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Chair Rozic and members of the Committee:

Thank you for the opportunity to submit testimony regarding concession pricing practices and the realities of operating food and beverage services in public venues. My name is Tom Barney, and I serve as President of Delaware North Sportservice, which operates concessions at KeyBank Center and UBS Arena in New York State, as well as numerous sports and entertainment venues across the United States, the United Kingdom, and Australia.

At Delaware North, we recognize that affordability matters to families attending games, concerts, and other public events. We welcome the Committee's interest in examining concession pricing and share the goal of providing an affordable, accessible, and enjoyable experience for our guests. We also appreciate the opportunity to provide context regarding the many factors that influence concession prices and the unique operational environment in which venue food and beverage services operate.

A key point for the Committee's consideration is that concessionaires generally do not have sole authority to determine concession prices. Operators such as Delaware North develop pricing recommendations based on a variety of factors, including food and beverage costs, labor expenses, consumer demand, and operational requirements. Those recommendations are then reviewed by the venue owner, team, or other rights holders, depending on the ownership and management structure of the facility. In most cases, the venue or team ultimately determines final pricing. Any discussion of concession pricing should therefore recognize the shared role that venue owners, teams, and concession operators play in the pricing process.

Additionally, a substantial portion of concession revenue does not remain with the concession operator after an event concludes. Revenue generated through concession sales is typically distributed among multiple stakeholders pursuant to contractual agreements. As a result, concession revenue is shared and allocated among stakeholders before the concession operator retains its portion. Stakeholders may include venue owners, teams, local government, state government, and other facility partners. After revenue-sharing obligations are satisfied and operating expenses, such as product costs, labor costs, utilities, and return on capital commitment are paid, the concessionaire ultimately retains only a relatively small share of total sales revenue.

It’s worth noting that state and local governments also benefit directly from concession sales through the collection of sales taxes and income tax and, in some cases, other fees or surcharges. Every concession purchase generates tax revenue that supports public services and government operations. As policymakers evaluate concession pricing, it is important to recognize that the total amount paid by consumers reflects not only the costs

of food, labor, operations, and revenue-sharing obligations, but also the taxes, assessments, and sometimes surcharges imposed on those transactions.

Some venues, including KeyBank Center and Niagara Falls State Park where Delaware North operates, are owned by government entities. KeyBank Center, for example, is owned by Erie County, and the State Park is owned by the State. Often, the associated government entity is directly or indirectly involved in the decision-making process around concession pricing, and takes a share of the revenue generated. Accordingly, government entities are themselves stakeholders in the overall economics of venue concessions and share in the revenue generated by food and beverage sales. The same can be said for multiple publicly owned facilities including airports and rest stops.

It is also important to understand that stadiums and arenas operate under operational conditions that differ significantly from traditional restaurants, grocery stores, and quickservice establishments. In a typical retail food environment, customer demand is spread throughout the day and week. By contrast, event venues experience concentrated demand during a limited period, often a three-to-four-hour window surrounding a game, concert, or other event. To meet that demand, operators must fully staff and stock facilities capable of serving tens of thousands of guests in a brief period of intense activity. This requires substantial investments in labor, training, inventory, logistics planning, food preparation, safety, and guest service infrastructure. As a result, the cost structure of event concessions is fundamentally different, and more expensive, than conventional food service operations.

Labor costs are a particularly significant factor. Event concessions require higher labor participation levels than traditional food service settings to maintain service standards and guest safety in peak demand periods. In addition, Delaware North's arena workforce is proudly unionized. We value our longstanding and constructive relationships with our labor partners and appreciate the important contributions our employees make to the guest experience. At the same time, collectively bargained wage rates, staffing requirements, and benefit obligations provide less flexibility in labor management and higher costs than may exist in other sectors of the food service industry.

Event-based operations also carry unique financial risks. Attendance levels and purchasing patterns can vary considerably from one event to the next, making forecasting more challenging and increasing the risk of product spoilage and other operating losses. Concessionaires must prepare for demand that may not ultimately materialize while still ensuring that guests receive a high-quality experience when attendance exceeds expectations.

Understanding how each revenue dollar is distributed within a venue is critical to understanding why concession pricing often differs from pricing in other retail environments. It is also important to recognize that these revenue-sharing arrangements

vary significantly from venue to venue, meaning that pricing structures and economics can differ across facilities.

Delaware North supports reasonable efforts to improve public understanding of how concession pricing works, particularly in venues that receive public funding. We believe transparency can help consumers better understand the factors that influence pricing and the complexities of operating large-scale event food and beverage operations.

However, meaningful transparency should provide a complete picture. That includes consideration of venue-specific economics, revenue-sharing arrangements, labor costs, event-based operational requirements, taxes and surcharges, and the role that venue owners, government, and teams play in the economic operating model and the final pricing decisions.

We look forward to working collaboratively with lawmakers, venue partners, and consumer advocates to promote transparency while preserving the ability to deliver safe, high-quality service to the millions of guests who purchase concessions in New York each year.

Thank you for your consideration of this testimony. We appreciate the opportunity to contribute to this important discussion and stand ready to answer any questions the Committee may have.

Respectfully submitted,

Tom Barney
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