

AGENDA
SPECIAL PLANNING, BUILDING AND ZONING COMMITTEE
Village of Hoffman Estates
March 1, 2010

Immediately Following the Village Board Meeting

Members: Gary Pilafas, Chairperson
Karen Mills, Vice Chairperson
Ray Kincaid

I. Roll Call

NEW BUSINESS

1. Request approval of an extension to the interim agreement with Jani-King, Rolling Meadows, IL, to provide routine and event cleaning services at the Sears Centre Arena at the hourly rates included in the agreement through August 2010.
2. Request approval of an interim agreement with Standard Parking, Chicago, IL, to provide event parking services at the Sears Centre Arena at the hourly rates included in the agreement through August 2010.
3. Discussion regarding the typical duties of a Contract Administrator and options on how the Village can fill that role for the Sears Centre Arena.

II. Adjournment

NB1

**COMMITTEE AGENDA ITEM
VILLAGE OF HOFFMAN ESTATES**

SUBJECT: Request approval of an extension to the interim agreement with Jani-King, Rolling Meadows, IL, to provide routine and event cleaning services at the Sears Centre Arena at the hourly rates included in the agreement through August 2010

MEETING DATE: March 1, 2010

COMMITTEE: Special Planning, Building & Zoning

FROM: Arthur Janura/Mark Koplin *mjk*

REQUEST: Request approval of an extension to the interim agreement with Jani-King, Rolling Meadows, IL, to provide routine and event cleaning services at the Sears Centre Arena at the hourly rates included in the agreement through August 2010.

BACKGROUND: CCO previously contracted with Jani-King to provide both event cleaning and routine cleaning at the Sears Centre Arena. In January, the Village Manager approved an interim agreement from January-March not to exceed \$20,000. That agreement expires on March 31, 2010. Event cleaning services are considered an event cost, paid by the promoter or offset by event revenues. Routine cleaning of offices is an operating expense of the arena.

DISCUSSION: The attached extension to the agreement with Jani-King provides for event and routine cleaning at the Sears Centre Arena through the end of August 2010. The agreement may be terminated with 30 days notice. The hourly rates are the same as the previous agreement. Once Global Spectrum has a long term management agreement, they will evaluate how these services are provided and whether or not they will contract outside for such services. Global Spectrum will evaluate routine and event cleaning services over the spring and summer. However, in the interim, routine and event cleaning services are necessary and staff obtained a proposal from Jani-King to provide the services.

RECOMMENDATION: Recommend approval of an extension to the interim agreement with Jani-King, Rolling Meadows, IL, to provide routine and event cleaning services at the Sears Centre Arena at the hourly rates included in the agreement through August 2010.

Attachment

cc: Ben Gibbs (Global Spectrum)
Bob Limbach (Jani-King)

Extension Agreement for Sears Centre Cleaning

Whereas, an agreement for periodic cleaning at the Sears Centre Arena was entered into between Opportunity Franchising, Inc., d/b/a Jani-King of Illinois and the Village of Hoffman Estates, and

Whereas, that Agreement is attached and incorporated into this Extension Agreement, and

Whereas, the Term of that Agreement was from January 1, 2010 to March 31, 2010, and

Whereas, either Party could terminate that Agreement upon 30 days notice, and

Whereas, the Parties desire to extend the Agreement beyond the current Term on a month to month basis,

Therefore, said Agreement is modified to change the Term to month to month with a thirty (30) day notice of termination.

CLIENT:

Village of Hoffman Estates and
International Facilities Group, LLC.


Name: _____

Title: _____

Date: _____

JANI-KING:

Jani-King of Illinois

Name:  _____
Title: Vice President

Date: 2/25/10

MAINTENANCE AGREEMENT

THIS AGREEMENT is made between **OPPORTUNITY FRANCHISING, INC.** d/b/a **JANI-KING OF ILLINOIS** (hereinafter "**JK**") and **THE VILLAGE OF HOFFMAN ESTATES** and **IFG INTERNATIONAL FACILITIES GROUP LLC**, 5333 Prairie Stone Parkway, Hoffman Estates, IL 60192 (hereinafter "**CLIENT**"). **CLIENT** is desirous of the maintenance and janitorial services of **JK**. In consideration of the services hereinafter specified, and the compensation to be paid, it is hereby contracted and agreed:

1. **Named Areas:** The premises making up the working area of this contract will be known further in the contract as the **Named Areas**, which are defined as:

See Cleaning Schedule

The services will be performed starting on January 1, 2010 ("Effective Date") at the following location: 5333 Prairie Stone Parkway, Hoffman Estates, IL 60192. **JK** agrees to service the **Named Areas as stated on Cleaning Schedule**.

2. **Equipment:** **JK** agrees to furnish all equipment, tools and paraphernalia necessary for the performance of the duties, such duties being to maintain the **Named Areas** in a clean condition as outlined in the **Cleaning Schedule** attached hereto and by specific reference made a part hereof. If it is necessary to store on **CLIENTS** premises property owned by **JK** or its franchises, **CLIENT** agrees to act as bailee of such equipment. **CLIENT** warrants that the premises are free of asbestos, hazardous materials, and hazardous waste materials and holds **JK** harmless from any and all liability for its personnel's exposure to such hazardous or harmful conditions.
3. **Payment:** In consideration of the faithful performance by **JK** of the duties hereunder, **CLIENT** agrees to pay to **JK** the amount on the signature page per month on the first day of each month for the rendition of the immediately preceding month's service. Credits for nationally recognized holidays were predetermined and given as part of the monthly charge herein. No adjustments will be made for said holidays. Notwithstanding any contrary provisions under this article, cancellation due to non-payment shall not be subject to the notice of termination provisions required by the remainder of this Agreement.
4. **Independent Contractors:** It is expressly agreed that **JK** is not and shall not be during the term hereof, an employee of **CLIENT** but are independent contractors, and in this regard **JK** will not be within the protection of coverage of **CLIENTS** Workman's Compensation Insurance and no withholding of Social Security, Federal, or State Income Tax or other deductions shall be made from the sums agreed to be paid to **JK** herein, the same being contract payments and not wages.

5. **Amendments:** As the parties may agree, the amount to be paid by **CLIENT** may be increased or decreased to reflect an increase or decrease in the area of space serviced and the kind, amount or frequency of service. Such modifications shall be binding only if in writing and signed by both parties. In the event mutual agreement to amend the contract cannot be reached, the Agreement shall remain the same. It is expressly agreed that the amount stated in the Pricing Schedule may be increased annually by **JK** by a percentage amount not to exceed the amount increase of the Consumer Price Index as most recently published in the Wall Street Journal.

6. **Covenant:** It is agreed that **JK** will select all representatives to perform its obligations hereunder. **CLIENT** warrants, covenants and agrees that during the term of this agreement and within one hundred and twenty (120) days after termination, that **CLIENT** will not employ directly or indirectly retain the services of any employees, agents, representatives, franchisees or employees of franchisees of **JK**. **JK** warrants, covenants and agrees that within one hundred and twenty (120) days after termination, it will not employ directly or indirectly retain the services of any employees, agents, representatives or franchisees of **CLIENT**.

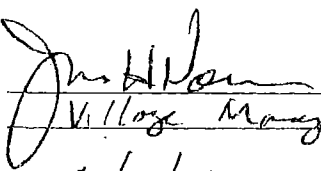
7. **Termination:** The term of this agreement shall be from January 1, 2010 through March 31, 2010, and can be terminated by either party upon 30 days written notice.

8. **JK** will comply with all local, state, and federal laws.

9. Insurance will be provided as contained in Exhibit A attached hereto.

CLIENT:

Village of Hoffman Estates and
International Facilities Group, LLC

Name: 
 Title: Village Manager
 Date: 12/30/09

JANI-KING:

Jani-King of Illinois

Name: _____
 Title: _____
 Date: _____

EXHIBIT A

Recommended Guidelines For Insurance Requirements

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

A. Minimum Scope of Insurance

Coverage shall be as least as broad as:

1. Insurance Service Office Commercial General Liability occurrence form CG 0001 (ED. 11/85) and, if requested, Owners and Contractors Protective Liability policy with the Village named as additional insured; and
2. Insurance Service Office Business Auto Liability coverage form number CA 0001 (ED. 10/90), Symbol 01 "Any Auto" or Business Auto Liability coverage form number CA 0001 (Ed. 1/87) and endorsement CA0029 (Ed. 2/88) changes in Business Auto and Truckers coverage forms: Insured Contract.
3. Workers' Compensation as required by the Labor Code of the State of Illinois and Employers' Liability insurance.

B. Minimum Limits of Insurance

Contractor shall maintain limits no less than:

1. Commercial General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. The aggregate shall be twice the required occurrence limit. Minimum General Aggregate shall be no less than \$2,000,000 or a project/contract specific aggregate of \$1,000,000.
2. Business Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
3. Workers' Compensation and Employers' Liability: Workers' compensation coverage with statutory limits and Employers' Liability limits of \$1,000,000 per accident.

C. Deductibles and Self-Insured Retention's

Any deductibles or self-insured retention's must be declared to and approved by the Village. At the option of the Village, either: the insurer shall reduce or eliminate such deductibles or self-insured retention's as respects the Village, its officials, agents, employees and

volunteers: or the Contractor shall procure a bond guaranteeing payment of losses and related investigation, claim administration and defense expenses.

D. Other Insurance Provisions

The policies of insurance are to contain, or be endorsed to contain, the following provisions:

1. General Liability and Automobile Coverage's

- a. The Village, its officials, agents, employees and volunteers are to be covered as insureds as respects: liability arising out of the activities performed by or on behalf of the Contractor; products and completed operations of the Contractor; premises owned, leased or used by the Contractor; or automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the Village, its officials, agents, employees and volunteers.
- b. The Contractor's insurance coverage shall be primary as respects the Village, its officials, agents, employees and volunteers. Any insurance or self-insurance maintained by the Village, its officials, agents, employees and volunteers shall be excess of Contractor's insurance and shall not contribute with it.
- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Village, its officials, agents, employees and volunteers.
- d. The Contractor's insurance shall contain a Severability of Interests/Cross Liability clause or language stating that Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

2. Workers' Compensation and Employers' Liability Coverage

The insurer shall agree to waive all rights of subrogation against the member, its officials, agents, employees and volunteers for losses arising from work performed by the Contractor for the Village.

E. Verification of Coverage

Contractor shall furnish the Village with certificates of insurance naming the Village, its officials, agents, employees and volunteers as additional insureds, and with original endorsements affecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. The certificates and endorsements are to be received and approved by the Village before work commences. The Village reserves the right to request full certified copies of the insurance policies and endorsements.

**COMMITTEE AGENDA ITEM
VILLAGE OF HOFFMAN ESTATES**

NB2

SUBJECT: Request approval of an interim agreement with Standard Parking, Chicago, IL, to provide event parking services at the Sears Centre Arena at the hourly rates included in the agreement through August 2010

MEETING DATE: March 1, 2010

COMMITTEE: Special Planning, Building & Zoning

FROM: Arthur Janura/Mark Koplin *mjk*

REQUEST: Request approval of an interim agreement with Standard Parking, Chicago, IL, to provide event parking services at the Sears Centre Arena at the hourly rates included in the agreement through August 2010.

BACKGROUND: CCO previously contracted with Standard Parking to provide parking control and concert parking fees for a vast majority of Sears Centre Arena events. In early January, the Village Manager approved an interim agreement not to exceed \$20,000. That agreement will expire when \$20,000 is achieved. Parking services are considered an event cost, paid by the promoter or offset by event revenues.

DISCUSSION: The attached agreement with Standard Parking provides for continuation of parking services on a month-to-month basis at the Sears Centre Arena through the end of August 2010. The hourly rates are the same as the previous agreement. The attached agreement incorporates several minor revisions that have been reviewed and approved by Corporation Counsel. Once Global Spectrum has a long term management agreement, they will evaluate how these services are provided and whether or not they will contract outside for such services or directly manage parking and hire part-time employees to provide this service. Global Spectrum will evaluate services over the spring and summer. However, in the interim, event parking services are necessary and the attached agreement assures provision of these services. The agreement can be terminated with 30 days notice.

RECOMMENDATION: Recommend approval of an interim agreement with Standard Parking, Chicago, IL, to provide event parking services at the Sears Centre Arena at the hourly rates included in the agreement through August 31, 2010.

Attachment

cc: Ben Gibbs (Global Spectrum)
James Georgalas (Standard Parking)

SPECIAL EVENT PARKING MANAGEMENT AGREEMENT

This SPECIAL EVENT PARKING MANAGEMENT AGREEMENT (this "**Agreement**") is made and entered into as of December 30, 2009, by and between the Village of Hoffman Estates, an Illinois municipal corporation ("**Client**"), and Standard Parking Corporation, a Delaware corporation ("**Contractor**").

RECITALS:

A. Client owns or manages the Sears Centre Arena, 53333 Prairie Stone Parkway, Hoffman Estates, Illinois ("**Arena**") and related parking facilities in the vicinity of the Arena ("**Parking Facilities**").

B. In connection with events at the Arena ("**Special Events**"), the Parking Facilities are utilized and, in connection with larger Special Events, remote parking is contemplated as well, which remote parking shall require a shuttle bus service to and from the remote parking lot(s) and the Arena ("**Shuttle Service**").

C. Contractor is an experienced Contractor and manager of parking facilities and shuttle services.

D. Client and Contractor desire to enter into an agreement whereby Contractor will provide parking services in connection with Special Events at the Parking Facilities, including Shuttle Service as and when requested by Client, all upon the terms, covenants and conditions herein set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. **RECITALS.** The above recitals are true and correct and incorporated herein.

2. **GRANT.** Client hereby grants to Contractor and Contractor hereby accepts the exclusive right and obligation of providing operation and management services with respect to the Parking Facilities during Special Event and Shuttle Services, when requested by Client.

3. **TERM.** The term of this Agreement shall be month to month commencing April 1, 2010, not to exceed six months (expires no later than October 1, 2010). Notwithstanding the preceding sentence to the contrary, Contractor's rights and obligations hereunder shall apply only to the operating hours established in Section 4(a) herein below. In addition to all other termination rights hereunder, at law, or in equity,

either party may terminate this Agreement at any time upon not less than thirty (30) days prior written notice.

4. **CONTRACTOR'S OBLIGATIONS AND SERVICES.** Contractor hereby covenants and agrees to perform the following services:

- (a) Contractor shall operate and manage the Parking Facilities during Special Events, and render the usual and customary services incidental thereto, in a professional businesslike and efficient manner. The operations shall be self-park, and no valet services shall be provided by Contractor. The hours of operation shall coincide with the Special Event, and also shall include a reasonable period of time before and after the Special Event to set-up and wind-up the parking operations. From time to time during the term of this Agreement, Client may request in writing that Contractor provide parking services and/or Shuttle Service for a special Event, which request shall include reasonable particulars, including the date and hours of the Special Event, and the anticipated parking volume. Client shall endeavor to give such notice of each such Special Event no later than five (5) days prior to the actual Special Event.
- (b) Contractor shall hire, pay and supervise sufficient numbers of personnel who will render the services required by this Agreement. Specifically, Contractor shall provide staffing for the positions identified in **Exhibit A**, the Schedule of Hourly Rates, which is attached hereto and made a part hereof. All persons so employed shall be employees or subcontractors of Contractor and not of Client, and shall have no authority to act as the agent of Client.
- (c) Contractor shall collect all fees and other charges from persons parking at the Parking Facilities, at the parking rates designated by Client. Said fees and charges collected by Contractor, net of all applicable sales, use, parking or similar tax, including Cook County parking taxes and Hoffman Estates Amusement Tax (which taxes are collectively defined as "**Parking Taxes**"), shall be deemed "**Gross Receipts**".
 - (i) Gross Receipts shall be deposited with Client on-site, or in Client's bank account, in accordance with Client's written directive to Contractor.
 - (ii) Contractor shall be responsible for payment of any applicable Parking Taxes directly to the tax authorities and shall defend, indemnify and hold harmless Client from and against any and all liability (including, without limitation, penalties) for payment

of said Parking Taxes. Upon request, proof of payment of Parking Taxes shall be furnished by Client to Contractor.

- (d) Contractor shall maintain courteous, businesslike relations with users of the Parking Facilities and Shuttle Service.
- (e) Contractor shall not do anything to damage the Parking Facilities.
- (f) Contractor shall promptly notify Client of any matter that in Contractor's reasonable judgment requires Client's attention.
- (g) Contractor shall obtain and maintain the policies of insurance specified herein below.

5. COMPENSATION; PAYMENT TERMS. As compensation for Contractor's services hereunder, Client shall pay Contractor a fee ("**Service Fee**") per Special Event, based on the hourly rates set forth in **Exhibit A** hereto ("**Hourly Rates**"), plus a management fee of Three Hundred and no/100 Dollars (\$300.00) per Special Event. The Hourly Rates are intended by the parties to cover all of Contractor's payroll and related costs and uniforms, radio, parking tickets, workers compensation and insurance costs.

Within seven (7) days after the end of each Special Event, Contractor shall submit an invoice to Client for payment of its Service Fee for such Special Event, which invoice shall be supported by a statement of all Gross Receipts collected by Contractor, and a statement of the labor hours worked by contractor personnel, by category of employee (using the categories set for in **Exhibit A** hereto). Payment of Contractor's invoice shall be due within thirty (30) days after Client's receipt of same. Contractor agrees and acknowledges that it may only charge Client for labor hours worked by Contractor's personnel to the extent that such personnel signed in and signed out with Client at the start and conclusion of each Special Event.

If Client disputes any aspect of Contractor's invoice, then Client shall give Contractor written notice specifying the item disputed and the reason therefore. Payment for any portion for the invoice which is not disputed shall not be withheld. The parties shall, in good faith, diligently pursue resolution of any dispute item within thirty (30) days of said notice. The Client will comply with the Illinois Prompt Payment Act.

6. CONTRACTOR'S INSURANCE COVERAGE.

- (a) Contractor shall carry and maintain the following insurance coverages.
 - (1) Worker's Compensation insurance in compliance with the Worker's Compensation Act of the State of Illinois.
 - (2) Employer's liability insurance on all employees for the Parking Facilities not covered by the Worker's

Compensation Act, for occupational accidents or disease, for limits of not less than One Million and no/100 Dollars (\$1,000,000.00) for any one occurrence, or whatever is necessary to satisfy the requirements of the umbrella liability insurance specified below.

- (3) Garage liability or commercial general liability insurance on an occurrence form basis with limits of not less than Two Million and no/100 Dollars (\$2,000,000.00) per occurrence with an annual aggregate limit of Two Million and no/100 dollars (\$2,000,000.00) per location.
 - (4) Garage keeper's legal liability insurance (if applicable) insuring any and all automobiles that are parked at the Parking Facilities by Contractor's attendants or for which a bailment otherwise is created with limits of liability not less than One Million and no/100 Dollars (\$1,000,000.00) per occurrence.
 - (5) Automobile liability insurance covering losses for owned, non-owned or hired vehicles including comprehensive and collision coverage with a limit of not less than Two Million and no/100 Dollars (\$2,000,000.00) per occurrence.
 - (6) Umbrella liability insurance with an annual aggregate limit of not less than Fifty Million and no/100 Dollars (\$50,000,000.00).
- (b) The liability policies affording the coverages described in Subsections (a)(3), (a)(4), (a)(5) and (a)(6) above shall be endorsed offering primary coverage to Client, and its employees, agents, directors and officers as additional named insureds.
- (c) Contractor shall deliver certificates of insurance and endorsements to Client. The certificates of insurance shall state that "The Village of Hoffman Estates, as owner of the Sears Centre Arena, is added as a named insured by Standard Parking with respect to liability arising out of the ownership, management and operation of the Parking Facilities, as per the Special Event Parking Management Agreement." The Certificate of Insurance shall further provide that "The issuing company shall endeavor to mail thirty (30) days' prior written notice to the certificate holder should any of the policies be cancelled prior to the expiration date."

7. **CLIENT'S OBLIGATIONS.** Client shall, at its expense, be responsible for the following:

- (a) Making all payments as and when required under this Agreement including, without limitation, payment of all applicable Parking Taxes in accordance with Section 4(c)(ii) above.
- (b) To the extent any structural, mechanical, electrical or other installations, alterations or repairs to the Parking Facilities are required by statutes, regulations or other governmental requirements pertaining to air quality, environmental protection of persons with disabilities, Client shall be solely responsible, as between the parties hereto.
- (c) Obtaining all licenses and permits (excepting Contractor's governmental parking licenses and/or police permits) which are or may be a prerequisite to Contractor's performance of its duties at the Parking Facilities and any remote lots used for the Shuttle Service.
- (d) Safety and/or security personnel and equipment.
- (e) Provide vehicle(s) necessary for Contractor's set-up of equipment at the Parking Facilities.
- (f) Provide signs, cones and barricades for Contractor's set-up at the Parking Facilities.
- (g) Maintain and clean snow from the Parking Facilities

With respect to Subsection (d) above, Client expressly acknowledges that Contractor does not have knowledge or expertise as a guard or security service, and does not employ personnel for that purpose, nor do Contractor's employees undertake the obligation to guard or protect customers against the intentional acts of third parties. Client shall determine, at Client's discretion, whether and to what extent any precautionary warnings, security devices, or security services may be required to protect patrons in and about the Arena and Parking Facilities.

8. **RELATIONSHIP OF THE PARTIES.** No partnership or joint venture between the parties is created by this Agreement, it being agreed that Contractor is an independent contractor.

9. **FORCE MAJEURE.** Neither party shall be in violation of this Agreement for failure to perform any of its obligations by reason of strikes, boycotts, labor disputes, embargoes, shortages of materials, acts of God, acts of the public enemy, acts of public authority, weather conditions, riots, rebellion, accidents, sabotage or any other circumstances for which it is not responsible and which are not within its control.

10. **GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

11. **CONTRACTOR'S COMPLIANCE.** Contractor will comply with all applicable local, State and Federal laws.

12. **APPROVALS.** Whenever the approval of either party is required herein, such approval shall not be unreasonably withheld or delayed.

13. **WAIVERS.** No waiver of default by either party of any term, covenant or condition hereof to be performed or observed by the other party shall be construed as, or operate as, a waiver of any subsequent default of the same or any other term, covenant or condition hereof.

14. **NOTICES.** Any notice or communication required to be given to or served upon either party hereto shall be given or served by personal service or by express delivery or by mailing the same, postage prepaid, by United States registered or certified mail, return receipt requested, to the following addresses:

TO CLIENT: **Village of Hoffman Estates**
Attn: Mayor William D. McLeod
1900 Hassell Road
Hoffman Estates, IL 60169

With copy to: Arthur L. Janura, Jr.
Arnstein & Lehr LLP
2800 West Higgins Road, Ste. 425
Hoffman Estates, IL 60169-7246

TO CONTRACTOR: **Standard Parking Corporation**
Attn: Legal Department
Suite 1600
900 North Michigan Avenue
Chicago, IL 60611

With copy to: Standard Parking Corporation
Attn: James F. Buczek,
Senior Vice President
Suite 1020
900 North Michigan Avenue
Chicago, IL 60611

Either party may designate a substitute address at any time hereafter by written notice thereof to the other party.

15. **ASSIGNABLE:** This Agreement is non-assignable.

16. **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties, and supersedes all representations, statements or prior agreements and understandings both written and oral with respect to the matters contained in this Agreement. No person has been authorized to give any information or make any representation not contained in this Agreement. This Agreement may be amended only by written agreement of the parties.

17. **PARTIES BOUND.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, successors, executors, administrators, legal representatives and permitted assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

CLIENT:

CONTRACTOR:

Village of Hoffman Estates

Standard Parking Corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT A

Schedule of Rates

Shuttle Services	\$45.00 per hour, 4-hour minimum
Supervisor	\$52.00 per hour, 6-hour minimum
Cashiers	\$19.69 per hour, 4-hour minimum
Parking Attendants	\$19.69 per hour, 4-hour minimum
Management Fee	\$300.00 per Special Event

**COMMITTEE AGENDA ITEM
VILLAGE OF HOFFMAN ESTATES**

SUBJECT: Discussion regarding the typical duties of a Contract Administrator and options on how the Village can fill that role for the Sears Centre Arena

MEETING DATE: March 1, 2010

COMMITTEE: Special Planning, Building and Zoning

FROM:  Mark Koplin

REQUEST: Discussion regarding the typical duties of a Contract Administrator and options on how the Village can fill that role for the Sears Centre Arena.

BACKGROUND: On December 18, 2009, the Village became owner of the Sears Centre Arena through the Deed in Lieu of Foreclosure process. The Village issued a Request For Proposal and received comprehensive proposals from the country's two largest professional arena management companies. Currently, the Village is negotiating a management agreement with Global Spectrum for the Sears Centre Arena, while Global Spectrum manages the building under an interim agreement. The Village has also negotiated agreements with other third party service providers, including Global Spectrum affiliates for ticketing and the sales of contractually obligated income.

DISCUSSION: Under a third party management agreement, the Contract Administrator position is a necessary role and key to facilitating the smooth running of arenas, entertainment, and sports venues. The arena manager requires a single point of contact from the client to interface with on a daily basis on any number of issues. The Contract Administrator's primary focus is to act as the interface between the manager and owner and keep the Village Board apprised of arena operations.

The Contract Administrator interfaces on a daily basis with a focus to maximize the many efficiencies and synergies between the arena, its third party operator, and the Village as they pertain to daily operations, event frequency/diversity, financial reporting and cash flow, maintenance of property and systems, and over the long term, addressing the capital planning needs of the asset. Due to the competitive nature of the industry/business, certain information must be proprietary and some job functions often necessitate that decisions must be made by the Contract Administrator, on behalf of the owner, in a very compressed timeframe. Acting in the Village's interests is paramount at all times. The person could have an office at the Sears Centre Arena, the Village Hall, or both.

DISCUSSION: (Continued)

Acting as the "owner's representative", the Contract Administrator provides coordination, facilitation, and when necessary, leadership on operational, financial, and policy matters involving the Sears Centre Arena to reflect the priorities and philosophies of the Village Board, staff, and key venue stakeholders. This role is typically filled by an individual, with that person as the primary liaison between the Village and Global Spectrum on a day-to-day basis. Contract administration requires the monitoring and enforcement of the management agreement with the arena manager, along with any other agreements for ticketing, food service, sale of commercial rights, and some of the higher profile service contracts, to protect the Village's interests and to ensure accountability for all agreements. If the management agreement includes qualitative and quantitative incentive provisions, the Contract Administrator would collect, review, and advise on the achievement of any benchmarks. Responsibilities would also include following up on any deficiencies identified throughout the year, including any items identified in the annual audit.

The principle areas of responsibility include advising on booking of events, reporting (financial and other), advocating for the Sears Centre Arena, event settlements, coordinating the major revenue/service providers (ticketing, food/beverage, sale of commercial rights), and to address any customer service issues with Global Spectrum. This person would lead and participate in the development and implementation of Sears Centre Arena goals, objectives, policies, and priorities, as well as to monitor, interpret, and evaluate the efficiency and effectiveness of service delivery methods. They would also look at internal procedures, staff workloads, and relationships with an eye for continual improvement, including partnerships with Village operating departments and private companies that provide service to the Sears Centre Arena. Knowledge and familiarity with grant programs at the state or national level would be a plus as grants for major renovations or upgrades would be beneficial to the overall finances of the Sears Centre Arena. Knowledge of and experience in working in/with local governments would be a plus, along with the intricacies and nuances of doing business in the public sector.

The skills necessary for this job include knowledge of and ability to analyze complex budgets, capital plans, and profit and loss statements, ability to understand complex contracts and agreements, and knowledge of arena operations. This person should have extensive and management level experience in managing large public or private facilities, preferably at a public assembly venue. A knowledge of the convention, sports, and entertainment industry, and familiarity with procedures, operations, and related financial administration would be very helpful. This person should possess great interpersonal skills to work closely with Global Spectrum, elected officials, Village departments, and the public (including event promoters at times). The ability to communicate clearly and concisely, both orally and in writing, and to make presentations to internal and external groups is important. Attendance at all or some events (i.e. the major events) would be desired and/or required.

DISCUSSION: (Continued)

The Village should consider granting the Contract Administrator some level of authority to make or facilitate Global Spectrum's response to certain event-related financial decisions and commitments, based on parameters (to be prescribed by the Board) along with interactions with the elected officials and Village administration. To explain, settlement of an event requires decisions to pay or "divvy up" show revenues and expenses with the promoter that are based on the parties' mutual interpretation of the business deal. As the Board has been learning with this project, event contracts, especially concerts, are unique relationships, which are governed not only by the terms of the deal, but also by common industry practices coupled with the overarching desire for the venue operator to maintain good relationships with each event promoter. Additionally, the booking of events is not a simple practice. Complex negotiations take place, often in extremely short time spans to strike a deal, so responses to promoters must be quick. Deal structure/economics vary by show type. It can be as simple as a straight rental deal with very little risk to the building, but there are times when the Sears Centre Arena will be involved in some sort of a "co-promotion" where the building (Village), in agreed upon proportions with the promoter, takes some element of "show risk". This could be a circumstance where the building risks its rental fee, or its rent and house expenses, or it could be a greater risk situation (called an "up and down") where all risk between the parties is split 50/50. Additionally, there are circumstances where Global Spectrum and the Village might explore the merits of "buying" a show where the building takes all the risk and receives 100% of the reward. In the cases where the building takes an element of risk, Global Spectrum will advise the Contract Administrator of the opportunity, who in turn would consult with Village officials before making a decision and communicating it to Global Spectrum so they can go forward and make the deal assuming some level of risk.

The Contract Administrator could convene regular meetings with Ad Hoc Sears Centre Advisory Committee for the purpose of sharing information and relevant information related to the Sears Centre Arena. Financial monitoring could include the Sears Centre Arena budget, reviewing and/or approving all expenses prior to payment or reimbursement, and approving the list of bills and invoices per adopted procedures. All of this could be done in coordination with the Finance Director. Attendance at event "settlements" (often on the event night) is important to ensure the proper settlement of event revenues and expenses. Due to the possibility of illness or unavoidable absences, the Board may also want to designate a backup.

The Contract Administrator position may not require full time hours, and over time could require perhaps 12-20 hours per week, depending on the event schedule. These hours would be variable from week to week and some/many of the hours may be outside of the traditional 8:00 a.m.-5:00 p.m., Monday through Friday, work week. Options to fill this position on a full time or part-time/hourly basis include:

- ◆ Hiring a new employee that could be recruited through industry trade ads or an executive recruitment firm.
- ◆ Hire a qualified consultant with the necessary skill sets.
- ◆ Assigning a current Village employee.

A blended approach may also be possible to combine two or more of the above.

DISCUSSION: (Continued)

The Contract Administrator would provide reports and work directly with the Village President and the Board of Trustees, the Village staff, and the Ad Hoc Sears Centre Advisory Committee, while coordinating activities and initiatives with Village operating departments, as necessary.

If the Village hires an outside party to fill this position, the unused funds from the remaining portion of the IFG contract that was approved and included in the 2010 Village Budget is available. This position could also be considered a contracted individual, considered under "professional services" as recognized in Global Spectrum's contract and as a line item in the Sears Centre Arena budget, and considered an operating expense of the building.

Another related function previously discussed by the Board was a desire to have an independent third party perform "spot audits" on a quarterly basis. This is not traditionally part of the Contract Administrator's duties and may require 4-5 days per quarter and involve a review of quarterly financials and profit and loss statements for Global Spectrum, the ticketing company, the food and beverage company, Front Row Marketing, and perhaps parking and other major service contracts. Mary Beth Hardina with IFG has demonstrated financial knowledge and is experienced in looking at arena financial statements, and could be considered. Another option would be to consider having the Village auditor perform this work quarterly to become more familiar with the Sears Centre Arena with an ancillary benefit of reducing surprises during the annual audit. Again, a blended approach may also be possible.

Whatever direction the Village Board decides to proceed, we will request formal proposals with a detailed scope and costs/rates specified, along with any other requirements. Formal agreements or contracts would be brought back to this Committee.

We will be happy to provide clarification on any items at the Committee meeting or answer any questions.

RECOMMENDATION:

For discussion purposes only.

cc: Ben Gibbs (Global Spectrum)
Joe Briglia (IFG)