

City Council Agenda Memo

From: Erick Rangel, Chief Financial Officer

Council Meeting: May 25, 2021

Subject: Approving of the Swiftel Center Venue Management Agreement Between the City of Brookings, and Spectra Venue Management

Person(s) Responsible: Paul Briseno, City Manager; Erick Rangel, Chief Financial Officer

Summary:

Approval of this Resolution will authorize the execution of the contract between the City of Brookings and Spectra Venue Management to provide Venue Management Services for the Swiftel Center with a term starting August 1, 2021 and ending December 31, 2026.

Background:

The City requested formal proposals from qualified firms to provide venue management services for the Swiftel Center on February 2021. A Selection Committee composed of city employees and Swiftel Center's Advisory Board members reviewed, analyzed, and compared the two proposals received. The analysis included evaluating the long-term financial impact (both to the city and to the community), treatment of current venue staff, community support, extensive reference checks and new business opportunities proposed among other factors.

Spectra's proposal proved to be superior in most of these areas. Thus, the Selection Committee as well as the City Manager recommends awarding the contract to Spectra Venue Management.

Item Details:

When compared to the other proposal received, Spectra will cost less (allows more investment to the facility and/or community), create greater return to the community, grant more resources, increase attendance, provide better employee support, and has a proven record with peer cities.

Other key aspects of Spectra's proposal are highlighted below

1. Spectra will extend job offers to all current staff
 - Offers will be made at least at their current salaries with comparable benefits.
 - Employee tenure will be honored in terms of benefit accrual.

- Two additional resources will be hired to help manage current workloads.
- 2. The financial proposal is estimated to improve the City's financial position by \$508K more than the other offer in the next five years.
- 3. Spectra's variable compensation incentive fee is directly proportional to the reduction of the City's subsidy, if subsidy stays the same as current, no variable incentive fee is achieved.
- 4. Will increase attendance in year five by 45% more than the other offer (~\$1.3M annual incremental direct spend in the community).
- 5. The Selection Committee conducted an extensive reference check to over 10 City-owned arenas managed by Spectra. The common feedback between all references was that Spectra was innovative and proactive, adapted very well to each community, met or exceeded their financial proposals, are excellent at customer service, and that cities are very satisfied with their services.

Legal Consideration:

The City will enter into a five-year agreement with Spectra Venue Management with the option to extend the term for an additional five (5) years.

Strategic Plan Consideration:

Financial Responsibility, Economic Growth, and Promoting an inclusive and connected community.

Financial Consideration:

Spectra's proposal not only will increase the economic impact to our community by increasing attendance, but it is also estimated to improve the City's financial position by \$1.58M within the next five years reducing the current annual subsidy level from ~\$450K to \$54K by year five.

In addition, Spectra will contribute \$425K of capital investment with no payback as long as the City stays with the contract for 10 years.

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a study session
5. Do nothing

Staff recommends approval of the resolution as presented.

Supporting Documentation:

Memo

Resolution

Presentation