



ASM Global – Colorado Convention Center (CCC) Management Services

BIZ Committee
May 2023

Frank Delmonte, CPA (retired Finance Director)
Ginger White Brunetti, Executive Director
Denver Arts & Venues

Resolution 23-0570

Approves agreement Resolution 23-0570 with SMG (dba ASM Global), from 01-01-2024 thru 12-31-2033, to manage the Colorado Convention Center, in its entirety.

Services include but are not limited to the following:

- Provision of staffing and supervision; customer service;
- Facilities operation and management;
- Financial management;
- Booking shows and events;
- Acquiring services, supplies and equipment;
- Administering and negotiating licenses and agreements;
- Conducting facility maintenance, repair and making minor improvements to existing spaces;
- And coordinating with stakeholders such as Visit Denver, Hyatt Hotel, and others.

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Contract Background

- Current contract expires 12-31-2023
- CCC expansion: Targeted completion of Q4 2023
- Initiated contracting process to ensure continuity of service

CCC Impact

Economic engine driving regional and downtown business activity

- Over \$500M of economic activity: airline travel, hotel lodging, restaurants, ground transportation, etc.

Business Activity

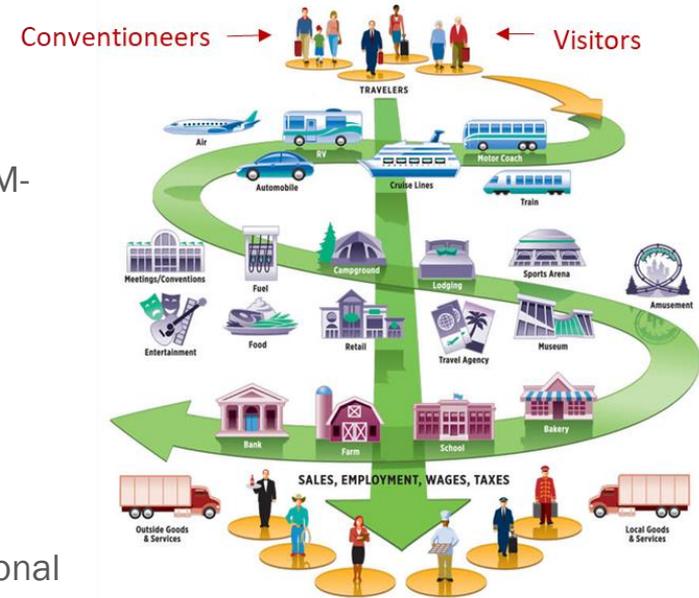
- Pre-pandemic: Event activities 180-200 events/yearly; revenue \$26M-\$27M
- Post-pandemic/recovery:
 - 2023 budget, 167 events; projected revenue \$23.5M
 - 2022 revenue \$22M
 - Revenue expected to increase in 2024

Jobs

- CCC employs ~230 staff
- 174 staff (76%) covered by union labor—Service Employees International Union (SEIU)/International Alliance of Theatrical Stage Employees (IATSE)—and prevailing wage labor rates

THE POWER OF TRAVEL

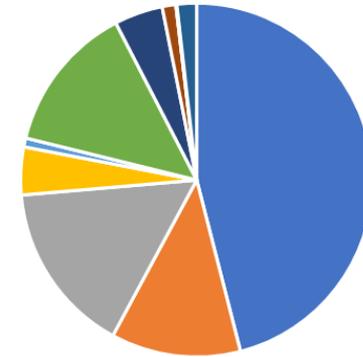
How Travel Dollars Support America



CCC Financials: SRF 15607

Revenue	Expenses
Direct Event Income <ul style="list-style-type: none"> • Rental Income • Service Revenue • Service Expenses 	Operating Expenses <ul style="list-style-type: none"> • Salaries and Wages • Payroll Taxes and Benefits • Contracted Services • General and Administrative • Operations • Repair and Maintenance • Operational Supplies • Insurance • Utilities • Other • Management Fee
Ancillary Income <ul style="list-style-type: none"> • F&B Concession • F&B Catering • Gift Shop Sales • Parking • Business Center • Telephone/Long Distance • Electrical Services • Audio Visual • Internet Services • Equipment Rental • Other Ancillary 	

2023 Expenses



- Salaries and Wages
- Payroll Taxes and Benefits
- Contracted Services
- General and Administrative
- Operations
- Repair and Maintenance
- Operational Supplies
- Insurance
- Utilities
- Other
- Management Fee

Procurement Process

Since May 2021, Denver Arts & Venues (DAV), collaborated with Purchasing, City Attorney's Office (CAO), Denver Economic Development & Opportunity (DEDO), Dept. of Trans. & Infrastructure (DOTI), and Technology Services to ensure fiscal compliance and content for Request for Proposal (RFP), bids, and new contract

Procurement led by Purchasing

Engaged industry experts, Conventional Wisdom, and stakeholders

- Visit Denver, Hyatt Hotel, SODEXO Live (F&B vendor)
- Queried RE CCC operations, interactions, and opportunities

ASM Global received the greatest total score (RFP & presentation) and was selected.

Timeline

- September 2022: Issued RFP
- December 2022: Two (2) bids received
- January 2023: Five (5) evaluation members independently graded written proposals and the in-person bid presentations
 - Members included two staff from Dept. of Finance, one DEDO staff, two from DAV
 - Scoring categories: Experience, management plan, staffing plan, labor relations, operational experience, equity plan, technology, etc.

Key Terms & Factors

Term: January 1, 2024, through December 31, 2033.

Contract amount: \$250,000,000 (offset by CCC operating revenue)

Capital contribution: \$8.5M

- DAV to direct use of funds to drive revenue-generating activity, improve customer experience, maintain technology competitiveness, and more

ASM Global fee: Management fee of \$395,000/year + earned incentive fee of a maximum of \$395,000/year

- Both fees increase by 3 %/year after year 1
- Current fee: \$455,000 annually plus incentive fee

Performance evaluated with quantitative (75%) + qualitative (25%) factors

- Customer Service & Satisfaction
- Financial goals
- Events and attendance figures

M/WBE goal: 2%

- ASM Global agreed to a 3% goal and will strive to increase the percentage

M/WBE Eligible Expenses may include the following:

Contracted Services

- E.g., Security, cleaning, temporary staff

Repairs & Maintenance

- E.g., Bldg. repair (HVAC, elevator)

Supplies

- E.g., Paint, electrical, janitorial

**ASMG and union labor account for the majority of staffing and service provisions (i.e., custodial, security & trades)*

Requesting approval of Resolution 23-0570

Approves a contract with SMG, doing business as ASM Global, for \$250,000,000 from 01-01-2024 thru 12-31-2033 to manage all aspects of operating and maintaining the Colorado Convention Center, located at 700 14th Street in Council District 9*, for conventions, conferences, trade shows, public shows, and entertainment events (202366916).

*District 10 at contract start

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THANK YOU!

Q&A

Appendix

History of Colorado Convention Center

- **June 1990:** CCC opens (replaced Currigan Exhibition Center)
- The CCC has been managed by a third-party management company since 1994
- **2004:** Expansion project increased footprint to 2.2 million square feet
- **2008:** Contract was competitively bid and led by Purchasing ('07, then Theatres & Arenas hired industry expert 'The Radcliffe Company' to assist in incorporating best practices)
- **2007:** Two (2) RFP proposals received: SMG and Global Spectrum (now OVG360).
- **2007:** Purchasing led the procurement; SMG selected

Contracts

Current State

CCC Management Agreement

- Terms 12/31/2023
- No Stagehand Services embedded
- Provider: ASM Global

Stagehand Services Contract

- Terms 12/31/2023
- Provides stagehand services at all DAV facilities
- Provider: ASM Global

Future State

CCC Management Agreement

- Start date: 1/1/2024
- Includes CCC stagehands
- Provider: ASM Global, pending council approval

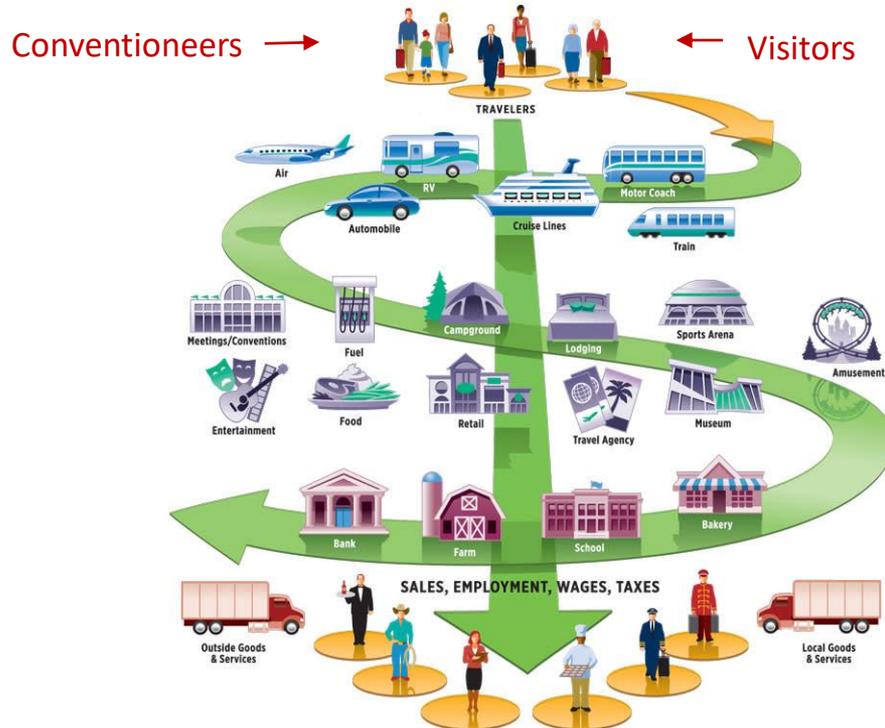
Stagehand Services Contract

- Provides stagehands at all other venues (e.g., Red Rocks, Coliseum and Arts Complex)
- RFP to be issued by May 31, 2023

Direct & Indirect Impact of Travel

THE POWER OF TRAVEL

How Travel Dollars Support America



3 Markets provide demand for Denver hotels:

- Leisure Visitors
- Conventions/Meetings
- Business Traveler

Hospitality Industry Disproportionately Impacted By The Pandemic

- 2020 - Industry came to a halt, domestic reduced and international flights basically eliminated
- 2020 – All conventions cancelled
- 2020 to May 2021 – Colorado Convention Center was an alternate care facility
- July 2021 – MLB All-Star Game
- August 2021 – Fall cancelations due to Delta
- January to March 2022 – 1st Qtr cancelations due to Omicron
- 2020 to 2022 – Convention Center received no recovery funds
- 2022 recovery led by Leisure – unaudited highest Lodger's Tax in Denver's history

Convention/Meeting Forecast

Group demand benchmark: US aggregate

Index (2019=100)



Source: 2Synergize FuturePace; Tourism Economics

- Business travel and convention group impacted the most
- Currently making the comeback which is expected in 2024 and 2025

Group Occupancy Making a Comeback

	2019 Q1 Avg	2022 Q1 Avg	2023 Q1 Avg
Downtown	22.0%	9.5%	17.0%
Denver	18.3%	9.9%	14.2%
Metro	17.8%	9.7%	13.3%

City Revenue Sources - Many Driven by Visitors

CATEGORY	2021		2020		2019	
	RANK	AMOUNT	RANK	AMOUNT	RANK	AMOUNT
Property tax	1	\$533,823,000	1	\$510,841,000	1	\$479,346,000
Intergovernmental revenues	2	\$467,127,000	2	\$389,641,000	3	\$280,421,000
Charges for services	3	\$291,774,000	3	\$225,575,000	2	\$313,008,000
All other outlets	4	\$197,497,000	4	\$129,827,000	4	\$175,450,000
Eating and drinking establishments	5	\$129,410,000	7	\$79,912,000	5	\$145,747,000
Other retail stores	6	\$123,190,000	9	\$71,216,000	12	\$65,771,000
Building materials and farm tools	7	\$118,972,000	5	\$102,790,000	7	\$100,886,000
Auto dealers and supplies	8	\$97,598,000	8	\$77,633,000	9	\$75,490,000
Lodger's tax	9	\$90,696,000	16	\$47,149,000	6	\$134,047,000
Other revenue	10	\$69,555,000	10	\$67,678,000	11	\$67,193,000
Licenses and permits	11	\$68,933,000	11	\$63,571,000	10	\$69,322,000
Information producers and distributors	12	\$68,748,000	15	\$49,651,000	15	\$48,054,000
Marijuana stores (retail \$53.5M; \$8.1M)	13	\$65,958,000	12	\$61,665,000	16	\$46,244,000
Home furnishings, electronics and appliances	14	\$61,433,000	14	\$49,788,000	14	\$50,809,000
Occupational privilege tax	15	\$52,319,000	13	\$50,669,000	13	\$54,940,000
Public utilities	16	\$49,762,000	18	\$37,186,000	19	\$36,235,000
Manufacturing	17	\$47,184,000	17	\$40,576,000	17	\$41,312,000
Food stores	18	\$42,399,000	19	\$36,546,000	20	\$35,992,000
Apparel stores	19	\$40,916,000	23	\$25,325,000	21	\$33,031,000
Fines and forfeitures	20	\$37,531,000	20	\$30,470,000	18	\$39,579,000
General merchandise	21	\$30,702,000	22	\$25,632,000	23	\$26,312,000
Motor vehicle ownership fee tax	22	\$28,988,000	21	\$25,921,000	22	\$32,020,000
Contributions	23	\$18,463,000	25	\$7,585,000	27	\$7,147,000
Telephone tax	24	\$15,050,000	24	\$13,107,000	26	\$13,208,000
Facilities development admission tax	25	\$12,760,000	28	\$1,808,000	24	\$15,859,000
Service stations	26	\$5,518,000	26	\$3,762,000	25	\$15,591,000
Investment and interest income	27	\$3,766,000	6	\$97,355,000	8	\$83,371,000
Special assessments	28	\$1,285,000	27	\$1,858,000	28	\$1,818,000
Specific ownership tax	29	\$88,000	29	\$82,000	29	\$88,000
Grand Total		\$2,771,445,000		\$2,324,819,000		\$2,488,291,000

- Unaudited 2022 Lodger's Taxes set an all-time record
- Downtown hotels generate 60% of Denver's Lodging Tax

City Revenue

- 2021 - Lodger's tax ranked 9th at \$90.7 million
- 2020 - Lodger's tax ranked 16th at \$47.2 million (drop due to COVID pandemic)
- 2019 - Lodger's tax ranked 6th at \$134.1 million
- 2021 - Intergovernmental revenues (federal & state funds) ranked 1st at \$533.8 million
- 2021 - Total revenue was \$2.77 billion (higher than \$2.49 billion in 2019)

National Restaurant Association's tourism brief, which suggests as much as 30% of fine dining sales, 19% of quick service (fast food) and 15% of fast casual.

Visitor Taxes Pay Center & NWC Bponds

Visitor taxes pay for convention center and National Western Center

Tax Category	Lodger's	Short-term Car Rental	Food and Beverage & Liquor Stores
National Western Center (NWC) & Colorado Convention Center (CCC) Bonds	4.75%	3.75%	0.50%
VISIT DENVER	2.75%		
General Fund, Denver	3.25%	3.50%	3.50%
Regional Transportation District (RTD)	1.00%	1.00%	1.00%
Scientific and Cultural Facilities District (SCFD)	0.10%	0.10%	0.10%
Colorado State Tax	2.90%	2.90%	2.90%
Tourism Improvement District*	1.00%		
Total Tax Rate	15.75%	13.25%	8.00%

2019 Taxes:

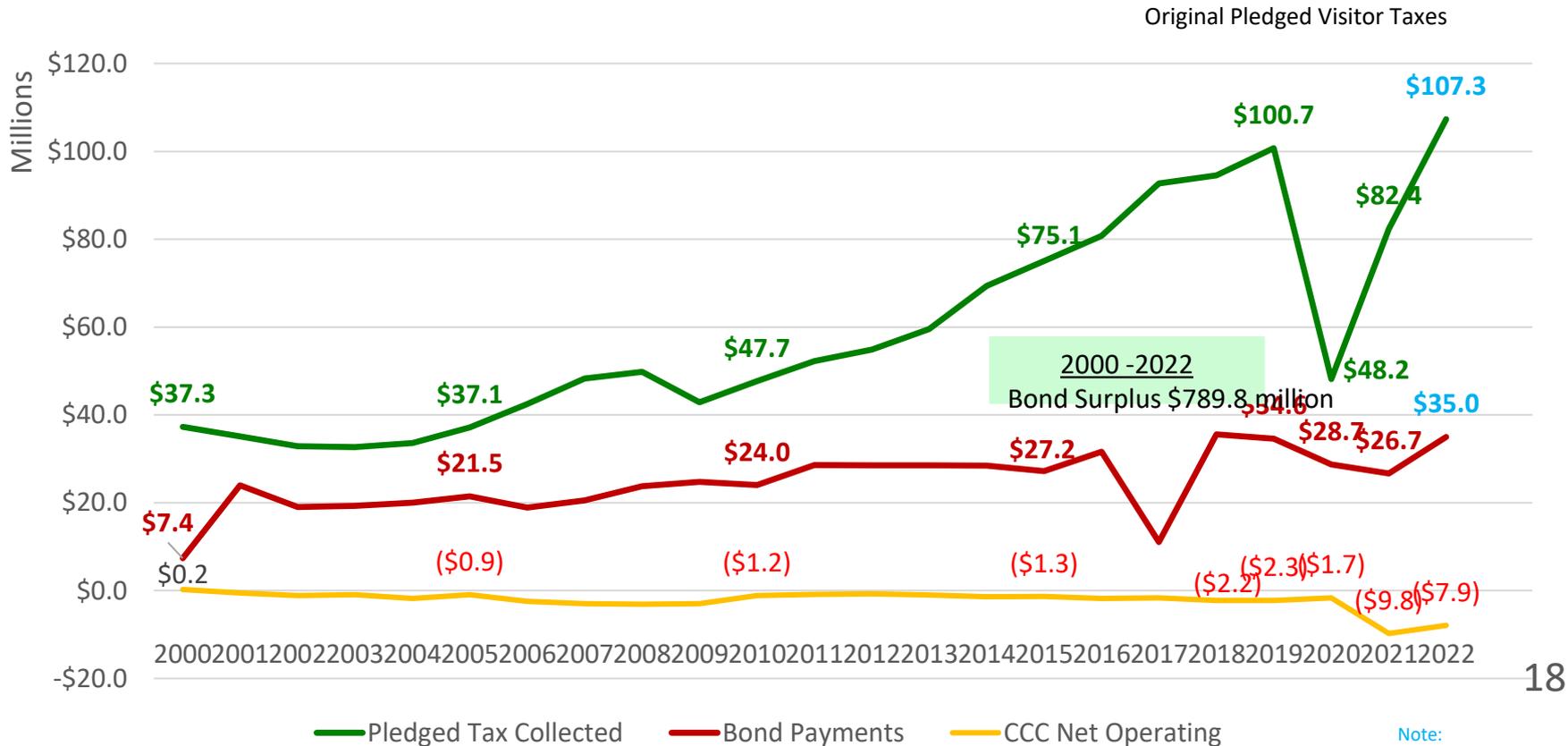
- Lodger's Tax (CCC) = \$54.0M (53.6%)
- Car Rental = \$25.3M (25.2%)
- Food & Beverage = \$20.5M (20.3%)
- Other Sources = \$0.9M (0.9%)
- TOTAL = \$100.7M (100%)

*Hotels with 50 or more rooms

Note:

Visitor taxes pay for convention center expansion bonds & National Western Center redevelopment bonds and then surplus funds back to city's general fund

Bond Payments – NWC & CCC



Note: 2022 Estimate Actual

*Source: 2021 City and County of Denver Comprehensive Annual Financial Report (CAFR)

NWC bonds included ('16)

General Fund (GF) Transfer

- GF Transfer has increased due to the pandemic:
 - Trend is consistent with other centers around the country
 - Fewer groups due to cancellations and less spending by those that meet
 - Rising operational cost, labor, utilities and other uncontrollable cost impact expense bottom line
- GF transfer should normalize in 2024 and 2025 with new expansion space
- Convention center business continues to drive hotel demand and compression, thus driving increased Lodger's Tax collection



Center Operating Income Compared to Competition – Confidential

Revenue – Expenses = Operating Income

Center Location	Exhibit Space (sq. ft.)	2019
Denver	584,000	(\$2,450,254)
City A	~700,000	(\$5,850,789)
City B	~500,000	(\$7,158,750)
City C	~375,000	(\$4,481,000)
City D	~500,000	(\$6,212,706)

CCC Expansion Economic Impact

- 25 additional conventions per year
- 40,000 new attendees
- More than \$85 million in annual economic impact
- \$47.2 million in annual direct spending
- More than 2,000 direct hospitality jobs
- Maintain business that might have been lost to new and existing competition

Source: JLL



Strong Interest in CCC Expansion

- 10-definite groups confirmed that must have the expansion space representing \$185M in economic impact
- 27-tentative groups that must have the expansion space representing \$272M in economic impact
- 16-second option representing \$142M in economic impact

Source: Visit Denver

