



Agenda Report

20-921

Agenda Date: 11/10/2020

REPORT TO COUNCIL

SUBJECT

Action on Amendment No. 1 to the Agreement with Global Spectrum, LP, dba Spectra Venue Management for the Management and Operation of the Santa Clara Convention Center Modifying the Timing of Capital Investments

COUNCIL PILLARS

Promote and Enhance Economic and Housing Development
Enhance Community Engagement and Transparency

BACKGROUND

On February 5, 2019, City Council approved Resolution No. 19-8666 authorizing the City Manager to negotiate and execute an agreement with Global Spectrum, LP, dba Spectra Venue Management (Spectra) for the management and operation of the Convention Center. Responsibilities included performing services necessary to direct and manage all Convention Center activities including, but not limited to, marketing and promoting the Center, administration of all contracts affecting the management and operation of the Convention Center, booking of events, hiring and supervising staff, daily operations (accounting, security, event management, janitorial, and maintenance); and, implementing the design and construction of capital improvements and repairs as approved by the Council in the Capital Budget.

On March 12, 2019, a five-year agreement with two five-year options to extend was executed. With the effective date of March 18, 2019, the Initial Term of the Agreement is March 18, 2020 to June 30, 2024.

DISCUSSION

Staff is proposing Amendment No. 1 to the agreement with Spectra for the management and operation of the Convention Center. The proposed amendment includes modifying the investment period during the Initial Term for Spectra-funded capital improvement and repairs to be payable in three installments and authorizing the City Manager to enter into and execute any minor and administrative amendments.

Through the City's budget approval process, Council approved a five-year Capital Improvement Program (CIP) plan as submitted by Spectra. A total of \$4.15 million, \$1.15 million capital investment from Spectra and \$3 million capital investment from the City, was allocated to support 13 projects in FY 2019/20. The funded projects included HVAC upgrades; security system replacement; roof assessment and repair (glass pyramid); replacement of terrace area tiles; digital signage upgrades; interior painting; and carpet, door and facility lighting replacement.

Section 9.3, "Spectra Investments for Capital Improvements", of the current Agreement stipulates Spectra's capital investment of \$1.15 million dollars be expended during the first 12 months of the Initial Term. Due to the numerous ongoing transition activities of the operation of the Center, in FY 2019/20, Spectra was only able to invest \$72,488 for the purchase of two commercial riding vacuums (\$31,238), the replacement of the Convention Center's heating, ventilation, and air conditioning (HVAC) building maintenance system (\$20,450), and for engineering consultant services for the lobby glass pyramids repair/resealing project (\$20,800). No other CIP projects reached the implementation phase, therefore did not necessitate additional expenditures of CIP funds.

Spectra remains committed to their stated capital investment to the City and requested an adjusted performance schedule for the balance of their \$1.15 million investment. The schedule is based on Spectra's assessment of the current economic conditions of the COVID-19 environment and continued impacts to the travel and tourism industry across the country. The proposed schedule will not impact the implementation of the CIP plan as there is a balance of capital funds (City capital investment allocation of \$3 million) which Council approved to carry-over during the FY 2020/21 budget process.

The Santa Clara Convention Center remains closed to events and focus has been directed towards completing CIP projects while there is no activity in the Center. Progress has been made in the following areas:

- Award of contract for the resealing and/or replacement of glass in the lobby roof. Pull tests on the glass has been completed and resealing has begun. It is anticipated this project will be completed by the end of November, weather permitting.
- Statement of Qualifications/Proposal (SOQ/P) for architectural/professional designer services for carpet, paint and kitchen upgrades was issued on September 15. The bid closed on October 12 and is currently in the evaluation phase of the procurement process. Award of contract is expected at the end of October/early November 2020.
- Statement of Qualifications/Proposal (SOQ/P) for professional digital design services was issued on September 15. The bid closed on October 16 and is in the evaluation phase of the procurement process. Award of contract is expected in early November 2020.
- Through the use of a cooperative agreement, work is pending vendor quote for the replacement and installation of HVAC air conditioning units.
- Request for Proposal (RFP) document for the replacement of the security cameras was issued on October 9. The bid period will close on November 20.

In the event there are other revisions to the Agreement needed due to additional unforeseen events or to provide further clarifying language, staff is also proposing to amend Section 26, "Amendments", of the agreement authorizing the City Manager to enter into and execute any minor or administrative amendments to the Agreement which do not increase compensation for the Agreement.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of a California Environmental Quality Act ("CEQA") pursuant to the 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

There is no fiscal impact associated with this item.

COORDINATION

This report has been coordinated with 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>>.

RECOMMENDATION

Authorize the City Manager to execute Amendment No. 1 to the Agreement with Global Spectrum, LP, dba, Spectra Venue Management for the Management and Operation of the Santa Clara Convention Center modifying the timing of capital investments and providing authority the City Manager to make minor or administrative amendments.

Reviewed by: Ruth Mizobe Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Spectra Amendment No. 1