

R-17

August 15, 2023

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 Supplemental Agreement to Management Agreement No. 36386 with ASM Global Convention Center Management, LLC (ASM Global), for the completion of various capital improvement projects at the Long Beach Convention and Entertainment Center, at 300 East Ocean Boulevard, in the amount of \$7,000,000; and,

Increase appropriations in the Tidelands Operating Fund Group in the Public Works Department by \$7,000,000, offset by revenue received from ASM Global.
(District 2)

DISCUSSION

On May 10, 2022, the City Council approved a Management Agreement with ASM Global for the management and oversight of the Long Beach Convention and Entertainment Center (LBCEC). The terms of the agreement included a contribution from ASM Global in the amount of \$7,000,000 upon execution of the agreement. These funds are to be used for facility upgrades to the LBCEC. ASM Global, in collaboration with the Public Works and the Economic Development Departments, has determined there is a need to address major facility improvements to the Long Beach Arena at the LBCEC. The Arena has been identified as a location for events related to the 2028 Olympic Games, and discussions with entertainment and event promoters indicate the Arena could be used to host more regular events if the aging 1960's era seating is replaced. These proposed improvements would increase utilization of the arena for entertainment uses, which was a stated priority when the new Management Agreement was approved. The LBCEC is ready to proceed with the following projects proposed for this appropriation:

Telescopic Seating (Approx. \$3,043,127):

Manufactured expandable retractable decking system for the arena with attached seating, handrails, guardrails, vinyl side coverings as well as ADA ramps and decking.

The acquisition of telescopic seating eliminates the outdated riser system which is costly and labor intensive to set & strike. The current protocol is to manually haul and assemble the aging riser system and then place the existing heavy folding seats. Telescopic seating will take a fraction of the time for set up and break down, resulting in significant operational cost savings to the Center and the ability to quickly transition the Arena space.

Fixed Arena Seating (Approx. \$2,556,873):

Remove and recycle all existing fixed seating and replace it with new industry-standard seating. Seating will be padded, durable, and include cup holders and double springs for longevity.

Approximately 30 percent of the original aging seating are in disrepair and must be taken out of service for shows and events. This represents a loss of revenue and diminishes the visitor experience at the Center. Dissatisfied customers reduce the chance of return visits for both visitors and promoters. Additionally, the current seating does not meet the standard for many shows and promoters which further affects revenue opportunities at the arena.

Stage Decking (Approx. \$298,095):

The existing stage system requires it to be assembled in-place, and all event specific enhancements must be made while overhead rigging, lighting and seating placement work must work around it. A new rolling stage deck system will allow the set-up to prepare the stage before or during arena setup, and move it into place once rigging, lights, video and seating are completed.

The existing decking is aged and in need of replacement to meet structural and safety standards. A new rolling stage deck system will allow the stage work to be completed without overhead rigging needing to be stalled or paused. This improvement will result in significant cost savings to the Center and to the shows and promoters using the arena.

Folding Seats (Approx. \$851,000):

Purchase new industry-standard folding seats for more efficient set-up and storage. Upgraded seating will provide safer handling for employees, and meet the standards of event producers and attendees.

The existing folding seats have deteriorated and have exceeded their expected life cycle. They are also very heavy and cumbersome to use and store. This new seating will provide a standard of comfort expected by visitors for shows and events.

Sound Console (Approx. \$250,905):

Purchase a new sound console capable of supporting a wide variety of shows and events at the arena. An updated sound console is required to support the needs of artists, promoters and event planners at the arena.

The existing sound console is outdated and does not conform to the needs of most artists and promoters.

This Supplemental Agreement is required to modify the Management Agreement to allow SMG to manage these capital improvement projects. SMG will ensure that the bidding process for these projects complies with City of Long Beach (City) regulations and the

resulting contracts comply with the State Labor Code, as well as with City's insurance, bond and other performance requirements. SMG will confirm with the City that the projects are completed according to the terms of the given contract.

The proposed Supplemental Agreement provides only the authorization for SMG to contract for and administer the proposed capital improvements on behalf of the City. No additional compensation is provided to SMG beyond that already provided under the existing Management Agreement.

This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on July 17, 2023 and by Budget Management Officer Nader Kaamoush on July 24, 2023.

TIMING CONSIDERATIONS

City Council action is requested on August 15, 2023, to allow SMG to immediately begin work to complete the projects in a timely manner.

FISCAL IMPACT

The total estimated cost of the five projects listed above is \$7,000,000 and will be funded with the \$7,000,000 in funds made available from ASM Global for facility upgrades to the LBCEC. An appropriation increase is requested in the amount of \$7,000,000 in the Tidelands Operating Fund Group in the Public Works Department, offset by revenue received from ASM Global. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City council priorities. Local job impacts are unknown, but there may be a possibility of positive impacts dependent on vendors selected by SMG.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



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DIRECTOR
ECONOMIC DEVELOPMENT



ERIC LOPEZ
DIRECTOR
PUBLIC WORKS

APPROVED:



THOMAS B. MODICA
CITY MANAGER