



Date: April 18, 2017

To: City Manager for Council Action

From: Deputy City Manager

Subject: Approve Amendment No. 1 to Agreement with Jones Lang LaSalle Americas, Inc. for Engagement of Stakeholders and Development Plan for New Operation Model for Santa Clara Convention Center and Convention-Visitors Bureau and appropriate funds in the amount of \$170,000 to Convention Center Enterprise Contractual Services

EXECUTIVE SUMMARY

At the January 26, 2017 City Council Strategic Planning Session, City Council discussed improvement of the Santa Clara Convention Center (Convention Center) as part of the Council's vision to promote the City as a premier Silicon Valley destination and in connection with the City Place development. Through a competitive selection process, the City awarded a contract to Jones Lang LaSalle Americas Inc., (JLL) in the amount of \$9,500 to research and provide an overview of Convention Center and Convention-Visitors Bureau (CVB) models of operation that would increase business and visitors, maximize fiscal performance, and enhance the community. On February 16, 2017, JLL presented its findings to the Economic Development Committee.

At the April 4, 2017 City Council Study Session meeting, Mr. Dan Fenton, Executive Vice President of JLL Hotel & Hospitality Group, presented the overview of organizational operation models for the Convention Center and CVB. City Council provided feedback and directed staff to come back with an amended contract between the City and JLL for consideration. Amendment No. 1 (Attachment 1) is attached for review and proposes to provide the requested scope of services in two phases.

Phase One – Initial Engagement of Stakeholders & Recommendation of New Model: includes facilitation of stakeholder engagement sessions; process coordination and inclusion of building assessment/recommended improvements and structural analysis; consensus building; recommendation of a new operation model; and, proposed timeline of key milestones and considerations.

Phase Two – Development and Implementation of a New Model: includes development and implementation of the Council-approved new operation model; in-depth marketing analysis and plan; and, establishment of the new operation model and organization including a staffing plan, budget, governance structure, articles of incorporation, and functional organization support and guidance.

Upon Council's approval the project is proposed to begin May 1, 2017 and to be completed by September 30, 2018. In addition, JLL will utilize its best efforts to accelerate the process and complete the project by June 30, 2018. JLL estimates completing Phase One in three months and returning to Council shortly thereafter for direction to proceed with Phase Two. A copy of Agreement for the Performance of Services By and Between the City of Santa Clara, California

Subject: Amendment to Agreement with Jones Lang LaSalle America's, Inc. to Provide Engagement of Stakeholders and Development Plan for New Operation Model for Santa Clara Convention Center and Convention-Visitors Bureau
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and Jones Lang Lasalle Americas, Inc. is available on the City's website and in the City Clerk's Office for review during normal business hours.

ADVANTAGES AND DISADVANTAGES OF ISSUE

Approval of Amendment No. 1 to contract between the City and JLL enables the City to utilize JLL's expertise to conduct stakeholder engagement activities, develop an implementation plan, and provide direction in the development and establishment of a new operating model for the Convention Center and CVB. Amending JLL's contract enables one firm to guide the entire process through full implementation and ensures continuity and a unified approach. Staff has not determined any disadvantages to approving the proposed amendment.

ECONOMIC/FISCAL IMPACT

The original contract amount was \$9,500. The proposed amendment is for a total not-to-exceed amount of \$170,000. This amount includes \$40,000 for Phase One scope of services and \$120,000 for Phase Two scope of services, plus a not-to-exceed amount of \$10,000 for Additional Services. Funding is available and recommended to be appropriated from the Convention Center Fund Balance account (860-44199) to the Convention Center Enterprise Contractual Services account (860-8014-87870). Approval of Amendment No. 1 in the amount of \$170,000 will increase the contract to a revised total of \$179,500.

RECOMMENDATION

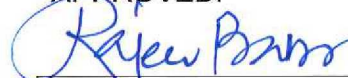
That the Council approve and authorize the City Manager to execute Amendment No. 1 to the Agreement with Jones Lang LaSalle Americas, Inc. for Engagement of Stakeholders and Development Plan for New Operation Model for Santa Clara Convention Center and Convention-Visitors Bureau, and appropriate funds in the amount of \$170,000 to the Convention Center Enterprise Contractual Services account.



Tamera Haas
Deputy City Manager

Certified as to Availability of Funds: ^{ama}
860-44199 \$ 170,000.00

APPROVED:



Rajeev Batra
Interim City Manager



for Angela Kraetsch
Acting Director of Finance

FIVE COUNCIL VOTES

Documents Related to this Report:

- 1) *Amendment No.1 to Agreement for the Performance of Services By and Between the City of Santa Clara, California and Jones Lang Lasalle Americas, Inc.*

Ebix Insurance No. S200003647

**AMENDMENT NO. 1
TO THE AGREEMENT FOR THE PERFORMANCE OF SERVICES
BY AND BETWEEN THE
CITY OF SANTA CLARA, CALIFORNIA,
AND
JONES LANG LASALLE AMERICAS, INC.**

PREAMBLE

This agreement ("Amendment No. 1") is by and between Jones Lang LaSalle Americas, Inc., a Maryland corporation, with its principal place of business located at 200 East Randolph Street, Chicago, Illinois 60601 ("Contractor"), and the City of Santa Clara, California, a chartered California municipal corporation with its primary business address at 1500 Warburton Avenue, Santa Clara, California 95050 ("City"). City and Contractor may be referred to individually as a "Party" or collectively as the "Parties" or the "Parties to this Amendment No.1."

RECITALS

- A. The Parties previously entered into an agreement entitled "Agreement for the Performance of Services by and between the City of Santa Clara, California, and Jones Lang LaSalle Americas, Inc.", dated January 5, 2017 (the "Original Agreement"); and
- B. The Parties entered into the Original Agreement for the purpose of having Contractor provide project immersion, operational model research, benchmarking, and reports/presentation, and the Parties now wish to amend the Original Agreement to include engagement of stakeholders and development plan for new operation model for Santa Clara Convention Center and Convention Visitor Bureau.

The Parties agree as follows:

AGREEMENT PROVISIONS

1. AMENDMENT PROVISIONS

That paragraph number two of the section titles "Agreement Provisions" of the Original Agreement, entitled "The Agreement for the Performance of Services by and between the City of Santa Clara, California, and Jones Lang LaSalle Americas, Inc." is hereby amended to read as follows

TERM OF AGREEMENT.

Unless otherwise set forth in this Agreement or unless this paragraph is subsequently modified by a written amendment to this Agreement, the term of this Agreement shall begin on the Effective Date of this Agreement and terminate on June 30, 2019.

The Parties acknowledge and accept the terms and conditions of this Amendment No. 1 as evidenced by the following signatures of their duly authorized representatives. The Effective Date is the date that the final signatory executes the Agreement. It is the intent of the Parties that this Amendment No. 1 shall become operative on the Effective Date.

CITY OF SANTA CLARA, CALIFORNIA
a chartered California municipal corporation

APPROVED AS TO FORM:

Dated: _____

BRIAN DOYLE
Interim City Attorney

RAJEEV BATRA
Interim City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

ATTEST:

ROD DIRIDON, JR.
City Clerk

"CITY"

JONES LANG LASALLE AMERICAS, INC.
Corporation

Dated: 4/13/2017

By: _____
(Signature of Person executing the Agreement on behalf of Contractor)

Name: Daniel Fenton

Title: Executive Vice President

Local Address: 1 Front Street #1100
San Francisco, CA 94111

Email Address: dan.fenton@am.jll.com

Telephone: (831) 298-7215

Fax: (312) 288-4401

"CONTRACTOR"

Ebix Insurance No. S200003647

**AGREEMENT FOR THE PERFORMANCE OF SERVICES
BY AND BETWEEN THE
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AND
JONES LANG LASALLE AMERICAS, INC.**

EXHIBIT A-1

SCOPE OF SERVICES

**PHASE ONE - INITIAL ENGAGEMENT OF STAKEHOLDERS &
RECOMMENDATION OF NEW MODEL:**

1. Contractor is committed to an inclusive process and will meet with industry stakeholders and facilitate initial sessions over a two or three-day period for public input on the model options. Contractor will present pros and cons for each model with the stakeholder groups to gain input and feedback.
2. Using the feedback gained from the stakeholder sessions, Contractor will utilize additional primary research relevant to model effectiveness and finalize the recommended direction for Santa Clara.
3. Contractor will advise the City of Santa Clara's awarded contractor for the Convention Center Building Assessment and recommend suggestions to the scope related to building functionality in addition to the core structural analysis and ensure the scope aligns with this process. Contractor will analyze the results and determine the implications for the future of the Convention Center. Contractor will confirm that the results of the Building Assessment and structure supports the recommended direction of marketability.
4. Contractor will present the final recommended direction to the designated City Council Committee and the full City Council for approval. This will include the recommended model and key considerations that will frame Phase Two for implementation and operational functionality. The City Council shall provide advice and recommendations to Contractor with respect to the final recommended direction.
5. Finalize Implementation Plan and Timeline - Contractor will finalize the key milestones to accomplish for a September 2018 date for full operation of a new CVB and Convention Center in Santa Clara. Those milestones will be reviewed and key dates for additional presentations to the City will be incorporated. The functional elements for implementation are included in Phase Two.

Contractor will complete Phase One in a three-month time frame; see Project Model Timeline and Milestones.

PHASE TWO – DEVELOPMENT AND IMPLEMENTATION OF A NEW MODEL:

Contractor assumes flexibility with the scope steps included below for Phase Two and will support the Council direction as needed for the ultimate model selection.

1. Draft Mission and Vision Statement(s) - Contractor will draft a mission and vision statement(s) based on agreed upon model that is in alignment with the objectives for success including economic impact and convention center fiscal performance. Contractor will prepare the Mission and Vision statements for review by the appropriate City representative.
2. In-Depth Marketing Analysis – Contractor will conduct an in-depth analysis of the current marketing efforts to understand the current uses of funds. Contractor will conduct this analysis as a third party to review and analyze all current spending and determine the current rate of investment (ROI) for the marketing funds. Contractor will utilize this analysis to inform the future marketing direction in the model.
3. Develop Staffing Plan - Contractor will develop a staffing plan complete with CVB and convention center positions with market focus, compensation and incentive plans and position descriptions. Contractor's staffing plan will include number of staff positions and will provide benchmarks for similar size organizations, models and regional competitive organizations, as available.
4. Develop and Finalize Budget - Contractor will develop a budget based for both the CVB and convention center on available funding and alignment with objectives previously determined. Contractor will again provide a baseline for comparison with similar size organizations and determine the appropriate and necessary level of funding. Contractor will prepare a line item budget with allocations for personnel, sales, marketing, operations, administration and other key needs of the CVB.
5. Complete Bylaws (if needed) - Contractor will consult with outside legal counsel to develop bylaws that are in line with effective governance and clearly state the focused mission of the organization for decision making purposes. Contractor will not perform any legal work with respect to the bylaws (but will review the bylaws with outside legal counsel and the City attorney and assist in finalizing for City approval).
6. Develop Job Description and Support the Hiring of an Executive Director/CEO/Department Director - Contractor will develop the job description and support the search process. Contractor will review candidates as needed in conjunction with the City and give recommendations to support a successful transition into the new organization's leadership.

7. Complete Articles of Incorporation (if needed) - Contractor will consult with outside legal counsel to develop the articles of incorporation and work with outside legal counsel on establishing the new non-profit corporation. Contractor will work in conjunction with the City and outside legal counsel to file the Articles of Incorporation on behalf of the new organization.
8. Develop Metrics and Reporting - Contractor will develop and gain approval on new metrics for organization's success. These metrics will be agreed to by the City and will support transparency and clarity around the direction and mission of the new organization. We will base the recommendations on the key priorities of the mission with metrics for the CVB and Convention Center. These metrics will be reviewed and approved by the City Council.
9. Nominate and Approve Board (Advisory or Fiduciary) – Contractor will develop an approach to create the Board of Directors for the new organization. This includes the mix of industries that should be included as well as the overall makeup. Contractor will also work with the City to solidify the nomination and selection process to confirm Board members.
10. Draft and Approve CVB and Center Contract (if needed) - Contractor will develop the contract with the City and the new CVB and the Convention Center. This will include the agreed upon metrics noted in item 7 and performance measures and other areas of accountability. It will be critical for the new organization(s) to have joint accountability and for the City to have control over the contractual obligations. Contractor will ensure that the new organization has a contract that works for the City and created overall alignment of direction.
11. Advise on RFP for Convention Center Operations (if applicable) – Contractor will advise the City on an RFP to be representative of the overall agreed upon objectives. Contractor will advise on how to best market the opportunity to the industry. Contractor will advise the City on the respondents to qualify the proposals and support the interview process, as needed.
12. Develop Marketing Plan - Contractor will develop the initial marketing plan for the new CVB and Convention Center in conjunction with the internal team and task force. This will include how the CVB and Convention Center should allocate marketing funding.
13. Develop Goals and Goal Setting Process - Contractor will develop and propose the first-year goals for the new CVB and Convention Center. Contractor will engage key stakeholders in this process to gain consensus. This will include the key metrics and direction from the strategic planning process.

14. Hire/Retain Staff - Contractor will develop the compensation plans and write the job descriptions to support the effective hiring/retention of staff. We will work with the Executive Director/CEO/Department Director to support the hiring and recruiting process.
15. Provide Functional Organization Support and Guidance - Contractor will perform other duties as needed to support the successful development and implementation of the new CVB. We will act as an overall advisor in this effort.
16. Conduct First Board Meeting - Contractor will be onsite to work with the new Executive Director/Department Manager to develop a "board packet" and agenda for the first board meeting. This will create a baseline approach for future board meetings.

VISITS:

Contractor will make a total of six (6) trips to Santa Clara during the entirety of Phase One and Phase Two. Contractor will make two (2) visits during Phase One to facilitate the stakeholder sessions and to present the recommendation to City Council. Contractor will make four (4) visits to Santa Clara during Phase Two including the two meetings/presentations to City Council and to conduct the first Board meeting. Contractor understands that each visit will be planned in conjunction with the City to determine additional meetings related to completing the scope.

TIMELINE:

Contractor believes a September 2018 timeline for implementation is feasible, with a May 1, 2017 start date. Contractor will present Phase One to City Council and to continue into Phase Two upon City Council approval. Contractor also will meet at least two times with City Council during Phase Two, as stated in the included visits above. The attached chart, titled Project Model Timeline and Milestones, illustrates the anticipated progress through the scope.

Contractor will be available to negotiate an extension to assume an asset management role to monitor ongoing performance on behalf of the City. City and Contractor may negotiate and amend the contract, subject to City Council approval, if those services are desired by City.

TEAM:

Contractor Executive Vice President Dan Fenton will lead the overall engagement and be ultimately responsible for service delivery. Bethanie Parker will serve as the project manager and will coordinate research efforts on a day to day basis. Mr. Fenton and Ms. Parker will be assisted by appropriate members of the Contractors internal or external team based on the expertise required.

Project Timeline and Milestones

Task/Activity	2017												2018					
	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September
Phase One																		
Facilitate Stakeholder Sessions		■	■															
Additions Primary Research		■	■															
Advise on Structure		■	■	■														
Present Recommendation to Council			■	■	■													
Finalize Timeline				■	■													
Phase Two																		
Draft Mission and Vision				■	■	■												
Marketing Analysis				■	■	■												
Develop Staffing Plan				■	■	■												
Develop and Finalize Budget					■	■	■	■	■									
Complete Laws						■	■	■	■	■								
Hire CEO							■	■	■	■	■							
Complete Articles of Incorporation							■	■	■	■	■	■						
Develop Metrics								■	■	■	■	■	■					
Nominate and Approve Board									■	■	■	■	■					
Draft and Approve V&B Contract										■	■	■	■	■				
Advise on FP											■	■	■	■	■			
Develop Marketing Plan											■	■	■	■	■	■		
Develop Goals												■	■	■	■	■		
Secure Office Space													■	■	■	■		
Hire Staff														■	■	■	■	■
Conduct First Board Meeting																	■	■

This timeline is based on Contractor's estimated time to complete the scope steps, with the caveat to accelerate completion by June 30, 2018 if process moves quicker than anticipated. This does not account for additional processes and procedures requested by the City.

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EXHIBIT B-1

SCHEDULE OF FEES

In no event shall the amount billed to City by Contractor for services under this Agreement exceed one-hundred-seventy-thousand dollars (\$170,000.00), subject to budget appropriations.

COMPENSATION

Contractor professional fees shall reflect the completion of Phase One and Two Scope of Services detailed in Exhibit A-1. Contractor's professional fees shall not exceed a total of \$170,000, inclusive of expenses, billed as follows:

Compensation Schedule	Amount
Due Upon Signing	\$5,000
Phase One	\$35,000
Billed in two equal installments of \$15,000 (May & June 2017)	
Phase One Subtotal	\$40,000
Phase Two	\$110,000
Billed in 16 equal monthly installments of \$6,875 (June 2017-September 2018)	
Due Upon Completion of Services	\$10,000
Phase Two Subtotal	\$120,000
Additional Services	\$10,000
Project Total	\$170,000

Contractor shall submit invoices to the City on a monthly basis for steps, tasks and milestones completed. Payments shall be made pursuant to Section 9 of the Agreement.

ADDITIONAL SERVICES/CONTINGENCY

The Contract "not to exceed" total amount contains a contingency of ten-thousand-dollars (\$10,000) for potential additional services and/or materials, supplies and trips to Santa Clara that may be required of Contractor by the City. Such services over \$500 must be itemized, proposed by Contractor to the City in writing, in advance, and reviewed and authorized by a notice to proceed at the City's sole discretion.