

EXECUTIVE SUMMARY

Introduction:

In September of 2022, Denver Arts & Venues (DAV) issued an RFP for management of the Colorado Convention Center (CCC) with the assistance of the City of Denver Purchasing Division of General Services. The CCC is the City's premier venue for conventions, conferences, trade shows, public shows, and entertainment events such as "The Great American Beer Festival," "CEDIA (Custom Electronic Design and Installation Association – a global entity)," "Pop Culture Convention" and many more. The CCC provides an opportunity to showcase the City of Denver, support local businesses in the area, build a tourism base, drive hotel lodgers, and generate revenues through sales and lodgers' taxes paid by CCC attendees while in the area.

Background:

Beginning on January 1, 2009, the City entered into agreement CE93003 with SMG to provide management services. This agreement's initial term ran from January 1, 2009 through December 31, 2011, and included three additional three-year extensions:

1/1/2009 – 12/31/2011 – Initial Term
1/1/2012 – 12/31/2014 – Extension One
1/1/2015 – 12/31/2017 – Extension Two
1/1/2018 – 12/31/2020 – Extension Three

Due to the COVID-19 pandemic, continuing use of the CCC included the stand-up of a medical overflow facility by the State of Colorado and 2020 election training. Due to the shut-down and the significant loss of CCC business, an additional extension through 12-31-2023:

1/1/2021 – 12/31/2023 – Extension Four

Current Request:

DAV is seeking City Council approval of contract THTRS-202366916 with SMG dba ASM Global, from January 2024 – December 31, 2033, to manage the Colorado Convention Center, in its entirety.

Scope of Work:

Services provided by ASM Global at the CCC include but are not limited to:

1. Provision of staffing and supervision of employees and contractors,
2. Customer service to event producers, promoters, guests, event attendees and the public,
3. Facilities operation and management including day-to-day administrative duties,
4. Financial management including budgeting, inventory, processing payments and paying invoices,
5. Booking shows and events except for those under Visit Denver purview,
6. Acquiring services, supplies and equipment necessary to operate and maintain the facility,

7. Administering and negotiating licenses and agreements by entering into agreements in SMG's name for holding events and the provision of services,
8. Conducting facility maintenance, repair and making minor improvements to existing spaces (examples include HVAC systems, offices, the parking garage, concessions spaces and flooring) however new construction shall conform to Charter requirements,
9. Coordinating with stakeholders such as Visit Denver.

For their services, ASM Global will receive two forms of compensation. An annual fixed fee with a potential annual incentive payment based on performance factors:

Fixed Fee:

Year 1 - \$ 395,000

Year 2 - \$ 395,000 plus a 3% incremental increase or a total fee of \$406,850

Years 3 – 10 – prior year fee plus a 3% incremental increase.

Incentive Payment:

The incentive payment in each year shall be a maximum of one hundred percent (100%) of the annual base fee. The amount will be determined by how successfully ASM Global meets customer service, financial goals, and incentive goals. The goals will be reviewed and updated and agreed to annually by ASMG and the Executive Director of DAV. The incentive will be based on the following allocation:

1. *Customer Service*: Maximum annual amount of thirty-seven and one-half percent (37.5%) of the annual base fee.

Year 1 - $\$395,000 * 37.5\% = \$148,125$ maximum potential incentive payment

Year 2 - $\$406,850 * 37.5\% = \$152,569$ maximum potential incentive payment

Years 3 – 10 – Fixed fee * 37.5% is the maximum potential incentive payment

The final amount paid in each year will be prorated based on customer service surveys.

2. *Financial Goals*: Maximum annual amount of thirty-seven and one-half percent (37.5%) of the annual base fee.

Year 1 - $\$395,000 * 37.5\% = \$148,125$ maximum potential incentive payment

Year 2 - $\$406,850 * 37.5\% = \$152,569$ maximum potential incentive payment

Years 3 – 10 – Fixed fee * 37.5% is the maximum potential incentive payment

The final amount paid in each year will be prorated based on achievement of these goals.

3. *Qualitative Goals*: Maximum annual amount of twenty-five percent (25%) of the annual base fee.

Year 1: - $\$395,000 * 25\% = \$79,000$ maximum potential incentive payment

Year 2: - $\$406,850 * 25\% = \$81,370$ maximum potential incentive payment

Years 3 – 10 – Fixed fee * 25% is the maximum potential incentive payment

Item of Note:

ASM Global has offered \$8,500,000 as a capital contribution to be amortized over the term of the contract. This capital contribution will be used for revenue generation concepts, technology upgrades (to remain competitive), operational improvements, at the CCC as directed by Executive Director of DAV in collaboration with ASM Global.