



**Date:** November 17, 2014

**To:** Thomas J. Bonfield, City Manager

**Through:** W. Bowman Ferguson, Deputy City Manager

**From:** Joel V. Reitzer, Jr., Director, General Services Department

**Subject:** Third Amendment to the Management Agreement by and between City and County of Durham and Global Spectrum, L.P. for the Durham Convention Center

### **Executive Summary**

The City and County of Durham propose to amend the management agreement with Global Spectrum, L.P. (Global Spectrum), specifically to extend the agreement by five years through June 30, 2019 with a termination option after year three. Additional changes include: Funding cycle adjustments, DCC Plaza Management responsibility, operational process revisions and Facility Maintenance Plan (FMP) implementation guidelines. The Durham Convention Center Authority voted to recommend a contract modification at the April 24, 2014 Board meeting.

### **Recommendation**

The Department of General Services recommends that the City Council:

1. Authorize the City Manager to execute the 3<sup>rd</sup> amendment to the Management Agreement by and between the City and County of Durham and Global Spectrum, L.P. for the Durham Convention Center.

### **Background**

In February 2011, the City and County of Durham (Owners) authorized execution of a pre-opening/construction period management consulting agreement with Global Spectrum, L.P. (Global Spectrum) and a five year management agreement for management of the jointly owned Durham Convention Center (DCC). The five year Management Agreement was effective July 1, 2011. Thereafter, the Owners executed the first Amendment to the Management Agreement, dated November 2, 2011, to include the definition of the Convention Center Plaza and include the Convention Center Plaza as part of the definition of the "Facility". The second Amendment was effective March 25, 2013 and focused on adjusting the first year incentive dollar amount in order to account for operation of the facility for ten (10) months, rather than the anticipated twelve (12) months of FY 2011-12.

On July 1, 2014, the existing contract entered the optional years which end June 30, 2016. Owners did not have to take action to continue the agreement for the option period, but it is the intent of the City and County to amend the agreement for five (5) additional years. At the April 24, 2014 Durham Convention Center Authority Board meeting, the Board unanimously approved a motion recommending that the management agreement with Global Spectrum be extended for five (5) additional years, as applicable within the IRS guidelines for both the City and County of Durham (Owners).

### **Issues/Analysis**

Amending the management agreement and extending the contract for an additional five (5) years is consistent with the recommendation of the Durham Convention Center Authority. The contract term will begin from July 1, 2014 through June 30, 2019. The Owners will possess sole discretion to terminate the Agreement, effective as of June 30, 2017.

Additional changes to the contract include:

- **Funding cycle adjustments**  
Remove references to monthly payments from owners
- **DCC Plaza Management responsibility**  
Convey maintenance responsibility for plaza fountain to DCC Manager
- **Operational process revisions**  
Remove references to ticketed events and management of related funds
- **Facility Maintenance Plan (FMP) implementation guidelines.**  
Establish guidelines to phase in responsibility for use and compliance

### **Alternatives**

Council may choose not to authorize the Manager to execute this amendment #3 to the Management Agreement and pursue an alternate solution to DCC management services. The DCCA Board and City and County Staff recommend this amendment as an appropriate modification of the contract, acknowledging, to date, successful operation and management services at the DCC.

### **Financial Impacts**

Approval of the 3<sup>rd</sup> contract amendment has no financial impact on the City/County FY14/15 DCC budget.

### **SDBE Summary**

The Equal Business Opportunity Ordinance is not applicable to this agreement.

### **Attachments**

Amendment #3 to the Management Agreement by and among the City of Durham, County of Durham and Global Spectrum, L.P.