

CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY



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Bill Type and Number: Ordinance 2022-321

Introducer/Sponsor(s): Council President at the request of the Mayor

Date of Introduction: April 26, 2022

Committee(s) of Reference: NCSPHS, F

Date of Analysis: April 28, 2022

Type of Action: Authorization to execute facilities management agreement; providing for termination of existing management agreement; invocation of direct contract exception in the Procurement Code; designation of oversight agency

Bill Summary: The bill authorizes execution of a facilities management contract between the City and SMG (a subsidiary of ASM Global, Inc.) for operation of the City's public venues for a 5-year term from October 1, 2022 through September 2027 with one additional renewal option. It provides for the termination of the current facilities management contract between the parties. The bill invokes the exception in the Procurement Code to authorize a direct contract with SMG for its services. It designates the Sports and Entertainment Office as the City's oversight agency.

Background Information: Via Ordinance 2017-375-E the City entered into its latest 5-year contract (with two 1-year renewal options) with SMG to operate the City's public venues (TIAA Bank Field, VyStar Veterans Memorial Arena, 121 Financial Field, Daily's Place Amphitheater, Prime Osborn Convention Center, Jacksonville Performing Arts Center, and the Ritz Theater and Museum). The main provisions of the new agreement are as follows:

1. Becomes effective as of October 1, 2022, and current agreement is terminated as of that date.
2. Initial 5-year term with one 5-year renewal option.
3. Section 11 – compensation and payment - continues the Fixed Fee at the rate as established in the existing contract.
4. Retains the incentive fee, with increases fixed at 3% rather than adjusted based on the Consumer Price Index.
5. Eliminates the Concession Service Fee, and replaces it with a Performance Fee calculated in the amount of 2.6% of Total Revenue, as defined in Section 2.25.
6. SMG provides a \$1.6 million contribution to the City within 5 days of agreement execution, which amortizes over a five-year period.
7. Increases the maximum amount that may be retained in the Event Development Fund from \$500,000 to \$1 million.

Policy Impact Area: Public venue operations

Fiscal Impact: The fixed management fee remains at the current level, with some changes to the incentive fee and the concession service fee. SMG will provide a \$1.6 million contribution at the beginning of the contract term.

Analyst: Clements