



# CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

# R-17

February 17, 2009

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute any and all documents necessary for the First Amendment to Supplemental Agreement No. 21667 with SMG, formerly known as Spectacor Management Group, and to the Convention and Visitors Bureau for the completion of certain capital improvement projects at the Long Beach Convention and Entertainment Center (Center) located at 300 East Ocean Boulevard. (District 2)

## DISCUSSION

On September 2, 2008, the City Council approved Supplemental Agreement No. 21667 (Supplemental Agreement) between the City of Long Beach and SMG for the completion of certain capital improvement projects at the Center (See attached City Council letter-Exhibit "A"). Among others, these capital improvement projects included upgrading the Terrace Theater's interior elevators, remodeling the Arena and Terrace Theater restrooms, upgrading the Terrace Theater sound system, and the addition of and improvements to electrical lighting at the Center (both to address sustainability objectives and to enhance overall aesthetics).

During the course of construction, it was discovered that further work was necessary to complete certain items on the original project list. This is due to the fact that systems and facilities such as the elevators, lighting and restrooms have not been upgraded in over 35-years. In addition, new repairs were required to address life/safety code violations cited by the Long Beach Fire Department including replacement of approximately sixty (60) doors in the Arena. The additional capital improvement items are listed below:

- Replacement/Upgrade of Facility Doors (Approximately 60)
- Promenade Lobby Passenger Elevator (One)
- Replacement of Rusted and Corroded Elevator Door Sills (Elevator #11)
- Facility Lighting Upgrades and LED Enhancements
- Exhibit Hall A Freight Elevator (One)
- Convention Center Restroom Renovation
- Center Theater Lobby Improvements
- Arena Lobby Banners
- Center Theater Lobby Sheers
- Additional Design Consultation Fees (Terrace & Center Theaters)
- Painting of Terrace Theater Box Office & Columns

HONORABLE MAYOR AND CITY COUNCIL

February 17, 2009

Page 2

- Additional Terrace Theater Plaza Landscaping
- Permanent Refreshment Stands for Terrace Theater (Two Stands)

It is estimated that the above listed items will cost approximately \$1,325,000, and will be funded by the Tidelands Operating Fund and SAP Fund.

In this economy it is vital that the Center and facilities remain competitive. It has been over 35 years since major improvements have occurred. These new and remodeled facilities will allow Long Beach to remain a contemporary and attractive destination for events such as the TED Conference.

Further, in an effort to complete these projects prior to this year's scheduled events at the Center, a First Amendment to Supplemental Agreement No. 21667 must be entered into authorizing SMG to manage the additional work. As stipulated under the provisions of the Supplemental Agreement, SMG shall continue to oversee the capital improvement projects to ensure the bidding process complies with all City regulations and that the resulting contracts comply with State Labor Code, as well as with the City's insurance, bond and other performance requirements. SMG shall also continue to manage the projects so the improvements are completed according to the terms of the given contract.

In an effort to complete some of the critical improvements in time for the holidays and TED Conference, the Convention and Visitors Bureau (CVB) used their funds to complete certain projects. As part of this action, staff is requesting authorization to reimburse the CVB \$325,000 from the Special Advertising and Promotions (SAP) Fund.

This letter was reviewed by Principal Deputy City Attorney Charles Parkin on January 26, 2009 and Budget Management Officer Victoria Bell on January 27, 2009.

#### SUSTAINABILITY

The improvements to electrical lighting at the Center helps to reduce energy consumption while providing the same or better quality of illumination. Retrofitting lights is amongst the easiest energy saving options to implement.

#### TIMING CONSIDERATIONS

City Council action is requested on February 17, 2009, in order to allow SMG to complete the capital improvement projects immediately.

#### FISCAL IMPACT

An appropriation increase of \$1,000,000 is requested in the Tidelands Operating Fund (TF 401) in the Department of Community Development for the SMG reimbursement, and \$325,000 in the SAP Fund (SR 133) in the City Manager's Department for the CVB reimbursement. The Tidelands Operating Fund has funds available and is restricted for use

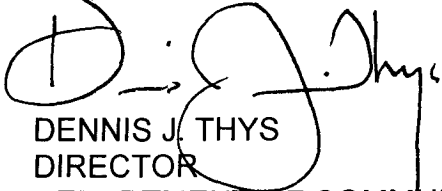
only within the tidelands (beaches and waterways) area and cannot be used for other City infrastructure improvements. The SAP Fund is dedicated to special advertising and promotions and currently has fund balance available to support this critical work.

There is no impact to the General Fund.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

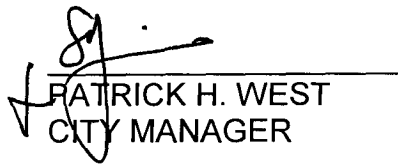


DENNIS J. THYS  
DIRECTOR  
DEPARTMENT OF COMMUNITY DEVELOPMENT

DJT:MDL:mdl  
2-17-09 First Amend to SMG-21667 v5.doc

Exhibit "A" – September 2, 2008 City Council Letter

APPROVED:



PATRICK H. WEST  
CITY MANAGER



# CITY OF LONG BEACH

Exhibit A

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

September 2, 2008

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute any and all documents necessary for a Supplemental Agreement to Management Agreement No. 21667 with SMG, formerly known as Spectacor Management Group, for the completion of certain capital improvement projects at the Long Beach Convention & Entertainment Center located at 300 East Ocean Boulevard. (District 2)

## DISCUSSION

The City is the owner in trust of the Long Beach Convention & Entertainment Center (Center), which is comprised of the Arena, Terrace Theater, Center Theater, and Exhibition Halls.

The City contracts with SMG to operate the Center under Management Agreement No. 21667. Under its agreement with the City, SMG is required to manage, operate, and maintain the Center in good condition, as well as to repair and replace damaged or defective Center improvements. Annually, the City allocates Tidelands Operating Funds to SMG to make those repairs and improvements.

The Long Beach Area Convention and Visitors Bureau (Bureau) is responsible for attracting convention business to the Center. It has negotiated a contract with The Sapling Foundation, a non-profit foundation, to host the Technology Entertainment Design (TED) Conference at the Center in February 2009. "The goal of the foundation is to foster the spread of great ideas; it aims to provide a platform for the world's smartest thinkers, greatest visionaries and most inspiring teachers, so that millions of people can gain a better understanding of the biggest issues faced by the world and a desire to help create a better future." This first-time event in Long Beach will provide an excellent opportunity to showcase the Center, as well as the City.

Minimal funds have been invested into the Center for maintenance and refurbishment and as a result, key features are in disrepair or out of date. As a result of oil revenues in the Tidelands fund, the opportunity now exists to invest in the Center.

The City and SMG have a five-year Capital Improvement Project List for the Center. In preparation for the TED event, SMG and the Bureau and City staff toured the Center to evaluate the condition of the facilities. Based on the tour, a listing of the capital improvement items requiring immediate repair or replacement has been developed. The list includes the following items:

1. Upgrade interior elevators for Terrace Theater (4)
2. Upgrade and refurbish Terrace Theater restrooms
3. Upgrade exterior elevators for Terrace and Center Theaters (2)
4. Remodel Arena restrooms
5. Design consultation fees
6. Replace Terrace Theater draperies
7. Upgrade elevators for Terrace Theater garage (2)
8. Replace Terrace and Center Theater furniture
9. Upgrade Terrace Theater amps and speakers
10. Upgrade freight elevator for Terrace Theater
11. Upgrade and refurbish Center Theater restrooms
12. Upgrade Center Theater lighting (Phase I)
13. Purchase 4,000 meeting room chairs
14. Repair Exhibition Hall roof
15. Paint interior and lobby ceilings of Arena
16. Upgrade lighting in Arena lobby
17. Recover Arena columns
18. Retrofit facility lighting
19. Purchase parking equipment
20. Replace carpeting in Grand Ballroom
21. Replace carpeting in Promenade
22. Upgrade Center Theater lighting (Phase II)

The above-mentioned items are listed in order of priority and are estimated to cost approximately \$6,000,000, and will be funded by the Tidelands Operating Fund.

In an effort to finish the above-listed projects prior to next year's scheduled events, a Supplemental Agreement to Management Agreement No. 21667 must be entered into to authorize the additional improvements be managed by SMG. SMG shall oversee the capital improvement projects to ensure the bidding process complies with all City regulations and the resulting contracts comply with the State Labor Code, as well as with the City's insurance, bond and other performance requirements. Also, SMG shall confirm with the City that each project has been completed according to the terms of the given contract.

This letter was reviewed by Principal Deputy City Attorney J. Charles Parkin on August 12, 2008 and Budget Management Officer Victoria Bell on August 12, 2008.

SUSTAINABILITY

With respect to the proposed lighting retrofit projects, new ballast and bulbs can reduce energy consumption by up to 50 percent while providing the same or better quality of lighting. Retrofitting lights is among the easiest energy saving options to implement.

TIMING CONSIDERATIONS

City Council action is requested on September 2, 2008, in order to allow SMG to complete the capital improvement projects immediately.

FISCAL IMPACT

The Tidelands Operating Fund (TF 401) is restricted for use only within the tidelands area and cannot be used for other City infrastructure improvements. Funding for these projects will be appropriated in FY 08 through the Fourth Quarter Budget Adjustment and in the FY 09 budget. Funds are available to cover the projected need.

There is no impact to the General Fund.

SUGGESTED ACTION:

Approve recommendations.

Respectfully submitted,



*for* DENNIS J. THYS  
DIRECTOR  
DEPARTMENT OF COMMUNITY DEVELOPMENT

DJT:MDL:mdl  
9/2/08 10:23:00 AM

APPROVED:

  
PATRICK H. WEST  
CITY MANAGER