



Legislation Text

File #: 23-0570, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 5-15-2023

**Requesting Agency: Finance
Division:**

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Item Title & Description:

(Do not delete the following instructions)

*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

*Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.*

A resolution approving a proposed Agreement between the City and County of Denver and SMG, doing business as ASM Global, to manage all aspects of operating and maintaining the Colorado Convention Center, located at 700 14th Street in Council District 9.

Approves a contract with SMG, doing business as ASM Global, for \$250,000,000 and through 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). The last regularly scheduled Council meeting within the 30-day review period is on 6-26-2023. The Committee approved filing this item at its meeting on 5-17-2023.

Affected Council District(s) or citywide? 9

Contract Control Number: 202366916

Vendor/Contractor Name (including any "DBA"): SMG dba ASM Global (ASMG)

Type and Scope of services to be performed:

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.

Location (if applicable): Colorado Convention Center

WBE/MBE/DBE goals that were applied, if applicable (construction, design, Airport concession contracts): MWBE

Are WBE/MBE/DBE goals met (if applicable)? 2% DSO, 3% commitment

Is the contract new/a renewal/extension or amendment?

New

Was this contractor selected by competitive process or sole source?

Competitive

For New contracts

Term of initial contract:

1/1/2024 - 12/31/2023

Options for Renewal:

How many renewals (i.e. up to 2 renewals)?

Term of any renewals (i.e. 1 year each):

Cost of initial contract term:

\$250,000,000 is NTE during life of the contract which includes operational costs of the CCC. Annual compensation to SMG is \$395,000 annually with a 3% annual increase after the first year and an annual incentive payment based on achieving performance goals.

Cost of any renewals:

Total contract value council is approving if all renewals exercised:

For Amendments/Renewals Extensions:

Is this a change to cost/pricing; length of term; terms unrelated to time or price (List all that apply)?

If length changing

What was the length of the term of the original contract?

What is the length of the extension/renewal?

What is the revised total term of the contract?

If cost changing

What was the original value of the entire contract prior to this proposed change?

What is the value of the proposed change?

What is the new/revised total value including change?

If terms changing

Describe the change and the reason for it (i.e. compliance with state law, different way of doing busin