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REPORT TO COUNCIL

SUBJECT

Update on Santa Clara Convention Center Transition Activities and Work Efforts

BACKGROUND

Following the termination of the 1984 Management Agreement with the Santa Clara Chamber of Commerce, on February 5, 2019, the City Council authorized the execution of an agreement with Global Spectrum L.P. dba Spectra Venue Management (Spectra) to manage and operate the Santa Clara Convention Center (SCCC). A Management Agreement with Spectra was successfully executed on March 12, 2019 and Spectra assumed management of the Convention Center on March 18, 2019.

As the Chamber operated the SCCC for more than 30 years, significant transition-related activity has been necessary for Spectra to continue delivering a high-quality experience for convention center attendees and to enable Spectra to meet performance standards as required under the new Management Agreement. This report highlights several of the key activities undertaken including Spectra’s transition activities and the City’s release of a food and beverage service RFP.

DISCUSSION

Management and Operation of the Convention Center

The new Convention Center Management Agreement with Spectra is for an initial five-year term with options to renew for two five-year subsequent terms. Many transition activities have been undertaken by Spectra since March 18 as summarized below.

Personnel/Operations

- All employees eligible to work under the City’s Employee Retention Ordinance transitioned from Chamber employment to Spectra employment. In addition, many management positions (which are not covered by the Employee Retention Ordinance) also successfully transitioned

to Spectra.

- As a priority effort, Spectra is working diligently to fill vacant positions in their sales and marketing department. Job offers have been extended for key positions and onboarding is expected to occur during the month of May.
- New internal operating policies and procedures are being developed including standard operation procedures (SOPs) and updates to the Use License Agreement (event contract). The policies and procedures developed will be consistent with the TAP Audit recommendations.

Service Vendor Contracts

- Discussion with Aramark is ongoing.
- Vendors (service providers) at the Convention Center had contracts with the Chamber. Spectra has been working with the vendors to continue the previous scope of services at the same terms on an interim basis. There are three principal contracts: food & beverage (Aramark); audio visual (PSAV) and technology services (Smart City).
- Interim agreements have been executed with PSAV and Smart City.
- Spectra met and has coordinated with the City's Purchasing Division to review the City's procurement guidelines as they prepare the RFP documents for audiovisual and technology services. They will manage these RFP processes and vendor selection and anticipate RFP releases by the end of May.

Convention Center Building Assessments

- Maintenance and repair of the main lobby escalator was completed.
- During the rains in March, several roof leaks throughout the building were discovered. While Spectra acted to mediate these issues in a timely manner, it became evident that the roof required much more extensive repair or potential replacement.
- Spectra's Director of Facility Audits conducted several trips to Santa Clara to complete a full building system condition assessment. Spectra is in the process of completing their Capital Improvement Program Report which will include a proposed list of capital improvements and repairs for the next five-years. Discussions with Spectra indicate the preliminary identification of 10 priority areas including roof and lobby pyramid replacement, restroom updates, and replacement lighting and carpeting.
- The City Council also allocated funds for improvements at the Convention Center totaling \$3 million.

FY 19/20 Operating Budget

- Per the new Management Agreement, Spectra submitted a budget to the City's Finance Department for FY 19/20. This budget largely mirrors the budget submitted during the RFP process.
- The budget will be submitted to Council at its June 4, 2019 meeting.
- Spectra met with the City's Finance Department to discuss monthly, quarterly and annual financial reporting format and content.

Partnerships

- Spectra met with the South Bay Labor Council and the business agents of IUOE Local 39, IATSE Local 134 and Teamsters Local 287. The communication between Spectra and the unions have been very positive overall. Spectra signed an "Adoption Agreement" letter with

Local 39 and are reviewing the current collective bargaining agreements. Negotiations with both unions are expected to begin in the next few months.

- Spectra met with hotel staff, Destination Advantage, the Triton Art Museum, City of Santa Clara's Police and Fire Departments, local Comcast employees, and with San José State and Mission City Colleges to discuss potential internship opportunities.
- In partnership with the Hyatt and Hilton hotels, Great America and the 49ers sales marketing departments, Spectra established "Team Tasman". This group will meet quarterly to discuss upcoming events and ways to further enhance partner collaboration to enhance customer experience.

Events

Several events and conferences took place at the Convention Center during the months of March and April including, but not limited to: Synopsys, Amazon Summit, YMCA, Housing Trust Silicon Valley, Taking Control of your Diabetes, California Association of Student Leaders, Silicon Valley Prayer Breakfast, National Association for College Admission, Onstage NY, California Association for the Education of Young Children, California Apartment Association, Monte Jade Global Science & Technology Association, and Container World.

Food & Beverage Operations Request for Proposals (RFP)

To allow for the maximum number of potential vendors and greater competition, the City has prepared and released a Request for Proposals for food and beverage services at the Convention Center. Spectra is not involved in the procurement process to avoid any potential conflict of interest. This procurement is on a fast-track, requiring completion within six months by City staff.

To ensure a fair opportunity to participate through a competitive process for the award of this contract, procurement strategy/process for food and beverage services will follow the same procurement strategy and process utilized for the RFP for the management and operation of the Convention Center.

RFP Overview

- Adoption of the same Procurement Process Integrity and Conflict of Interest Guidelines.
- Utilization of the same procurement process, using the E-Procurement tool BidSync.
- Reference to the City's Worker Retention Ordinance is included in the RFP document.
- Reference to the City's desire for sustainable operations/Eco-Friendly Initiatives is included in the RFP.
- RFP timeline allows for submission of Best and Final Offer, Notice of Intended Award, and a 10-day protest period.
- Evaluation will be structured in two phases. The first phase will be based on the firm's operating experience, innovation, and proposed solution. The second phase will evaluate the quality of the proposal through oral presentations and menu/food sampling.
- There will be five-member evaluation team comprised of subject matter experts from inside and outside the City. The City will seek outside representation from the food and beverage and hospitality industry. Additionally, the City Manager will appoint representatives from Finance and the City Manager's Office. The final team composition will depend on availability because a significant time commitment will be required within the RFP timeline. Additionally, the evaluation team will be advised by Jones Lang LaSalle (JLL).

RFP Goals

The City seeks a company to operate a first-class, high-quality, food and beverage operation at the Santa Clara Convention Center who also serves to implement initiatives that support the City of Santa Clara's priorities. With the response materials requested in the RFP, staff will assess consistency and level of responsiveness to the outcomes listed below:

- Initial five-year contract term;
- Extensive experience in food and beverage operations and deployment of staffing;
- Innovation in the delivery of quality, cost effective products in all aspects of the operation that differentiates Santa Clara from other competitors;
- Approach to financial structure and commitment to capital investment or ongoing investment; and
- Commitment to exemplary customer service and high-quality products.

RFP Timeline

To ensure there are no gaps in food and beverage operations at the Convention Center, the estimated timeline is aggressive and assumes there are no requests to extend deadlines. The RFP was released on May 13, 2019 and the process is anticipated to be complete in August. Upon completion of the RFP process, it is anticipated that staff will report back to Council at the September 24, 2019 City Council Meeting with recommendations for an award of agreement for food and beverage operations.

The City anticipates a vendor under a new agreement to begin on October 1, 2019. This date incorporates a 90-day transition period (if necessary) with the vendor assuming full food and beverage operations January 1, 2020. The final agreement to provide food and beverage services will be between the City and the selected food and beverage vendor. Spectra, as the Convention Center manager, will be responsible for the day-to-day coordination with the vendor on sales and service activities, as well as management oversight of all activities with the Convention Center.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

The cost for consulting services and staff time related to this procurement strategy are funded in the FY 2018/19 Adopted Budget, as amended.

COORDINATION

This report has been coordinated with the Finance Department and the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Note and file the May 2019 Information Report on Santa Clara Convention Center transition activities.

Reviewed by: Ruth Shikada, Assistant City Manager

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