



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 11

Agenda Date: August 17, 2023

In Control: City Council A Session

DEPARTMENT: Convention and Sports Facilities

DEPARTMENT HEAD: Patricia Muzquiz Cantor

COUNCIL DISTRICTS IMPACTED: District 1

SUBJECT:

Lease Agreement for Henry B. Gonzalez Convention Center Business Center

SUMMARY:

This ordinance authorizes a lease agreement with SK3 Logistics Business Solutions, LLC to provide a full-service business center located in the Henry B. Gonzalez Convention Center property to include a full range of exclusive and non-exclusive products and services to serve the needs of clients, exhibitors, patrons, and staff. The lease agreement is for a five-year initial term and one additional four-year period for an estimated annual revenue of \$8,400. The revenue generated will be deposited into Convention and Sports Facilities Fund.

BACKGROUND INFORMATION:

Ordinance No. 94484, dated September 6, 2001, authorized the original agreement for Texas Badger Developments-1 (d/b/a The UPS Store) to lease the space at the Henry B. Gonzalez Convention Center. Ordinance No. 2013-11-21-0787 extended the term through December 31, 2017, with a five-year renewal option, and Ordinance No. 2017-11-09-0888 authorized the amended agreement and extension through December 31, 2022. The City and UPS Store also agreed to a final extension of the contract term to allow City staff sufficient time to conduct the solicitation process to secure a new contractor. This extension was approved by City Council on

December 15, 2022 and was valid through December 31, 2023 or until a new contractor is selected. However, the owner retired and reassigned the lease to SK3 Logistics Business Solutions, LLC on April 25, 2023 through December 31, 2023, or upon effective date of new lease, whichever is sooner.

ISSUE:

The City issued a Request for Proposal (RFP) to provide business center services to clients and visitors of the Henry B. Gonzalez Convention Center (RFP 064, RFx 6100015174) on April 21, 2022. The services include packing and shipping services, document services, typing/word processing services, mailbox rental, computer services, passport and photo ID services, notary services, fax services, and a variety of office and mailing supplies, as well as sundries, to clients and visitors of the Convention Center including the Lila Cockrell Theatre. No responses were received so a second RFP (RFP 22 124, RFx 6100015932) was reissued on November 30, 2022, with a submission deadline of January 4, 2023.

The RFP was advertised in the San Antonio HartBeat, TVSA channel, the City's Bidding and Contracting Opportunities website, the San Antonio e-Procurement System, and an email notification was released to a list of potential Respondents. Two proposals were received. One proposal was deemed non-responsive for citing exceptions to material terms and conditions, thus removed from evaluation. The remaining proposal received from SK3 Logistics Business Solutions, LLC was deemed responsive for consensus evaluation.

The evaluation committee met on March 1, 2023, to evaluate the one proposal response received. The evaluation committee consisted of representatives from the Convention & Sports Facilities (CSF) Department, Finance Department, and Visit San Antonio. The Finance Department, Procurement Division, assisted by ensuring compliance with City procurement policies and procedures. The proposal was evaluated based on the firm's experience, background, qualifications, proposed plan, and price schedule. Additional categories of consideration included references and financial qualifications. After committee review and evaluation, SK3 Logistics Business Solutions, LLC was recommended for award by the evaluation committee based on consensus scoring.

This contract will be awarded in compliance with the Small Business Economic Development Advocacy (SBEDA) Program. SK3 Logistics Business Solutions, LLC did not receive evaluation preference points because they were the sole respondent.

The Local Preference Program and the Veteran-Owned Small Business Preference Program were applicable to this solicitation; however, since only one response was deemed eligible for evaluation, the programs were not scored. Rather, the evaluation committee reviewed and scored the proposal via consensus evaluation. SK3 Logistics Business Solutions, LLC, though not a local business, is a certified veteran-owned small business.

The initial term of the agreement shall be upon City Council award through August 31, 2028. One additional four-year renewal period at the City's option, shall also be authorized by this ordinance.

ALTERNATIVES:

Should this lease agreement not be approved, the City would need to resolicit the RFP. SK3 Logistics Business Solutions, LLC would continue services until December 31, 2023, or until the effective date of a new lease.

FISCAL IMPACT:

Under the agreement, Convention & Sports Facilities will receive 7% commissions on total gross sales between 0 - \$15,000; 8% commissions on total gross sales between \$15,001 - \$30,000; and 9% commissions on total gross sales \$30,000 and up. Currently, the average gross sales are \$10,000 per month. Based on this average, the department expects to receive approximately \$700 per month for an annual revenue total of \$8,400. Revenue received will be deposited into the Convention & Sports Facilities Fund.

RECOMMENDATION:

Staff recommends approval of an ordinance for acceptance of a contract with SK3 Logistics Business Solutions, LLC to provide a full range of exclusive and non-exclusive products and services to visitors in the Henry B. Gonzalez Convention Center for an estimated annual revenue of \$8,400.

This contract was procured by means of a Request for Proposal and a Contracts Disclosure Form is required.