



City of Moose Jaw

COMMUNICATION # CC-2019-0088

TITLE: Management Services for Mosaic Place

TO: City Council

FROM: City Manager

DATE: July 3, 2019

PUBLIC: This is a Public Document.

RECOMMENDATION

THAT this report re: Management Services for Mosaic Place dated July 3, 2019 be received and filed.

TOPIC AND PURPOSE

To provide an Executive Summary of the Agreement that the Executive Committee reviewed and approved by resolution on June 24, 2019 with Spectra Venue Management Services to provide management services as per the Management Agreement attached to this report as Schedule "A". The Spectra Management Agreement is attached to the Minutes of the June 24, 2019 Executive Committee, which will be reviewed later in this agenda.

DISCUSSION

There were approximately six companies that had requested a copy of the Request for Proposals ("RFP") with Spectra Venue Management being the only response to the RFP for Management Services for Mosaic Place that closed on May 24, 2019.

The RFP was drafted in accordance with the November 15, 2018 report approved by Council and as modified by Council in April 2019. The contract is with the City of Moose Jaw as the owners of the building and the responsible parties of the building, with governance provided by Council and a responsible level of oversight.

Spectra Venue Management has a long history of managing in excess of 80 facilities in North America, including six in Western Canada. Moose Jaw is an excellent fit for concert routing with the six western Canadian facilities. The City Manager in Penticton believes that Spectra has completed an excellent job in managing the South Okanagan Events Centre and has the capabilities to manage Mosaic Place.

In 2018, the administrative organizational structure at Mosaic Place was rationalized by the elimination of four positions and the addition of a Human Resource professional which was the major gap in service noted in 2016 that also provided assistance with payroll. Other gaps in service were provided by City resources such as overall management, vision, guidance, expectations, event attraction and management, new initiatives produced by the City Manager and building maintenance assistance and other issues by Parks and Recreation staff. The remainder of the organizational structure was not affected by these changes.

My previous experience at Spectra Place and current experience at Mosaic Place also indicates that an experienced Venue General Manager with a dedicated Human Resource professional, not a person that manages human resources "off the side of their desk", would be able to provide assistance to all functional areas. This includes events as the General Manager will work with the Events Manager in obtaining external concerts and events that is included in the job description attached to the contract. As well, this is the system that we have been using that has been successful to date, however, a dedicated General Manager at the building is required.

The annual impact of the Spectra Venue Management contract due to the changes and synergies achieved is:

General Manager – includes benefits	\$ 150,000
Fixed Management Fee – in year 3 increased by CPI	\$ 132,000
Capital Contribution by Spectra Venue Management	(\$ 30,000)
In 2019 budget – General Manager includes benefits	(\$ 115,000)
Charge backs to 2020 Operating Budget – City Resources	(\$30,000)
Rationalization - net effect	(\$ 110,000)
Overall Net Impact on City Budget	\$ 3,000

Other provisions include:

- Potential **Improvement in Net Operating Loss Benchmark** that would see any additional revenues or cost reductions up to the management fee (\$132,000), full year, being retained by the City and anything in excess being shared 75% City and 25%.
- Potential **Qualitative Incentive Fee** based upon five factors of customer satisfaction to a maximum of \$ 20,000 per year and increased by CPI starting in year 2 and each subsequent year.

The **1st YEAR OPERATING BUDGET** attached in the contract does include a General Manager position which was already included in the 2018 and 2019 Budget, as this is the baseline operating subsidy(loss) that Spectra Venue Management would work from to earn the **Improvement in Net Operating Loss Benchmark** incentive. This budget does not include the equipment reserve which will still be budgeted and held by the City.

The **1ST YEAR OPERATING BUDGET** also does not include the Management Fee which would increase the operating subsidy to \$504,238 in 2020. The budgeted operating subsidy excluding the reserve contributions and including the YARA Centre in 2019 was \$476,872. When the chargebacks to the Mosaic Place Contract of \$ 30,000 from City resources is considered there will be, in essence, a budgeted break-even position in 2020 budgeted operating subsidy. This is also due to the YARA Centre operating at a break-even position in 2018 and 2019 which is projected to continue.

Finally, the contract ensures the existing staff members will be offered a position with Spectra Venue Management.

PRESENTATION

VERBAL: The City Manager will be in attendance to answer any questions.

ATTACHMENTS

- I. Schedule "A" – Management Agreement between City of Moose Jaw and Spectra Venue Management.

REPORT APPROVAL

Written by: Jim Puffalt, City Manager

Reviewed by: Myron Gulka-Tiechko, City Clerk/Solicitor

Approved by: Fraser Tolmie, Mayor

To be completed by the Clerk's Department only.

Presented to Regular Council or Executive Committee on _____.

No. _____ Resolution No. _____