

DATE ISSUED: November 15, 2000

REPORT NO. 00-228

ATTENTION: Honorable Mayor and City Council
Docket of November 20, 2000

SUBJECT: Stadium Seating - Award of Contract

SUMMARY

Issues - 1) Should the City Council approve the awarding of a contract to Morton Equipment & Supply Company, Inc. for furnishing spectator seats for Qualcomm Stadium at an estimated total cost of \$1.8 million, 2) Should the City Council authorize the City Manager to finance the acquisition under the Master Lease Program over a period of seven years, and 3) Should the City Council authorize the expenditure of an estimated \$31,500 in FY 2001 for sales tax associated with the lease purchase?

Manager's Recommendations - 1) Approve the awarding of a contract to Morton Equipment & Supply Company, Inc. for furnishing spectator seats for Qualcomm Stadium at an estimated total cost of \$1.8 million, 2) Authorize the City Manager to finance the acquisition under the Master Lease Program over a period of seven years, and 3) Authorize the expenditure of an estimated \$31,500 in FY 2001 for sales tax associated with the lease purchase.

Other Recommendations - None.

Fiscal Impact - It is proposed that the acquisition of the seats be financed under the City's Master Lease Program. Funds for estimated sales tax in the amount of \$31,500 are included in the FY 2001 Stadium Operations Fund budget. Funding for an additional \$65,100 in estimated sales tax and the estimated lease payment of \$128,000 will be included in the FY 2002 Proposed Budget. In FY 2003 through 2008, the estimated lease payments are \$245,400 per year. The estimated lease payment in FY 2009 is \$117,400. The total expenditure associated with this lease purchase is \$1,814,400.

BACKGROUND

The City of San Diego has hosted many prestigious events at Qualcomm Stadium that have showcased San Diego internationally, including two Super Bowls and a World Series. As is the case with any facility, it is important that it is regularly maintained. This is especially true with regard to Qualcomm Stadium because it is such a showcase venue for the City, and will once again be on display to the world when we host another Super Bowl in 2003. Qualcomm Stadium was built 33 years ago in 1967. Some regular maintenance at the Stadium has been deferred on larger items, such as the replacement of older spectator seats, due to the cost associated with those items and/or the unavailability of funding for them. When the Stadium was expanded in 1997, there were insufficient funds available to replace all of the existing orange and brown spectator seats with blue and gold seats. Currently, many of the older seats are broken, faded, and in a state of disrepair.

DISCUSSION

The replacement of the old orange and brown spectator seats is necessary maintenance at the Stadium that has been deferred for several years. It is the first of a number of deferred maintenance items that need to be addressed as a part of a comprehensive capital replacement program.

The City's Purchasing staff contacted six potential bidders regarding their interest in this project. Two bids were received and staff selected Morton Equipment & Supply Co., Inc, which provided the lowest bid of \$1.8 million. The proposed contract with Morton Equipment & Supply Co., Inc. is for the purchase of the spectator seats only. If approved, the seats will be installed by Stadium staff over the next 12 to 15 months.

After a financial review, it was determined that the purchase of the new spectator seats be financed under the City's Master Lease Program. Budgeted capital improvement funds from the Qualcomm Stadium Operations Fund will be utilized to pay the annual lease payment.

Other maintenance items need to be addressed in anticipation of the Super Bowl in 2003. These items include upgrading the sound system and the locker rooms, and making improvements to the press box. The City Manager will return to City Council with a financing proposal in order to fund the remaining maintenance items. It is anticipated that the proposal will include the use of budgeted capital improvement funds from the Qualcomm Stadium Operations Fund, as well as revenue receipts anticipated to be generated by the Super Bowl game itself.

CONCLUSION

It is important to San Diego that Qualcomm Stadium continue to be considered one of the best in the United States and that San Diego retain our ability to compete with other large cities in hosting prestigious events, such as the Super Bowl. In order to ensure that both of these things occur, it is essential that the necessary maintenance required to keep the Stadium in top condition be performed. Therefore, it is recommended that the contract be awarded to Morton Equipment & Supply Co., Inc. for the lease purchase of new spectator seats for Qualcomm Stadium.

Respectfully submitted,

Linda Baldwin
Purchasing Agent

Approved: Bruce A. Herring
Deputy City Manager

MCW