total table service fees ordered for the event.

C. Glass Rentals - beverage glassware rental provided by the Manager. City will receive 10% of revenue from glassware rental per each event through Manager.

D. Beverage Service - Manager will provide coffee and water service for events requested at meetings, trainings, etc. City will receive 10% revenue from this provided service by Manager.

E. Specialty Cocktail/Mocktail Service and Stations - Manager will provide signature drinks to be created and served at events. Pricing will be determined based on the amounts and ingredients needed and requested. Additional signature items may include items such as Mimosa, Bloody Mary stations, and customized stations as ordered for the event. City will receive 10% of Specialty Service ordered.

### **THE ALTERNATIVES CONSIDERED:**

Alternatives considered: (1) approve the management services agreement with Let Us Do the Cooking (2) begin negotiations with one of the other proposers (3) do not approve the management services agreement and end mixed beverage services at City facilities.

### **Which alternative is recommended? Why?**

Staff recommends alternative 1. Approval of the management services agreement with Let Us Do the Cooking, LLC. This agreement will provide (1) a continued mixed beverage service to customers, (2) an enhanced level of service of mixed beverage services, and (3) provide additional add on services that will enhance customer service options and potential revenue for the City.

### **CONFORMITY TO CITY POLICY:**

Yes

### **FINANCIAL IMPACT:**

#### **What is the amount of the expenditure in the current fiscal year? For future years?**

Annually the City has budgeted \$80,000 for the management fee for mixed beverage service.

#### **Is this a one-time or recurring expenditure?**

This is a recurring expenditure.

#### **Is this expenditure budgeted?**

Yes, in account 214-0706-457.47-99.

#### **If not, where will the money come from?**

N/A

#### **Is there a sufficient amount in the budgeted line-item for this expenditure?**

Yes

### **RECOMMENDATION:**

Staff recommends the City Council authorize the City Manager or designee to execute the management services agreement with Let Us Do the Cooking, LLC effective March 15, 2019 for a period of two years, with an option to extend the agreement by up to two (2) additional two (2) year terms, and that the City Manager or designee is authorized to execute any and all change orders in compliance with local policy or state law.

**DEPARTMENTAL CLEARANCES:**

Legal  
Finance

**ATTACHED SUPPORTING DOCUMENTS:**

Agreement  
Let Us Do the Cooking Proposal  
YH SH, LLC Proposal  
Shilo Inn Proposal