



1 City of Racine, Wisconsin
2 COMMON COUNCIL

3 **AGENDA BRIEFING MEMORADUM (ABM)**

4 **COMMITTEE:** Full Common Council **LEGISLATION ITEM #:**

5 **AGENDA DATE:** April 20, 2020 Common Council

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9 **DEPARTMENT:**

10 **Prepared By:** James M. "Jim" Palenick, City Administrator

11 **Reviewed By:** Cory Mason, Mayor

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13 **SUBJECT:**

14 **An action item request by Mayor Mason seeking approval for Addendum Number 5 to the**
15 **Management Agreement between the City of Racine and VENUWORKS for extending for a final period**
16 **of six (6) months, the ongoing management, operations, and marketing services associated with**
17 **Festival Hall, Festival Park, and Memorial Hall.**

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19 **EXECUTIVE SUMMARY:**

20 **The current contract the City has in place for the ongoing management, operations, and marketing of**
21 **Festival Hall, Festival Park, and Memorial Hall, with VENUWORKS is set to expire effective June 30,**
22 **2020. By Contract, VENUWORKS has been the sole operator and manager of these facilities since**
23 **January 1, 2012, and has, by way of four, separate, previous contract addendums, pursued and**
24 **completed their responsibilities in complete compliance with contract terms throughout, while also**
25 **increasing the number of yearly events and facility users and decreasing the total yearly subsidy the**
26 **City pays to operate and maintain these venues. Because we now know that the City will be**
27 **transferring much of the management, operations, and marketing of these facilities over to**
28 **Gatehouse capital and their management company, Aimbridge, as part of the construction of the new**
29 **Hotel and Convention Center in 2021 and beyond, we feel best served to recommend a brief, six (6)-**
30 **month, final contract extension with VENUWORKS for the term of July 1, 2020 through December 31,,**

31 **2020. This will allow simple continuity of current functions and event planning through the**
32 **coronavirus pandemic shutdown and on through to the management takeover by**
33 **gatehouse/Aimbridge.**

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35 **BACKGROUND & ANALYSIS:**

36 **With the planned construction of the full-service, first-class, 172-room Hotel as complement to an**
37 **expanded Convention center addition to the Festival hall exhibition hall set to begin in late**
38 **October/early November of this year; and with the current shutdown of all assembly facilities due to**
39 **the pandemic; it makes the most sense to retain continuity of facilities planning, operation and**
40 **maintenance, along with event scheduling (and re-scheduling) with our existing, long-term operator,**
41 **VenuWorks. There is literally no one else who could (or would) take on such responsibility for a six-**
42 **month term in the middle of a pandemic-imposed shut-down.**

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44 **BUDGETARY IMPACT:**

45 **Current terms of the Management Agreement with VENUWORKS requires the City to pay**
46 **VENUWORKS a yearly “base management fee” of \$70,000, adjusted upward each January 1st following**
47 **2013 by the annual change in the Consumer Price Index -- for 2020, that will equal \$6,325.21/month**
48 **or \$75,902.52/yearly. In addition, VENUWORKS can achieve additional yearly “variable fees” which**
49 **are performance-based and equal to no greater than 50% of the subsidy savings they can achieve**
50 **year-over-year. Given the pandemic shutdown, it would appear that no variable fees will be likely in**
51 **2020. The City has budgeted for the full-year of expected 2020 fees in advance, and since the terms of**
52 **the contract extension continue the same financial payment terms, there will be no negative impact**
53 **to the budget as a result of this exztension.**

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55 **OPTIONS/ALTERNATIVES:**

- 56 **1.) That the Common Council grant approval for Addendum Number 5 to the Management**
57 **Agreement between the City of Racine and VENUWORKS for extending for a final period of six**
58 **(6) months, (July 1, 2020 through December 31, 2020) the ongoing management, operations,**
59 **and marketing services associated with Festival Hall, Festival Park, and Memorial Hall.**
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- 61 **2.) That the Common Council defer or deny approval for Addendum Number 5 to the**
62 **Management Agreement between the City of Racine and VENUWORKS for extending for a**
63 **final period of six (6) months, (July 1, 2020 through December 31, 2020) the ongoing**
64 **management, operations, and marketing services associated with Festival Hall, Festival Park,**
65 **and Memorial Hall. Which would, by default, turn management over to the City itself. The City**
66 **is not presently prepared for, nor does our organization possess the capacity or expertise to**
67 **provide such services successfully.**

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71 **RECOMMENDED ACTION:**

72 **That the Common Council grant approval for Addendum Number 5 to the Management Agreement**
73 **between the City of Racine and VENUWORKS for extending for a final period of six (6) months, (July 1,**
74 **2020 through December 31, 2020) the ongoing management, operations, and marketing services**
75 **associated with Festival Hall, Festival Park, and Memorial Hall.**

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77 **ATTACHMENT(S):**

78 **Addendum 5 to the Management Agreement with VenuWorks of Racine, LLC**