



AGENDA MEMORANDUM

Future Item for the City Council Meeting of August 21, 2018
Action Item for the City Council Meeting of August 28, 2018

DATE: August 21, 2018

TO: Keith Selman, Interim City Manager

FROM: Esther Velazquez, Assistant to the City Manager
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Amendment No. 1 to American Bank Center Service Agreement
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CAPTION:

Motion authorizing Amendment No. 1 to the Service Agreement for Management of the American Bank Center with SMG for additional expenditures in the amount of \$250,000, with a restated total estimated contract value of \$16,807,717.15.

PURPOSE:

The purpose of this agenda item is to execute an amendment to the contract for the management of the American Bank Center complex.

BACKGROUND AND FINDINGS:

In November 2017 SMG was awarded a 5 year and 8 month contract for the management services of the American Bank Center. A portion of the contract value included marketing funds in the amount of \$600,000 per year.

In 2009, the Corpus Christi Business and Job Development Corporation (Type A Board) established an Arena Marketing and Co-Promotion Fund to assist in promoting, retaining, securing, and hosting sport related tenants, concerts, attractions, and other events at the American Bank Center Arena. The fund's guidelines provide for an evaluation of the funding level every three years. City Council subsequently approved a Resolution establishing this fund and its guidelines.

Each year the IceRays receive \$100,000 in Marketing and Co-Promotion Funds as a subsidy for rental space at the Arena. The IceRays have enjoyed nine seasons without a rent increase. The new contract between SMG and the IceRays includes an increase in rent and also the billing of game and practice related direct costs previously absorbed by SMG. SMG is requesting an additional \$50,000 per year to further subsidize the IceRays and assist them with these cost increases.

At their June 25, 2018 meeting, the Type A Board approved the proposed FY19 Arena budget, which includes this \$50,000 increase.

ALTERNATIVES:

If not approved, IceRays will be responsible for the paying the additional direct costs.

OTHER CONSIDERATIONS:

Possible loss of long-term sport tenant.

CONFORMITY TO CITY POLICY:

This amendment conforms to City policy.

EMERGENCY / NON-EMERGENCY:

Non-emergency

DEPARTMENTAL CLEARANCES:

Corpus Christi Business and Job Development Corporation
Purchasing, Legal, Finance, Budget, City Manager's Office

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Years 2018-2023:	Service Agreement	Amended Service Agreement	DIFFERENCE
Contract Value Excluding Marketing Funds (base years)	\$12,957,171.15	\$12,957,171.15	\$0
Marketing Funds	\$3,600,000.00	\$3,850,000.00	\$250,000
Total Contract Value (base years)	\$16,557,171.15	\$16,807,717.15	\$250,000

Funds: Arena Facility Fund

Comments: These additional funds are for the benefit of the IceRays

RECOMMENDATION:

Staff recommends approval of the Motion.

LIST OF SUPPORTING DOCUMENTS:

Amendment