



MEMORANDUM

OCPPA Agenda
Item No. PPA.C.
11/8/2016

The City of OKLAHOMA CITY

TO: Chairman and Trustees of the Oklahoma City Public Property Authority

FROM: James D. Couch, City Manager/General Manager, OCPPA

Pre-Opening Consulting, Operating and Management, and Sublease Agreement with SMG for the Oklahoma City Downtown Convention Center, generally bounded by South Robinson Avenue to the west, SW 4th Street to the north, South Broadway Avenue to the east, and SW 6th Street to the south. Ward 7.

Background

City staff has negotiated an Agreement with SMG for pre-opening consultation, management and operation of the MAPS 3 Oklahoma City Downtown Convention Center.

The proposed Agreement Term for Pre-Opening Consultation Services commences upon approval of the proposed Agreement and terminates with commencement of Management and Operations Services. The initial Term of Management and Operations Services is 5 years, with the option of up to two Renewal Terms of 3 years each. Among other services, SMG will provide the following:

- 1) Pre-Opening Consultation Services - Develop a Booking Policy for the Downtown Convention Center in cooperation with The City, the Oklahoma City Convention and Visitors Bureau and other parties for subsequent City/OCPPA approval; recommend marketing and event booking strategies and programs; recommend various rental and other rates; develop initial catering offerings, menus, price points, etc.; assist The City, and its architects and engineers with facility design to ensure optimum functionality and effectiveness; hire and train full and part time employees; develop plans for marketing of advertising, sponsorship and, subject to City Council/OCPPA approval, naming rights; prepare a proforma for the inaugural and subsequent 5 fiscal years including projected operating revenues and expenses; coordinate with delivery, installation and inventory of all furniture, fixtures and equipment.
- 2) Management and Operations Services - Manage day-to-day operations of the Downtown Convention Center in a cost efficient and high quality manner; maximize hotel room occupancy and convention/visitor spending; provide high quality food and beverage services; submit proposed operating and capital budgets; exercise highest standards of maintenance; maintain constructive relationships with The

City, the Oklahoma City Convention and Visitors Bureau, hotel operators, parking operators, visitor destination associations, etc.; administer and supervise relationships with all subcontractors; negotiate and administer facility use license agreements.

At the sole option of the OCPPA, SMG shall provide management and operation services of the existing Cox Convention Center meeting rooms, ballroom, kitchen, pre-function and other areas initiating on or about April 2, 2020 and/or management and operations services for the Downtown Convention Center Expansion Area which, may or may not, include management of surface parking.

A summary Key Terms of the proposed Agreement is attached.

Previous Action

On July 19, 2016, the OCPPA (Item No. PPA.A.) and the City Council (Item No. VII.I.) adopted a Resolution authorizing City staff to negotiate an agreement with SMG for pre-opening consultation, management and operation of Oklahoma City Downtown Convention Center.

Estimated Cost

Pre-opening consultation - Monthly retainer of \$4,000 not to exceed \$150,000 plus approved expenses.

Management and Operations Services - \$200,000 Base Management Fee in Year 1. Cost escalation for subsequent years as outlined in Agreement and attached Term Summary. SMG to receive 10% of net income from food and beverages sales.

Incentive Fees and Service Commissions - Based upon performance as outlined in Agreement and attached Term Summary.

Source of Funds

OCPPA General Purpose - MAPS 3 Convention Center Operations- Non-Departmental OCPPA-Other Services and Charges (490-4563-9802000-52890001)

Review

City Manager's Office

Recommendation: Agreement be approved.

Attachment