

INDIAN WELLS CITY COUNCIL

February 15, 2024



To: City Council
From: City Manager Department
Prepared by: Christopher Freeland, City Manager
Subject: **BNP Paribas Open City of Indian Wells' Suite Food and Beverage Service**

RECOMMENDED ACTIONS:

Council **DISCUSSES** and **PROVIDES** direction as to any changes to the level of food and beverage service for the 2024 BNP Paribas Open.

BACKGROUND:

In 2023, the City successfully negotiated a modification to the Host Sponsorship Agreement for the upcoming 2024 BNP Paribas Open Tournament in collaboration with Desert Champions. The negotiation process aimed to enhance resident benefits, resulting in the inclusion of additional tickets throughout Stadium 1, an additional City suite (three City suites in total), and an allotment of tickets to the tournament luxury suite, that is fully catered by the Tennis Garden.

The City's sponsorship for the BNP Paribas Open encompasses suites 302, 324, and 327 for an additional 594 suite seats added to 2024 tournament and every year after this. Total suite seats during the tournament is 2,730. This sponsorship arrangement includes a \$75,000 food credit. During the 2023 BNP Paribas, the city expended approximately \$6,000 over the \$75,000 credit (\$81,000 total) for the two city suites. This included non-alcoholic beverages, a variety of snacks (e.g., chips and dip, pretzels, cheese platters, etc.), lunch and dinner service, and dessert trays.

DISCUSSION:

The Indian Wells Tennis Garden has engaged the services of Sodexo Live as its new food vendor. Sodexo Live, renowned for providing hospitality at a global scale, caters to events, cultural destinations, convention centers, stadiums/arenas, airport lounges, and conference centers, among other venues. The company boasts a prestigious clientele, including the Miami Open, prominent football stadiums like Hard Rock and Lucas Oil, and a longstanding 30-year partnership with Le Tour de France.

The transition to Sodexo Live as the new food vendor has brought about notable changes to the menu at the Indian Wells Tennis Garden. These changes encompass adjustments to pricing structures, the introduction of new food options, enhancements to food refinement offerings, and the discontinuation of beverage packages. Specific food options have been removed from the menu, and a shift to a la carte drinks has replaced beverage packages. Notably, items such as snack mix and kettle chips will no longer be replenished during the event.

Staff were aware that food and beverage prices were likely to increase with the addition of a new food vendor, inflationary increases to food products¹, and the addition of 594 suite (28% increase) of suite tickets. The information on the new food and beverage costs was recently released by Sodexo. Based on the new costing provided by Sodexo, staff estimates a supplemental appropriation of \$75,000 is needed to provide service to all three city suites for the duration of the BNP Paribas.

As such, staff added this item for Council discussion and direction as a supplemental appropriation is needed to provide similar food and beverage service to the City suites. It is important to note that while a bulk of the additional costs are food related, the food vendor also collects a service charge of 21%, and sales tax of 7.75%. Staff has provided a variety of options for the Council's consideration.

OPTIONS:

Staff has provided the following options:

1. The City can service all three City suites with snacks (popcorn, kettle chips with dip, chips and salsa, and snack mix) and beverages with the existing City credit of \$75,000. The cost to provide snack service to all three suites is estimated at \$37,100 for 20 people. The cost to provide beverage service to all three suites is estimated at \$37,900. In addition, there is a service fee of 21%, with 7.75% tax. Residents will be able to order food and drink in the suite with a credit card if they choose.
2. The City can service all three City suites with snacks, beverages, lunch and dinner service, and dessert, consistent with previous years with a supplemental appropriation of \$75,000. As this is the first year under the new pricing structure, the \$75,000 includes a small contingency to provide additional protection from exhausting the food and beverage offerings in the three City suites.
3. Provide alternative directions.

¹ Concurrently, the U.S. Department of Agriculture's Economic Research Service has reported a consistent upward trend in food inflation year over year. In 2022, there was a substantial 11.4% increase, and this inflationary pattern persists with an annual average rise of 2%.

FISCAL IMPACT:

The Finance Director has overseen the collection of admission tax revenue for the upcoming 2024 tournament. In collaboration with insights from the Tennis Garden, there is a mutual expectation of achieving expanded attendance and ticket revenues for the Tennis Garden, resulting in increased admission tax revenue.

The budgeted admission tax revenue currently stands at \$4 million; however, current trends indicate a favorable performance surpassing this projection. The Finance Director anticipates revenues to exceed the budget by \$200,000 to \$600,000.