

ASM GLOBAL MANAGEMENT AGREEMENT



Objective

Determine if ASM Global is compliant with the major requirements of the Facilities Management Agreement 17-4229.

Background

ASM Global (ASM) is a venue management company that operates in over 350 stadiums, arenas, convention centers, and theaters worldwide. The services they provide include venue operations, asset management, content and programming, marketing, and safety. ASM provides revenue optimization and cost management, helping drive the financial performance of the City's venues. They also bring experience and knowledge of best practices from operating venues across the globe.

The City of Sioux Falls (City) owns the Sioux Falls Arena, the Sioux Falls Convention Center, the Orpheum Theater, the Denny Sanford Premier Center, and the Sioux Falls Baseball Stadium. On November 12th, 2017, ASM entered into an agreement with the City to provide management services for these facilities on the terms and conditions set forth in the agreement. Services provided began on January 1st, 2018 and the term of the agreement will conclude on December 31st, 2022. The City has the option to extend the agreement for an additional five-year term, at its sole discretion. On June 14th, 2019, the City and ASM amended the agreement to remove the Orpheum Theater from the list of venues. Effective July 1st, 2019, management services provided to the Orpheum Theater were contracted with Washington Pavilion Management, Inc.

Scope

The scope of this audit included a review of the terms of Agreement 17-4229, effective January 1, 2018 through December 31, 2022, and internal controls as they are currently in place. Any detailed testing of transactions and reports included those that occurred during the calendar year of 2019.

Methodology

To complete this audit, we performed the following steps:

- Interviewed ASM management and staff.
- Interviewed City staff involved in the contract monitoring process.
- Documented and evaluated current management contract monitoring.
- Reviewed established City of Sioux Falls ordinances.
- Reviewed written policies and procedures over ASM's management and monitoring processes.
- Reviewed the 2019 External Audit performed by Eide Bailly.
- Reviewed items in Munis and Tyler Content Management (TCM).

Opportunity for Improvement

During testing, we identified a third bank account which held funds for pre-opening and grand opening activities. ASM was required to provide these funds as part of the original agreement. The current agreement does not address this bank account or how the funds in it should be utilized.

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We recommend the City include in future agreements language specifying the proper restrictions and usage of the third bank account. We also recommend the City's post-contract management process include steps to ensure all bank accounts are properly closed and funds are transferred since this specific bank account is not addressed in the most recent agreement.

Management's Response: *"There is no need to maintain the separate account that was originally set up for pre-opening and grand opening expenses. Finance will instruct ASM Global to close the account and transfer the funds into the primary Operating Account. Since the other two accounts are contemplated in the existing and proposed agreement (starting 2023), no additional modifications to the management agreement are proposed related to this issue."*

Date of expected implementation: Already implemented.