



CITY OF LONG BEACH

NB-25

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

June 12, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute a Consulting Services Agreement with Big League Dreams Consulting, LLC, and a Maintenance and Operations Agreement with Big League Dreams Long Beach, LLC, for design consulting and maintenance and operation of the proposed Sports Park; and, increase appropriations in the amount of \$160,000 in the Capital Improvement Fund (CP) in the Department of Public Works (PW). (District 7)

DISCUSSION

On January 18, 2002, the Department of Community Development, on behalf of the Department of Parks, Recreation and Marine, solicited proposals for planning and design consulting services related to the proposed Sports Park. The solicitation also conveyed the City's desire to contract the operation and management of the facility to an experienced operator once the Sports Park is constructed. Big League Dreams (BLD) was found to be the most qualified to provide planning and design consulting services and to operate the Sports Park. Discussion and negotiation subsequently commenced between City staff and BLD.

BLD has provided planning, design or construction services to fourteen cities, seven of which are in Southern California. Six parks are currently open and are operated by BLD, three parks are under construction and one additional park has been approved and is in planning and design. BLD has been successful in operating sports facilities based on a formula that involves replicas of well-known major league stadiums. BLD has secured the rights to replicate these stadiums and license these rights to each sports facility. This approach, when combined with sports-themed concession buildings, a multi-sport covered pavilion, batting cages, children's playgrounds, and other family amenities, has been successful in other Southern California communities including Cathedral City, Mira Loma and Chino Hills.

On April 18, 2006, the City Council adopted a Resolution certifying the Recirculated Environmental Impact Report (EIR) for the development of the Sports Park. The preferred alternative identified in the EIR is consistent with BLD's concept and design. On June 20, 2006, the City Council authorized the execution of License Agreement No. 29627 with Big League Dreams USA, LLC, in order to secure the right to utilize BLD's image and name and to replicate certain stadiums in the design development phase of the Sports Park. On November 14, 2006, the City Council authorized the execution of Contract No. 29884 with Post, Buckley, Schuh & Jernigan, Inc., (PBSJ) for phase one of the design development phase for the Sports Park. Consequently, City staff has negotiated two separate agreements with BLD, one for consulting services and one for maintenance and operations of the Sports Park.

The proposed Consulting Services Agreement with Big League Dreams Consulting, LLC, a California limited liability company, contains the following major terms and provisions:

- **Services:** The City may retain the services of BLD to render project evaluation and conceptualization, project financing and planning, design and construction advice, and consulting services in connection with the design development of the Sports Park.
- **Term:** The Consulting Agreement is divided into three phases (each, a Phase).
 - Phase One shall commence upon execution of the Consulting Agreement by the City Manager and shall continue until the City's execution of a contract for phase two of the design development phase of the Sports Park.
 - Phase Two shall commence upon the City's execution of a contract with a firm for phase two of the design development phase and shall continue until the City's execution of a contract for construction of the Sports Park.
 - Phase Three shall commence upon the City's execution of a contract for construction of the Sports Park and shall continue until the last day of the month immediately following completion of the Sports Park.
- **Termination:** The City shall have the right to terminate the Consulting Agreement upon 30-days written notice to BLD if the City is unable to acquire all the property necessary for construction of the Sports Park or is unable to obtain approval for funding for the remaining design development phase or construction of the Sports Park.

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- Compensation: Upon commencement of each Phase, the City shall pay BLD equal monthly installments of \$40,000, not to exceed the total amount for each Phase, according to the following schedule:
 - Phase One (Installments 1 through 4) \$160,000;
 - Phase Two (Installments 5 through 9) \$200,000;
 - Phase Three (Installments 10 through 15) \$240,000.

The proposed Maintenance and Operations Agreement with Big League Dreams Long Beach, LLC, a California limited liability company, contains the following major terms and provisions:

- Initial Term: The term shall commence following completion of construction of the Sports Park (Phase Three of the Consulting Agreement) and shall terminate 35 years thereafter.
- Extended Term: The term may be extended for two additional 5-year terms upon mutual agreement by both parties.
- General Responsibilities: BLD shall have general responsibilities including the following:
 - Programming of recreational sports including adult and youth softball, baseball, indoor and outdoor soccer, volleyball, basketball, and flag football;
 - Coordinating arrangements with concessionaires, licensees, tournament promoters, contractors and other intended users of the Sports Park;
 - Operating and maintaining the Sports Park, including maintenance, janitorial and security monitoring;
 - Maintaining all licenses and permits in connection with the operation of the Sports Park;
 - Implementing a continuous marketing, advertising and promotional plan for the Sports Park.

- **Fixed Fee:** Commencing with the fourth full operating year and continuing throughout the term, BLD shall pay to the City a fixed annual fee in the amount of \$195,154.
- **Base Variable Fee:** In addition to the fixed fee, commencing with the fourth full operating year and continuing throughout the term, BLD shall pay to the City on a quarterly basis a variable fee of three percent of gross revenues.
- **Additional Variable Fee:** In addition to the fixed fee and the base variable fee, commencing with the fourth full operating year and continuing throughout the term, BLD shall pay to the City an additional variable fee according to the following schedule:
 - One percent of annual gross revenues > \$4,000,000 but < \$6,000,000
 - Two percent of annual gross revenues > \$6,000,000 but < \$7,250,000
 - Four percent of annual gross revenues > \$7,250,000

The monetary thresholds for the additional variable fee shall increase five percent every five years.

- **Contingent Variable Fee:** The City shall receive a contingent variable fee, if applicable, during the second and third full operating years only.

Second Full Operating Year – BLD shall pay an annual variable fee for the second full operating year if gross revenues exceed \$4,000,000. If so, BLD shall pay to the City fifty percent of the base variable fee and additional variable fee for the second full operating year computed as previously outlined;

Third Full Operating Year – BLD shall pay an annual variable fee for the third full operating year if gross revenues exceed \$4,000,000. If so, BLD shall pay to the City a base variable fee and additional variable fee for the third full operating year computed as previously outlined.

- **Structural Replacements:** In addition to ongoing maintenance, BLD shall be responsible for the replacement, repair or reconstruction of Sports Park improvements including, but not limited to building roofs, slabs, foundations or walls, heating, ventilation, air conditioning, plumbing, sewer, utility, and irrigation and drainage systems which cost more than \$2,500 and have a projected useful life of at least three years.

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- Structural Reserve Replacement Account: BLD shall pay one-third of all fixed and variable fees due to the City into the Structural Reserve Replacement Account. In addition, BLD shall contribute an additional one percent of gross revenues to the Structural Reserve Replacement Account.
- Termination: The Maintenance and Operations Agreement shall automatically terminate if the Consulting Agreement is terminated by the City due to the inability to acquire all the property necessary for construction of the Sports Park or the inability to obtain approval for funding for the remaining design development phase or construction of the Sports Park.

The Consulting Services Agreement and the Maintenance and Operations Agreement will serve to formalize the City's relationship with Big League Dreams. At this time, however, funding for phase two of the design development stage and construction of the Sports Park has not been identified and will not proceed without further Council authority.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on May 30, 2007 and Budget and Performance Management Bureau Manager David Wodynski on May 31, 2007.

TIMING CONSIDERATIONS

City Council action is requested on June 12, 2007 in order to formalize the City's relationship with Big League Dreams for design consulting and maintenance and operation of the proposed Sports Park.

FISCAL IMPACT

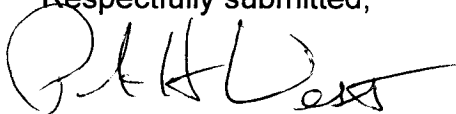
An appropriations increase of \$160,000 is requested in the Capital Improvement Fund (CP) in the Department of Public Works (PW) from on-site City oil operations accounted for in the Uplands Oil Fund (NX 420). The increase is included in the recommended action. There is no impact to the General Fund.

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SUGGESTED ACTION:

Approve recommendation.

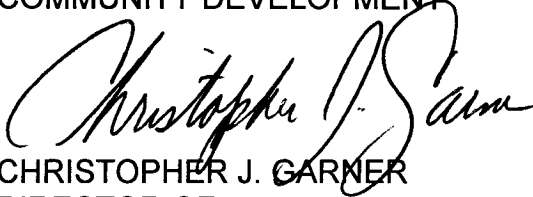
Respectfully submitted,



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APPROVED:


for
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CITY MANAGER

