



CITY OF LONG BEACH

R-18

DEPARTMENT OF PUBLIC WORKS

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March 20, 2012

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute any and all documents necessary for a Sixth Amendment to Management Agreement No. 21667 with SMG, formerly known as Spectacor Management Group, for management of the Long Beach Convention and Entertainment Center, located at 300 East Ocean Boulevard, to authorize SMG to enter into contracts beyond the term of the Agreement with the prior approval of the City Manager; and

Authorize the City Manager, or designee, to execute any and all documents necessary to assume or assign the obligations of SMG under certain contracts executed by SMG in connection with its management of the Long Beach Convention and Entertainment Center. (District 2)

DISCUSSION

On February 12, 1991, the City entered into Management Agreement No. 21667 (Agreement) with SMG, formerly known as Spectacor Management Group, for the management of the Long Beach Convention and Entertainment Center (Convention Center). SMG has successfully managed the Convention Center since that date, overseeing day-to-day operations of the facility as well as the implementation of capital improvements and ongoing maintenance. The current Agreement, which is set to expire on June 30, 2022, allows SMG to enter into contractual agreements for the purpose of maintenance, capital improvements, and booking client use of the facility.

At present, SMG can only enter into contracts that do not extend beyond the term of the Agreement. This becomes problematic with respect to SMG's ability to enter into long-term commitments for repeat events, larger conferences and major conventions with prospective Convention Center clients who often book venues several years in advance. Providing SMG with the ability to enter into contractual agreements that exceed the term of the current Management Agreement allows SMG to accommodate these continuing events without the need to extend the Agreement beyond its current expiration date.

Of particular importance is the ongoing hosting of annual Jehovah's Witnesses (JWs) conventions (approximating 14 weekends per year). As in past agreements, the JWs have provided significant capital upgrades to the facility in exchange for usage of the Convention Center. Since 1996, the Convention Center has benefited from over \$3.7 million in capital improvements constructed by the JWs. The value of these improvements has been applied as

credit against rent otherwise due. Both SMG and the JWs would like to continue this arrangement, which will result in significant additional capital improvements to the Convention Center and contribute to increased hotel stays, Transient Occupant Tax and other economic benefits to the City. A new agreement with the JWs for capital improvements in exchange for weekend usage would need to be extended beyond the term of the current Management Agreement.

The proposed Amendment would provide the City of Long Beach with the ability to assume contracts between SMG and Convention Center clients, (including, without limitation, the JWs) beyond the term of the existing Agreement or in the event that the Agreement terminates for any reason prior to the expiration date. In addition, the proposed Amendment gives the City the right to assume or assign SMG's obligations and rights under such contracts, notwithstanding any future changes to City management or administration.

This matter was reviewed by Richard F. Anthony, Deputy City Attorney, on February 29, 2012 and by Budget Management Officer Victoria Bell on March 5, 2012.

TIMING CONSIDERATIONS

City Council action is requested on March 20, 2012 in order to facilitate ongoing negotiations with long-term conference and convention clients at the Long Beach Convention and Entertainment Center.

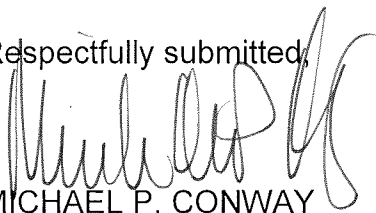
FISCAL IMPACT

There is no fiscal impact associated with the recommendation. The proposed amendment is expected to result in a positive local job impact.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,




MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS

MPC:VSG:jmv

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APPROVED:



PATRICK H. WEST
CITY MANAGER