

EXECUTIVE SUMMARY

Background:

In 2008 the Denver Theaters & Arenas division of General Services - subsequently renamed Denver Arts & Venues (DAV) and established as an agency reporting directly to the Office of the Mayor - contracted with SMG to provide management services at the Colorado Convention Center (CCC). SMG was awarded a three-year service contract, CE93003, from 1/1/2009 – 12/31/2011 with an option for three, three-year extensions through 12/31/2020 to be exercised by the Director of Arts & Venues at his discretion and written notification.

Pursuant to the contract, the Contractor provides services including but not limited to administration and negotiation of licenses, occupancy agreements, booking commitments, vendor agreements and service contracts (including, without limitation, contracts for child-care, engineering, telephone and exterminator services, staffing and personnel needs, including guards and ushers, and other services which are reasonably necessary), facility maintenance, customer relations and service, advertising, invoicing, approved facility improvements and coordinating with the city and other city representatives for the CCC.

Both DAV and Contractor experienced significant disruption to originally anticipated activity levels in 2020 due to the COVID-19 pandemic and various state and local public health restrictions on mass gatherings, and the loss of employees due to COVID-19 furloughs and layoffs. These effects are expected to last for at least part, if not all of 2021 due to factors generally outside of either DAV's or SMG's control including general vaccination, restoration of public trust in the safety of mass gatherings, and the time needed to organize large scale events and expos.

Current Request:

DAV is seeking City Council approval of an ordinance that will amend contract CE93003 with SMG to: address the aforementioned business interruptions, particularly cost control, until the resumption of normal activities is possible at the CCC; add an obligation to the contract to hereinafter pay the City Minimum Wage (D.R.M.C. 20-82 through 20-84) to workers; address compensation for the 2020 and 2021 calendar years; and clarify force majeure language related to Covid-19 impacts.

In particular:

- For all of 2020 and through at least part of, if not all of 2021, the CCC has been unable to operate in a normal business manner.
- It is uncertain on what date activity at the Colorado Convention Center will be able to resume normal activity levels.
- The ability to resume normal activities rests on factors generally outside of the City's or Contractor's control and include but are not limited to factors noted in paragraph three of the background section.

- This amendment **does not** extend the current end date of the contract.
- SMG has agreed to waive its right to incentive compensation for 2020 and 2021 incentives have been modified to reflect on-going conditions.
- This amendment modifies certain requirements and guaranteed and other negotiated payments for the 2020 and 2021 calendar years.
- The amendment memorializes that neither party shall seek cancellation of services pursuant to Force Majeure and helps to ensure continuity of services once normal activity levels resume.
- The amendment adds and defines the term “Health and Safety Restrictions Period.” This period began on March 13, 2020, and will continue until formal notification issued by the Director of Arts & Venues or her designee.
- The amendment prioritizes cost transparency by identifying and controlling costs prior to resumption of normal activity levels (i.e. during the Health and Safety Restrictions Period). The Contractor is required during this period to provide estimates of monthly costs and must receive written approval prior to making any purchases or deviating from cost estimates.
- The amendment adds a requirement that contractor pay the contract minimum wage to workers pursuant to D.R.M.C. 20-82 through 20-84.