



CITY COUNCIL WORK SESSION MEETING

CITY COUNCIL CHAMBERS

109 EAST OLIVE STREET; BLOOMINGTON, IL 61701

MONDAY, MARCH 28, 2016; 5:00 PM

1. Call to Order
2. Roll Call
3. Public Comment
4. Presentation and discussion regarding the proposed Coliseum Agreement. (*Presentation by David Hales, City Manager, John Siehl the Chief Operating Officer and Russ Ferguson the Vice President for Food/Beverage, Venue Works 30 minutes, Council discussion 30 minutes*)
5. Presentation and discussion regarding the Award of Audit Contract with Baker Tilly. (*Presentation by David Hales, City Manager and Patti-Lynn Silva, Finance Director 5 minutes, Council discussion 10 minutes*).
6. Adjourn (approximately 6:15 p.m.)



WORK SESSION AGENDA ITEM NO. 4

FOR COUNCIL: March 28, 2016

SUBJECT: Presentation and discussion regarding the proposed Coliseum agreement.

RECOMMENDATION/MOTION: For informational purposes only.

STRATEGIC PLAN LINK: Goal 1. Financially sound City providing quality basic services.

STRATEGIC PLAN SIGNIFICANCE: Objective 1c. City services delivered in the most cost-effective, efficient manner.

BACKGROUND: The Coliseum has been managed by Central Illinois Arena Management (CIAM) since opening in 2006. The City's management agreement with CIAM expires April 1, 2016. CIAM announced earlier this month they were stepping out of negotiations with the City for a new contract. Staff, having researched industry leaders and best practices for nearly a year during contract negotiations, interviewed management companies shortly thereafter and is ready to confidently recommend Iowa-based VenuWorks to manage the Coliseum, effective April 1, 2016.

VenuWorks manages approximately 52 venues across the United States, specializing in secondary markets with facilities comparable in size and function to the Coliseum. They are a full-service management company, providing marketing, concessions, consulting and event booking.

The initial agreement with VenuWorks will be for a 90-day transition period, during which no management fee will be assessed, with a five-year agreement anticipated to follow. The terms proposed by VenuWorks for the five-year agreement include:

- VenuWorks will earn an annual management fee of \$114,000.
- VenuWorks will earn 5% of gross sales on concessions.
- VenuWorks will earn a straight commission of 5% on all sales, including naming rights.
- The contract will include "disincentives," or lower commissions paid to VenuWorks if mutually-agreed upon budget goals are not met.
- The City may terminate the contract after three years without cause.

A comparison of VenuWorks' proposed terms versus CIAM's existing contract terms is attached.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: N/A

FINANCIAL IMPACT: N/A

Respectfully submitted for Council consideration.

Prepared by: Nora Dukowitz, Communications Manager

Legal review by: Jeffrey R. Jurgens, Corporation Counsel

Recommended by:



David A. Hales
City Manager

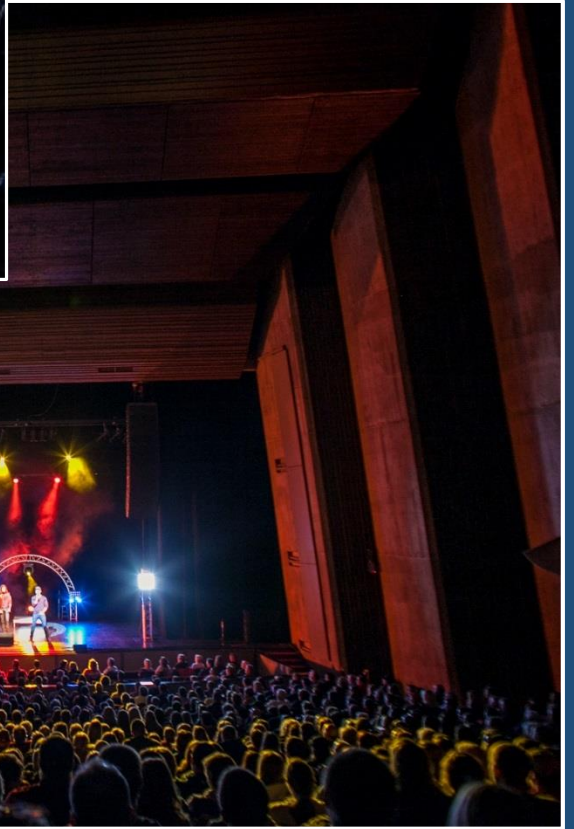
Attachments: VenuWorks company profile
Terms comparison sheet

Motion:

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Black				Alderman Mwilambwe			
Alderman Buragas				Alderman Painter			
Alderman Fruin				Alderman Sage			
Alderman Hauman				Alderman Schmidt			
Alderman Lower							
				Mayor Renner			

COMPANY PROFILE



About Us

Founded in 1996 in Ames, Iowa, VenuWorks provides full-service management solutions and consulting services to nonprofit organizations, municipalities and universities throughout the United States. Our services include, but are not limited to, operations, programming, finance & administration, food & beverage, and sales & marketing.

Throughout the past two decades, VenuWorks has remained focused on our mission to maximize the presentation and revenue of events at our clients' venues for the cultural, recreational, educational and economic benefit of the communities that we serve.

We are dedicated to delivering memorable experiences to the patrons of the venues we manage. These experiences foster loyal relationships between the venues and their fans, resulting in repeat patronage. This commitment is built on four principles:

- Knowledge and experience working with all aspects of venue management;
- Customized approach offering a tailored solution for each client;
- Complete transparency with our clients while upholding the highest of ethical standards; and,
- Tireless determination for success at each venue.



Approach to Management

VenuWorks understands each venue and client represent their own unique requirements. VenuWorks develops a customized management plan designed to leverage the venue's strengths, improve upon their weaknesses and deliver positive results to each client.

Our venue-tailored management strategy will achieve the results desired by our client:

Increased Venue Usage

- Our focus is not only to provide our clients with a large number of events, but, more importantly, with a large number of the *right* events for the market. VenuWorks has strong relationships with national & regional promoters, agents and producers to ensure that artists, Broadway shows and family attractions play our venues. Additionally, we work with tenants, service groups, educators and public agencies to turn local event ideas into reality.

A Better Bottom Line

- VenuWorks is able improve the bottom line for clients by negotiating competitive event contracts and leveraging current vendor partnerships to negotiate the lowest rates. VenuWorks drives revenue through increased advertising sales, sponsorships and naming right agreements. Furthermore, our comprehensive services result in lower operating costs.





Total Accountability

- VenuWorks is committed to meeting the objectives of our client. VenuWorks works with each client to develop an annual budget and business plan. Clients receive accurate monthly and yearly reports, detailing facility activity and will have routine financial reviews with their VenuWorks Account Manager and Chief Financial Officer.

Marketing That Works for You

- VenuWorks aggressively markets your venue to event promoters, touring attractions and sports franchises. VenuWorks also creates strategic partnerships to assist in the advertising and promotion of events at our venues.

Pro-active Communication

- Regular site visits are conducted by VenuWorks executives and affiliated contractors to promote open and direct communication among company staff, clients and building managers, allowing them to share ideas, establish goals, and discuss mutual concerns.

Fun

- VenuWorks delivers fun at all of its venues. We believe that patrons who have positive experiences at our venues will return again and again.

The VenuWorks executive leadership team works tirelessly to provide dedicated support to our clients in the areas of operations, programming, finance & administration, food & beverage, and sales & marketing. VenuWorks delivers a proactive partnership to our clients and memorable experiences to our patrons.

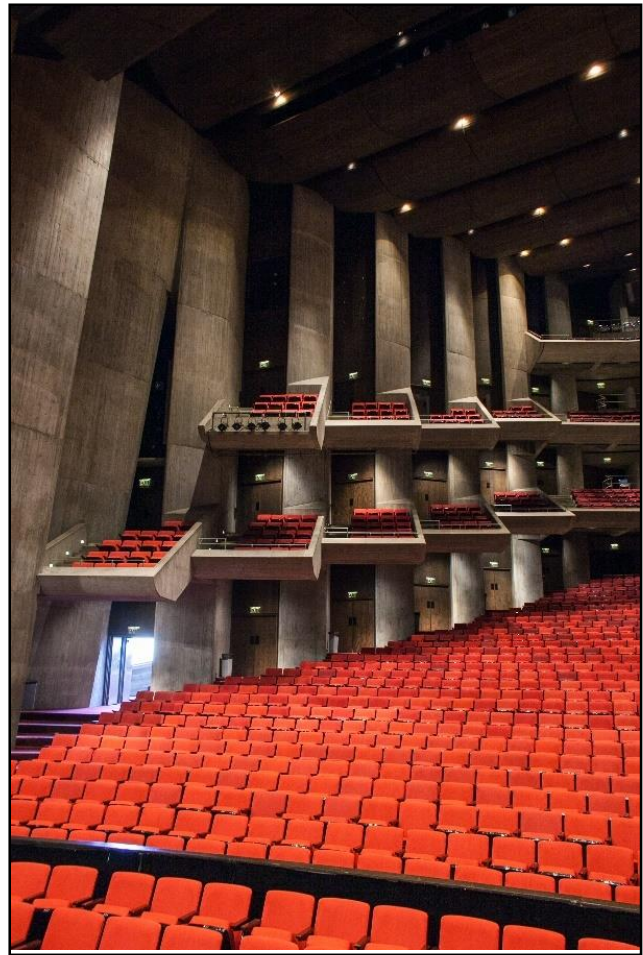
Finance & Administration

The fiscal management of any venue is a key component to its overall success. We are transparent with our clients as we work with them to improve their bottom line and reduce the subsidy.

Each of our managed venues employs an onsite Business Manager who is responsible for the oversight of all local financial activity. With the support of the VenuWorks Chief Financial Officer and finance department, the Business Manager effectively manages all financial reporting, purchasing and travel expenditures and payroll.

Additionally, the VenuWorks executive leadership team will collaborate with the Business Manager to develop annual operating budgets. Once approved, the budget will be regularly reviewed by the finance department to ensure we are staying abreast of any potential pitfalls.

Our employees, full-time and part-time, have an integral role in creating great experiences for our patrons. As an employer, VenuWorks is committed to developing and fostering a work environment where our employees are respected and recognized for their contributions to our organization.



The administrative and human resource support services at VenuWorks are designed to equip our employees with the tools and resources necessary to be successful employees. All staff members are provided with an employee manual that details all policies and expectations as well as our corporate responsibilities to our employees.

Due to effective fiscal management, VenuWorks is able to provide competitive employee compensation and benefit packages. Generous benefits will assist in recruiting of talented employees in a competitive marketplace. Employee benefits are reviewed annually.



Operations, Sales & Marketing

The daily operations of the venue as well as the marketing and sales of the venue and its events all play a vital role in a venue's success. By providing operating procedures, manuals and continual training, VenuWorks ensures our staff is properly equipped for their role at the venue.

VenuWorks approaches the marketing of the venue as a cooperative effort involving the venue and corporate staffs. Under the direction of the VP of Sales & Marketing, the venue staff will develop strategic event marketing, advertising & sponsorship sales and communication plans to effectively market the venue. We will deliver plans that produce revenue through ticket sales and event & venue sponsorships.

The venue marketing team is organized to be able to effectively handle all marketing functions: advertising, public relations, social media, promotions, sponsorships, media releases, digital marketing and direct sales. We have established a network of marketing professionals at our VenuWorks managed venues who share ideas and marketing strategies creating efficiencies and best practices that are easily duplicable.



Furthermore, it is imperative to create awareness about functional spaces in our venues that are available to host a wide range of events. Our team will work closely with partners such as local hospitality and tourism groups, Chamber of Commerce, local arts organizations and area businesses to generate familiarity with the venue and its range of functionality. Additionally, VenuWorks markets through national, regional and local publications as well as attending trade shows focused on meeting and event planners.

VenuWorks manages professional, accountable and patron-centric box offices at our venues. They are focused on providing the best purchasing experience for every ticket buyer that visits the venue.



Programming

Events are the foundation of successful venues. Led by the VP of Event Booking and Programming, the VenuWorks programming department will augment the venue's event booking efforts by leveraging our relationships with agents and promoters across the country who represent acts/shows suitable for your venue.

Sports tenants provide consistent event dates for a venue and rally a community around their local team. VenuWorks has successfully established professional sports franchises at a number of our facilities as well as improved the experience for the fans of teams that have been a bedrock in the community for years.

VenuWorks has extensive experience in presenting world renown performing artists and attractions in its theatres and performing arts centers. Whenever possible, we present these programs in subscription series. Broadway shows tend to be the most popular, the most profitable and also the most expensive programming for performing arts centers. We maintain close relations with all the major booking offices and producers in New York City to be sure we can deliver the best quality and newest offerings from Broadway to our venues all over the country.



Additionally, VenuWorks creates positive economic impact for our clients with the successful execution of conventions, meetings and tradeshow at our venues. VenuWorks creates strong relationships with the local hospitality industry and Convention & Visitors Bureau to promote these events.

VenuWorks has had great success in creating grassroots events that bring annual visitors to our communities. These events often boast local sponsors and vendors making them truly community-driven events. Our venues also benefit from collaboration with similar types of venues across the country. The sharing of ideas and best practices have repeatedly resulted in new and increased revenue opportunities at a number of our venues.



Food & Beverage

Our catering and concession services focus on increasing the venue's revenues as well as meeting the standards that patrons expect to find in many of their favorite dining establishments. VenuWorks hires experienced chefs known for their culinary skills to guarantee that every meal is served to the patron's delight. VenuWorks is committed to delivering the best possible service to our clients by adhering to the following principles:

- Value pricing to maximize revenues within the standards of patron acceptance
- Offer local specialties whenever possible
- Negotiate national pricing, purchase through local vendors
- Minimize loss and spoilage
- Conduct on-going quality assurance training



Catering

Our catering services go beyond the standard menus to find what patrons are really looking for. In these efforts, our chefs work closely with our event planners to make sure the client finds the right meal for the event. By controlling the catering operation, VenuWorks is able to negotiate a total package that includes rental, equipment and staffing fees along with catering considerations, allowing for an all-inclusive price.

Concessions

Our concessions combine innovative merchandising with optimum stand efficiency, assuring maximum sales and fast service. VenuWorks understands product visibility and the proper placing of equipment speeds traffic flow and decision time, allowing each stand employee to serve the most customers in the shortest time. Our innovative use of color, light, and other graphic techniques improves product presentation and promotes patronage.



Experienced Consulting



Our operator-based approach to consulting considers the realistic functional needs of a venue. Regardless of whether the venue is in concept-only or a community fixture, VenuWorks will identify areas of immediate savings, opportunities to reduced operating costs in the future and prospects for sponsorships, advertising and naming rights.

With years of experience in developing, opening and operating many types of venues, VenuWorks approaches each feasibility study of a potential new venue from a practical viewpoint. VenuWorks has operating knowledge of the necessary spaces and their ideal location within a venue as well as the equipment needed to operate the spaces successfully. Our knowledge and experience can result in significant cost savings and continued financial benefits in future years. VenuWorks derives conclusions that are sensible, functional and pragmatic while providing the community with realistic expectations for the project in development.

As a consultant, VenuWorks also identifies and develops opportunities for contractually obligated incomes from sponsorships, naming rights and advertising. These local, regional and national sponsors provide a venue with a consistent cash source while receiving a number of agreed-upon marketing assets.

Client Locations

Ames, IA

Iowa State Center

www.center.iastate.edu

- CY Stephens
 - Capacity 2,729 seats
- Scheman Building
 - Conference Center 43,000 SF
 - Auditorium 450 seats
- Fisher Theatre
 - Capacity 450 seats



Bemidji, MN

The Sanford Center

www.thesanfordcenter.net

- Capacity 5,500 seats
- GW Neilson Convention Center 10,000 SF



Brookings, SD

Swiftel Center

www.swiftelcenter.com

- Capacity 6,500 seats
- Conference Center 45,000 SF



Client Locations

Burlington, IA

Burlington Memorial Auditorium

www.bma-live.com

- Capacity 2,300 seats



Burnsville, MN

Ames Center

www.ames-center.com

- Main Auditorium 1,014 seats
- Black Box Theatre 150 seats



Cedar Rapids, IA

U.S. Cellular Center

www.uscellularcenter.com

- Capacity 9,000 seats



Paramount Theatre

www.paramounttheatreocr.com

- Capacity 1,690 seats



Cedar Rapids Ice Arena

www.cricearena.com

- Capacity 4,250 seats



McGrath Amphitheatre

www.mcgrathamphitheatre.com

- Capacity 6,000 seats

Client Locations

Chanhassen, MN

Chanhassen Dinner Theatres

www.chanhassentheatres.com

- Main Stage Theatre 541 seats
- Fireside Theatre 230 seats
- Playhouse Theatre 125 seats



Chesapeake, VA

Chesapeake Conference Center

www.chesapeakeconference.com

- Total Event Space 22,700 SF



Davenport, IA

Adler Theatre

www.adlertheatre.com

- Capacity 2,411 seats

RiverCenter

www.riverctr.com

- Total Event Space 100,000 SF



Dayton, OH

Hara Arena

www.haracomplex.com

- Capacity 5,500 seats
- Conference Center 100,000 SF



Client Locations

Des Moines, IA

Hoyt Sherman Place
www.hoytsherman.org

- Capacity 1,251 seats



Dodge City, KS

United Wireless Arena
www.unitedwirelessarena.com

- Capacity 4,500 seats
- Conference Center 7,000 SF



Evansville, IN

Ford Center
www.thefordcenter.com

- Capacity 11,000 seats

Victory Theatre

www.victorytheatre.com

- Capacity 1,950 seats



Grand Forks, ND

Alerus Center
www.aleruscenter.com

- Stadium/Arena 22,500 seats
- Conference Center 26,000 SF



Client Locations

Houston, TX

UH Sports & Entertainment

www.entertainhouston.com

- TDECU Stadium
 - Capacity 40,000 seats
- Hofheinz Pavilion
 - Capacity 8,500 seats
- Cullen Performance Hall
 - Capacity 1,601 seats
- Cougar Field
 - Capacity 5,000 seats
- Cougar Softball Stadium
 - Capacity 1,200 seats



Kennewick, WA

Toyota Center

www.yourtoyotacenter.com

- Capacity 7,200 seats
- Windermere Theatre 2,600 seats



Three Rivers Convention Center

www.threeriversconventioncenter.com

- Total Event Space 75,000 SF

Toyota Arena

www.yourtoyotaarena.com

- Capacity 2,000 seats



Ottumwa, IA

Bridge View Center

www.bridgeviewcenter.com

- Capacity 2,500 seats
- Theatre 654 seats
- Conference Center 30,000 SF



Client Locations

Racine, WI

Racine Civic Centre

www.civiccentreracine.com

- Festival Hall 1,000 seats
- Festival Park 8,000 capacity
- Memorial Hall 1,200 seats



Topeka, KS

Topeka Performing Arts Center

www.topekapac.org

- Auditorium 2,596 seats
- Conference Space 6,500 SF



Vicksburg, MS

Vicksburg Convention Center

www.vicksburgconventioncenter.com

- Event Space 12,000 SF
- Capacity 2,400 seats



Wichita, KS

Hartman Arena

www.hartmanarena.com

- Capacity 6,750 seats



Consulting

<p><u>Joliet, IL</u> 2014</p> <p>Joliet Junior College began a three-year consulting relationship with VenuWorks to determine the future use of the historic Renaissance Center on their campus.</p>	
<p><u>Mankato, MN</u> 2014</p> <p>VenuWorks was appointed by the City of Mankato to work with the Verizon Wireless Center in renovating and updating the venue's food and beverage concession service areas.</p>	
<p><u>Cincinnati, OH</u> 2014</p> <p>VenuWorks was hired by the Requiem Project, Inc. to assist in the planning and decision making for the future of the Emery Theatre.</p>	
<p><u>Hastings, NE</u> 2014</p> <p>VenuWorks was hired by the Adams County Convention & Visitor's Bureau to provide a feasibility study and pro-forma budget for a convention center for the City of Hastings, NE.</p>	
<p><u>Hermiston, OR</u> 2012</p> <p>VenuWorks was hired by the City of Hermiston to develop a comprehensive business plan and pro-forma for a proposed Event Center.</p>	
<p><u>Eau Claire, WI</u> 2012</p> <p>VenuWorks was contracted to develop a comprehensive business & operations plan and pro-forma budget on the Arts Center of the Confluence Project.</p>	

VenuWorks Corporate Team



**Steve Peters, CFE
President and Founder**

Steven L. Peters is the founder and president of VenuWorks. He holds both a BA and a Master of Fine Arts degree from the University of Iowa. He began his career in 1976 in Dubuque, Iowa as manager of the Five Flags Center. He managed the Iowa State Center on the Iowa State University campus in Ames, IA and the Target Center in Minneapolis, MN before being named a vice president of Ogden Entertainment, an international venue services company based in New York City. In the fall of 1996, Steve left Ogden to form VenuWorks (originally called Compass Facility Management), a company he created to better serve the unique management and operational challenges of mid-market facilities. Today VenuWorks provides management services to over fifty theatres, arenas, conference centers, stadiums and outdoor amphitheatres in twelve states. Mr. Peters was a forerunner of bringing private management to publically owned venues in secondary and tertiary markets, which was a new approach in the 90's.

Most recently, Mr. Peters has taken VenuWorks into producing theatrical productions. VenuWorks co-produced the Tony winning Broadway revival of YOU CAN'T TAKE IT WITH YOU starring James Earl Jones. He is also a partner in Touring Theatre Associations, producing top quality musical theatre for tours throughout America. Steve is a Past President of the International Association of Venue Managers (IAVM), and has earned the distinction of Certified Facilities Executive (CFE). In August of 2015, he was recognized with IAVM's Charles A. McElravey Award for lifetime achievement.

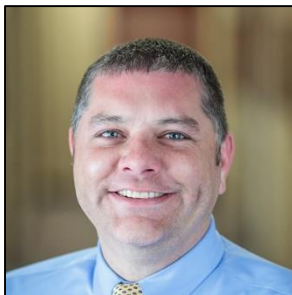
With five adult children, and five grandchildren, Steve and his wife Randi are active supporters of many community organizations, including United Way of Story County, The Ames Chamber of Commerce, Youth and Shelter Services, League of Women Voters, and Bethesda Lutheran Church. Steve was also one of the founders of the Ames Convention and Visitors Bureau.



John Siehl, CFE
Chief Operating Officer

John is responsible for directing the day-to-day operations of VenuWorks accounts. He is a noted industry veteran who entered the public assembly business in 1965 at Hara Arena in Dayton, Ohio as an usher. He quickly moved into management and was named General Manager in 1982. In 1990 he joined the staff at the Ervin J Nutter Center, Wright State (OH) as General Manager where he served expertly for over 20 years. He holds the Certified Facility Executive (CFE) designation awarded by the International Association of Assembly Managers. He is also a past Board Chairman of the Association. He serves on the faculty of two of IAVM's most significant training programs: The Academy for Venue Safety & Security as well as the Venue Management School. John has been awarded many civic and community awards, including the prestigious Wright State University President's Award for Excellence in Human Relations in 2001; also in 2001 he received the Dayton Business Journal's Corporate Caring Award, as well as the Fairborn Chamber President's Award and the Beavercreek Civic Award in 2008. He was also inducted into the Dayton Hockey Hall of Fame in 2008.

John is based in Dayton, OH where he serves on many local Boards: Campfire, Ronald McDonald House Charities, The Aullwood Audubon Center, Greene County Foundation and Special Wish. He was two time President of the Fairborn Chamber of Commerce and is Past President of the local Convention and Visitors Bureau. He also serves as a volunteer bereavement counselor.



Tim Sullivan, CPA
Chief Financial Officer – Senior Vice President

As CFO, Tim is responsible for the budgeting and financial reporting of VenuWorks' managed locations. He directs the implementation of policies and procedures designed to improve financial processes, safeguard assets, and provide timely and accurate financial reports. Tim and his staff continuously monitor the financial performance of all VenuWorks locations through on site internal audits and remote access to accounting software. His leadership provides reliable budgeting, standardized reporting, and accurate financial information for VenuWorks locations and the corporate office. Tim holds a Bachelor's degree in Finance from Iowa State University and an MBA from Drake University.



Tricia Gonyo
Vice President, Sales and Marketing

Tricia is a seasoned industry veteran, responsible for directing sales and marketing efforts for VenuWorks corporately and at each VenuWorks facility. She holds a bachelor's degree from Simpson College in Indianola, IA and a master's degree from Iowa State University in Ames, IA. Prior to joining VenuWorks, Tricia worked for Ticketmaster for 17 years as a Sr. Client Development Director. She brings extensive expertise and experience in digital marketing to our VenuWorks operation, providing more effective and less expensive marketing efforts, and increased sales.



Russell Ferguson
Vice President, Food and Beverage Services

Russ Ferguson brings over 30 years of experience to the VenuWorks management team. Originally trained as a chef, he came to VenuWorks after having served as the Senior Director of Leisure Services for the Philips Arena in Atlanta. While there he also designed and opened the concessions and catering operations at Braves Stadium in Rome, Georgia. Prior to his tenure in Atlanta, he worked for Ogden Entertainment as a Northeastern U.S. District Manager, General Manager at Target Center in Minneapolis, and Operations Manager at the Louisiana Superdome in New Orleans. Over the years, Russ has provided food and beverage management for NHL and NBA All Star Games, NFL Super Bowl, several NCAA Championships, and the Republican National Convention. Russ works with VenuWorks' expanding portfolio of food and beverage operations to assist them in creating memorable guest experiences while maximizing revenues for our clients.



John Gimenez
Vice President, Event Programming & Content

John Gimenez is responsible for the programming of events and entertainment at all VenuWorks managed facilities. His experience both in buying shows and working for agencies makes him an invaluable asset in bringing content to our venues. Prior to working for VenuWorks, John worked in Nashville for over eighteen years as a successful talent agent for William Morris Endeavor, the Agency Group, and APA. He also worked for ACE Theatrical Group in Houston, TX where he was responsible for talent buying and promotion for all genres of entertainment for

the Majestic Theatre and Empire Theatre in San Antonio and Saenger Theatre and Mahalia Jackson Theater in New Orleans. John is a member of International Association of Fairs & Expositions; International Entertainment Buyers Association; The Academy of Country Music and the Country Music Association. He is a graduate of the University of Arkansas.



Randy Baumeister
National Director of Operations & Production

Randy provides direction, training and supervision to VenuWorks staff engaged in event production, facility operations, venue security, pyrotechnics, and maintenance. He is often on-site for many weeks at a time, assisting with new venue start-ups, working to train staff in the areas of facility electrical systems, technical staging systems, mechanical systems, and operating procedures. Prior to joining VenuWorks, Randy was Director of Operations for the Iowa State Center, in Ames, IA. He has gained a national reputation for developing operating practices and procedures which have been recognized as ‘best practices’ in our industry today. Prior to joining VenuWorks Randy worked for SMG and Ogden Entertainment, providing services to venues across the US. He is an acknowledged expert in the field of pyro-digital firing systems, and is an Indoor Proximate Display Fireworks Safety Training specialist. He has also taken advanced security courses through the Department of Homeland Security.



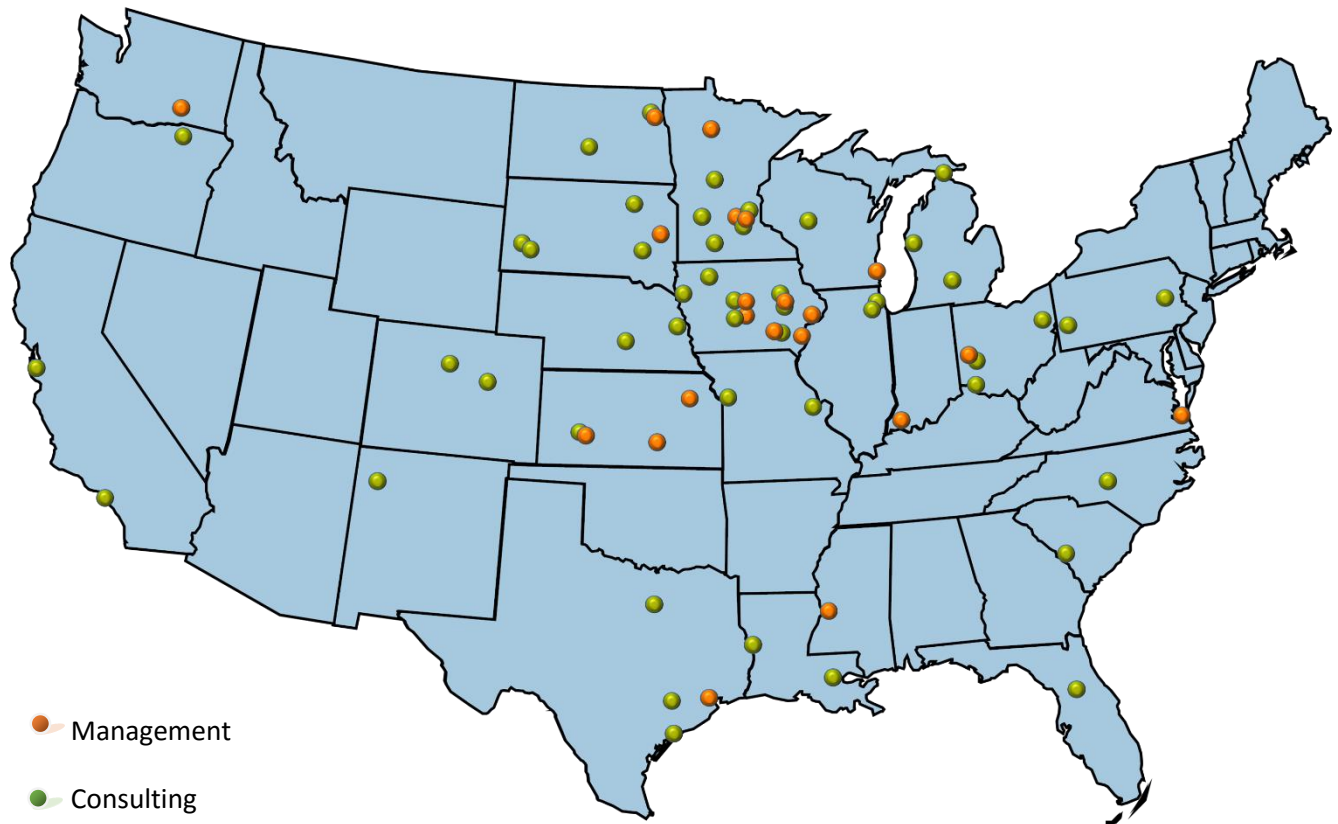
Thomas Peters
Development Manager

Thomas is responsible for VenuWorks branded collateral materials and messages, including VenuWorks websites and social media channels. He also develops and publishes materials in support of new business development. He assists facility marketing and sales team members with various projects involving the creation of new ideas and opportunities to enhance account revenues and improve client services. Before joining the corporate office he worked for VenuWorks at the RiverCenter/Adler Theatre in Davenport, IA as an Event Coordinator and Marketing Assistant. He is fully trained in Ticketmaster and box office procedures. Before joining VenuWorks Thomas was the Youth Pastor for Dhaka International Christian Church in Dhaka, Bangladesh. Thomas has a Bachelor’s Degree in Theatre from the University of Iowa.

Fulfilling promises. Creating success.

We promise to provide customized solutions with honesty and integrity, in the interest of your growth and success.

*-Steve Peters
President and Founder of VenuWorks*



4611 Mortensen Road, Suite 111
Ames, IA 50014
(515) 232-5151

www.venuworks.com
info@venuworks.com

**COLISEUM CONTRACT
PROPOSAL OVERVIEW & COMPARISON**

	VENUWORKS (PROPOSED TERMS)	CIAM (EXISTING CONTRACT)
Concession Fee	VenuWorks to receive 5% of gross revenues; City pays for operating expenses; Net profit goes to City; VenuWorks to guarantee 40% profit to City	City received 32% of gross receipts; BMI (CIAM's concessionaire) paid for operating expenses; Net profit went to BMI
Sales Commissions	5%	10%
Naming Right Commissions	5%	50% over \$200,000
Incentive Fee	N/A	20% share of operating revenue
Disincentive Fee	Lower commission if budgetary goals not met.	N/A
Transition Costs	No monthly fee for 90 days. City responsible for costs.	N/A
Term	5 year with ability to terminate after 3 years	(was 10 years with 5 year renewal option)
Management Fee	\$114,000 plus CPI increases	4% of gross revenues (approximately \$155,000)
Merchandise	N/A	10% of gross sales



WORK SESSION AGENDA ITEM NO. 5

FOR COUNCIL: March 28, 2016

SUBJECT: Presentation and discussion regarding the Award of Audit Contract to Baker Tilly in accordance with RFP #2016-35.

RECOMMENDATION/MOTION: For informational purposes.

STRATEGIC PLAN LINK: Goal 1. Financially Sound City Providing Quality Basic Services

STRATEGIC PLAN SIGNIFICANCE: Objective 1d. City services delivered in the most cost-effective, efficient manner.

BACKGROUND: City staff issued a Request for Proposals (RFP) for Audit Services on February 12, 2016. The RFP was to provide audit services for the City, US Cellular Coliseum, Foreign Fire Insurance Board, TIF funds and Library Foundation for fiscal year 2016 and options for the following four years. Notice of the RFP was published in the Pantagraph on February 12, 2016 and e-mailed or mailed to 21 firms. Seventeen firms and plan houses requested the full RFP. Seven firms submitted proposals. Staff in the finance department reviewed the proposals and selected 3 firms for in person presentations and interviews. A committee of 5 individuals (including one representative from Town of Normal's finance department) evaluated the presentations and interviews. References were also checked for recommended firm.

Based on the results of the evaluations from the above process, City staff are recommending the appointment of Baker Tilly as the City's auditor for fiscal year 2016 with options for each of the following four years. While price was not the primary factor in selecting an audit firm, Baker Tilly did submit the lowest overall cost proposal for the 5 year term. The cost proposed for the FY 2016 audit will result in savings of over \$28,000 from FY 2015. Baker Tilly is a ranked among the top 15 largest accounting firms nationally and has vast experience in conducting governmental audits for entities the City's size. They have audited governments and operations that include utilities, libraries, parks, golf courses and TIF districts. They also have experience with entities that outsource management of certain operations to a third party management company. In addition, they offer a wide variety of other services for governmental units that the City may take advantage of from time to time.

The committee that participated in the presentations and interviews were very impressed with Baker Tilly's knowledge of governmental operations and their audit approach. Baker Tilly staff including the partner assigned to the City's engagement are involved in numerous state and national professional organizations and serve on various committees that participate in the standard setting process for governmental financial reporting. They also speak at many industry conferences.

Baker Tilly has reported that 97% of their clients express a high satisfaction with the transition to their firm. In speaking with Baker Tilly's references, they were very satisfied with the service provided by Baker Tilly. References indicated that the quality and consistency of staff assigned to their engagements was excellent, and Baker Tilly is very responsive to their requests throughout the year.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: This request for proposal was advertised in The Pantagraph on February 12, 2016, and e-mailed or mailed to 21 firms.

FINANCIAL IMPACT: Total proposed costs of all segments of the audit for the five year period is \$511,300. The FY 2016 audit costs of \$96,300 will be paid primarily from the FY 2017 budget. Payment for the audit will be made from the Finance Budget-Audit Services account (10011510-70090) and the Coliseum Budget – Audit Services account (57107110-70090) and by the Foreign Fire Insurance Board. There is currently \$88,992 and \$36,977 available in these accounts for FY 2017. Stakeholders can locate this in the FY 2017 Proposed Budget Book titled “Budget Overview & General Fund” on page 151 and “Other Funds & Capital Improvement Program” on page 193.

Respectfully submitted for Council consideration.

Prepared by: Paulette Hurd, Chief Accountant

Legal review by: Jeffrey R. Jurgens, Corporation Counsel

Recommended by:



David A. Hales
City Manager

Attachments:

- Executive Summary

Motion: Informational purposes only.



Executive Summary

Understanding your needs; achieving your objectives

Baker Tilly's devotion to government organizations is manifested in our public sector practice group, a group with a commitment spanning more than fifty years and a team of more than 220 professionals—including eighteen partners—dedicated entirely to serving governmental clients. We understand the issues governments face, providing hundreds of thousands of hours annually, to the public sector. Our extensive experience provides us with the specialized knowledge and insight to find effective solutions.

Our specialized focus allows our professionals to immerse themselves in the issues and opportunities you face.

Why choose Baker Tilly?

We believe Baker Tilly is the right fit for serving the City's audit needs for many reasons. As you evaluate professional service providers, we encourage you to consider the following factors that differentiate us in the marketplace and that we believe are most relevant to you.



We are one of the few CPA firms with a state and local government group dedicated entirely to serving governmental clients.

A team dedicated to your industry

Baker Tilly organizes our firm by industry specialization rather than service discipline. Our professionals offer clients a deep understanding of their respective industries. Your industry-focused team will possess specialized knowledge to help you improve operational efficiencies, tighten processes, and address your unique needs.

Our Public Sector team consists of professionals who are dedicated to serving governmental organizations. Because of this specialized focus, the City's engagement team will understand the unique financial accounting and reporting issues that governmental institutions face and will have the experience to conduct the engagement efficiently. Our familiarity with the critical risk areas in the financial statements which need to be addressed allows us to plan our audits to focus our time and energy on these areas.



Executive summary

Attentive, Exceptional Client Service; we meet or exceed deadlines

Baker Tilly is sensitive to our clients' busy schedules and deadlines. We start every engagement with a mutually agreed-upon timeline. Using that timeline, we develop and commit to a customized Client Service Plan to ensure there are no surprises along the way; and at every step, we let you know where things stand. We rely on our clients' definition of satisfaction—not our own—because your opinion matters most.

Baker Tilly surveys clients regularly, makes changes based on feedback, and holds each member of our teams accountable for client satisfaction. To us, Exceptional Client Service means responding immediately to your feedback and questions, communicating frequently and openly, and proactively bringing new ideas to the table. Most important, it means making *your* top priorities *our* top priorities.

Large firm resources with local client service

Baker Tilly is the right fit for the City. We are large enough to offer the professional capabilities you need; yet, we have a local-firm focus that ensures you receive responsive, personalized attention. Our service team will maintain close communication with you to address issues before they become problems, and we offer vast, firm wide resources and a high level of involvement from our partners. This all translates to a demonstrated ability to meet or beat deadlines and provide quality deliverables.

Value-added services such as webinars and newsletters

Our goal is to be your Valued Business Advisor. We translate active industry involvement into complimentary interactive webinars and timely newsletters with content highly relevant to our state and local government clients. New standards are now being issued on a regular basis by standard-setting bodies. To better prepare our clients for the changes resulting from these standards and to share best practices, we offer client-training webinars. These webinars are free to our clients and qualify for continuing professional education (CPE).

Annually, we speak at numerous accounting, financial, and management seminars and workshops in Illinois and throughout the nation. We also regularly provide newsletters and industry alerts with updates and answers to your financial and governmental questions. Our clients receive the benefit of our industry involvement through our quarterly newsletter, *Government Connection*, where we communicate any pertinent news and industry updates.

Our latest issue included topics like: New time and effort reporting requirements under OMB Uniform Guidance; Fund balance levels: What works for your government? Five easy internal controls your government should implement and several others. As a client, you may choose to receive quarterly newsletters and alerts directly via e-mail. You can also access past newsletters and webinars on our website.

Additionally, your partner in charge and engagement team members will be available to answer questions as they arise.



Executive summary

Technology in the audit process

Baker Tilly is proud to have been progressive in our integration of technology into the audit process. Some technology highlights include:

- > Utilization of a secure website, or "portal", which allows for an effective, efficient, and organized means to transfer information from the City to the audit team, including workpapers and trial balances.
- > Use of data extraction software allows for in-depth, yet quick, analysis of large volumes of data. This includes the ability to review client transactions for duplicate vendor payments and other transactions that might require additional audit testing.

Worry-free transition

Changing accounting firms should be a seamless process: one that moves you on a positive path forward, not gives you cause for concern. Baker Tilly understands the uncertainty that can exist when moving from one firm to another, and we actively take steps to ensure that new clients have a positive experience with no interruptions. In fact, we survey clients who switch to Baker Tilly, and the results are impressive: **97% of our clients express a high satisfaction with their transition to our firm.**

Provable results; our clients speak for us

Baker Tilly's director of client insights reaches out to clients with surveys and interviews to learn what we're doing right and/or how we can improve. Below and throughout our proposal are some recent comments we received:



"We truly appreciate our working relationship with Baker Tilly. We have been clients for a number of years and our audit teams have always been knowledgeable, dependable and service orientated. The audit process here is not a painful process due to their hard work and thorough preparation. Every time I call with a question, I'm immediately contacted with an answer. Thank you."

- Finance Director, Illinois village client



About Baker Tilly

About Baker Tilly

Baker Tilly Virchow Krause, LLP originated in 1931 with one central objective: to use our expertise to help our clients improve their operations. Originally a certified public accounting firm, we have grown steadily over the years, broadening our service offerings and expanding our geographic presence to meet the evolving needs of our clients. Baker Tilly is a nationally recognized, full-service accounting and advisory firm whose specialized professionals connect with clients and their businesses through refreshing candor and clear industry insight.

Headquartered in Chicago, Baker Tilly is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 133 countries, with 27,000 professionals. The combined worldwide revenue of independent member firms is \$3.4 billion.

Below are some key facts about Baker Tilly:

- > Provides a wide range of accounting, tax, assurance, and consulting services by more than 2,500 total staff members, including 292 partners
- > Ranked among the top fifteen largest accounting firms in the country
- > Headquartered in Chicago, Illinois with offices throughout the nation including: Michigan, Minnesota, New Jersey, New York, Pennsylvania, Washington DC and several other states
- > We have more than 200 employees in our Chicago and Oak Brook, Illinois offices



BAKER TILLY

32 Offices | **12** States

We will adopt a team approach to the City's engagement, blending our government-focused professionals with experienced specialists in the service areas and departments of the City. This combination of industry-specific expertise ensures you will be working with knowledgeable professionals who understand the City and the challenges you face—and can create innovative solutions to help you overcome them.

And, because the City will be working with a single engagement team, you can expect to receive consistent, efficient, and exceptional service.

From the start, Baker Tilly has understood that our business demands absolute integrity, a belief in the value of trusted relationships, and a willingness to collaborate with—not dictate to—every client. We will deepen and enhance our partnership with the City as, together; we work to help you realize your vision.

Baker Tilly has existed for eighty years—and local governments were some of our first clients.

Office location serving the City



About Baker Tilly

Below is a breakdown by level of our government team in Oak Brook as well as the team, by staff level, assigned to your engagement; we do not plan to use part-time staff on the City's engagement.

Audit staff employee classification	Total number in office	Total Number CPAs	Full-time staff assigned to the City
Partners	3	3	2
Senior managers	3	3	1
Managers	3	3	-
Senior accountants	10	6	2
Staff accountants	8	4	2

The City's audit will be done by professionals located in the Oak Brook office. If the need arises, we are able to draw upon additional public sector team members located throughout the firm to provide solutions that are just right for you.

We have included detailed information about each professional assigned to the City's engagement on page 24 of the proposal.

Our industry specialization approach

Baker Tilly formalized our public sector specialization more than fifty years ago. We recognized the complexity of this environment and organized the partners and staff into our public sector service group. This industry specialization approach allowed us to provide specialized training and continuing education to our staff, assuring you of an audit team with the necessary knowledge and skills you desire to identify the strength of internal controls and processes, and with the specialization of your industry to identify key indicators that are critical to your government.

Our industry-specific approach will ensure the City is working with a team that is truly dedicated to state and local governments, translating into better service and greater value.



- > Our specialists keep abreast of the new developments and trends that may impact your industry and will regularly provide newsletters, trainings, and industry alerts with updates and answers to your financial and governmental questions.
- > Our specialists are active in national and state organizations, participate in ongoing continuing education to obtain industry certifications, and speak and author articles on industry trends.



About Baker Tilly

Our devotion to government organizations is manifested in our public sector practice group, a team of more than 220 professionals—including eighteen partners—dedicated entirely to serving governmental clients. We understand the issues governments face, providing hundreds of thousands of hours annually to the public sector. Our extensive experience provides us with the specialized knowledge and insight to find effective solutions.

We are one of the few CPA firms with a state and local government group dedicated entirely to serving governmental clients.

Our public sector clients rely on our expertise to meet their specific auditing, accounting, and operational needs. From helping you manage and optimize your resources to clearly and accurately reporting your funding sources and patterns, you can expect a practical approach, technical insight, and a thorough understanding of the governmental audit world to work on the City's behalf, delivering the precise services you need, when you need them.

Firm preparedness to implement new GASB requirements

As we mentioned in our Executive Summary, we have chosen to provide leadership to industry organizations through our involvement as authors, speakers, trainers, and promoters of the advancement of government accounting and auditing so we can provide you with the timely information you need about current issues. **We will work with the City to ensure you are prepared for any applicable GASB changes.** When new GASBs are issued we quickly assess the impact on our clients. We communicate the impact on the City's operations and financial statements through direct communication with the Finance Department as well as through our complimentary webinars and quarterly newsletters. We will then work with the City to develop an implementation plan that outlines the action items that the City and Baker Tilly will perform to successfully implement the standard. The implementation plan will also include a timeline to ensure minimal disruption to the City's operations and the audit timing.

Among our commitment to keep you prepared for any new GASB changes, we have provided a Baker Tilly professional to serve as a Fellow in the GASB Practice Fellow Program. Oak Brook manager Susannah Baney was selected by the GASB staff and board for this two-year program.

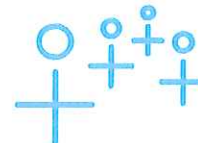
Susannah's responsibilities include direct participation in the standard-setting process as a project manager focused on studying topics on the GASB technical agenda, researching practical implementation issues, contributing to the drafting of standards, and following up on implementation complexities post-issuance. While she is a Fellow, she works full time for GASB. This partnership allows for a conduit of communication between our clients and GASB staff.



About Baker Tilly

Single audit experience

Since the passage of the Single Audit Act of 1984, Baker Tilly has recognized the importance of becoming specialists in this highly complex area. *Our firm currently performs approximately 500 single audits each year, ranking our firm in the top three, nationally, based on number of audits by CPA firms.*



Baker Tilly performs approximately 500 single audits each year, ranking in the top three, nationally based on number of audits by CPA firms.

In order to continuously stay on top of the changing requirements, our firm serves on various AICPA committees studying financial and single audit issues. We have been selected as speakers for nationally sponsored training courses, and we actively participate in industry events.

Heather Acker is our firm representative in these national opportunities. She has specialized in single audits for her entire career.

Our firm is also asked to review and comment on various single audit documents created by the AICPA, OMB, and HUD prior to their issuance. Below is a list of documents where we have provided contributions:

Document	Years	Organizations
AICPA Government Audit Standards and Single Audit Guide (formerly AICPA Audit Guide — GAS and A-133 Audits)	2005–2015	AICPA
AICPA Audit Risk Alert — GAS and A-133 Audits	2006–2015	AICPA
A-133 Compliance Supplement	2008–2014	OMB

We perform more than 500 single audits each year. Below is a list of ten of these clients:

- > City of Chicago
- > Lake County
- > McHenry County
- > McLean County
- > Will County
- > City of Waukegan
- > City of Moline
- > City of Urbana
- > City of Galesburg
- > Village of Skokie



About Baker Tilly

Single audit changes from OMB Uniform Guidance

In December 2013, the Office of Management and Budget (OMB) issued comprehensive grant reform rules related to the administration, cost principles, and audit requirements of federal awards.

Some of the most significant changes to the administrative requirements include a heightened focus on program performance results, use of technology, standardization of grant documents, and coordinated oversight. The cost principles consolidation includes changes to the definitions of direct and indirect costs, a provision for a *de minimis* indirect rate of ten (10) percent, changes to payroll time and effort reporting requirements, and some changes to the allowability of selected items of cost. The reform raises the threshold for a single audit to \$750,000, and also includes some changes to program risk assessments, audit coverage, and reporting of findings.

Resources to aid with implementation

The changes in audit requirements took effect beginning with years ending December 31, 2015. However, grant recipients needed to implement the changes to the administrative requirements and cost principles for all federal awards received after December 26, 2014. Baker Tilly has been evaluating the impact of these changes and working with state and national organizations to help educate our clients to prepare for a smooth implementation. We believe you will find the following resources to be of value:

- > OMB issues grant reform rules
- > OMB Uniform Guidance: Are you ready?
- > Steps for creating an OMB Uniform Guidance implementation roadmap
- > Frequently asked questions for OMB Uniform Guidance
- > Archived training webcasts available from AICPA and COFAR

In addition, these webinars on OMB Uniform Guidance are archived on bakertilly.com:

- > OMB Uniform Grant Guidance: Developing a successful implementation plan
- > OMB Grant Reform: An overview of the recent changes and tips to help you ensure compliance

For more information, please visit our Uniform Guidance Resource Center: <http://www.bakertilly.com/uniformguidance>.

Uniform Guidance
Resource Center 

"The auditors are great to work with and always on top of their game!"

- Finance Director, Illinois village client