

Memorandum



CITY OF DALLAS

DATE August 16, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Convention and Event Services – Contract Compliance Process for Global Spectrum, L.P., D/B/A OVG360**

This memorandum provides an overview of the contract compliance process exercised by the Convention and Event Services (CES) Department for the performance-based revenue generation contract styled *Management Agreement for Kay Bailey Hutchison Convention Center Dallas Between the City of Dallas and Global Spectrum, L.P., D/B/A Spectra Venue Management* (“Contract”) effective February 13, 2019 by Council Resolution 19-0281.

Spectra Venue Management, purchased by Oak View Group and doing business as OVG360 since 2021, operates the KBHCCD’s day-to-day operations and provides financial data to CES based on a contractually prescribed three-year rolling revenue benchmark formula and qualitative incentive fee structure. Under this prescribed structure, CES performs financial and qualitative reviews on OVG360-provided monthly financials, payment registers, event list summaries, annual budgets and annual marketing plans.

The CES contract compliance structure includes daily cash receipt reconciliation, monthly revenue reconciliation based on event list summaries, periodic funding request approvals based on monthly or bi-monthly requests, and project-schedule-based capital expenditure approvals for projects over \$25k. The City Controller’s Office (CCO) completes a monthly bank account reconciliation, sending any anomalies to the CES Finance Unit to resolve. This process is made easier because the center operating bank account used for and by OVG360 is a city of Dallas account owned and controlled by CCO. Any anomalies in financial, contract, or operating services provided by OVG360 results in the issuance of a compliance memorandum. Additionally, Weaver and Tidwell LLP, the city’s external auditor, tests revenue recognition and accounts receivable operations of CES and OVG360 annually as part of the Annual Comprehensive Financial Report (ACFR).

CES also conducts contract compliance to ensure excellent customer experiences in the center through a contract with Custom Intercept Solutions which provides monthly surveying of planners, attendees and exhibitors. The surveys are reviewed and discuss opportunities for improvement are discussed during a weekly meeting with OVG360 and their vendors.

Annually, OVG360 is contractually required to provide a report that includes seven (7) criterion categories—Customer Service, Quality of Maintenance of Key Building Assets, Implementation of New Budget Management Initiatives, Creation of Cooperative

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Marketing & Partnerships, Implementation of New Revenue Enhancement Initiatives, Implementation of Energy Use Reduction Initiatives and Other OVG360 Contributions and Initiatives. This report is used to gauge successes, areas of improvement and end-of-year contractual incentive.

As a result of these contract compliance processes and those used for Visit Dallas, the KBHCCD has received Center of Excellence awards in 2021-23, Facilities and Destinations Prime Site Awards in 2020-22, and moved from a Cvent ranking of number 7 to number 4 in top meeting destinations within North America. CES fully intends to continue this intensive contract compliance process throughout any contractual relationship with management companies that the city engages for the KBHCCD.

Should you have questions, please contact Rosa Fleming, director of Convention and Event Services at rosa.fleming@dallas.gov or at 214.939.2755 or Reginald Williams, assistant director, at reginald.williams1@dallas.gov or at 214.939.2764.

Service First, Now!



Robin Bentley,
Assistant City Manager (I)

- c: Kimberly Bizzor Tolbert City Manager (I)
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Dominique Artis, Chief of Public Safety (I)
Dev Rastogi, Assistant City Manager
- M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager (I)
Jack Ireland, Chief Financial Officer
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
Directors and Assistant Directors