



City of Sacramento City Council

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915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 5/15/2012

Report Type: Consent

Title: Service Agreement: Sacramento Convention Center Audio Visual Provider

Report ID: 2012-00198

Location: District 4

Recommendation: Pass a Motion authorizing the City Manager or his designee to execute the Assignment of Professional Service Agreement 2010-1043 to Logic Technology Group, Inc.

Contact: Tina McCarty (916) 808-8220 and

Karla Rockberg (916) 808-1933, Convention, Culture and Leisure Department

Presenter: None,

Department: Convention Culture & Leisure

Division: Convention Center

Dept ID: 17001111

Attachments:

1-Description/Analysis

2- Contract Assignment with Logic Technology Group, Inc.

City Attorney Review

Approved as to Form
Jeffrey Heeren
5/8/2012 10:12:47 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
2/9/2012 3:43:40 PM

Approvals/Acknowledgements

Department Director or Designee: Rebecca Bitter - 5/3/2012 11:36:04 AM



Description/Analysis

Issue: The current Professional Service Agreement 2010-1043 for exclusive audio visual provider services within the Convention Center was awarded by Council on December 14, 2010, to Sight and Sound Audio Visual, Inc., d.b.a. Corporate Staging Events. The Agreement has a three-year term with two, one-year extensions. Sight and Sound has proposed implementing some ownership changes within their company, therefore, it is necessary to assign the current agreement to Logic Technology Group, Inc. in order to formally release Sight and Sound from the agreement and formally obligate Logic Technology Group, Inc. The only change to the agreement is that Matrix Visual will be required to deposit with the City a cash sum in the amount of \$30,000. The City will hold the deposit as security for the payment of future commission under the current Agreement terms.

Policy Considerations: The recommendations in this report are consistent with the City's Strategic Plan Goal of Promoting and Supporting Economic Vitality by allowing the Convention Center Complex to remain competitive. The recommendations in the report are consistent with the provisions of Sacramento City Code Chapter 3.64.

Environmental Considerations: California Environmental Quality Act (CEQA): The actions recommended in this report are exempt from review under State CEQA Guidelines, California Code of Regulations, title 14, Section 15302.

Sustainability: Energy efficiency and sustainability are included in the goals for the Agreement. The audio visual (AV) provider will use energy efficient equipment when available.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Sight and Sound proposes to implement ownership changes with a portion of their business to Logic Technology Group, Inc., including services to the Convention Center Complex (the Complex). The Corporate Staging Events employees that currently service the Complex will continue to manage the City's account and become part of the new company Logic Technology Group, Inc. Logic Technology Group will operate under the local Corporate Staging Events name thereby avoiding service interruption to Convention Center clients. Assigning the current agreement to a new parent company will allow Corporate Staging Events' quality, day to day audio visual operations, and personnel to remain unchanged. The current Agreement was procured through the use of an RFP process which allowed for proposers' references, capabilities, quality assurance, and customer service to be used as determining factors along with the analysis of financial benefit to the City. This process was critical, as the exclusive AV provider of the Complex is a reflection of the Complex itself and can be a determining factor in a client's overall satisfaction. The exclusive AV provider can directly influence a client's intention to book another event with the Complex, thus impacting the Complex's ability to generate revenue. To date, Corporate Staging Events has met and in many cases exceeded customers' expectations. It is for these reasons that staff recommends assigning the agreement to Logic Technology Group, Inc., d.b.a. Corporate Staging Events, to allow the agreement to be fulfilled under its current term. Additionally, the new requirement of a security deposit is an added benefit to the City.

Financial Considerations: The Convention Center Complex operates as a part of the City's Convention, Culture & Leisure Department and is funded through the Community Center Enterprise Fund (Fund 6010). Revenue from AV services is shared between the provider and the Complex, with the Complex receiving not less than 20% of gross revenue regardless of discounts. In addition, the current agreement calls for Corporate Staging Events to pay an additional \$10,000 annually to be placed in the Center's AV Maintenance CIP (M17100300) for future infrastructure needs.

The current agreement is anticipated to generate \$1.5 million to the Complex over the next five years. The first year Complex annual revenue is estimated at \$200,000 and is expected to increase through year five up to \$360,000. The commission from this Agreement has been anticipated in the Community Center revenue budget.

Emerging Small Business Development (ESBD): Corporate Staging Events is an emerging/small business enterprise.

**ASSIGNMENT AND ASSUMPTION
OF
CITY OF SACRAMENTO PROFESSIONAL SERVICES AGREEMENT NO. 2010-1043
FROM SIGHT & SOUND AUDIO VISUAL INCORPORATED TO LOGIC
TECHNOLOGY GROUP, INC.**

THIS ASSIGNMENT AND ASSUMPTION OF PROFESSIONAL SERVICES AGREEMENT ("Assignment Agreement") is made at Sacramento, California, as of _____, 2012, by and among Sight & Sound Audio Visual Incorporated, a California corporation dba Corporate Staging & Events ("Sight & Sound"), Logic Technology Group, Inc. a California corporation dba Matrix Visual Solutions ("Matrix Visual") and the City of Sacramento, a charter municipal corporation ("City"). Sight & Sound, Matrix Visual, and City are sometimes referred to herein as the "parties" and individually, as a "party."

RECITALS

- A. The City previously entered a Professional Services Agreement with Sight & Sound, as Contractor, in City Agreement number 2010-1043, approved by Resolution No. 2010-709.
- B. Subject to and in accordance with the terms of that certain Agreement of Purchase and Sale of Assets, dated _____, 2012, by and between Sight & Sound, as Seller, and Matrix Visual, as Buyer (the "Purchase Agreement"), Sight & Sound agreed to grant, transfer and assign to Matrix Visual, all of its right, title, and interest in and to the City Agreement, subject to the City's consent to the assignment as required under the City Agreement.
- C. Sight & Sound and Matrix Visual have requested the City consent to assignment of the City Agreement. The City will provide its consent to an assignment of the City Agreement from Sight & Sound to Matrix Visual based upon a formal agreement by and among the City, Sight & Sound and Matrix Visual, pursuant to which Sight & Sound will assign all of Sight & Sound's right, title and interest in the City Agreement to Matrix Visual and Matrix Visual will accept such assignment and thereby agree to assume all of Sight & Sound's obligations of each of the provisions set forth in City Agreement from after the effective date of the assignment.
- D. Commissions remain due, owing and unpaid to the City under the City Agreement for all or portions of November, 2011, December of 2011, and January, February, March, and April, 2012.
- E. This Assignment Agreement is intended to satisfy the matters set forth in Recitals C and D above and to set forth the terms and conditions of the City's consent to a formal assignment of the City Agreement. This Assignment Agreement is not intended to and shall not be deemed to alter or amend any of the terms and conditions of the Purchase Agreement.

NOW, THEREFORE, THE PARTIES agree upon the accuracy of the foregoing Recitals, which are incorporated as terms of this Agreement, and hereby covenant, agree, and represent as follows:

1. Consent of City. In consideration of the terms and conditions set forth in this Assignment Agreement, the City consents to assignment of the City Agreement by Sight & Sound to Matrix Visual.
2. Consent of Assignor Sight & Sound. Based on the terms and conditions set forth in this Assignment Agreement and subject to the provisions of the Purchase Agreement and any other relevant contract between Sight & Sound and Matrix Visual, Sight & Sound consents to assignment of the City Agreement from Sight & Sound to Matrix Visual.
3. Assumption by Matrix Visual. Matrix Visual accepts assignment of the City Agreement subject to the terms of this Assignment Agreement. In consideration of the assignment of the City Agreement and the future benefits expected to be derived therefrom, Matrix Visual hereby assumes and agrees to perform all duties, terms, covenants, conditions, and obligations of Sight & Sound under the City Agreement commencing from and after the date hereof.
4. Licenses, Permits, Etc. Matrix Visual represents and warrants to the City that to Matrix Visual's actual knowledge, it has obtained all licenses, permits, City Business Operations Tax Certificate, qualifications and approvals of whatsoever nature which are legally required for Matrix Visual to operate its business. Matrix Visual represents and warrants to the City that Matrix Visual shall, at its sole cost and expense, keep in effect or obtain at all times during the effective term of the City Agreement any licenses, permits, and approvals that are legally required for Matrix Visual to operate its business.
5. Insurance. Matrix Visual shall deliver to the City proof of insurance concerning the coverages required under Paragraph 11 of Exhibit D of the City Agreement within ten (10) days after the date of this Assignment Agreement. The failure to deliver such proof of insurance shall not result in an immediate termination of this Assignment Agreement and revocation of the assignment of the City Agreement unless and until the City in its sole discretion sends notice of such termination and revocation which cannot be effective until Matrix Visual has been afforded at least a ten (10) day cure period following delivery of the notice.
6. Defense, Indemnity, and Hold Harmless. Matrix Visual shall indemnify and save harmless the City, its officers, employees, and agents, and each and every one of them, from and against all actions, damages, costs, liability, claims, losses, judgments and expenses of every type and description, including any attorney fees and costs of the City's staff counsel reasonably incurred by the City (hereafter collectively referred to as "liabilities"), to which any or all of them may be subjected, by reason of, or resulting from, directly or indirectly, any act or omission of Matrix Visual, its officers, employees, or agents in connection with the performance or nonperformance of this Assignment Agreement and the City Agreement, whether or not such liabilities are litigated, settled or reduced to judgment, and excepting only such liabilities as may be caused solely by the active negligence or willful misconduct of the City. Matrix Visual shall, upon the City's request, defend at its sole cost any action, claim or suit which asserts or alleges any claim, whether well

founded or not, that is based, in whole or in part, directly or indirectly, upon any act or omission of Matrix Visual, its officers, employees, or agents in connection with the performance or nonperformance of this Agreement and the City Agreement. In the event that a final decision or judgment allocates liability by determining that any portion of damages awarded is attributable solely to the City's negligence, the City shall pay or suffer the portion of damages which is allocated to the City's negligence.

7. **No Release of Sight & Sound.** Notwithstanding the consent granted herein, Sight & Sound shall not be released or discharged from any of the obligations of the "Contractor" under the City Contract for all such obligations arising on or after the date of this Assignment Agreement; and Sight & Sound also shall not be released or discharged from past obligations of the "Contractor" including paying in full the commissions due and owing to the City as of the date of this Assignment Agreement.

8. **Payment of Past Due Commission.** As a condition of this Assignment Agreement, the City shall be paid the commissions due as referenced in Recital D, above, with such payment to be delivered to City not later than ten (10) days following complete execution and delivery of this Assignment Agreement by and among the parties.

9. **Security Deposit.** Matrix Visual shall deposit with the City a cash sum in the amount of \$30,000 ("Security Deposit"). City shall hold the Security Deposit as security for the payment of future commission under the City Agreement. If Matrix Visual defaults in payment of future commission under the City Agreement, then the City may, but is not required to, apply all or part of the Security Deposit to any future commission in default. If the City applies the Security Deposit to such defaults, then within 30 days after demand from the City Matrix Visual shall deposit sufficient cash to restore the Security Deposit to its original amount. If Matrix Visual performs its obligations under the City Agreement and this Assignment Agreement, any unused portion of the Security Deposit shall be returned Matrix Visual on or before the 10th day after the City Agreement terminates.

10. **Matrix Visual Representative.** The representative for Matrix Visual shall be: Paul Motal, President, 1748 West Business Center Drive, Orange, California 92867, email: pmotal@matrixvisual.com.

11. **Counterparts.** This Assignment may be executed in counterparts each of which shall be considered an original but all of which taken together shall constitute but one and the same instrument. Facsimile or other electronically transmitted signatures shall be treated as originals for all purposes.

[END OF TEXT; SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have duly executed this Assignment Agreement as of the date first set forth above.

SIGHT & SOUND:

SIGHT & SOUND AUDIO VISUAL, INC.
a California corporation dba Corporate Staging and Events

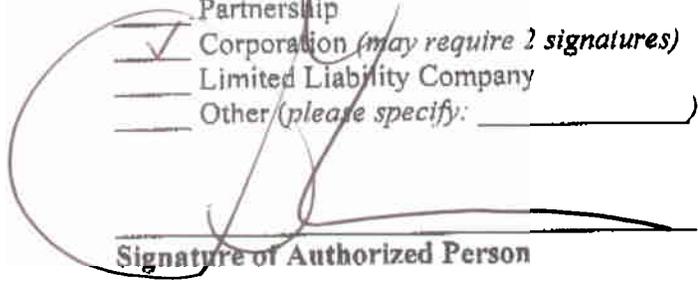
20-3647369
Federal I.D. No.

247-7936-5
State I.D. No.

124807
City of Sacramento Business Op. Tax Cert. No.

TYPE OF BUSINESS ENTITY (check one):

- Individual/Sole Proprietor
- Partnership
- Corporation (may require 2 signatures)
- Limited Liability Company
- Other (please specify: _____)


Signature of Authorized Person

Deryl Garmon President
Print Name and Title

Additional Signature (if required)

Print Name and Title and Title

MATRIX VISUAL:

LOGIC TECHNOLOGY GROUP, INC.
a California corporation dba Matrix Visual Solutions

33-0773727
Federal I.D. No.

2018396
State I.D. No.

City of Sacramento Business Op. Tax Cert. No.

TYPE OF BUSINESS ENTITY (check one):

- Individual/Sole Proprietor
- Partnership
- Corporation (may require 2 signatures)
- Limited Liability Company
- Other (please specify: _____)



Signature of Authorized Person

Paul Metal - President
Print Name and Title

Additional Signature (if required)

Print Name and Title

CITY:

CITY OF SACRAMENTO
a Charter Municipal Corporation

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

City Attorney

ATTEST:

City Clerk